BKD LLP
CPAs & Advisors

360 E. 8th Avenue, Suite 201 // P.O. Box 1196 // Bowling Green, KY 42102-1196
270.781.0111 // fax 270.843.0359 // bkd.com

Independent Auditor's Report

Board of Directors
Logan Aluminum Inc.
Russellville, Kentucky

We have audited the accompanying financial statements of Logan Aluminum Inc. (Company), which comprise the balance sheets as of March 31, 2015 and 2014, and the related statements of income and comprehensive income (loss), changes in stockholders' deficit and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 these 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Bowling Green, Kentucky
April 15, 2015

Logan Aluminum Inc.
Balance Sheets
March 31, 2015 and 2014

Assets

	2015	2014
Assets		
Cash and cash equivalents	$ 1,653,563	$ 814,274
Receivables	4,895,352	5,997,141
Receivable from Associates	16,865,260	23,020,170
Income taxes receivable	6,890,402	963,647
Inventory	22,918,692	16,993,893
Spare parts	22,119,039	19,205,501
Supplies	6,607,657	5,756,827
Construction in progress	34,864,361	25,430,396
Other assets	1,950,184	1,131,872
Deferred taxes	65,383,350	62,580,485
	$ 184,147,860	$ 161,894,206

Liabilities and Stockholders' Deficit

Liabilities		
Accounts payable	$ 32,562,286	$ 26,697,887
Accrued employee benefits	178,942,446	156,067,867
Other accrued liabilities	1,380,077	1,236,071
Total liabilities	212,884,809	184,001,825
Stockholders' Deficit		
Capital stock, $0.01 par value – authorized and issued, 100 shares	1	1
Additional paid-in capital in excess of par	99	99
Accumulated other comprehensive loss	(29,156,528)	(22,274,534)
Retained earnings	419,479	166,815
Total stockholders' deficit	(28,736,949)	(22,107,619)
	$ 184,147,860	$ 161,894,206

Logan Aluminum Inc.

Statements of Income and Comprehensive Income (Loss)

Years Ended March 31, 2015 and 2014

	2015	2014
Revenues		
Processing costs and expenses reimbursed by Associates	$ 390,897,978	$ 391,293,583
Management fee	500,000	500,000
Total Revenues	391,397,978	391,793,583
Processing Costs and Expenses		
Variable	318,380,440	320,968,526
Fixed	72,577,072	70,382,473
Interest expense	260	13,394
Interest income	(59,535)	(57,417)
Total Processing Costs and Expenses	390,898,237	391,306,976
Income Before Income Taxes	499,741	486,607
Provision for Income Taxes	80,262	319,792
Net Income	419,479	166,815
Other Comprehensive Income (Loss)	(6,881,994)	16,295,036
Comprehensive Income (Loss)	$ (6,462,515)	$ 16,461,851

Logan Aluminum Inc.

Statements of Stockholders' Deficit

Years Ended March 31, 2015 and 2014

	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance, April 1, 2013	$ 1	$ 99	$ (38,569,570)	$ 373,688	$ (38,195,782)
Net income	-	-	-	166,815	166,815
Dividends paid	-	-	-	(373,688)	(373,688)
Retirement benefit obligation, net of tax of $10,170,835	-	-	16,295,036	-	16,295,036
Balance, March 31, 2014	1	99	(22,274,534)	166,815	(22,107,619)
Net income	-	-	-	419,479	419,479
Dividends paid	-	-	-	(166,815)	(166,815)
Retirement benefit obligation, net of benefit of $4,291,674	-	-	(6,881,994)	-	(6,881,994)
Balance, March 31, 2015	$ 1	$ 99	$ (29,156,528)	$ 419,479	$ (28,736,949)

