

**AGREEMENT OF
ASSIGNMENT, ASSUMPTION AND CONDITIONAL CONSENT**

THIS AGREEMENT OF ASSIGNMENT, ASSUMPTION AND CONDITIONAL CONSENT (this “Agreement”), dated as of [_____, 2016], is made by and among Alcoa Inc. (“Assignor”), Alcoa Upstream Corporation (“Assignee”), Alcoa Power Generating, Inc. (“APGI”) and Public Utility District No. 1 of Chelan County, Washington (hereinafter referred to as the “District”).

RECITALS

The District, Assignor and APGI have heretofore entered into that certain Power Sales Agreement dated as of July 14, 2008, as amended by Amendment One to Power Sales Agreement dated as of August 23, 2011 and Amendment Two to Power Sales Agreement dated as of March 31, 2014 (collectively referred to as the “Original PSA”), that certain Long-Term Transmission Service Agreement executed by and among the District, APGI and Assignor dated July 14, 2008 (the “Original Transmission Service Agreement”), that certain Interconnection Agreement dated as of January 19, 2010 by and among the District, APGI and Assignor (the “Original Interconnection Agreement”), and that certain Collateral Deposit Agreement effective as of June 14, 2013 by and among the District, APGI and Assignor, as amended by the First Amendment to the Collateral Deposit Agreement dated and effective as of February 13, 2015 (collectively, the “Original Collateral Deposit Agreement”).

Assignor has announced that it will be separating in the second half of 2016 into two independent, publicly-traded companies (the “Separation”): an upstream company the Assignee, (which following Separation, will be known as Alcoa Corporation), and a value-add company, which, following Separation will be known as Arconic Inc.. Following the Separation, Assignee will own Alcoa Wenatchee LLC, which will own and operate the Wenatchee Works aluminum smelter. As such, Assignor desires to assign all of its rights, obligations, title to and interest in the Original PSA, the Original Transmission Services Agreement, the Original Interconnection Agreement and the Original Collateral Deposit Agreement (such documents being referred to herein, collectively, as the “Project Documents”) to Assignee (the “Assignment”). Following the Assignment, APGI will continue to be a party to the Project Documents.

In accordance with Section 13.01 of the Original PSA, Section 13.01 of the Original Transmission Service Agreement and Article XVII of the Original Interconnection Agreement, the District must consent to the Assignment, and Assignor hereby requests the District’s consent to the Assignment. The District is willing to do so, subject to the satisfaction, as determined in the District’s discretion, of the conditions precedent outlined below.

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree as follows (all terms used herein in capitalized form and not otherwise herein defined having the meanings given to such terms in the Project Documents):

1. Consent to Assignment. On the first date upon which all of the conditions precedent set forth in Paragraph 2 below have been satisfied (the “Effective Date”), and subject to the satisfaction of all such conditions, the District hereby consents to the Assignment.

2. Conditions to Effectiveness of Consent. The District’s consent provided in Paragraph 1 is expressly conditioned on and will not become effective until the satisfaction, in the District’s discretion, of the following conditions precedent on or prior to December 1, 2016 (the “Consent Expiration Date”):

- (a) Assignment and Assumption. Assignor and Assignee shall have executed and delivered to the District an Assignment and Assumption Agreement in substantially the form attached hereto as Exhibit A, with only such changes to which the Assignor, Assignee and the District may, in its discretion, agree in writing. Pursuant to the Assignment and Assumption Agreement, the Assignee will assume all of the Assignor’s rights and agree to pay, perform and discharge, in a timely manner, all of Assignor’s liabilities and obligations under the Project Documents. The Assignment will not become effective until the Effective Date.
- (b) Second Amendment to Collateral Deposit Agreement. The District shall have received a Second Amendment to Collateral Deposit Agreement, duly executed by APGI and Assignee, in substantially the form attached hereto as Exhibit B, with only such changes to which APGI, Assignee and the District may, in its discretion, agree in writing.
- (c) Amendment to or Replacement of Performance Assurance. The District shall have received one or more Letters of Credit (as such term is defined in the Original Collateral Deposit Agreement) from a Letter of Credit Issuer or Letter of Credit Issuers (as such term is defined in the Original Collateral Deposit Agreement), in each case acceptable to the District, in substantially the form attached hereto as Exhibit C and otherwise complying with the requirements of the Original Collateral Deposit Agreement, as amended pursuant to clause (b) above, with only such changes to which the Assignee, APGI and the District may, in its discretion, agree in writing.
- (d) Amendment Three to Power Sales Agreement. The District shall have received an Amendment Three to Power Sales Agreement, duly executed by APGI and Assignee, in substantially the form attached hereto as Exhibit D, with only such changes to which APGI, Assignee and the District may, in its discretion, agree in writing.
- (e) Amendment One to Transmission Services Agreement and Interconnection Agreement. The District shall have received Amendment One to Transmission Services Agreement and Amendment One to Interconnection Agreement, each duly executed by APGI and Assignee, in substantially the form attached hereto as Exhibits E and F, respectively, with only such changes to which APGI, Assignee and the District may, in its discretion, agree in writing (the documents referred to in clauses (a) through (e) above being referred to as the “Operative Documents”).

