

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): April 6, 2020 (March 31, 2020)

HOWMET AEROSPACE INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-3610
(Commission File Number)

25-0317820
(IRS Employer Identification No.)

**201 Isabella Street, Suite 200
Pittsburgh, Pennsylvania**
(Address of Principal Executive Offices)

15212-5872
(Zip Code)

**Office of Investor Relations (412) 553-1950
Office of the Secretary (412) 553-1940**
(Registrant's telephone number, including area code)

Arconic Inc
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	HWM	New York Stock Exchange
\$3.75 Cumulative Preferred Stock, par value \$100 per share	HWM PR	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On March 31, 2020, in connection with the Separation and the Distribution (each as defined below), Howmet Aerospace Inc. (formerly known as Arconic Inc.) (the “Company” or “Howmet Aerospace”), entered into several agreements with Arconic Corporation (formerly known as Arconic Rolled Products Corporation) (“Arconic Corporation”), that govern the relationship of the parties following the Distribution, including the following:

- Separation and Distribution Agreement;
- Tax Matters Agreement;
- Employee Matters Agreement;
- Howmet Aerospace Inc. to Arconic Corporation Patent, Know-How, and Trade Secret License Agreement;
- Arconic Corporation to Howmet Aerospace Inc. Patent, Know-How, and Trade Secret License Agreement;
- Arconic Corporation to Howmet Aerospace Inc. Trademark License Agreement (Arconic)
- Arconic Corporation to Howmet Aerospace Inc. Trademark License Agreement (ARMX);
- Master Agreement for Product Supply;
- Second Supplemental Tax and Project Certificate and Agreement; and
- Lease and Property Management Agreement.

Summaries of the material terms of these agreements can be found in the Information Statement of Arconic Corporation, dated February 13, 2020, which is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K, under the section entitled “Certain Relationships and Related Party Transactions.” These summaries are incorporated herein by reference. The foregoing descriptions of these agreements set forth under this Item 1.01 are not complete and are subject to, and qualified in their entirety by reference to, the full text of the agreements, which are attached hereto as Exhibits 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9 and 2.10, and are incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On April 1, 2020, the Company completed the previously announced separation of its business into two independent, publicly traded companies (the “Separation”). Following the Separation, Arconic Corporation holds the Global Rolled Products businesses (global rolled products, aluminum extrusions and building and construction systems) previously held by the Company. The Company retained the Engineered Products and Forgings businesses (engine products, fastening systems, engineered structures and forged wheels).

The Separation was effected by the distribution (the “Distribution”) of all of the outstanding shares of Arconic Corporation common stock to the Company’s stockholders who held shares of the Company’s common stock as of the close of business on March 19, 2020 (the “Record Date”). The Company’s stockholders of record as of the Record Date received one share of Arconic Corporation common stock for every four shares of the Company’s common stock held as of the Record Date. The Company did not issue fractional shares of Arconic Corporation common stock in the Distribution. Instead, each stockholder otherwise entitled to receive a fractional share of Arconic Corporation common stock will receive cash in lieu of fractional shares.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective as of the Separation, Timothy D. Myers, former Executive Vice President of the Company and Group President, Global Rolled Products, resigned from his position with the Company. Mr. Myers became Chief Executive Officer of Arconic Corporation.

In addition, effective as of the Separation, Tolga Oal became Co-Chief Executive Officer and a director of the Company and John C. Plant, who previously served as Chief Executive Officer of the Company, became Co-Chief Executive Officer and continued as Executive Chairman of the Company.

In addition, in connection with the Separation and the Distribution, Messrs. Christopher L. Ayers, Elmer L. Doty, and E. Stanley O'Neal resigned as directors of the Company to serve on the Board of Directors of Arconic Corporation, effective as of immediately prior to the Separation.