Logan Aluminum Inc.
Statements of Cash Flows
Years Ended March 31, 2015 and 2014

	2015	2014
Operating Activities		
Net income	$ 419,479	$ 166,815
Items not providing cash		
Deferred income taxes (benefit)	1,488,913	(5,654,978)
Changes in receivable from Associates		
Cash advances from Associates	418,280,105	426,780,298
Costs charged to Associates		
Processing costs and expenses	(390,897,978)	(391,293,582)
Capital costs, net	(23,135,246)	(36,468,427)
Other miscellaneous credits, net	1,908,029	2,326,684
Net change in receivable from Associates	6,154,910	1,344,973
Changes in		
Receivables	1,101,789	(3,417,856)
Income tax receivable	(5,926,755)	(2,011,620)
Inventories	(5,924,799)	(1,863,980)
Spare parts	(2,913,538)	(1,068,378)
Supplies	(850,830)	(543,780)
Construction in progress	(9,433,965)	900,451
Other assets	(818,312)	548,817
Accounts payable	5,864,399	(2,580,201)
Accrued employee benefits	11,700,807	13,562,343
Other accrued liabilities	144,006	352,476
	(7,057,198)	3,878,272
Net cash provided by (used in) operating activities	1,006,104	(264,918)
Financing Activities		
Distributions to Associates	(166,815)	(373,688)
Net cash used in financing activities	(166,815)	(373,688)
Increase (Decrease) in Cash and Cash Equivalents	839,289	(638,606)
Cash and Cash Equivalents, Beginning of Year	814,274	1,452,880
Cash and Cash Equivalents, End of Year	$ 1,653,563	$ 814,274
Supplemental Cash Flows Information		
Income taxes paid	$ 4,534,000	$ 7,993,000
Pension and OPEB liability change recognized in other comprehensive income (loss)	$ 11,173,668	$ 26,465,871

Logan Aluminum Inc.
Notes to Financial Statements
March 31, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Logan Aluminum Inc. (Logan or Company) is a corporation established to manage a joint venture aluminum rolling mill. The joint venture owners, collectively referred to as the Associates, are Tri-Arrows Aluminum Inc. (TAA) and Novelis, Inc. (Novelis), a subsidiary of Hindalco Industries Limited. TAA owns 60% and Novelis owns 40% of the capital stock of Logan.

Under the joint venture agreements, the Associates pay Logan a fee for managing the mill and reimburse it for capital and processing costs incurred. Variable costs are reimbursed based on usage. Production center fixed costs are reimbursed based on ownership and administrative fixed costs are based on plant usage. Annual capital costs, which are necessary to maintain and operate the facility at its current capacity levels, achieve acceptable quality levels and meet regulatory requirements, are funded based on ownership of the assets. Capital improvements are reimbursed based on the Associates' elective participation in each project.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At March 31, 2015 and 2014, cash equivalents consisted of a money market account. At March 31, 2015, the Company's cash accounts exceeded federally insured limits by approximately $2,869,000.

Assets Owned by Associates

Certain assets in the possession of Logan are owned by the Associates. Such assets (tolled metals, certain spare parts inventory and property, plant and equipment) and the related costs and expenses are not included in Logan's financial statements.

Inventory Pricing

Inventories primarily represent variable processing costs consisting of unbilled direct labor and other manufacturing costs applied to materials furnished by the Associates. Hardener inventories owned by Logan are recorded at moving average cost. As these hardener inventories are used, the costs are reimbursed by the Associates.

Spare Parts

Spare parts consist of component parts for machinery and equipment and are recorded at moving average cost. As these spare parts are used, the costs are charged to the Associates.

Supplies

Supplies consist of consumable materials used in the manufacturing process and are recorded at moving average cost. As these supplies are used, the costs are charged to the Associates.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability, or balance sheet method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, the tax position will be realized or sustained upon examination. The term “more likely than not” means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management’s judgment. The Company is no longer subject to U.S. federal tax examinations by tax authorities for years before 2011. The Company is no longer subject to state and local income tax examinations by tax authorities for years before 2010.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income and other comprehensive income (loss), net of applicable income taxes. Other comprehensive income (loss) includes changes in the funded status of defined benefit pension plans.