- (f) Corporate Certificates. The District shall have received, from duly authorized officers of Assignor and Assignee, one or more certificates to the effect that the transfers and assignments contemplated above have been completed and made in compliance with all laws and that after the Assignment, neither Assignor or Assignee will be in default under the Operative Documents or any of them, and that no Potential Event of Default (as such term is defined in the Original PSA) will exist thereunder as a result of the transactions contemplated thereby or otherwise. Corporate certification and assurances to be provided will include documents to demonstrate (i) the due organization of Alcoa Upstream Corporation and the effective date of the name change from Alcoa Upstream Corporation to Alcoa Corporation, (ii) the completion of the Separation, (iii) the completion of the transfers contemplated by the Assignment and Assumption Agreement and the valid assignment of the Wenatchee Works assets to Assignee or its subsidiary Alcoa Wenatchee LLC, and the absence of any litigation that would affect those transfers, and (iv) the authorization, execution, delivery of the Operative Documents, and the enforceability by the District of the obligations of Assignee thereunder.
- (g) Rating Affirmation. Evidence of the long-term senior unsecured debt ratings of Assignee, from two of the three Rating Agencies (as such term is defined in the Original PSA) noted below, at or above (a) from S&P “BB-” (or corresponding successor rating); or (b) from Moody’s “Ba3” (or corresponding successor rating); or (c) from Fitch “BB-” (or corresponding successor rating).

The District will promptly respond to each submission of a document intended to satisfy one (or more) of the above conditions, stating that it does or does not meet the applicable requirement, and if it does not meet such requirement, stating what is needed for such document to so comply. In addition, the District further covenants and agrees to give prompt written notice of the Effective Date. If the conditions precedent shall not be met to the District’s satisfaction prior to the Consent Expiration Date, as the same may be extended by the District in its sole discretion, the consent contemplated herein shall become void.

3. Good Faith Efforts. Each of the parties hereto shall negotiate expeditiously in good faith and use commercially reasonable efforts to cause the conditions precedent set forth in Paragraph 2 above to be completed on or prior to the Consent Expiration Date.

4. Further Assurances. Each party hereto hereby agrees that, from time to time, each of them will execute and deliver such further instruments of conveyance and transfer and take such other actions as may be reasonably necessary to carry out the purposes of this Agreement.

5. Binding Effect; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may not be assigned by the parties hereto without the prior written consent of the other party hereto.

6. No Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the respective parties hereto and their respective successors and permitted assigns.

This Agreement is not intended, and shall not be deemed, to (a) confer upon any person other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, or (b) otherwise create any third-party beneficiary hereto.

7. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Washington, without regard to its laws governing conflicts of law.

8. Signatures; Counterparts. This Agreement may be executed with counterpart signature pages or in multiple counterparts, each of which shall be deemed to be an original as against any party hereto whose signature appears thereon, and all of which shall together constitute one and the same instrument. A signed copy of this Agreement delivered by telecopy, electronic transmission or other similar means shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature page follows]

**PUBLIC UTILITY DISTRICT NO. 1 OF
CHELAN COUNTY, WASHINGTON**

By: _____
Name: _____
Title: _____
Date: _____

ALCOA INC.

By: _____
Name: _____
Title: _____
Date: _____

ALCOA UPSTREAM CORPORATION

By: _____
Name: _____
Title: _____
Date: _____

ALCOA POWER GENERATING, INC.

By: _____
Name: _____
Title: _____
Date: _____

[Signature page to Agreement as to Assignment, Assumption and Conditional Consent]