Alcoa World Alumina and Chemicals

(Majority owned by Alcoa Inc.)

Combined Financial Statements and Supplementary Combining Information As of December 31, 2014 and 2013 and for Each of the Three Years in the Period Ended December 31, 2014

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(Majority owned by Alcoa Inc.)
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Independent Auditor's Report

To the Members of the Strategic Council of
Alcoa World Alumina and Chemicals
(Majority-owned by Alcoa Inc.)

We have audited the accompanying combined financial statements of Alcoa World Alumina and Chemicals ("AWAC"), which comprise the combined balance sheets as of December 31, 2014 and 2013, and the related combined statements of loss, comprehensive loss, changes in members' equity and cash flows for each of the three years in the period ended December 31, 2014.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of AWAC at December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
March 4, 2015

Alcoa World Alumina and Chemicals

(Majority owned by Alcoa Inc.)

Combined Balance Sheets

December 31, 2014 and 2013

(U.S. dollars in millions)	2014	2013
Assets		
Current assets		
Cash and cash equivalents	$ 238.2	$ 189.5
Receivables from customers	261.2	263.6
Related party receivables (I)	211.2	230.0
Other receivables	52.2	47.9
Related party notes receivable (I)	88.9	91.5
Inventories (D)	550.7	671.2
Fair value of derivative contracts (M)	97.9	146.2
Prepaid expenses and other current assets	110.4	150.2
Total current assets	1,610.7	1,790.1
Properties, plants and equipment, net (E)	4,772.3	5,938.3
Investments (F)	586.7	557.7
Deferred income taxes (L)	460.9	610.2
Fair value of derivative contracts (M)	73.4	181.7
Other noncurrent assets (G)	899.7	994.5
Total assets	$ 8,403.7	$ 10,072.5
Liabilities		
Current liabilities		
Short-term borrowings and current portion of capital lease obligations (H)	$ 66.6	$ 59.0
Accounts payable, trade	627.5	781.2
Accounts payable, related party (I)	106.0	100.6
Accrued compensation and retirement costs	241.8	269.2
Taxes, including taxes on income	74.0	83.0
Deferred income taxes (L)	67.0	104.1
Deferred credit related to derivative contracts (M)	86.2	124.3
Payable for Alba settlement (O)	74.0	88.0
Other current liabilities	107.3	164.3
Total current liabilities	1,450.4	1,773.7
Capital lease obligations and long term debt (H)	6.8	116.9
Accrued pension benefits (K)	67.3	33.5
Accrued other postretirement benefits (K)	76.8	79.1
Deferred alumina sales revenue (A)	92.8	101.0
Deferred income taxes (L)	151.3	237.3
Deferred credit related to derivative contracts (M)	63.3	158.8
Payable for Alba settlement (O)	222.0	296.0
Other noncurrent liabilities and deferred credits	454.0	414.5
Total liabilities	2,584.7	3,210.8
Contingencies and commitments (O)		
Members' equity		
Members' equity	6,988.7	7,387.1
Accumulated other comprehensive loss	(1,169.7)	(525.4)
Total members' equity	5,819.0	6,861.7
Total liabilities and members' equity	$ 8,403.7	$ 10,072.5

The accompanying notes are an integral part of these combined financial statements.

Alcoa World Alumina and Chemicals
(Majority owned by Alcoa Inc.)
Combined Statements of Loss
Years Ended December 31, 2014, 2013 and 2012

(U.S. dollars in millions)	2014	2013	2012
Revenues			
Sales	$ 3,906.6	$ 3,770.8	$ 3,645.0
Sales to related parties (I)	1,955.4	2,113.8	2,170.3
	5,862.0	5,884.6	5,815.3
Costs and expenses			
Cost of goods sold (exclusive of expenses below)	4,875.7	5,088.9	5,284.8
Selling, general administrative, and other expenses	91.6	101.0	110.7
Research and development expenses	20.2	22.2	22.2
Provision for depreciation, depletion and amortization	404.5	447.1	478.9
Restructuring and other charges (Q)	566.7	431.5	93.1
Interest expense	6.5	9.4	5.6
Other expense (income), net (R)	4.8	(30.4)	(34.4)
	5,970.0	6,069.7	5,960.9
Loss before income taxes	(108.0)	(185.1)	(145.6)
Provision/(benefit) for taxes on income (L)	135.0	63.6	(53.7)
Net loss	$ (243.0)	$ (248.7)	$ (91.9)

The accompanying notes are an integral part of these combined financial statements.

Alcoa World Alumina and Chemicals

(Majority owned by Alcoa Inc.)

Combined Statements of Comprehensive Loss

Years Ended December 31, 2014, 2013 and 2012

(U.S. dollars in millions)	2014	2013	2012
Net loss	$ (243.0)	$ (248.7)	$ (91.9)
Other comprehensive loss			
Foreign currency translation adjustments	(607.0)	(943.0)	(253.3)
Change in unrecognized (losses) gains and prior service cost related to pension and other postretirement benefit plans, net of tax	(35.8)	66.5	53.1
Unrecognized (losses) gains on derivatives, net of tax			
Net change from periodic revaluations	(1.5)	7.3	(2.1)
Net amount reclassified to income	-	-	-
Total Other comprehensive loss	(644.3)	(869.2)	(202.3)
Comprehensive loss	$ (887.3)	$ (1,117.9)	$ (294.2)

The accompanying notes are an integral part of these combined financial statements.

Alcoa World Alumina and Chemicals
(Majority owned by Alcoa Inc.)
Combined Statements of Cash Flows
Years Ended December 31, 2014, 2013 and 2012

(U.S. dollars in millions)	2014	2013	2012
Cash from operations			
Net loss	$ (243.0)	$ (248.7)	$ (91.9)
Adjustments to reconcile net loss to cash from operations			
Depreciation, depletion and amortization	404.5	447.1	478.9
Deferred income taxes	(35.4)	(75.5)	(111.8)
Equity loss, net of dividends	42.1	22.8	5.9
Restructuring and other charges (Q)	566.7	431.5	93.1
Stock-based compensation	4.3	5.2	4.9
Gain on sale of assets	(28.7)	(5.9)	(7.9)
Other	37.2	-	-
Changes in assets and liabilities, excluding effects of foreign currency translation adjustments:			
(Increase) decrease in receivables	2.5	(145.9)	80.6
Decrease (increase) in inventories	72.6	61.6	(22.0)
Decrease (increase) in prepaid expenses and other current assets	21.2	80.1	(72.2)
(Decrease) increase in accounts payable and accrued expenses	(297.5)	25.9	(42.8)
(Decrease) increase in taxes, including taxes on income	(2.6)	61.9	(88.8)
Net change in noncurrent assets and liabilities, and other	(68.0)	(4.1)	15.9
Cash provided from operations	475.9	656.0	241.9
Financing activities			
Net change in short-term borrowings (original maturities of three months or less) (H)	16.3	14.5	5.8
Additions to debt (original maturities greater than three months) (H)	-	25.5	75.5
Payments on debt (original maturities greater than three months)	(101.4)	-	-
Payments on capital lease obligations (H)	(11.7)	(2.4)	(12.5)
Capital contributions	142.7	31.5	428.4
Dividends paid and return of capital to members	(302.4)	(270.7)	(238.5)
Cash (used for) provided from financing activities	(256.5)	(201.6)	258.7
Investing activities			
Capital expenditures	(237.9)	(322.6)	(375.3)
Additions to investments	(79.7)	(41.6)	(202.9)
Proceeds from sale of assets	162.2	5.9	6.5
Additions to related party notes receivable	(7.4)	(27.3)	(13.2)
Payments on related party notes receivable	2.8	11.2	9.6
Cash used for investing activities	(160.0)	(374.4)	(575.3)
Effect of exchange rate changes on cash and cash equivalents	(10.7)	(16.5)	(3.3)
Net change in cash and cash equivalents	48.7	63.5	(78.0)
Cash and cash equivalents			
Beginning of year	189.5	126.0	204.0
End of year	$ 238.2	$ 189.5	$ 126.0

The accompanying notes are an integral part of these combined financial statements.

Alcoa World Alumina and Chemicals
(Majority owned by Alcoa Inc.)
Combined Statements of Changes in Members' Equity
Years Ended December 31, 2014, 2013 and 2012

(U.S. dollars in millions)	Members' Equity	Accumulated Other Comprehensive Loss	Total Members' Equity
Balances at December 31, 2011	$ 7,797.0	$ 546.1	$ 8,343.1
Net loss	(91.9)		(91.9)
Other comprehensive loss		(202.3)	(202.3)
Capital contributions from members (B)	428.4		428.4
Dividends paid and return of capital to members	(238.5)		(238.5)
Stock-based compensation	4.9		4.9
Balances at December 31, 2012	7,899.9	343.8	8,243.7
Net loss	(248.7)		(248.7)
Other comprehensive loss		(869.2)	(869.2)
Capital contributions from members (B)	31.5		31.5
Dividends paid and return of capital to members	(300.8)		(300.8)
Stock-based compensation	5.2		5.2
Balances at December 31, 2013	7,387.1	(525.4)	6,861.7
Net loss	(243.0)		(243.0)
Other comprehensive loss		(644.3)	(644.3)
Capital contributions from members (B)	142.7		142.7
Dividends paid and return of capital to members	(302.4)		(302.4)
Stock-based compensation	4.3		4.3
Balances at December 31, 2014	$ 6,988.7	$ (1,169.7)	$ 5,819.0

The accompanying notes are an integral part of these combined financial statements.

(U.S. dollars in millions)

A. Summary of Significant Accounting Policies

Principles of Combination and Basis of Presentation
The combined financial statements of Alcoa World Alumina and Chemicals ("AWAC") have been prepared pursuant to a Formation Agreement dated December 21, 1994 between Alcoa Inc. ("Alcoa") and WMC Limited of Melbourne, Australia ("WMC"), as amended. Effective December 11, 2002, WMC shareholders voted to create two entities, WMC Resources Limited and Alumina Limited, resulting in existing WMC shareholders receiving shares in a new listed entity 'WMC Resources Limited', which holds non AWAC businesses. AWAC is owned 60% by Alcoa and 40% by Alumina Limited and consists principally of bauxite, alumina and alumina-based chemicals businesses and investments managed and controlled by Alcoa.

The combined financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and require management to make certain judgments, estimates, and assumptions. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and affect the amounts of revenues and expenses reported during the period. Actual results could differ from those estimates upon subsequent resolution of identified matters. Certain amounts in previously issued financial statements were reclassified to conform to the 2014 presentation.

The following operating entities represent the combined operations of AWAC and form the basis of the combined financial statements:

Entity	Country
Alcoa World Alumina (AWA) LLC*	United States
Alcoa of Australia	Australia
Alumina Espanola	Spain
AWA Brazil	Brazil
AWA Saudi Limited**	Saudi Arabia
Enterprise Partnership	Australia

* Alcoa World Alumina LLC holds AWAC's mining and refining interests in the United States, Suriname, Jamaica and Guinea (collectively referred to as the "Combined LLCs"). The interest in Jamaica was divested in December 2014 (Note Q).

** AWA Saudi Limited holds AWAC's investment in a mining and refining operating joint venture in the Kingdom of Saudi Arabia owned 25.1% by AWAC and 74.9% by Saudi Arabian Mining Company ("Ma'aden").

