

The year 2015 was pivotal in Alcoa's multiyear transformation. We exited high-cost commodity assets to further reduce our cost position. We continued investing in markets such as aerospace and automotive, where our innovation edge gives us tremendous profitable growth opportunities. And we took the next step to unlock the full value of our powerful portfolio — announcing the separation of Alcoa into two independent publicly traded companies, an Upstream company, which will operate as Alcoa, and a Value-Add company, which will be named Arconic. We remain laser-focused on helping our customers drive toward a more sustainable future while improving our own environmental performance.

Our future Value-Add business, Arconic, will be a leader in markets such as aerospace, automotive, commercial transportation, and building and construction. Our customers need products and technologies that improve efficiency, save energy and conserve resources — without compromising performance. This intersection is where we excel ...

- ▶ **We power efficiency in the skies:** Our high-performance materials are found on virtually every aircraft, spacecraft and jet engine flying today. High-performance castings, specialized rings and forged fan blades are key enablers of the next generation of jet engines. Our aluminum-lithium alloys are up to 7 percent less dense than the current generation and can lower the weight of next-generation aircraft applications by up to 10 percent versus composite structures.
- ▶ **We're lightweighting automotive:** We are at the forefront of building light, strong aluminum-intensive vehicles for decades, and last year the aluminum-auto revolution hit U.S. shores when the nation's highest selling vehicle went aluminum intensive. Built with Alcoa's military-grade aluminum, the new F-150 truck is 317 kilograms (700 pounds) lighter than its predecessor, saving 4.6 metric tons of carbon dioxide during each truck's lifetime. But we didn't stop there — our Micromill™ materials, which are 30 percent lighter and twice as formable as their steel counterparts, will debut on this year's truck.
- ▶ **We're building a greener future:** We create thermally efficient architectural aluminum systems that help improve building energy efficiency by up to 50 percent. Our state-of-the-art framing and wall systems are also hurricane and blast resistant, making buildings more resilient and increasing occupant safety.

Our future Upstream company, the new Alcoa, has continued to improve its cost position and, at the same time, reduce its environmental footprint. It has long been recognized for its commitment to sustainable bauxite mining and rehabilitation, emissions reduction, and resource management practices. As a cost-competitive industry leader in bauxite, alumina and aluminum, we are the partner of choice for sourcing sustainably produced aluminum for a wide range of industries. In 2015, we launched a new range of patented specialty alloys to further lightweight the automotive industry.

In 2015, Alcoa reduced absolute greenhouse gas emissions by another 5.5 million metric tons. We continue to reduce our environmental footprint with innovative technologies like residue filtration, which will reduce the amount of land required to store residue and save approximately 1.2 gigaliters of water annually.

When we launch Arconic and the new Alcoa in the second half of 2016, both will carry forward the values that have made us great for 127 years — a continued drive to improve our handprint through innovation and an ongoing commitment to sustainability across our global footprint.



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A handwritten signature in black ink, appearing to read "Klaus Kleinfeld".

Klaus Kleinfeld

Alcoa Chairman and Chief Executive Officer