Self-Insurance

The Company has elected to self-insure certain costs related to employee health and workers' compensation benefit programs. Costs resulting from noninsured losses are charged to expense when incurred. The Company has purchased insurance that limits its exposure for individual workers' compensation claims up to $500,000. The Company has no limit on exposure for employee health claims, either individually or in the aggregate.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on net earnings.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Note 2: Inventories

The major components of inventory at March 31, 2015 and 2014, were as follows:

	2015	2014
Meltables, hardeners and Logan inventory	$ 9,075,942	$ 6,062,276
Cost to cast ingot	5,144,335	3,899,729
Ingot/work in process	1,405,598	1,543,545
Finished goods	7,292,817	5,488,343
Logan metals inventory	$ 22,918,692	$ 16,993,893

Note 3: Property, Plant and Equipment

The property, plant and equipment used by Logan is owned by the Associates and is not included in Logan's financial statements. Logan's construction in progress represents property, plant and equipment acquired by Logan that has not yet been charged to the Associates. As the projects are completed, the costs are charged to the Associates based on the Associates' respective participation in each project.

Note 4: Income Taxes

The provision for income taxes includes these components:

	2015	2014
Taxes currently payable (receivable)	$ (1,408,651)	$ 5,974,770
Deferred income taxes	1,488,913	(5,654,978)
Income tax expense	$ 80,262	$ 319,792

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

	2015	2014
Computed at the statutory rate (34%)	$ 169,912	$ 165,446
Increase (decrease) resulting from		
Permanent differences	56,200	52,604
State income taxes and other	(29,100)	131,424
Federal tax credits	(116,750)	(29,682)
Actual tax expense	$ 80,262	$ 319,792

The tax effects of temporary differences related to deferred taxes shown on the balance sheets were:

	2015	2014
Deferred tax assets		
Accrued compensated absences and other	$ 1,274,326	$ 1,158,353
Health and dental claims	118,581	66,982
Accrued finance charges	597,684	868,342
Inventory obsolescence	4,115,538	3,931,193
Accrued workers' compensation claims	349,316	251,560
Accrued pension and post-retirement benefits	65,242,040	56,172,752
Net operating loss carryforwards	268,218	-
Tax credit carryforwards	93,100	-
Unamortized software expenses	290,416	245,630
	72,349,219	62,694,812
Deferred tax liabilities		
Depreciation of spare parts	$ (6,633,949)	$ -
Prepaid expenses	(331,920)	(114,327)
	(6,965,869)	(114,327)
Net deferred tax asset	$ 65,383,350	$ 62,580,485

Note 5: Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), included in stockholders' deficit, are as follows:

	2015	2014
Net defined benefit pension and OPEB plan deferred amounts	$ (47,305,419)	$ (36,131,753)
Tax effect	18,148,891	13,857,219
Net-of-tax amount	$ (29,156,528)	$ (22,274,534)

Note 6: Changes in Accumulated Other Comprehensive Income (AOCI) (Loss) by Component

Amounts reclassified from AOCI and the affected line items in the statements of income and comprehensive income (loss) during the years ended March 31, 2015 and 2014, were as follows:

	Amounts Reclassified from AOCI 2015	Amounts Reclassified from AOCI 2014	Affected Line Item in the Statements of Income and Comprehensive Income (Loss)
Amortization of defined benefit pension items			
Prior service cost	$ 28,208	$ 30,522	Components are included in the computation of net periodic pension cost and presented in Note 7
Actuarial loss	2,579,229	4,559,470	
Amortization of OPEB items			
Prior service credit	(391,308)	(391,308)	Components are included in the computation of net periodic OPEB cost and presented in Note 7
Actuarial loss	1,290,308	1,817,367	
	3,506,437	6,016,051	Total reclassified amount before tax
	(1,346,781)	(2,311,969)	Tax benefit
Total reclassifications out of AOCI	$ 2,159,656	$ 3,704,082	

Note 7: Pension, Post-Retirement and Profit-Sharing Plans

Pension and Other Post-Retirement Benefit Plans

The Company has a noncontributory defined benefit pension plan, which covers all employees hired before January 1, 2006. Defined pension plan benefits are based on years of service, the employee's highest average earnings during any three consecutive calendar year periods and the plan's benefit formula in effect at the time of termination or retirement. The Company's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Company may determine to be appropriate from time to time. The Company does not expect to make a contribution to the plan in fiscal year 2016.