The combined financial statements have been derived from the books and records of Alcoa. All transactions between entities included in the combined financial statements have been eliminated. The Combined Statements of Loss include all items of revenue and income generated by AWAC and all items of expense directly incurred by AWAC. These include expenses charged to AWAC by Alcoa in the normal course of business. The amounts have been allocated on a basis considered reasonable by management using either specific identification or proportional allocations based on usage, headcount or other reasonable methods of allocation. As a result of these allocated amounts, the financial statements of AWAC may not be indicative of the results that

(U.S. dollars in millions)

would be presented if AWAC had operated as an independent stand-alone entity. The combined financial statements reflect amounts necessary in order to depict the combined financial position, results of operations and cash flows of AWAC on a stand-alone basis. For additional information concerning expenses charged to AWAC by Alcoa see Note I.

Related Party Transactions
AWAC sells alumina and aluminum to Alcoa. These transactions are intended to represent amounts negotiated at arms-length terms. Additionally, Alcoa provides employee, administrative and other services to AWAC. These amounts have been recorded on a reasonable basis representative of cost. AWAC has amounts due to and from related parties as a result of these transactions. For additional information on related party transactions see Note I.

Cash and Cash Equivalents
Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Inventory Valuation
Inventories are carried at the lower of cost or market, with cost for U.S. inventories determined under the last-in, first-out ("LIFO") method. The cost of other inventories is principally determined under the average-cost method. See Note D for additional information.

Properties, Plants and Equipment
Properties, plants and equipment are recorded at cost. Depreciation is recorded principally on the straight-line method at rates based on the estimated useful lives of the assets. For greenfield assets, which refer to the construction of new assets on undeveloped land, the units of production method is used to record depreciation. These assets require a significant period (generally greater than one-year) to ramp-up to full production capacity. As a result, the units of production method is deemed a more systematic and rational method for recognizing depreciation on these assets. Depreciation is recorded on temporarily idled facilities until such time management approves a permanent shutdown. The following table details the weighted-average useful lives of structures and machinery and equipment (numbers in years):

	Structures	Machinery and Equipment
Alumina refining	31	26
Bauxite mining	32	15
Aluminum smelting	35	22

Gains or losses from the sale of assets are generally recorded in other income. Repairs and maintenance are charged to expense as incurred. Interest related to construction of qualifying assets is capitalized as part of construction costs. See Note E for additional information.

(U.S. dollars in millions)

Properties, plants, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets (asset group) may not be recoverable. Recoverability of assets is determined by comparing the estimated undiscounted net cash flows of the operations to which the assets (asset group) relate to their carrying amount. An impairment loss would be recognized when the carrying amount of the assets (asset group) exceeds the estimated undiscounted net cash flows. The amount of the impairment loss to be recorded is calculated as the excess of the carrying value of the assets (asset group) over their fair value, with fair value determined using the best information available, which generally is a discounted cash flow (DCF) analysis. The determination of what constitutes an asset group, the associated estimated undiscounted cash flows, and the estimated useful lives of assets also require significant judgments.

Goodwill
Goodwill is not amortized; instead, it is tested for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, or a trend of negative or declining cash flows over multiple periods, among others. The fair values that could be realized in an actual transaction may differ from that used to evaluate the impairment of goodwill.

Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. AWAC has two reporting units: Alumina and Primary Metals. For Primary Metals, all goodwill was impaired in 2013 (see below).

In reviewing goodwill for impairment, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the existing two-step quantitative impairment test, otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the two-step quantitative impairment test.

Under the qualitative assessment, various events and circumstances (or factors) that would affect the estimated fair value of a reporting unit are identified (similar to impairment indicators above). These factors are then classified by the type of impact they would have on the estimated fair value using positive, neutral and adverse categories based on current business conditions. Additionally, an assessment of the level of impact that a particular factor would have on the estimated fair value is determined using high, medium, and low weighting. Furthermore, management considers the results of the most recent two-step quantitative impairment test completed for a reporting unit and compares the weighted average cost of capital (WACC) between the current and prior years for each reporting unit.

(U.S. dollars in millions)

Under the two-step quantitative impairment test, the evaluation of impairment involves comparing the current fair value of a reporting unit to its carrying value, including goodwill. AWAC uses a DCF model to estimate the current fair value of its reporting units when testing for impairment, as management believes forecasted cash flows are the best indicator of such fair value. A number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including markets and market share, sales volumes and prices, costs to produce, tax rates, capital spending, discount rate, and working capital changes. Most of these assumptions vary significantly among the reporting units. Cash flow forecasts are generally based on approved business unit operating plans for the early years and historical relationships in later years. The betas used in calculating the individual reporting units' WACC rate are estimated for each business with the assistance of valuation experts.

In the event the estimated fair value of a reporting unit per the DCF model is less than the carrying value, additional analysis would be required. The additional analysis would compare the carrying amount of the reporting unit's goodwill with the implied fair value of that goodwill, which may involve the use of valuation experts. The implied fair value of goodwill is the excess of the fair value of the reporting unit over the fair value amounts assigned to all of the assets and liabilities of that unit as if the reporting unit was acquired in a business combination and the fair value of the reporting unit represented the purchase price. If the carrying value of goodwill exceeds its implied fair value, an impairment loss equal to such excess would be recognized, which could significantly and adversely impact reported results of operations and members' equity.

In developing the fair value of these reporting units, AWAC estimates future cash flows using London Metal Exchange (LME) forward curve pricing and operating cost assumptions management believes are reasonable based on expected and historical performance. The following could have a negative impact on the estimated fair values of Alumina and Primary Metals: a significant, protracted decrease in LME and alumina prices; decrease in long-term profitability; decrease in the long-term demand for aluminum; substantial reductions in AWAC's end markets and volume assumptions; and an increase in discount rates.

During the 2014 annual review of goodwill, management proceeded directly to the two-step quantitative impairment test for the Alumina reporting unit. The estimated fair value of Alumina exceeded its carrying value, resulting in no impairment.

In 2013, for Primary Metals, the estimated fair value as determined by the DCF model was lower than the associated carrying value. As a result, management performed the second step of the impairment analysis in order to determine the implied fair value of Primary Metals' goodwill. The results of the second-step analysis showed that the implied fair value of goodwill was zero. Therefore, AWAC recorded a goodwill impairment of $30.2, which is recorded in Restructuring and other charges in the Combined Statements of Loss. As a result of the goodwill impairment, there is no goodwill remaining for the Primary Metals reporting unit.

(U.S. dollars in millions)

The impairment of Primary Metals' goodwill resulted from several causes: the prolonged economic downturn; a disconnect between industry fundamentals and pricing that has resulted in lower metal prices; and the increased cost of alumina, a key raw material, resulting from expansion of the Alumina Price Index throughout the industry. All of these factors, exacerbated by increases in discount rates, continue to place significant downward pressure on metal prices and operating margins, and the resulting estimated fair value, of the Primary Metals business. As a result, management decreased the near-term and long-term estimates of the operating results and cash flows utilized in assessing Primary Metals' goodwill for impairment. The valuation of goodwill for the second step of the goodwill impairment analysis is considered a Level 3 fair value measurement, which means that the valuation of the assets and liabilities reflect management's own judgments regarding the assumptions market participants would use in determining the fair value of the assets and liabilities.

Intangible Assets
Computer software costs consist primarily of software costs associated with an enterprise business solution ("EBS"). Capitalized EBS costs are amortized over ten years.

Equity Investments
AWAC invests in a number of privately-held companies, primarily through joint ventures and consortia, which are accounted for on the equity method. The equity method is applied in situations where AWAC has the ability to exercise significant influence, but not control, over the investee. Management reviews equity investments for impairment whenever certain indicators are present suggesting that the carrying value of an investment is not recoverable. This analysis requires a significant amount of judgment from management to identify events or circumstances indicating that an equity investment is impaired. The following items are examples of impairment indicators: significant, sustained declines in an investee's revenue, earnings, and cash flow trends; adverse market conditions of the investee's industry or geographic area; the investee's ability to continue operations measured by several items, including liquidity; and other factors. Once an impairment indicator is identified, management uses considerable judgment to determine if the impairment is other than temporary, in which case the equity investment is written down to its estimated fair value. An impairment that is other than temporary could significantly and adversely impact reported results of operations.

Revenue Recognition
AWAC recognizes revenue when title, ownership, and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product and is based on the applicable shipping terms. The shipping terms vary across customers and depend on the product, the country of origin, and the type of transportation (truck, train, or vessel).

Deferred Alumina Sales Revenue
AWAC periodically enters into long-term supply contracts with alumina and aluminum customers and receives advance payments for product to be delivered in future periods. These advance payments are recorded as deferred revenue, and revenue is recognized as shipments are made and title, ownership, and risk of loss pass to the customer during the term of the contracts. As a result, prepayment of $240.0 related to an agreement with a third party customer received in 1997, is being amortized over the life of the contract based on the tonnage shipped. The amount of the prepayment still deferred at December 31, 2014 and 2013 was $100.7 and $108.8, respectively. The amount of revenue recognized related to this agreement was $8.1, $7.2 and $8.0, for the years ended December 31, 2014, 2013 and 2012, respectively.

(U.S. dollars in millions)

Environmental Matters
Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, and which do not contribute to future revenues, are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated. The liability may include costs such as site investigations, consultant fees, feasibility studies, outside contractors, and monitoring expenses. Estimates are generally not discounted or reduced by potential claims for recovery. Claims for recovery are recognized as agreements are reached with third parties. The estimates also include costs related to other potentially responsible parties to the extent that AWAC has reason to believe such parties will not fully pay their proportional share. The liability is continuously reviewed and adjusted to reflect current remediation progress, prospective estimates of required activity, and other factors that may be relevant, including changes in technology or regulations. See Note P for additional information.

Litigation Matters
For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. Management determines the likelihood of an unfavorable outcome based on many factors such as the nature of the matter, available defenses and case strategy, progress of the matter, views and opinions of legal counsel and other advisors, applicability and success of appeals processes, and the outcome of similar historical matters, among others. Once an unfavorable outcome is deemed probable, management weighs the probability of estimated losses, and the most reasonable loss estimate is recorded. If an unfavorable outcome of a matter is deemed to be only reasonably possible, then the matter is disclosed and no liability is recorded. With respect to unasserted claims or assessments, management must first determine that the probability that an assertion will be made is likely, then, a determination as to the likelihood of an unfavorable outcome and the ability to reasonably estimate the potential loss is made. Legal matters are reviewed on a continuous basis to determine if there has been a change in management's judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss. See Note O for additional information.

Asset Retirement Obligations
AWAC recognizes asset retirement obligations ("AROs") related to legal obligations associated with the normal operation of AWAC's bauxite mining, alumina refining and aluminum smelting facilities. These AROs consist primarily of costs associated with spent pot lining disposal, closure of bauxite residue areas, mine reclamation, and landfill closure. AWAC also recognizes AROs for any significant lease restoration obligation, if required by a lease agreement. The fair values of these AROs are recorded on a discounted basis, at the time the obligation is incurred, and accreted over time for the change in present value. Additionally, AWAC capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over the remaining useful life. See Note C for additional information.

Certain conditional asset retirement obligations ("CAROs") related to alumina refineries and aluminum smelters have not been recorded in the combined financial statements due to uncertainties surrounding the ultimate settlement date. A CARO is a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within AWAC's control. Such uncertainties exist as a result of the perpetual nature of refineries and smelters, maintenance and upgrade programs, and other factors preventing a reasonable estimation surrounding the ultimate settlement date. At the date a reasonable estimate of the ultimate settlement date can be made, AWAC would record a retirement obligation for the removal, treatment, transportation, storage and/or disposal of various regulated

(U.S. dollars in millions)

assets and hazardous materials such as asbestos, underground and aboveground storage tanks, polychlorinated biphenyls ("PCBs"), various process residuals, solid wastes, electronic equipment waste and various other materials. If AWAC was required to shutdown all such facilities immediately, the estimated CARO as of December 31, 2014 ranges from $4.0 to $22.7 per facility (8 structures) in today's dollars.