Effective as of the Separation, Joseph S. Cantie, Robert F. Leduc, Jody G. Miller and Nicole W. Piasecki became directors of the Company. Mr. Cantie became a member of the Audit, Compensation and Benefits, and Finance Committees. Mr. Leduc became Chair of the Compensation and Benefits Committee. Ms. Miller became a member of the Governance and Nominating Committee. Ms. Piasecki became a member of the Compensation and Benefits Committee. In addition, effective as of the Separation, James F. Albaugh, who was already a director of the Company, became Lead Independent Director of the Company's Board of Directors.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The Company's Board of Directors approved an amendment to the Company's Certificate of Incorporation, which became effective as of 11:59 p.m. on March 31, 2020, pursuant to which all references in the Certificate of Incorporation to "Arconic Inc." were replaced with references to "Howmet Aerospace Inc."

The Company's Board of Directors approved an amendment to the Company's Bylaws, which became effective as of the completion of the Separation, pursuant to which all references in the Bylaws to "Arconic Inc." were replaced with references to "Howmet Aerospace Inc."

The foregoing description of the amendment to the Company's Certificate of Incorporation is not complete and is subject to, and qualified in its entirety by reference to, the full text of the amendment, which is attached hereto as Exhibit 3.1, and is incorporated herein by reference. The foregoing description of the amendment to the Company's Bylaws is not complete and is subject to, and qualified in its entirety by reference to, the full text of the amendment, which was filed with the Company's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on February 6, 2020, and is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On April 6, 2020, the Company issued a press release related to recent actions taken in response to the COVID-19 pandemic.

In accordance with General Instruction B.2 of Form 8-K, the information in Item 7.01 and in Exhibit 99.2 of this Current Report on Form 8-K is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. In addition, the furnishing of this Item 7.01 of Form 8-K and Exhibit 99.2 will not be deemed an admission that such information includes material information that is not otherwise publicly available.

Item 8.01. Other Events.

On April 1, 2020, the Company issued a press release announcing the completion of the Separation. A copy of the press release is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

On April 6, 2020, the Company issued a press release announcing that it had completed the previously indicated early redemption of all of its 6.150% Notes due 2020 and early partial redemption of its 5.40% Notes due 2021 in the aggregate principal amount of \$1,000,000,000 and \$300,000,000, respectively. A copy of the press release is attached hereto as Exhibit 99.4 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following are filed as exhibits to this report:

<u>Exhibit No.</u>	<u>Exhibit</u>
<u>2.1</u>	<u>Separation and Distribution Agreement, dated as of March 31, 2020, by and between Arconic Inc. and Arconic Rolled Products Corporation</u>
<u>2.2</u>	<u>Tax Matters Agreement, dated as of March 31, 2020, by and between Arconic Inc. and Arconic Rolled Products Corporation</u>
<u>2.3</u>	<u>Employee Matters Agreement, dated as of March 31, 2020, by and between Arconic Inc. and Arconic Rolled Products Corporation</u>
<u>2.4</u>	<u>Patent, Know-How, and Trade Secret License Agreement, dated as of March 31, 2020, by and between Arconic Inc. and Arconic Rolled Products Corporation</u>
<u>2.5</u>	<u>Patent, Know-How, and Trade Secret License Agreement, dated as of March 31, 2020, by and between Arconic Rolled Products Corporation and Arconic Inc.</u>
<u>2.6</u>	<u>Trademark License Agreement, dated as of March 31, 2020, by and between Arconic Rolled Products Corporation and Arconic Inc.</u>
<u>2.7</u>	<u>Trademark License Agreement, dated as of March 31, 2020, by and between Arconic Inc. and Arconic Rolled Products Corporation</u>
<u>2.8</u>	<u>Master Agreement for Product Supply, dated as of March 31, 2020, by and between Arconic Massena LLC, Arconic Lafayette LLC, Arconic Davenport LLC and Arconic Inc.</u>
<u>2.9</u>	<u>Second Supplemental Tax and Project Certificate and Agreement, dated as of March 31, 2020, by and among Arconic Inc., Arconic Davenport LLC and Arconic Rolled Products Corporation</u>
<u>2.10</u>	<u>Lease and Property Management Agreement, dated as of March 31, 2020, by and between Arconic Inc. and Arconic Massena LLC</u>
<u>3.1</u>	<u>Amendment to Arconic Inc. Certificate of Incorporation</u>
<u>99.1</u>	<u>Information Statement of Arconic Corporation, dated February 13, 2020.</u>

Exhibit No. Exhibit

[99.2 Press Release of Howmet Aerospace Inc., issued April 6, 2020](#)