The Company has noncontributory defined benefit post-retirement health care and death benefit plans. Employees who retire either: (1) after age 55 with at least 10 years of service or (2) for employees hired before January 1, 2006, at any age with combined age and service of at least 75, are eligible for post-retirement health care benefits up to age 65 and post-retirement death benefits equal to one-half annual pay. For these two unfunded plans, the Company pays incurred benefit payments for the self-insured health care plan and monthly premiums for the insured death benefit plan. The Company expects to pay approximately $2,047,000 to these plans in fiscal year 2016.

In September 2014, the Company communicated a change to the death benefit plan affecting participants receiving long-term disability. Effective January 1, 2015, coverage for disabled plan participants will be provided through a premium-reimbursement arrangement with Company subsidies equal to the premium rates for Gold Plan coverage through the Kentucky Healthcare Exchange (kynect) (for participants not eligible for Medicare) or premium rates for a Medicare Supplement Plan F policy through Mutual of Omaha plus a Medicare Part D plan (for participants eligible for Medicare). The plan change reduced the benefit obligation by $584,500 and will reduce other post-retirement benefit expense after initial recognition.

The Company uses a March 31 measurement date for the plans. Information about the plans' funded status follows:

	Pension Benefits		Other Post-Retirement Benefits	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Benefit obligation	$ 292,066,552	$ 250,795,622	$ 78,763,183	$ 79,988,850
Fair value of plan assets	203,753,004	187,889,406	-	-
Funded status	$ (88,313,548)	$ (62,906,216)	$ (78,763,183)	$ (79,988,850)

Liabilities recognized in the balance sheets:

	Pension Benefits		Other Post-Retirement Benefits	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Accrued employee benefits	$ 88,313,548	$ 62,906,216	$ 78,763,183	$ 79,988,850

Amounts recognized in accumulated other comprehensive loss not yet recognized as components of net periodic benefit cost consist of:

	Pension Benefits		Other Post-Retirement Benefits	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Net actuarial loss	$ 41,729,117	$ 23,859,852	$ 7,513,122	$ 14,571,821
Prior service cost (credit)	85,187	113,395	(2,022,007)	(2,413,315)
	$ 41,814,304	$ 23,973,247	$ 5,491,115	$ 12,158,506

The accumulated benefit obligation for the defined benefit pension plan was $257,261,268 and $218,813,618 at March 31, 2015 and 2014, respectively.

Information for the pension plan with an accumulated benefit obligation in excess of plan assets follows:

	March 31, 2015	March 31, 2014
Projected benefit obligation	$ 292,066,552	$ 250,795,622
Accumulated benefit obligation	$ 257,261,268	$ 218,813,618
Fair value of plan assets	$ 203,753,004	$ 187,889,406

Other significant balances and costs are:

	Pension Benefits		Other Post-Retirement Benefits	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Employer contributions	$ -	$ 1,900,000	$ 2,175,000	$ 2,214,068
Benefits paid	$ 5,923,773	$ 5,371,253	$ 2,229,321	$ 2,269,321
Components of net periodic benefit cost				
Service cost	$ 7,150,308	$ 7,665,417	$ 3,222,392	$ 3,453,849
Interest cost	11,676,079	10,677,315	3,495,332	3,213,864
Expected return on assets	(13,867,549)	(12,983,174)	-	-
Amortization of				
Prior service cost (credit)	28,208	30,522	(391,308)	(391,308)
Actuarial loss	2,579,229	4,559,470	1,290,308	1,817,367
Net periodic benefit cost	$ 7,566,275	$ 9,949,550	$ 7,616,724	$ 8,093,772

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss):

	Pension Benefits		Other Post-Retirement Benefits	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Amounts arising during the period				
Actuarial (gain)/loss	$ 20,448,494	$ (15,570,444)	$ (5,768,391)	$ (4,861,073)
Amounts reclassified as components of net periodic cost of the period				
Actuarial loss	$ 2,579,229	$ 4,559,470	$ 1,290,308	$ 1,817,367
Net prior service cost (credit)	$ 28,208	$ 30,522	$ (391,308)	$ (391,308)

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are $4,636,579 and $28,208, respectively.