Mineral Rights
AWAC recognizes mineral rights upon specific acquisitions of land that include such underlying rights, primarily in Jamaica (in December 2014, AWAC divested its ownership stake in the joint venture in Jamaica – see Note Q). This land is purchased for the sole purpose of mining bauxite. The underlying bauxite reserves are known at the time of acquisition based on associated drilling and analysis and are considered to be proven reserves. The acquisition cost of the land and mineral rights are amortized as the bauxite is produced based on the level of minable tons determined at the time of purchase. Mineral rights are included in Properties, plants, and equipment on the accompanying Combined Balance Sheet.

Deferred Mining Costs
AWAC recognizes deferred mining costs during the development stage of a mine life cycle. Such costs include the construction of access and haul roads, detailed drilling and geological analysis to further define the grade and quality of the known bauxite, and overburden removal costs. These costs relate to sections of the related mines where AWAC is either currently extracting bauxite or is preparing for production in the near term. These sections are outlined and planned incrementally and generally are mined over periods ranging from one to five years, depending on mine specifics. The amount of geological drilling and testing necessary to determine the economic viability of the bauxite deposit being mined is such that the reserves are considered to be proven, and the mining costs are amortized based on this level of reserves. Deferred mining costs are included in Other noncurrent assets on the accompanying Combined Balance Sheet.

Income Taxes
The provision for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, the provision for income taxes represents income taxes paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year. Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid, and result from differences between the financial and tax bases of AWAC's assets and liabilities and are adjusted for changes in tax rates and tax laws when enacted.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. In evaluating the need for a valuation allowance, management considers all potential sources of taxable income, including income available in carryback periods, future reversals of taxable temporary differences, projections of taxable income, and income from tax planning strategies, as well as all available positive and negative evidence. Positive evidence includes factors such as a history of profitable operations, projections of future profitability within the carryforward period, including from tax planning strategies, and the Company's experience with similar operations. Existing favorable contracts and the ability to sell product into established markets are additional positive evidence. Negative evidence includes items such as cumulative losses, projections of future losses, or carryforward periods that are not long enough to allow the utilization of the deferred tax asset based on existing projections of income. In certain jurisdictions, deferred tax assets related to cumulative losses exist without a valuation allowance where in

(U.S. dollars in millions)

management's judgment the weight of the positive evidence more than offsets the negative evidence of the cumulative losses. Upon changes in facts and circumstances, management may conclude that deferred tax assets for which no valuation allowance is currently recorded may not be realizable in future periods, resulting in a future charge to record a valuation allowance. Existing valuation allowances are re-examined under the same standards of positive and negative evidence. If it is determined that it is more likely than not that a deferred tax asset will be realized, the appropriate amount of the valuation allowance, if any, is released. Deferred tax assets and liabilities are also re-measured to reflect changes in underlying tax rates due to law changes and the granting and lapse of tax holidays.

Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the statute of limitation has expired or the appropriate taxing authority has completed their examination even though the statute of limitations remains open. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

AWAC consists of a variety of different tax-paying legal entities. Income taxes are accrued and recorded on the financial statements of entities within AWAC except for entities that are multiple member limited liability companies ("LLCs"). LLC income is taxable to the members that hold the LLC interest (for U.S. federal and most state income tax purposes). Therefore, current and deferred U.S. and most state tax assets and liabilities of the LLCs are recorded in the financial statements of the members and, thus, are not reflected in AWAC's combined financial statements. See Note L for additional information.

Stock-Based Compensation
Certain employees of AWAC receive stock-based awards under Alcoa's stock incentive plans, and AWAC records an expense for these plans. AWAC recognizes compensation expense for employee equity grants using the nonsubstantive vesting period approach, in which the expense (net of estimated forfeitures) is recognized ratably over the requisite service period based on the grant date fair value. Determining the fair value of stock options at the grant date requires judgment, including estimates for the average risk-free interest rate, dividend yield, volatility, annual forfeiture rate and exercise behavior. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs over time.

Most plan participants can choose whether to receive their award in the form of stock options, restricted share units, or a combination of both. This choice is made before the grant is issued and is irrevocable.

Derivatives and Hedging
Derivatives are held for purposes other than trading and are part of a formally documented risk management program. For derivatives designated as cash flow hedges, AWAC measures hedge effectiveness by formally assessing, at least quarterly, the probable high correlation of the expected future cash flows of the hedged item and the derivative hedging instrument. The ineffective portions of these hedges are recorded in other income or expense in the current period. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, future gains or losses on the derivative are recorded in other income or expense.

(U.S. dollars in millions)

AWAC accounts for hedges of foreign currency exposures and certain forecasted transactions as cash flow hedges. The fair values of the derivatives are recorded in other current and noncurrent assets and liabilities in the combined balance sheet. The effective portions of the changes in the fair values of these derivatives are recorded in other comprehensive loss and are reclassified to sales or other income or expense in the period in which earnings are impacted by the hedged items or in the period that the transaction no longer qualifies as a cash flow hedge. These contracts cover the same periods as known or expected exposures, generally not exceeding five years.

If no hedging relationship is designated, the derivative is marked to market through earnings.

Cash flows from derivatives are recognized in the Combined statement of cash flows in a manner consistent with the underlying transactions. See Note M for additional information.

Foreign Currency
The local currency is the functional currency for AWAC's significant operations outside the U.S., except in Jamaica and Suriname, which use the U.S. dollar. The determination of the functional currency in these countries is made based on the appropriate economic and management indicators.

Recently Adopted Accounting Guidance
Comprehensive Income
On January 1, 2013, AWAC adopted changes issued by the Financial Accounting Standards Board (FASB) to the reporting of amounts reclassified out of accumulated other comprehensive income. These changes require an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures that provide additional detail about those amounts. These requirements are to be applied to each component of accumulated other comprehensive income. Other than the additional disclosure requirements, the adoption of these changes had no impact on the combined financial statements.

(U.S. dollars in millions)

The following table details the activity of the three components that comprise Accumulated other comprehensive loss for AWAC:

	2014	2013	2012
Pension and other postretirement benefits			
Balance at beginning of period	$ (131.5)	$ (198.0)	$ (251.1)
Other comprehensive (loss) income			
Unrecognized net actuarial (loss) income and prior service cost/benefit	(57.5)	73.3	33.4
Tax benefit (expense)	13.1	(24.8)	(9.6)
Total other comprehensive (loss) income before reclassifications, net of tax	(44.4)	48.5	23.8
Amortization of net actuarial loss and prior service cost/benefit [1]	11.1	27.2	41.1
Tax expense [2]	(2.5)	(9.2)	(11.8)
Total amount reclassified from Accumulated other comprehensive loss, net of tax [5]	8.6	18.0	29.3
Total other comprehensive (loss) income	(35.8)	66.5	53.1
Balance at end of period	(167.3)	(131.5)	(198.0)
Foreign currency translation			
Balance at beginning of period	(388.7)	554.3	807.6
Other comprehensive loss [3]	(607.0)	(943.0)	(253.3)
Balance at end of period	(995.7)	(388.7)	554.3
Cash flow hedges			
Balance at beginning of period	(5.2)	(12.5)	(10.4)
Other comprehensive (loss) income			
Net change from periodic revaluations	(1.4)	10.5	(3.1)
Tax (expense) benefit	(0.1)	(3.2)	1.0
Total other comprehensive (loss) income before reclassifications, net of tax	(1.5)	7.3	(2.1)
Net amount reclassified to earnings:			
Interest rate contracts [4]	-	-	-
Tax (expense) benefit	-	-	-
Total amount reclassified from Accumulated other comprehensive loss, net of tax	-	-	-
Total other comprehensive (loss) income, net of tax	(1.5)	7.3	(2.1)
Balance at end of period	$ (6.7)	$ (5.2)	$ (12.5)

(1) These amounts were included in the computation of net periodic benefit cost for pension and other postretirement benefits (Note K).

(2) These amounts were included in Provision for income taxes on the accompanying Combined Statement of Loss.

(3) In all periods presented, there were no tax impacts related to rate changes and no amounts were reclassified to earnings.

(4) These amounts were included in Interest expense on the accompanying Combined Statement of Loss.

(5) A positive amount indicates a corresponding charge to earnings and a negative amount indicates a corresponding benefit to earnings. These amounts were reflected on the accompanying Combined Statement of Loss in the line items indicated in footnotes 1 through 4.

(U.S. dollars in millions)

Other

On January 1, 2014, AWAC adopted changes issued by the FASB to the accounting for obligations resulting from joint and several liability arrangements. These changes require an entity to measure such obligations for which the total amount of the obligation is fixed at the reporting date as the sum of (i) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors, and (ii) any additional amount the reporting entity expects to pay on behalf of its co-obligors. An entity will also be required to disclose the nature and amount of the obligation as well as other information about those obligations. Examples of obligations subject to these requirements are debt arrangements and settled litigation and judicial rulings. Management has determined that the adoption of these changes will not have an impact on the combined financial statements, as AWAC does not currently have any such arrangements.

On January 1, 2014, AWAC adopted changes issued by the FASB to a parent entity's accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. A parent entity is required to release any related cumulative foreign currency translation adjustment from accumulated other comprehensive income into net income in the following circumstances: (i) a parent entity ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided; (ii) a partial sale of an equity method investment that is a foreign entity; (iii) a partial sale of an equity method investment that is not a foreign entity whereby the partial sale represents a complete or substantially complete liquidation of the foreign entity that held the equity method investment; and (iv) the sale of an investment in a foreign entity. Management has determined that the adoption of these changes will need to be considered in the combined financial statements in the event Alcoa initiates any of the transactions described above.

On January 1, 2014, AWAC adopted changes issued by the FASB to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. These changes require an entity to present an unrecognized tax benefit as a liability in the financial statements if (i) a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or (ii) the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset to settle any additional income taxes that would result from the disallowance of a tax position. Otherwise, an unrecognized tax benefit is required to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. Previously, there was diversity in practice as no explicit guidance existed. Management has determined that the adoption of these changes will not have a significant impact on the combined financial statements.

(U.S. dollars in millions)

Recently Issued Accounting Guidance
In April 2014, the FASB issued changes to reporting discontinued operations and disclosures of disposals of components of an entity. These changes require a disposal of a component to meet a higher threshold in order to be reported as a discontinued operation in an entity's financial statements. The threshold is defined as a strategic shift that has, or will have, a major effect on an entity's operations and financial results such as a disposal of a major geographical area or a major line of business. Additionally, the following two criteria have been removed from consideration of whether a component meets the requirements for discontinued operations presentation: (i) the operations and cash flows of a disposal component have been or will be eliminated from the ongoing operations of an entity as a result of the disposal transaction, and (ii) an entity will not have any significant continuing involvement in the operations of the disposal component after the disposal transaction. Furthermore, equity method investments now may qualify for discontinued operations presentation. These changes also require expanded disclosures for all disposals of components of an entity, whether or not the threshold for reporting as a discontinued operation is met, related to profit or loss information and/or asset and liability information of the component. These changes become effective for AWAC on January 1, 2015. Management has determined that the adoption of these changes will not have an immediate impact on the combined financial statements. This guidance will need to be considered in the event AWAC initiates a disposal transaction.