[99.3 Press release of Howmet Aerospace Inc., issued April 1, 2020.](#)

[99.4 Press release of Howmet Aerospace Inc., issued April 6, 2020.](#)

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Forward-Looking Statements

This communication contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “goal,” “guidance,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “sees,” “should,” “targets,” “will,” “would,” or other words of similar meaning. All statements that reflect Howmet Aerospace’s expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts and expectations relating to the growth of end markets; statements and guidance regarding future financial results or operating performance; statements regarding future strategic actions; and statements about Howmet Aerospace’s strategies, outlook, business and financial prospects. These statements reflect beliefs and assumptions that are based on Howmet Aerospace’s perception of historical trends, current conditions and expected future developments, as well as other factors Howmet Aerospace believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) the impact of the Separation on the businesses of Howmet Aerospace; (b) deterioration in global economic and financial market conditions generally, including as a result of pandemic health issues (including coronavirus and its effects, among other things, on global supply, demand, and distribution disruptions as the coronavirus outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations); (c) unfavorable changes in the markets served by Howmet Aerospace; (d) the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; (e) competition from new product offerings, disruptive technologies or other developments; (f) political, economic, and regulatory risks relating to Howmet Aerospace’s global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (g) manufacturing difficulties or other issues that impact product performance, quality or safety; (h) Howmet Aerospace’s inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, expansions, or joint ventures; (i) the impact of potential cyber attacks and information technology or data security breaches; (j) the loss of significant customers or adverse changes in customers’ business or financial conditions; (k) adverse changes in discount rates or investment returns on pension assets; (l) the impact of changes in aluminum prices and foreign currency exchange rates on costs and results; (m) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet Aerospace to substantial costs and liabilities; and (n) the other risk factors summarized in Howmet Aerospace’s Form 10-K for the year ended December 31, 2019 and other reports filed with the U.S. Securities and Exchange Commission. Market projections are subject to the risks discussed above and other risks in the market. The statements in this communication are made as of the date of this communication, even if subsequently made available by Howmet Aerospace on its website or otherwise. Howmet Aerospace disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HOWMET AEROSPACE INC.

Dated: April 6, 2020

By: /s/ Katherine H. Ramundo

Name: Katherine H. Ramundo

Title: Executive Vice President, Chief Legal Officer and Secretary

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

ARCONIC INC.

AND

ARCONIC ROLLED PRODUCTS CORPORATION

DATED AS OF MARCH 31, 2020

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EXHIBITS

Exhibit A	Amended and Restated Certificate of Incorporation of Arconic Rolled Products Corporation
Exhibit B	Amended and Restated Bylaws of Arconic Rolled Products Corporation

FORM OF SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of March 31, 2020 (this “Agreement”), is by and between Arconic Inc., a Delaware corporation (“Parent”), and Arconic Rolled Products Corporation, a Delaware corporation (“GRP&E/BCS SpinCo”). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

R E C I T A L S

WHEREAS, the board of directors of Parent (the “Parent Board”) has determined that it is in the best interests of Parent and its stockholders to create a new publicly traded company that will operate the GRP&E/BCS Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to separate the GRP&E/BCS Business from the Howmet Aerospace Business (the “Separation”) and, following the Separation, make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of one hundred percent (100%) of the outstanding GRP&E/BCS Shares owned by Parent (the “Distribution”);

WHEREAS, GRP&E/BCS SpinCo has been incorporated solely for these purposes and has not engaged in activities except in preparation for the Separation and the Distribution;

WHEREAS, for U.S. federal income tax purposes, the contribution by Parent of the GRP&E/BCS Assets and the GRP&E/BCS Liabilities to GRP&E/BCS SpinCo in exchange for the actual or deemed issuance by GRP&E/BCS SpinCo to Parent of GRP&E/BCS Shares (the “Contribution”) and the Distribution, taken together, are intended to qualify as a transaction that is generally tax-free under Section 355(a) and 368(a)(1)(D) of the Code;