The estimated net loss and prior service cost (credit) for the post-retirement plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are $685,944 and ($391,308), respectively.

Significant assumptions include:

	Pension Benefits		Other Post-Retirement Benefits	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Weighted-average assumptions used to determine benefit obligations:				
Discount rate	4.11%	4.58%	3.90%	4.25%
Rate of compensation increase	3.50%	3.50%	n/a	n/a
Weighted-average assumptions used to determine benefit costs:				
Discount rate	4.58%	4.25%	4.25%	3.87%
Expected return on plan assets	7.50%	7.50%	n/a	n/a
Rate of compensation increase	3.50%	3.50%	n/a	n/a

The Company has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets and recent changes in long-term interest rates based on publicly available information.

For measurement purposes, a 7% and 7.5 % annual rate of increase in the per capita cost of covered health care benefits was assumed for 2015 and 2014, respectively. The rate was assumed to decrease 0.50% per year to 5.00% by the year 2019 and remain at that level thereafter.

The investment policy of the plan is to invest the plan's assets with the objective of being able to meet current and future benefit payment needs while maximizing total investment returns within the constraints of a prudent level of portfolio risk and diversification. In accordance with the plan's investment policy, the plan's assets were 100% invested in master trust investment accounts. As of March 31, 2015, the master trust holdings include various collective trusts, which were invested approximately 37% in U.S. stocks, 15% in foreign stocks and 48% in fixed income instruments (U.S. government securities, corporate bonds, etc.).

Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include investments in collective trust funds.

The fair values of the Company pension plan assets at March 31, 2015 and 2014, by asset class are as follows:

		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2015				
Equity securities				
U.S. large cap	$ 60,347,971	$ -	$ 60,347,971	$ -
U.S. small/mid cap	15,991,935	-	15,991,935	-
International	29,994,540	-	29,994,540	-
Fixed income	97,418,558	-	97,418,558	-
Total	$ 203,753,004	$ -	$ 203,753,004	$ -

		Fair Value Measurements Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2014				
Equity securities				
U.S. large cap	$ 55,226,374	$ -	$ 55,226,374	$ -
U.S. small/mid cap	15,122,884	-	15,122,884	-
International	29,925,319	-	29,925,319	-
Fixed income	87,614,829	-	87,614,829	-
Total	$ 187,889,406	$ -	$ 187,889,406	$ -

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of March 31, 2015:

	Pension Benefits	Other Post-Retirement Benefits
2016	$ 6,647,757	$ 2,046,600
2017	7,563,311	2,577,434
2018	8,524,684	3,100,595
2019	9,537,643	3,636,892
2020	10,571,622	4,109,914
2021 through 2025	69,432,912	27,466,329
Total	$ 112,277,929	$ 42,937,764

Savings and Retirement Plan

Logan participates in the Novelis Savings & Retirement plan, an affiliated company's plan, which is a defined contribution plan covering all employees meeting eligibility requirements. Logan makes bi-weekly contributions to the defined contribution plan, not to exceed Internal Revenue Code limitations. Contributions to the defined contribution plan for the years ended March 31, 2015 and 2014, were approximately $4,458,000 and $4,002,000, respectively.

Note 8: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company.

Self-Insurance

Under the Company's insurance programs, coverage is obtained for catastrophic exposures, as well as those risks required to be insured by law or contract. The Company retains a significant portion of certain expected losses related primarily to workers' compensation and employee health liability. Provisions for losses expected under these programs are recorded based upon the Company's estimates of the aggregate liability for claims incurred and totaled approximately $1,390,000 as of March 31, 2015. The amount of actual losses incurred could differ materially from the estimates reflected in these financial statements.