In May 2014, the FASB issued changes to the recognition of revenue from contracts with customers. These changes created a comprehensive framework for all entities in all industries to apply in the determination of when to recognize revenue, and, therefore, supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to result in less complex guidance in application while providing a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the entity satisfies a performance obligation. These changes become effective for AWAC on January 1, 2017. Management is currently evaluating the potential impact of these changes on the combined financial statements.

In August 2014, the FASB issued changes to the disclosure of uncertainties about an entity's ability to continue as a going concern. Under GAAP, continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity's liquidation becomes imminent. Even if an entity's liquidation is not imminent, there may be conditions or events that raise substantial doubt about the entity's ability to continue as a going concern. Because there is no guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related note disclosures, there is diversity in practice whether, when, and how an entity discloses the relevant conditions and events in its financial statements. As a result, these changes require an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that financial statements are issued. Substantial doubt is defined as an indication that it is probable that an entity will be unable to meet its obligations as they become

(U.S. dollars in millions)

due within one year after the date that financial statements are issued. If management has concluded that substantial doubt exists, then the following disclosures should be made in the financial statements: (i) principal conditions or events that raised the substantial doubt, (ii) management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations, (iii) management's plans that alleviated the initial substantial doubt or, if substantial doubt was not alleviated, management's plans that are intended to at least mitigate the conditions or events that raise substantial doubt, and (iv) if the latter in (iii) is disclosed, an explicit statement that there is substantial doubt about the entity's ability to continue as a going concern. These changes become effective for AWAC for the 2016 annual period. Management has determined that the adoption of these changes will not have an impact on the combined financial statements. Subsequent to adoption, this guidance will need to be applied by management at the end of each annual period and interim period therein to determine what, if any, impact there will be on the combined financial statements in a given reporting period.

B. Nature of Operations

AWAC is owned 60% by Alcoa and 40% by Alumina Limited and consists principally of bauxite, alumina and alumina-based chemicals businesses and investments managed and contributed by Alcoa. Primarily all bauxite mined by AWAC entities is refined into alumina by AWAC through a chemical process. The alumina is then sold to customers to be smelted into primary aluminum. Approximately 45.2%, 47%, and 46% of AWAC's respective 2014, 2013, and 2012 alumina production was sold to Alcoa. In addition, Alcoa of Australia ("AofA"), a significant entity within AWAC, operates integrated aluminum facilities in Australia including mining, refining and smelting operations. Approximately 78%, 76%, and 80% of AofA's 2014, 2013, and 2012 revenues were derived from alumina, and the balance was derived principally from primary aluminum.

During 2014 capital contributions from members of $53.4 were made to AWA LLC related to the Alba matter (see Note O). In addition, contributions of $69.7 and $19.6 were used to fund the Ma'aden investment, and to support operations in Spain, respectively.

During 2013 capital contributions from members of $31.5 were used to fund the Ma'aden investment.

During 2012, capital contributions from members of $428.4 were primarily used to fund the Ma'aden investment and their interest in the Enterprise Partnership. The remaining contributions were used to fund final construction on the Juruti mine (Brazil), and to support operations in Spain.

In 2011, Alcoa Inc. made a $33.0 contribution to AWAC for purposes of investment in the Ma'aden refining and mining business. Alcoa Inc. did not issue a cash call requesting a matching contribution from Alumina Limited. During 2013, Alcoa Inc. determined that this contribution would be used for purposes of the Ma'aden rolling business as opposed to the refining and mining business. Alumina Limited never contributed a matching amount and the Alcoa Inc. contribution was returned to Alcoa Inc. (and simultaneously invested in the Ma'aden rolling business) and was accounted for as a return of capital.

(U.S. dollars in millions)

The following summarizes the concentrations of sales and net assets by major geographic region:

	2014	2013	2012
Sales			
Australia	$ 2,854.4	$ 3,093.0	$ 3,013.8
U.S.	2,370.6	2,159.3	2,141.8
Other	637.0	632.3	659.7
Total sales	$ 5,862.0	$ 5,884.6	$ 5,815.3

	2014	2013
Net assets		
Australia	$ 2,762.2	$ 3,035.5
Brazil	2,495.5	2,960.8
U.S.	(221.6) *	(239.0) *
Other	782.9	1,104.4
Total net assets	$ 5,819.0	$ 6,861.7

* The net assets in the U.S. includes the Alba matter discussed in Note O.

C. Asset Retirement Obligations

AWAC has recorded AROs related to legal obligations associated with the normal operations of bauxite mining, alumina refining, and aluminum smelting facilities. These AROs consist primarily of costs associated with spent pot lining disposal, closure of bauxite residue areas, mine reclamation, and landfill closure.

The following table details the changes in the carrying amounts of AROs at December 31:

	2014	2013
Balance at beginning of year	$ 379.0	$ 401.3
Accretion expense	16.4	15.6
Liabilities incurred	77.1	41.2
Payments	(34.5)	(36.5)
Translation and other	(24.9)	(42.6)
Divestures*	(16.2)	-
Balance at end of year	$ 396.9	$ 379.0

* In 2014, this amount relates to the sale of an interest in a bauxite mine and alumina refinery in Jamaica (Note Q).

AROs are recorded in Other current liabilities and Other noncurrent liabilities and deferred credits on the accompanying Combined Balance Sheet.

(U.S. dollars in millions)

D. Inventories

	2014	2013
Finished goods	$ 2.3	$ 5.8
Work-in-process	49.6	67.0
Bauxite and alumina	244.9	264.7
Purchased raw materials	151.1	201.7
Operating supplies	102.8	132.0
	$ 550.7	$ 671.2

Approximately 15.3% and 11.0% of total inventories at December 31, 2014 and 2013, respectively, were valued on a LIFO basis. If valued on an average cost basis, total inventories would have been $50.0 and $55.0 higher at the end of 2014 and 2013, respectively.

E. Properties, Plants, and Equipment, Net

	2014	2013
Land and land rights, including mines	$ 196.0	$ 285.5
Structures	4,123.5	4,655.4
Machinery and equipment	5,548.9	6,304.8
	9,868.4	11,245.7
Less: Accumulated depreciation and depletion	5,292.1	5,747.8
	4,576.3	5,497.9
Construction work-in-progress	196.0	440.4
	$ 4,772.3	$ 5,938.3

F. Investments

	2014	2013
Ma'aden	$ 308.6	$ 273.5
Dampier to Bunbury Natural Gas Pipeline ("DBNGP")	112.9	122.2
Halco Mining, Inc.	118.9	113.6
Other	46.4	48.4
	$ 586.7	$ 557.7

As of December 31, 2014 and 2013, equity investments included the Ma’aden project, a natural gas pipeline in Australia (DBNGP, see Note O), and bauxite mining interests in Guinea (45% of Halco Mining, Inc.).

(U.S. dollars in millions)

AWAC and the Saudi Arabian Mining Company, known as Ma'aden, have a 30-year joint venture shareholders' agreement (automatic extension for an additional 20 years, unless the parties agree otherwise or unless earlier terminated) setting forth the terms for the development, construction, ownership and operation of an integrated bauxite mine and alumina refinery in Saudi Arabia. Specifically, the project to be developed by the joint venture consists of a bauxite mine for the extraction of approximately 4,000 kmt of bauxite from the Al Ba'itha bauxite deposit near Quiba in the northern part of Saudi Arabia, and an alumina refinery with an initial capacity of 1,800 kmt. The refinery is being constructed in an industrial area at Ras Al Khair (formerly Ras Az Zawr) on the east coast of Saudi Arabia. First production for the mine and refinery occurred in December 2014. The joint venture is owned 74.9% by Ma'aden and 25.1% by AWAC.

G. Other Noncurrent Assets

	2014	2013
Deferred mine development	$ 204.5	$ 210.7
Prepaid gas transmission contract	295.3	315.0
Value-added tax receivable	272.2	304.9
Prepaid pension benefit	33.7	73.3
Goodwill	3.1	3.5
Computer software costs	13.9	10.8
Other	77.0	76.3
	$ 899.7	$ 994.5

H. Short-Term Borrowings, Long-Term Debt and Capital Lease Obligations

During 2012, AWA LLC received a loan from Alcoa Inc. for payments to Aluminium Bahrain B.S.C. ("Alba"). Amounts outstanding under this arrangement are $0 and $68.0 ($17.0 short-term) at December 31, 2014 and 2013, respectively. Additionally, there is a short-term loan recorded in Spain for the funding of working capital. Amounts outstanding under this loan were $50.6 and $23.2 at December 31, 2014 and 2013, respectively.

Also during 2012, AofA and Alcoa Inc. entered into a long-term loan agreement where AofA may borrow up to $300.0 to assist them with managing their daily cash requirements. At December 31, 2014 and 2013 the balance on this loan is $0 and $50.0, respectively, and is recorded in Long-term debt. Other balances in long-term debt consist of a loan recorded in Spain of $2.0 and $2.7 at December 31, 2014 and 2013, respectively.

AofA has capital lease obligations recorded, primarily related to mining equipment and the Booragoon, Australia office. Outstanding amounts under these leases classified as short-term are $0.9 and $3.0 at December 31, 2014 and 2013, respectively. Outstanding amounts under these leases classified as long-term are $1.9 and $5.0 at December 31, 2014 and 2013, respectively.

During 2008, AWA Brazil entered into a capital lease arrangement for energy assets. Annual payments of approximately $7.0 are required. Amounts outstanding under this arrangement were $7.9 ($5.0 short-term) and $17.1 ($8.9 short-term) as of December 31, 2014 and 2013, respectively.

(U.S. dollars in millions)

AWAC participates in computerized payable settlement arrangements with certain vendors and third-party intermediaries. As of December 31, 2014 and 2013, short-term borrowings included $10.1 and $6.9, respectively, of amounts that will be paid to the third-party intermediaries. The arrangements provide that, at the vendor's request, the third-party intermediary advances the amount of the scheduled payment to the vendor, less an appropriate discount, before the scheduled payment date. AWAC makes payment to the third-party intermediary on the date stipulated in accordance with the commercial terms negotiated with its vendors. Imputed interest on the borrowings were $0.2, $0.8 and $0.4 in 2014, 2013 and 2012, respectively. See Note A for additional information.

I. Related Party Transactions

Sales to related parties included in the combined statements of loss consist of sales of alumina and alumina-based chemicals to the majority owner of AWAC, Alcoa. The terms for all transactions and agreements between related parties and AWAC are established by negotiation between the parties.

Entities within AWAC have entered into contractual agreements with Alcoa for employee services, an administrative services agreement, a commodity hedging agreement and an alumina sales agreement. Total costs incurred by AWAC for these agreements were approximately $94.8 in 2014, $90.6 in 2013, and $84.2 in 2012. AWAC also has a long-term bauxite purchase agreement with an equity investee. Total purchases under this agreement were approximately $190.0, $192.8 and $193.0 during 2014, 2013 and 2012, respectively.

Certain employees of AWAC receive stock-based awards under Alcoa's stock incentive plans, and AWAC records an expense for these plans. In 2014, 2013 and 2012, AWAC was charged and paid $6.8, $1.7 and $1.4, respectively, for stock option exercises and restricted share unit distributions under Alcoa stock incentive plans. As options are exercised, amounts to reimburse for issuance of shares were reflected as a dividend paid to partners, net of $2.1 in 2014, $0.5 in 2013 and 0.4 in 2012.

