

Australian Workers Union industrial action at Alcoa of Australia

Alumina Limited (ASX: AWC) notes the attached statement from Alcoa of Australia regarding industrial action at its Western Australian operations.

Forward-looking statements

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Media statement

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Australian Workers' Union Enterprise Bargaining Agreement

Australian Workers' Union (AWU) members employed at Alcoa of Australia Limited's (Alcoa) Western Australian operations have voted against the Company's proposed Enterprise Bargaining Agreement (EBA) presented in August.

Given the outcome of the vote, Alcoa welcomes an alternative proposal from the AWU that supports our objective to establish a competitive agreement that will help ensure we can continue to provide well paid local jobs for many years to come.

We understand and are concerned by the impact the continued and unnecessary industrial action is having on our employees. We invite them back to work so they can restore their livelihoods while we work to bring this matter to a resolution.

Our sites have contingency plans to ensure they can continue to operate during industrial action. We estimate the industrial action impacted alumina production at our Western Australian refineries by approximately 15,000 tonnes in August, of the approximately 9 million tonnes we produce annually. We will continue to monitor the situation.

We remain very grateful to our employees who are working to maintain safe operations.

Background

Over the past 18 months Alcoa has been working hard with the AWU's elected representatives to establish a new Enterprise Bargaining Agreement (EBA) for its Western Australian operations.

During this time, Alcoa has participated in more than 50 meetings with the AWU as well as two mediated processes with the AWU, facilitated by a Fair Work Commission Deputy President.

Despite our efforts, we have been unable to reach an agreement with the union.

Alcoa wants to establish a modern EBA that provides employees with competitive pay and conditions, allows us to manage our operations efficiently and productively, and gives us the ability to respond to changing market and operating conditions.

In August, we invited employees who are AWU members to vote on a generous EBA proposal that provided income growth on top of their already very competitive pay and conditions.

The proposed EBA offered other provisions that are better than the market including a 14% superannuation contribution and income protection for up to two years in the event of extended illness. It maintained many of the provisions we know our employees value including a 36-hour work week and the opportunity to earn extra income through overtime.

The AWU EBA covers approximately 1500 employees at Alcoa's WA mining and refining operations. Turnover amongst the workforce is extremely low and the average length of service of our employees who are AWU members is almost 20 years.

Alcoa directly employs more than 3750 people in WA, including more than 2000 in the Peel region, resulting in some AU\$635 million in wages, salaries and benefits being paid each year.

The company annually invests about AU\$1.4 billion in operating and capital expenditure in WA and pays about AU\$400 million in state and federal taxes.

Alcoa has recently established new Enterprise Bargaining Agreements (EBAs) with its mechanical and electrical tradespeople in Western Australia.

The best way Alcoa can continue to be an important contributor to our economy and to provide well-paid local jobs now and into the future is to remain internationally competitive throughout the business cycle. A new modern EBA will help achieve this.

ENDS

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About Alcoa

Alcoa (NYSE: AA) is a global industry leader in bauxite, alumina and aluminum products, with a strong portfolio of value-added cast and rolled products and substantial energy assets. Alcoa is built on a foundation of strong values and operating excellence dating back nearly 130 years to the world-changing discovery that made aluminum an affordable and vital part of modern life. Since developing the aluminum industry, and throughout our history, our talented employees have followed on with breakthrough innovations and best practices that have led to efficiency, safety, sustainability and stronger communities wherever we operate. Visit us online on www.alcoa.com, follow @Alcoa on Twitter and on Facebook at www.facebook.com/Alcoa.