Pension and Other Post-Retirement Benefit Obligations

The Company has noncontributory defined benefit pension, post-retirement health care and death benefits plans whereby it agrees to provide certain post-retirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible events could occur that would change the estimated amount of this liability materially in the near term.

Investments (Pension Plan)

The Company invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying balance sheets.

Tennessee Valley Authority Agreement

Effective June 24, 2010, the Company entered into a five-year agreement with the Tennessee Valley Authority (TVA), which allows the Company to receive credits toward electricity purchases. The amount of the credit is determined annually and is based upon performance measures determined by

TVA. The maximum amount of credits available to the Company over the original five-year period was approximately $12,450,000. Effective November 25, 2013, the Company entered into a revised agreement with the TVA that increased the total potential credits to approximately $24,400,000 over a new five-year period.

The estimated amount of each annual award is being recognized into income straight line over the 12-month period in which the award is earned. During the years ended March 31, 2015 and 2014, the Company earned credits of approximately $5,177,000 and $3,180,000, respectively. At March 31, 2015 and 2014, the Company accrued a receivable of approximately $2,738,000 and $1,727,000, respectively.

Receivables

The Company's Associates comprise approximately 78% and 79% of total receivables at March 31, 2015 and 2014, respectively.

Note 9: Commitments

Logan has an agreement with a supplier, which requires the supplier to provide electricity through September 11, 2018. The agreement may be terminated by either party with 29 months' notice. Under the terms of the agreement, Logan is to pay the variable monthly minimum payments between approximately $348,000 and $743,000 regardless of the quantities supplied. Electricity expense under such agreement for the years ended March 31, 2015 and 2014, was approximately $21,323,000 and $22,868,000, respectively.

Logan leases various equipment (primarily computer hardware and software) under operating leases. Rent expense for the years ended March 31, 2015 and 2014, was approximately $423,000 and $532,000, respectively.

The future minimum payments due under these commitments are:

	Leases	Electricity	Total
2016	$ 442,531	$ 6,475,000	$ 6,917,531
2017	442,531	6,483,000	6,925,531
2018	137,743	2,940,000	3,077,743
2019	14,400	-	14,400
Total	$ 1,037,205	$ 15,898,000	$ 16,935,205

BKD LLP
CPAs & Advisors

360 E. 8th Avenue, Suite 201 // P.O. Box 1196 // Bowling Green, KY 42102-1196
270.781.0111 // fax 270.843.0359 // bkd.com

Independent Auditor's Report on Supplementary Information

Board of Directors
Logan Aluminum Inc.
Russellville, Kentucky

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in receivable from Associates listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Bowling Green, Kentucky
April 15, 2015

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Supplementary Information

Logan Aluminum Inc.

Schedule of Changes in Receivable From Associates

Years Ended March 31, 2015 and 2014

	Tri-Arrow Aluminum Inc.	Novelis Inc.	Total
Receivable from Associates – April 1, 2013	$ 9,132,760	$ 15,232,383	$ 24,365,143
Cash advances from Associates	(204,216,573)	(222,563,725)	(426,780,298)
Processing costs and expenses charged to Associates	187,718,336	203,575,246	391,293,582
Capital costs charged to Associates, net	13,567,398	22,901,029	36,468,427
Other miscellaneous costs credited to Associates, net	335,011	(2,661,695)	(2,326,684)
Receivable from Associates – March 31, 2014	6,536,932	16,483,238	23,020,170
Cash advances from Associates	(200,969,001)	(217,311,104)	(418,280,105)
Processing costs and expenses charged to Associates	185,413,603	205,484,375	390,897,978
Capital costs charged to Associates, net	10,642,218	12,493,028	23,135,246
Other miscellaneous costs credited to Associates, net	(773,618)	(1,134,411)	(1,908,029)
Receivable from Associates – March 31, 2015	$ 850,134	$ 16,015,126	$ 16,865,260