Related Party Notes Receivable

In 2011, three AWAC entities entered into an arrangement with Alcoa Global Treasury Services (AGTS), where the entities' excess cash is swept to AGTS periodically in exchange for a note receivable bearing short-term interest. The participating AWAC entities are Australia, Spain and Suriname. The value of the notes at December 31, 2014 are $88.9, $0.0 and $0.0, respectively. The value of the notes at December 31, 2013 are $91.5, $0.0 and $0.0, respectively.

J. Lease Expense

Certain equipment, including process control hardware and software, as well as warehousing, office space, and ocean going vessels are under operating lease agreements. Total expense from continuing operations for all leases was $81.9 in 2014, $83.1 in 2013 and $95.6 in 2012. Under operating leases, minimum annual rentals are $68.8 in 2015, $54.7 in 2016, $45.6 in 2017, $42.0 in 2018, $35.0 for 2019, and a total of $73.0 million in 2020 and thereafter.

(U.S. dollars in millions)

K. Pension Plans and Other Postretirement Benefits

Entities within AWAC maintain pension plans covering certain non U.S. employees. Pension benefits generally depend upon length of service, job grade, and remuneration. Substantially all benefits are paid through pension trusts that are sufficiently funded to ensure that all plans can pay benefits to retirees as they become due.

Entities within AWAC maintain health care and life insurance benefit plans covering certain non U.S. retired employees. Generally, the medical plans pay a percentage of medical expenses, reduced by deductibles and other coverages. Life benefits are generally provided by insurance contracts. The entities retain the right, subject to existing agreements, to change or eliminate these benefits.

The table below reflects the status of AWAC's pension and postretirement benefit plans.

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
Change in benefit obligation				
Benefit obligation at beginning of year	$ 1,043.8	$ 1,194.2	$ 83.5	$ 88.2
Service cost	30.3	40.9	0.6	0.8
Interest cost	54.3	52.3	4.0	3.9
Amendments	10.7	-	(11.3)	-
Actuarial (gains) losses	96.5	(53.9)	9.9	(3.9)
Settlements	(116.9)	-	-	-
Divestiture	(37.9)	-	(1.5)	-
Benefits paid	(24.5)	(80.7)	(3.7)	(3.6)
Participants' contributions	13.2	13.5	-	-
Exchange rate	(59.1)	(122.5)	(1.0)	(1.9)
Projected benefit obligation at end of year	$ 1,010.4	$ 1,043.8	$ 80.5	$ 83.5
Change in plan assets				
Fair value of plan assets at beginning of year	$ 1,085.2	$ 1,123.0	$ -	$ -
Actual return on plan assets	98.3	108.0	-	-
Employer contributions	22.6	53.8	-	-
Participants' contributions	13.1	13.5	-	-
Settlements	(116.9)	-	-	-
Benefits paid	(24.5)	(80.7)	-	-
Administrative expenses	(7.5)	(12.4)	-	-
Divestiture	(38.4)	-	-	-
Exchange rate	(55.4)	(120.0)	-	-
Fair value of plan assets at end of year	$ 976.5	$ 1,085.2	$ -	$ -
Funded status	$ (33.9)	$ 41.4	$ (80.5)	$ (83.5)
Amounts attributed to joint venture partners	0.3	(1.6)	-	0.7
Net funded status	$ (33.6)	$ 39.8	$ (80.5)	$ (82.8)

(U.S. dollars in millions)

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
Amounts recognized in the Combined Balance Sheets consist of				
Noncurrent assets	$ 33.7	$ 73.3	$ -	$ -
Current liabilities	-	-	(3.7)	(3.7)
Noncurrent liabilities	(67.3)	(33.5)	(76.8)	(79.1)
Net amount recognized	$ (33.6)	$ 39.8	$ (80.5)	$ (82.8)
Amounts recognized in accumulated other comprehensive (loss) income consist of				
Net actuarial (gains) loss	$ 284.9	$ 264.6	$ 2.0	$ (10.6)
Prior service cost	9.3	1.1	(9.6)	0.3
Total, before tax effect	294.2	265.7	(7.6)	(10.3)
Less: Amounts attributed to joint venture partners	5.9	8.5	-	(0.2)
Net amount recognized, before tax effect	$ 288.3	$ 257.2	$ (7.6)	$ (10.1)

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
Components of net periodic benefit costs				
Service cost	$ 28.8	$ 39.0	$ 0.6	$ 0.7
Interest cost	51.6	49.6	4.0	3.9
Expected return on plan assets	(68.7)	(69.0)	-	-
Amortization of prior service cost (benefit)	1.2	1.5	(1.7)	-
Settlement	23.7	-	-	-
Recognized actuarial (gains) losses	13.6	26.9	(2.0)	(1.2)
Net periodic benefit costs	$ 50.2	$ 48.0	$ 0.9	$ 3.4

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
Other changes in Plan assets and benefit obligations recognized in other comprehensive loss consist of				
Net loss (gain)	$ 33.9	$ (106.6)	$ 10.6	$ (2.8)
Amortization of net (loss) gain	(13.6)	(26.9)	2.0	1.2
Prior service cost (credit)	9.4	-	(11.6)	-
Amortization of prior service (cost) benefit	(1.2)	(1.5)	1.7	-
Totals before tax effect	28.5	(135.0)	2.7	(1.6)
Less: Amounts attributed to joint venture partners	(2.6)	(2.2)	0.2	-
Net amount recognized before tax effect	$ 31.1	$ (132.8)	$ 2.5	$ (1.6)

(U.S. dollars in millions)

	Pension Benefits 2015	Postretirement Benefits 2015
Amounts expected to be recognized in net periodic benefit cost		
Prior service cost (credit) recognition	$ 0.6	$ (9.5)
Actuarial loss (gain) recognition	18.4	(3.2)

Pension Plan Benefit Obligations

	Pension Benefits 2014	Pension Benefits 2013
The projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans was as follows		
Projected benefit obligation	$ 1,010.4	$ 1,043.8
Accumulated benefit obligation	940.6	1,023.6
The aggregate projected benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets was as follows		
Projected benefit obligation	938.1	256.1
Fair value of plan assets	870.5	222.6
The aggregate accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets was as follows		
Accumulated benefit obligation	276.0	248.7
Fair value of plan assets	245.0	222.6

Assumptions

Weighted average assumptions used to determine benefit obligations at December 31:

	2014	2013
Weighted average assumptions		
Discount rate, at year end	4.01 %	5.47 %
Rate of compensation increase	3.72 %	3.85 %

For a significant portion of the AWAC benefit obligation, the discount rate is based upon a yield available on government bonds plus a corporate bond spread with a term suitable to match the liabilities.

For plans in countries that have a deep corporate bond market, the discount rate is determined using an AWAC-specific yield curve model (above-median) developed with the assistance of an external actuary. The cash flows of these plans' projected benefit obligations are discounted using a single equivalent rate derived from yields on high quality corporate bonds, which represent a broad diversification of issuers in various sectors, including finance and banking, manufacturing, transportation, insurance, and pharmaceutical, among others. The yield curve model parallels the plans' projected cash flows, which have an average duration of ten years, and the underlying cash flows of the bonds included in the model exceed the cash flows needed to satisfy AWAC's plans' obligations multiple times.

(U.S. dollars in millions)

Weighted average assumptions used to determine the net periodic benefit cost for years ended December 31:

	2014	2013	2012
Weighted average assumptions			
Discount rate, at year end	5.47 %	4.81 %	4.16 %
Expected long-term return on plan assets	6.83 %	6.96 %	7.34 %
Rate of compensation increase	3.85 %	3.89 %	3.93 %

The expected return on plan assets is based on historical performance as well as expected future rates of return on plan assets considering the current investment portfolio mix and the long-term investment strategy.

Assumed health care cost trend rates at December 31:

	2014	2013	2012
Health care cost trend rate assumed for next year	5.5 %	5.5 %	6.0 %
Rate to which the cost trend rate gradually declines	4.5 %	4.5 %	4.5 %
Year that the rate reaches the rate it is assumed to remain	2018	2017	2017

The assumed health care cost trend rate is used to measure the expected cost of gross eligible charges covered by Alcoa's other postretirement benefit plans. For 2014, a 5.5% trend rate will be used reflecting management's best estimate of the change in future health care costs covered by the plans.

Assumed health care cost trend rates have an effect on the amounts reported for the health care plan. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	1%	
	Increase	Decrease
Effect on total of service and interest cost components	$ 0.6	(0.5)
Effect on postretirement benefit obligations	12.6	(10.2)

(U.S. dollars in millions)

Plan Assets
AWAC's pension plans' investment policy, weighted average asset allocations at December 31, 2014 and 2013, by asset category, are as follows:

	Policy	Plan Assets	
	Range	2014	2013
Asset category			
Equity securities	10-90%	41 %	40 %
Debt securities	0-80%	44 %	43 %
Real estate	0-20%	8 %	9 %
Other	0-40%	7 %	8 %
		100 %	100 %

The basic goal underlying the pension plan investment policy is to ensure that the assets of the plan, along with expected plan sponsor contributions, will be invested in a prudent manner to meet the obligations of the plan as those obligations come due. Investment practices must comply with applicable laws and regulations.

Each of the AWAC pension plans has its own policy range and their assets at year end are within those ranges. The Australia pension plan assets approximate 60% of the total assets and, therefore, their policy range is disclosed.

Numerous asset classes with differing expected rates of return, return volatility and correlations are utilized to reduce risk by providing diversification. Debt securities comprise a significant portion of the portfolio due to their plan-liability-matching characteristics and to address the plans' cash flow requirements. Additionally, diversification of investments within each asset class is utilized to further reduce the impact of losses in single investments. The use of derivative instruments is permitted where appropriate and necessary for achieving overall investment policy objectives. Currently, the use of derivative instruments is not significant when compared to the overall investment portfolio.

The following section describes the valuation methodologies used by the trustee to measure the fair value of pension plan assets, including an indication of the level in the fair value hierarchy in which each type of asset is generally classified.

Equity Securities
These securities consist of direct investments in the stock of publicly traded companies and are valued based on the closing price reported in an active market on which the individual securities are traded. As such, the direct investments are generally classified in Level 1. Also, these securities consist of the plans' share of commingled funds that are invested in the stock of publicly traded companies and are valued at the net asset value of shares held at December 31. As such, these securities are generally included in Level 1 if quoted in an active market, otherwise they are included in Level 2.

(U.S. dollars in millions)

Debt Securities
These securities consist of publicly traded U.S. and non U.S. fixed interest obligations (principally corporate bonds and debentures). Such investments are valued through consultation and evaluation with brokers in the institutional market using quoted prices and other observable market data. As such, a portion of these securities are included in both Level 1 and 2. Additionally these securities consist of commercial and residential mortgage-backed securities and are valued by investment managers based on the most recent financial information available, which typically represents significant unobservable data. As such, these investments are generally included in Level 3.

Other Investments
These investments include, among others, cash and cash equivalents, exchange traded funds, hedge funds, real estate investment trusts, and direct investments in private real estate and private equity. Exchange traded funds, such as gold, and real estate investment trusts are valued based on the closing price reported in an active market on which the investments are traded, and therefore, are included in Level 1. Direct investments in private real estate and private equity are valued by investment managers based on the most recent financial information available, which typically represents significant unobservable data. As such, these investments are generally included in Level 3. If fair value is able to be determined through the use of quoted market prices of similar assets or other observable market data, then the investments are classified in Level 2.

The fair value methods described above may not be indicative of net realizable value or reflective of future fair values. Additionally, while AWAC believes the valuation methods used by the plans' trustee are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present the fair value of pension and postretirement plan assets classified under the appropriate level of the fair value hierarchy:

	2014			
	Level 1	Level 2	Level 3	Total
Equity securities	$ 181.4	$ 168.6	$ -	$ 350.0
Debt securities	165.7	271.9	-	437.6
Other investments	8.3	17.8	162.8	188.9
	$ 355.4	$ 458.3	$ 162.8	$ 976.5

	2013			
	Level 1	Level 2	Level 3	Total
Equity securities	$ 211.3	$ 200.5	$ -	$ 411.8
Debt securities	148.8	319.3	-	468.1
Other investments	18.3	18.1	168.9	205.3
	$ 378.4	$ 537.9	$ 168.9	$ 1,085.2

(U.S. dollars in millions)

Pension plan assets included in Level 3 in the fair value hierarchy represent other investments in which the trustee has used significant unobservable inputs in the valuation model. The following table presents a reconciliation of activity for such alternative investments:

	2014	2013
Balance at beginning of year	$ 168.9	$ 164.6
Realized gains	14.3	8.6
Unrealized (losses) gains	3.8	5.3
Purchases	20.6	19.5
Sales	(38.5)	(18.6)
Exchange rate	(6.3)	(10.5)
Transfers*	-	-
Balance at end of year	$ 162.8	$ 168.9

* In 2014 and 2013, there were no transfers of financial instruments into or out of Level 3.

Cash Flows
The minimum required cash contribution to the pension plans in 2015 is estimated to be $23.0.

Benefit payments expected to be paid to plan participants are as follows:

	Pension Benefits	Postretirement Benefits
Years Ending		
2015	$ 75.3	$ 3.7
2016	73.7	4.0
2017	75.5	3.8
2018	77.7	3.9
2019	77.5	4.0
2020 through 2024	380.4	20.9
	$ 760.1	$ 40.3

Other Plans
Certain AWAC employees participate in a number of defined contribution plans sponsored by Alcoa. Expenses recognized by AWAC for these plans were $42.5 in 2014, $45.0 in 2013 and $45.7 in 2012.

Certain AWAC employees participate in pension and other postretirement benefit plans sponsored by Alcoa. Expenses recognized by AWAC for these plans were $7.7 and $4.1 in 2014, $7.8 and $4.1 in 2013, and $6.8 and $4.1 in 2012, respectively.

(U.S. dollars in millions)

L. Income Taxes

The components of loss before taxes were:

	2014	2013	2012
U.S.	$ (223.0)	$ (382.9)	$ (65.5)
Foreign	115.0	197.8	(80.1)
	$ (108.0)	$ (185.1)	$ (145.6)

The provision (benefit) for taxes on loss consisted of:

	2014	2013	2012
Current			
U.S. federal	$ 1.7	$ 5.4	$ 5.1
Foreign	168.8	133.7	53.0
	170.5	139.1	58.1
Deferred			
U.S. federal	0.6	(0.9)	(0.6)
Foreign	(36.1)	(74.6)	(111.2)
	(35.5)	(75.5)	(111.8)
	$ 135.0	$ 63.6	$ (53.7)

Reconciliation of the U.S. federal statutory rate to AWAC's effective tax rate follows:

	2014	2013	2012
U.S. federal statutory rate	35.0 %	35.0 %	35.0 %
Losses not taxed to AWAC (pass-through entities)	(72.1)	(71.3)	(13.7)
Tax holiday	(48.2)	-	-
Goodwill amortization benefit	-	10.4	17.1
Statutory rate change adjustment	(24.6)	(1.4)	-
Taxes on foreign income	(1.5)	8.4	1.7
Impairment of primary goodwill	-	(5.7)	-
Changes in valuation allowance	(8.1)	(6.7)	(4.9)
Other	(5.6)	(3.0)	1.7
Effective tax rate	(125.1)%	(34.3)%	36.9 %

AWAC had fully amortized its tax-deductible goodwill as of December 31, 2013, which had resulted from intercompany reorganizations. AWAC recognized the tax benefits associated with this tax-deductible goodwill as it was amortized for local income tax purposes rather than in the period in which the transaction is consummated.

(U.S. dollars in millions)

The components of net deferred tax assets and liabilities at December 31 follows:

	2014		2013	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation	$ 101.4	$ 182.2	$ 114.3	$ 226.9
Employee benefits	157.5	-	133.6	4.1
Loss provisions	108.1	7.0	92.1	11.7
Tax loss carryforwards	430.1	-	559.4	-
Tax credit carryforwards	6.7	-	6.2	-
Deferred income/expense	4.3	136.2	5.2	157.5
Other	24.2	105.0	22.1	122.7
	832.3	430.4	932.9	522.9
Valuation allowance	(144.3)		(125.2)	-
	$ 688.0	$ 430.4	$ 807.7	$ 522.9

The following table details the expiration periods of the deferred tax assets presented above:

	Expires within 0-10 Years	Expires within 11-20 Years	No Expiration	Other	Total
Tax loss carryforwards	$ 83.7	$ -	$ 346.4	$ -	$ 430.1
Tax credit carryforwards	1.8	4.9	-	-	6.7
Other	-	-	260.6	134.9	395.5
Valuation allowances	(51.0)	-	(27.2)	(66.1)	(144.3)
	$ 34.5	$ 4.9	$ 579.8	$ 68.8	$ 688.0

Deferred tax assets with no expiration may still have annual limitations on utilization. Other represents deferred tax assets whose expiration is dependent upon the reversal of the underlying temporary difference. A substantial amount of Other relates to employee benefits that will become deductible for tax purposes over an extended period of time as contributions are made to employee benefit plans and payments are made to retirees.

The total deferred tax asset (net of valuation allowance) is supported by taxable temporary differences that reverse within the carryforward period (approximately 13%), and projections of future improvements in taxable income exclusive of reversing temporary differences (approximately 87%).

(U.S. dollars in millions)

In December 2011, AWA Brazil applied for a tax holiday related to its expanded mining and refining operations. During 2013, the application was amended and re-filed. The deadline for the Brazilian government to deny the application was July 11, 2014. Since AWA Brazil did not receive notice that its application was denied, the tax holiday took effect automatically on July 12, 2014. As a result, the tax rate decreased significantly (from 34% to 15.25%), resulting in future cash tax savings over the 10-year holiday period (retroactively effective as of January 1, 2013). Additionally, a portion of one of net deferred tax assets that reverses within the holiday period was remeasured at the new tax rate. This remeasurement resulted in a decrease to the net deferred tax asset and a noncash charge to earnings of $52.0.

In November 2014, Spain enacted corporate tax reform that changed the corporate tax rate from 30% in 2014 to 28% in 2015 to 25% in 2016. As a result, AWAC remeasured its net deferred tax assets related to Alumina Espanol, resulting in a noncash charge to earnings of $26.5.

The following table details the changes in the valuation allowance at December 31:

	2014	2013	2012
Balances at beginning of year	$ 125.2	$ 118.9	$ 108.4
Increase to allowance	21.3	11.5	9.8
Release of allowance	-	(0.5)	(0.2)
Foreign currency translation	(2.2)	(4.7)	0.9
Balances at end of year	$ 144.3	$ 125.2	$ 118.9

M. Derivatives and Other Financial Instruments

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (i) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (ii) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs that are both significant to the fair value measurement and unobservable.

(U.S. dollars in millions)

Derivatives
AWAC is exposed to certain risks relating to its ongoing business operations, including financial, market, political, and economic risks. The following discussion provides information regarding AWAC's exposure to the risks of changing commodity prices, interest rates, and foreign currency exchange rates.

AWAC's commodity and derivative activities are subject to the management, direction, and control of Alcoa's Strategic Risk Management Committee (SRMC), which is composed of the chief executive officer, the chief financial officer, and other officers and employees that the chief executive officer selects. The SRMC meets on a periodic basis to review derivative positions and strategy.

The aluminum, energy, interest rate, and foreign exchange contracts are held for purposes other than trading. They are used primarily to mitigate uncertainty and volatility, and to cover underlying exposures. AWAC is not involved in trading activities for energy, weather derivatives, or other nonexchange commodity trading activities.

AWAC has one energy contract classified as Level 1 under the fair value hierarchy. The total fair value of this derivative was recorded as a liability of $4.8 at December 31, 2014 and as an asset of $0.2 at December 31, 2013. This contract was entered into to hedge forecasted natural gas purchases in order to manage the associated price risk and is designated as a cash flow hedge. At December 31, 2014, this contract hedges forecasted natural gas purchases of 20,730,000 British thermal units. In 2014, AWAC recognized an unrealized loss of $1.8 in Other comprehensive loss. AWAC also recognized a loss of $3.8, a gain $0.1 and a gain of $0.1 in Other expense (income), net in 2014, 2013 and 2012, respectively.

In addition, an investment accounted for on the equity method by AWAC has entered into interest rate contracts, which are designated as cash flow hedges. In 2014, 2013, and 2012, AWAC recognized an unrealized gain of $4.3, an unrealized gain of $7.0, and an unrealized loss of $3.6, respectively, in Other comprehensive loss, related to its share of the activity of these cash flow hedges.

In addition to the derivative instruments described above, AWAC has three derivative instruments classified as Level 3 under the fair value hierarchy. These instruments are composed of two embedded aluminum derivatives and an energy contract, which relate to energy supply contracts associated with a smelter and three refineries. The energy contract was designated as a cash flow hedging instrument and the embedded aluminum derivatives were not designated as hedging instruments.

The following section describes the valuation methodologies used by AWAC to measure its Level 3 derivative instruments at fair value. Derivative instruments classified as Level 3 in the fair value hierarchy represent those in which management has used at least one significant unobservable input in the valuation model. AWAC uses a discounted cash flow model to fair value all Level 3 derivative instruments. Where appropriate, the description below includes the key inputs to those models and any significant assumptions. These valuation models are reviewed and tested at least on an annual basis.

(U.S. dollars in millions)

Inputs in the valuation models for Level 3 derivative instruments are composed of the following: (i) quoted market prices (e.g., aluminum prices on the 10-year London Metal Exchange (LME) forward curve and energy prices), (ii) significant other observable inputs (e.g., information concerning time premiums and volatilities for certain option type embedded derivatives, and (iii) unobservable inputs (e.g., aluminum and energy prices beyond quoted in the market). For periods beyond the term of quoted market prices for aluminum, AWAC estimates the price of aluminum by extrapolating the 10-year LME forward curve. Additionally, for periods beyond the term of quoted market prices for energy, management has developed a forward curve based on independent consultant market research. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence (Level 2). In the absence of such evidence, management's best estimate is used (Level 3). If a significant input that is unobservable in one period becomes observable in a subsequent period, the related asset or liability would be transferred to the appropriate classification (Level 1 or 2) in the period of such change (there were no such transfers in the periods presented).

AWAC has a power contract that contains an LME-linked embedded derivative which is valued using the probability and interrelationship of future LME prices, Australian dollar to U.S. dollar exchange rates, and the U.S. consumer price index. Significant increases or decreases in the LME price would result in a higher or lower fair value measurement. An increase in actual LME price over the inputs used in the valuation model will result in a higher cost of power and a corresponding decrease to the derivative asset. This embedded derivative did not qualify for hedge accounting treatment. Unrealized gains and losses from the embedded derivative were included in Other expense (income), net on the accompanying Combined Statement of Loss while realized gains and losses were included in Cost of goods sold on the accompanying Combined Statement of Loss as electricity purchases were made under the contract. At the time this derivative asset was recognized, an equivalent amount was recognized in Deferred credit related to derivative contracts. This deferred credit is recognized in Other expense (income), net on the accompanying Combined Statement of Loss as power is received over the life of the contract. AWAC had a similar power contract and related embedded derivative associated with another smelter; however, the contract and related derivative instrument matured in July 2014.

Additionally, AWAC has a natural gas supply contract, which has an LME-linked ceiling. This embedded derivative is valued using probabilities of future LME aluminum prices and the price of Brent crude oil (priced on Platts), including the interrelationships between the two commodities subject to the ceiling. Any change in the interrelationship would result in a higher or lower fair value measurement. An LME ceiling was embedded into the contract price to protect against an increase in the price of oil without a corresponding increase in the price of LME. An increase in oil prices with no similar increase in the LME price would limit the increase of the price paid for natural gas. This embedded derivative did not qualify for hedge accounting treatment. Unrealized gains and losses from the embedded derivative were included in Other expense (income), net on the accompanying Combined Statement of Loss while realized gains and losses were included in Cost of goods sold on the accompanying Combined Statement of Loss as gas purchases were made under the contract.

(U.S. dollars in millions)

Finally, AWAC has a derivative contract that will hedge the anticipated power requirements at one of its smelters once the existing power contract expires in 2016. Beyond the term where market information is available, management has developed a forward curve, for valuation purposes, based on independent consultant market research. Significant increases or decreases in the power market may result in a higher or lower fair value measurement. Lower prices in the power market would cause a decrease in the derivative asset. The derivative contract has been designated as a cash flow hedge of future purchases of electricity. Unrealized gains and losses on this contract were recorded in Other comprehensive loss on the accompanying Combined Balance Sheet. Once the designated hedge period begins in 2016, realized gains and losses will be recorded in Cost of goods sold as electricity purchases are made under the power contract. AWAC had a similar contract related to another smelter once the prior existing contract expired in 2014, but elected to terminate the new contract in early 2013. This election was available to AWAC under the terms of the contract and was made due to a projection that suggested the contract would be uneconomical. Prior to termination, the new contract was accounted for in the same manner.

The following table presents quantitative information related to the significant unobservable inputs described above for Level 3 derivative contracts:

	Fair Value at December 31, 2014	Unobservable Input	Range ($ in Full Amounts)
Assets			
Embedded aluminum derivative	$ 168.0	Interrelationship of future aluminum prices, foreign currency exchange rates, and the U.S. consumer price index (CPI)	Aluminum: $1,841 per metric ton in 2015 to $1,923 per metric ton in 2016 Foreign currency: A$1 = $0.82 in 2015 to $0.83 in 2016 CPI: 1982 base year of 100 and 233 in 2015 to 242 in 2016
Embedded aluminum derivative	1.1	Interrelationship of future aluminum and oil prices	Aluminum: $1,841 per metric ton in 2015 to $2,012 per metric ton in 2018 Oil: $58 per barrel in 2015 to $76 per barrel in 2018
Energy contract	2.3	Price of electricity beyond forward curve	Electricity: $43 per megawatt hour in 2018 to $130 per megawatt hour in 2036

(U.S. dollars in millions)

The fair values of Level 3 derivative instruments recorded as assets and liabilities in the accompanying Combined Balance Sheet were as follows:

	December 31, 2014	December 31, 2013
Asset derivatives		
Derivatives designated as hedging instruments		
Other noncurrent assets		
Energy contract	$ 2.3	$ 6.3
Derivatives not designated as hedging instruments*		
Prepaid expenses and other current assets		
Embedded aluminum derivatives	98.0	146.0
Other noncurrent assets		
Embedded aluminum derivatives	71.1	175.4
Total asset derivatives	$ 171.4	$ 327.7

* See the "Derivatives Not Designated As Hedging Instruments" section within Note M for additional information on AWAC's purpose for entering into derivatives not designated as hedging instruments and its overall risk management strategies.

There were no derivative contracts recorded as liabilities in the accompanying Combined Balance Sheet at December 31, 2014 and 2013.

The following table shows the net fair values of the Level 3 derivative instruments at December 31, 2014 and the effect on these amounts of a hypothetical change (increase or decrease of 10%) in the market prices or rates that existed as of December 31, 2014:

	Fair Value Asset (Liability)	Index Change of +/- 10%
Embedded aluminum derivatives	$ 169.1	$ 0.7
Energy contract	2.3	180.2

(U.S. dollars in millions)

The following tables present a reconciliation of activity for Level 3 derivative contracts:

2014	**Embedded Aluminum Derivatives**	**Energy Contract**
Opening balance—January 1, 2014	$ 321.4	$ 6.3
Total gains or losses (realized and unrealized) included in		
Sales	-	-
Cost of goods sold	(163.2)	-
Other expenses, net	(15.0)	-
Other comprehensive loss	-	(3.9)
Purchases, sales, issuances, and settlements	-	-
Transfers into and/or out of Level 3	-	-
Foreign currency translation	25.9	(0.1)
Closing balance—December 31, 2014	$ 169.1	$ 2.3
Change in unrealized gains or losses included in earnings for derivative contracts held at December 31, 2014		
Sales	$ -	$ -
Cost of goods sold	-	-
Other expenses, net	(15.0)	-

2013	**Embedded Aluminum Derivatives**	**Energy Contract**
Opening balance—January 1, 2013	$ 529.8	$ 2.9
Total gains or losses (realized and unrealized) included in		
Sales	-	-
Cost of goods sold	(196.2)	-
Other income, net	28.1	-
Other comprehensive loss	-	3.5
Purchases, sales, issuances, and settlements	-	-
Transfers into and/or out of Level 3	-	-
Foreign currency translation	(40.3)	(0.1)
Closing balance—December 31, 2013	$ 321.4	$ 6.3
Change in unrealized gains or losses included in earnings for derivative contracts held at December 31, 2013		
Sales	$ -	$ -
Cost of goods sold	-	-
Other income, net	28.1	-

(U.S. dollars in millions)

Derivatives Designated As Hedging Instruments – Cash Flow Hedges
For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of unrealized gains or losses on the derivative is reported as a component of other comprehensive loss. Realized gains or losses on the derivative are reclassified from other comprehensive loss into earnings in the same period or periods during which the hedged transaction impacts earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized directly in earnings immediately.

AWAC has one energy contract (a second one was terminated in early 2013) that has been designated as a cash flow hedge, which is classified as Level 3 in the fair value hierarchy. This derivative contract will hedge the anticipated power requirements at one of its smelters once the existing power contract expires in 2016. AWAC had a similar contract related to another smelter once the prior existing contract expired in 2014, but elected to terminate the new contract in early 2013 (see additional information in description of Level 3 derivative contracts above). At December 31, 2014, the outstanding energy contract hedges forecasted electricity purchases of 59,409,328 megawatt hours. In 2014, 2013, and 2012, AWAC recognized an unrealized loss of $3.9, an unrealized gain of $3.5, and an unrealized gain of $0.6, respectively, in Other comprehensive loss. There was no ineffectiveness related to the respective energy contracts outstanding in 2014, 2013, and 2012.

Derivatives Not Designated As Hedging Instruments
AWAC has two embedded aluminum derivatives that do not qualify for hedge accounting treatment and, therefore, gains and losses related to the changes in fair value of these instruments are recorded directly in earnings. In 2014, 2013, and 2012, AWAC recognized a loss of $15.0, a gain of $28.1, and a gain of $15.3, respectively, in Other expense (income), net.

Material Limitations
The disclosures with respect to commodity prices, interest rates, and foreign currency exchange risk do not take into account the underlying commitments or anticipated transactions. If the underlying items were included in the analysis, the gains or losses on the futures contracts may be offset. Actual results will be determined by a number of factors that are not under AWAC's control and could vary significantly from those factors disclosed.

AWAC is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to its hedged customers' commitments. Although nonperformance is possible, AWAC does not anticipate nonperformance by any of these parties. Contracts are with creditworthy counterparties and are further supported by cash, treasury bills, or irrevocable letters of credit issued by carefully chosen banks. In addition, various master netting arrangements are in place with counterparties to facilitate settlement of gains and losses on these contracts.

(U.S. dollars in millions)

Other Financial Instruments
The carrying values and fair values of AWAC's financial instruments at December 31 were as follows:

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 238.2	$ 238.2	$ 189.5	$ 189.5
Related party notes receivable	88.9	88.9	91.5	91.5
Short-term borrowings	60.7	60.7	47.1	47.1
Long-term debt	2.0	2.0	103.7	103.7

The following methods were used to estimate the fair value of other financial instruments:

Cash and Cash Equivalents and Short-Term Borrowings
The carrying amounts approximate fair value because of the short maturity of the instruments. The fair value amounts for Cash and cash equivalents were classified in Level 1 and Short-term borrowings were classified in Level 2.

Notes Receivable
The fair value of notes receivable is based on anticipated cash flows which approximates carrying value and was classified in Level 2 of the fair value hierarchy.

Long-Term Debt
The fair value of long-term debt is based on anticipated cash flows which approximates carrying value and was classified in Level 2 of the fair value hierarchy.

N. Cash Flow Information

Cash payments for interest and taxes follow:

	2014	2013	2012
Interest, net of amount capitalized	$ 6.5	$ 9.6	$ 5.6
Income taxes, net of amount refunded	163.6	78.1	166.7

O. Contingencies and Commitments

Contingencies
Litigation
Alba Civil Suit
On February 27, 2008, Alcoa received notice that Alba had filed suit against Alcoa, AWA, and William Rice (collectively, the “Alcoa Parties”), and others, in the U.S. District Court for the Western District of Pennsylvania (the “Court”), Civil Action number 08-299, styled Aluminium Bahrain B.S.C. v. Alcoa Inc., Alcoa World Alumina LLC, William Rice, and Victor Phillip Dahdaleh. The complaint alleged that certain Alcoa entities and their agents, including Victor Phillip Dahdaleh, had engaged in a conspiracy over a period of 15 years to defraud Alba. The complaint further alleged

(U.S. dollars in millions)

that Alcoa and its employees or agents (1) illegally bribed officials of the government of Bahrain and/or officers of Alba in order to force Alba to purchase alumina at excessively high prices, (2) illegally bribed officials of the government of Bahrain and/or officers of Alba and issued threats in order to pressure Alba to enter into an agreement by which Alcoa would purchase an equity interest in Alba, and (3) assigned portions of existing supply contracts between Alcoa and Alba for the sole purpose of facilitating alleged bribes and unlawful commissions. The complaint alleged that Alcoa and the other defendants violated the Racketeer Influenced and Corrupt Organizations Act (RICO) and committed fraud. Alba claimed damages in excess of $1,000. Alba's complaint sought treble damages with respect to its RICO claims; compensatory, consequential, exemplary, and punitive damages; rescission of the 2005 alumina supply contract; and attorneys' fees and costs.

On October 9, 2012, the Alcoa Parties, without admitting any liability, entered into a settlement agreement with Alba. The agreement called for AWA to pay Alba $85.0 in two equal installments, one-half at time of settlement and one-half one year later, and for the case against the Alcoa Parties to be dismissed with prejudice. Additionally, AWA and Alba entered into a long-term alumina supply agreement. On October 9, 2012, pursuant to the settlement agreement, AWA paid Alba $42.5, and all claims against the Alcoa Parties were dismissed with prejudice. On October 9, 2013 pursuant to the settlement agreement, AWA paid the remaining $42.5. Based on the settlement agreement, in the 2012 third quarter, AWA recorded a $40.0 charge in addition to the $45.0 charge it recorded in the 2012 second quarter in respect of the suit.

Government Investigations
On February 26, 2008, Alcoa Inc. advised the DOJ and the SEC that it had recently become aware of the claims by Alba as alleged in the Alba civil suit, had already begun an internal investigation, and intended to cooperate fully in any investigation that the DOJ or the SEC may commence. On March 17, 2008, the DOJ notified Alcoa that it had opened a formal investigation and Alcoa has been cooperating with the government since that time.

Throughout 2013, Alcoa had been seeking settlements of both investigations. In the second quarter of 2013, Alcoa proposed to settle the DOJ matter by offering the DOJ a cash payment of $103.0 Based on this offer, AWA recorded a charge of $103.0 in the six months ended June 30, 2013. Also in the six months ended June 30, 2013, Alcoa exchanged settlement offers with the SEC. However, the SEC staff rejected Alcoa's offer of $60.0 and no charge was recorded. During the remainder of 2013, settlement discussions with both the DOJ and the SEC continued.

On January 9, 2014, Alcoa resolved the investigations by the DOJ and the SEC. The settlement with the DOJ was reached with AWA. Under the terms of a plea agreement entered into with the DOJ, effective January 9, 2014, AWA pled guilty to one count of violating the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"). As part of the DOJ resolution, AWA agreed to pay a total of $223.0, including a fine of $209.0 payable in five equal installments over four years. The first installment of $41.8, plus a one-time administrative forfeiture of $14.0, was paid on January 22, 2014, and the remaining installments of $41.8 each will be paid in the first quarters of 2015-2018 (the second installment was paid on January 9, 2015). The DOJ is bringing no case against Alcoa Inc.

(U.S. dollars in millions)

Effective January 9, 2014, the Company also settled civil charges filed by the SEC in an administrative proceeding relating to the anti-bribery, internal controls, and books and records provisions of the FCPA. Under the terms of the settlement with the SEC, the Company agreed to a settlement amount of $175.0, but will be given credit for the $14.0 one-time forfeiture payment, which is part of the DOJ resolution, resulting in a total cash payment to the SEC of $161.0 payable in five equal installments over four years. The first installment of $32.2 was paid on January 22, 2014, and the remaining installments of $32.2 each will be paid in the first quarters of 2015-2018 (the second installment was paid on January 23, 2015).

There was no allegation in the filings by the DOJ and there was no finding by the SEC that anyone at Alcoa Inc. knowingly engaged in the conduct at issue.

Based on the resolutions with both the DOJ and SEC, in the 2013 fourth quarter, AWA recorded a $288.0 charge, which includes legal costs of $7.0, in addition to the $103.0 charge it recorded in the 2013 second quarter in respect of the investigations.

Other

In March 2013, Alcoa World Alumina Brasil (AWAB), was notified by the Brazilian Federal Revenue Office (RFB) that approximately $110.0 (R$220.0) of value added tax credits previously claimed are being disallowed and a penalty of 50% assessed. Of this amount, AWAB received $41.0 (R$82.0) in cash in May 2012. The value added tax credits were claimed by AWAB for both fixed assets and export sales related to the Juruti bauxite mine and São Luís refinery expansion. The RFB has disallowed credits they allege belong to the consortium in which AWAB owns an interest and should not have been claimed by AWAB. Credits have also been disallowed as a result of challenges to apportionment methods used, questions about the use of the credits, and an alleged lack of documented proof. The assessment is currently in the administrative process, which could take approximately two years to complete. AWAB presented defense of its claim to the RFB on April 8, 2013. If AWAB is successful in the administrative process, the RFB would have no further recourse. If unsuccessful in this process, AWAB has the option to litigate at a judicial level. The estimated range of reasonably possible loss is $0.0 to $60.0 ($R155.0), whereby the maximum end of the range represents the sum of the portion of the disallowed credits applicable to the export sales and a 50% penalty of the gross amount disallowed. Additionally, the estimated range of disallowed credits related to AWAB's fixed assets is $0.0 to $70.0 (R$175.0), which would increase the net carrying value of AWAB's fixed assets if ultimately disallowed. It is management's opinion that the allegations have no basis; however, at this time, management is unable to reasonably predict an outcome for this matter.

In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against AWAC, including those pertaining to environmental, product liability, and safety and health matters. While the amounts claimed may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that AWAC's liquidity or results of operations in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the combined financial position of AWAC.

(U.S. dollars in millions)

Pursuant to the terms of the Formation Agreement, Alcoa and Alumina Limited have agreed to remain liable for Extraordinary Liabilities (as defined in the agreement) as well as for certain other preformation liabilities, such as existing environmental conditions, to the extent of their preformation ownership of the company or asset with which the liability is associated.

Commitments

In October 2004, AWAC agreed to acquire a 20% interest in a consortium formed to acquire the DBNGP in Western Australia in exchange for an initial cash investment of $17.0. The investment in the DBNGP, which is classified as an equity investment, was made in order to secure a competitively priced long-term supply of natural gas to Alcoa's refineries in Western Australia. AWAC has made additional contributions of $140.8 for its share of the pipeline capacity expansion and other operational purposes of the consortium through September 2011. No further expansion of the pipeline's capacity is planned at this time. In late 2011, the consortium initiated a three-year equity call plan to improve its capital structure. This plan required AWAC to contribute $40.0, all of which was made through December 31, 2014, of which $10.0 and $11.0 was made in 2014 and 2013, respectively. Following the completion of the three-year equity call plan in December, 2014, the consortium initiated a new equity call plan to further improve its capitalization structure. This plan requires AWAC to contribute $30 through mid 2016, of which $0.6 was made in December, 2014. In addition to its equity ownership, AWAC has an agreement to purchase gas transmission services from the DBNGP. At December 31, 2014, AWAC has recorded a noncurrent asset of $295.3 representing prepayments made under an agreement for future gas transmission services. AWAC's maximum exposure to loss on the investment and related contract is approximately $435.1 as of December 31, 2014.

In connection with the sale of Alcoa Specialty Chemicals ("ASC"), in 2004 AWAC entered into a 20 year agreement to supply ASC with approximately 488,000 tons of alumina feedstock annually. The first five years of the contract provide for a fixed price with adjustments in pricing to the extent certain AWAC costs fluctuate outside of agreed upon thresholds. In years six through ten pricing is tied to an industry-accepted index, and in the final ten years the pricing is to be negotiated.

AWAC has entered into other purchase commitments for energy, raw materials, freight and other goods and services which total $1,819.6 in 2015, $1,417.3 in 2016, $1,153.3 in 2017, $1,038.5 in 2018, $950.6 in 2019 and $5,699.1 thereafter.

AWAC has outstanding letters of credit primarily related to environmental and leasing activities. The total amount committed under these letters of credit, which expire at various dates, mostly in 2015, was $6.9 at December 31, 2014. AWAC also has outstanding bank guarantees related to legal, customs duties, environmental, and leasing obligations, among others. The total amount committed under these guarantees, which expire at various dates, was $89.7 at December 31, 2014.

AWAC has outstanding surety bonds primarily related to customs duties. The total amount committed under these bonds, which automatically renew or expire at various dates, mostly in 2015, was $0.7 at December 31, 2014.

(U.S. dollars in millions)

P. Environmental Matters

AWAC continues to participate in environmental assessments and cleanups at a number of locations. A liability is recorded for environmental remediation costs or damages when a cleanup program becomes probable and the costs or damages can be reasonably estimated. See Note A for additional information. As assessments and cleanups proceed, the liability is adjusted based on progress in determining the extent of remedial actions and related costs and damages. The liability can change substantially due to factors such as the nature and extent of contamination, changes in remedial requirements and technological changes. Therefore, it is not possible to determine the outcomes or estimate with any degree of accuracy the potential costs for certain of these matters.

AWAC's remediation reserve balance at the end of 2014 and 2013 was $25.9 and $9.8, respectively, and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. Of the $25.9 reserve at December 31, 2014, $9.4 is classified as current on the combined balance sheet.

Q. Restructuring and Other Charges

Restructuring and other charges were $566.7, $431.5 and $93.1 during 2014, 2013 and 2012, respectively. In December 2014, AWAC completed the sale of its ownership stake in Jamalco, a bauxite mine and alumina refinery joint venture in Jamaica, to Noble Group Ltd, resulting in a pre-tax loss of $266.3. In addition, Restructuring and other charges in 2014 consisted of $167.9 related to asset impairment and accelerated depreciation for the closure of the Point Henry smelter in Australia and the majority of the remainder related to severance and other exit costs. In 2013, $384.0 of the charge related to the Alba Settlement (Note O), $30.2 related to goodwill impairment (Note A), $13.1 related to the asset impairment in Australia, and the majority of the remainder related to severance. In 2012, $85.0 of the charge was for the Alba Settlement, and the majority of the remainder was for severance costs, primarily in Point Henry.

	2014	2013	2012
Alba settlement	$ 1.1	$ 384.0	$ 85.0
Goodwill impairment	-	30.2	-
Asset impairment	167.9	13.1	-
Environment liabilities and asset retirement obligations	40.6	-	-
Severance and other exit costs	90.8	4.2	8.1
Divestiture of Jamalco	266.3	-	-
	$ 566.7	$ 431.5	$ 93.1

(U.S. dollars in millions)

Activity and reserve balances for restructuring charges were as follows:

Reserve balance at December 31, 2011	$	9.0
Cash payments		(10.1)
Restructuring charges		93.1
Alba litigation charge		(85.0)
Other		2.8
Reserve balance at December 31, 2012		9.8
Cash payments		(5.3)
Restructuring charges		431.5
Alba litigation charge		(384.0)
Primary metals goodwill impairment		(30.2)
CWIP impairment		(13.1)
Other		(0.5)
Reserve balance at December 31, 2013		8.2
Cash payments		(65.4)
Restructuring charges		566.7
Divestiture of Jamalco		(266.3)
Asset impairment		(167.9)
Environmental liabilities and asset retirement obligations		(40.6)
Pension adjustments		(23.7)
Other		(3.5)
Reserve balance at December 31, 2014	$	7.5

R. Other (Income) Expense, Net

		2014		**2013**		**2012**
Interest income	$	(2.0)	$	(2.6)	$	(3.4)
Equity (income) loss		29.3		3.5		(4.7)
Gain from asset sales		(27.5)		(5.9)		(7.9)
Foreign currency gains/losses, net		(15.2)		(2.4)		(8.3)
Gain on derivatives activity		14.9		(28.1)		(16.2)
Other, net		5.3		5.1		6.1
	$	4.8	$	(30.4)	$	(34.4)

During 2014, Gain from asset sales included a $27.5 gain related to the sale of a mining interest in Suriname.

(U.S. dollars in millions)

S. Subsequent Events

The combined financial statements of AWAC are derived from the financial statements of Alcoa, which were issued on February 19, 2015. Accordingly, AWAC management has evaluated transactions for consideration as recognized subsequent events in the annual financial statements through the date of February 19, 2015. Additionally, AWAC has evaluated transactions that occurred as of the issuance of these combined financial statements, March 4, 2015, for purposes of disclosure of unrecognized subsequent events.