WHEREAS, for U.S. federal income tax purposes, this Agreement (including the Separation Step Plan attached hereto as Schedule 2.1(a)) is intended to be, and is hereby adopted as, a “plan of reorganization” within the meaning of Section 368 of the Code and Treasury Regulations Section 1.368-1(c);

WHEREAS, GRP&E/BCS SpinCo and Parent have prepared, and GRP&E/BCS SpinCo has filed with the SEC, the Form 10, which includes the Information Statement, and which sets forth disclosure concerning GRP&E/BCS SpinCo, the Separation and the Distribution;

WHEREAS, each of Parent and GRP&E/BCS SpinCo has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of Parent, GRP&E/BCS SpinCo and the members of their respective Groups following the Distribution; and

WHEREAS, the Parties acknowledge that this Agreement and the Ancillary Agreements represent the integrated agreement of Parent and GRP&E/BCS SpinCo relating to the Separation and the Distribution, are being entered into together, and would not have been entered independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings:

“Action” shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” shall mean, when used with respect to a specified Person, a Person (for the avoidance of doubt, other than a natural person) that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, “control” (including, with correlative meanings, “controlled by” and “under common control with”), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement and the Ancillary Agreements, (a) no member of the GRP&E/BCS Group shall be deemed to be an Affiliate of any member of the Parent Group and (b) no member of the Parent Group shall be deemed to be an Affiliate of any member of the GRP&E/BCS Group.

“Agent” shall mean the trust company or bank duly appointed by Parent to act as distribution agent, transfer agent and registrar for the GRP&E/BCS Shares in connection with the Distribution.

“Agreement” shall have the meaning set forth in the Preamble.

“Alcoa SDA” shall mean the Separation and Distribution Agreement, dated as of October 31, 2016, by and between Alcoa Inc. and Alcoa Upstream Corporation.

“Ancillary Agreements” shall mean all agreements (other than this Agreement) entered into by the Parties or members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation, the Distribution, or the other transactions contemplated by this Agreement, including the Tax Matters Agreement, the Employee Matters Agreement, the Metal Supply Agreements, the Intellectual Property Agreements, the Leases, the Kofem Site Services Agreement, the Davenport Tax Exempt Bonds Reimbursement Agreement, the Transfer Documents and any other agreement that by its express terms provides that it shall be an Ancillary Agreement for purposes of this Agreement.

“Approvals or Notifications” shall mean any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any Third Party, including any Governmental Authority.

“Arbitration Request” shall have the meaning set forth in Section 7.3(a).

“Arconic Name and Arconic Marks” shall mean the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of either Party or any member of its Group using or containing “Arconic,” or any other word or element listed on Schedule 1.1 (in block letters or otherwise), either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, together with the goodwill associated with any of the foregoing.

“Assets” shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other Third Parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

“Change of Control” with respect to a Person shall mean any occurrence resulting in (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becoming the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities entitled to vote in the election of members of the board of directors or similar governing body of such Person having 50% or more of the then-outstanding voting power of such Person; (ii) such Person becoming a party to a merger, consolidation, share exchange, reorganization, sale of assets or other similar extraordinary transaction, or a proxy contest, in each case as a consequence of which members of the board of directors or similar governing body of such Person in office immediately prior to such transaction or event constitute less than a majority of such board or other body thereafter; or (iii) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the board of directors or similar governing body of such Person (including for this purpose any new director or similar person whose election or nomination for election was approved by a vote of at least two-thirds of the directors or similar persons then still in office who served in such capacities at the beginning of such period, other than those such directors or similar persons appointed, or nominated for election, in connection with an actual or threatened proxy contest or other non-consensual attempt to influence or modify such board or other body) ceasing for any reason to constitute at least a majority of such board or other body.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Combined Tail D&O Program” shall have the meaning set forth in Section 5.1(a).

“Combined Tail Employment Practices Program” shall have the meaning set forth in Section 5.1(c).

“Combined Tail Fiduciary Program” shall have the meaning set forth in Section 5.1(b).

“Contribution” shall have the meaning set forth in the Recitals.

“CPR” shall have the meaning set forth in Section 7.2.

“Davenport Tax Exempt Bonds Reimbursement Agreement” shall mean the Second Supplemental Tax and Project Certificate and Agreement to be entered into by and between Parent and GRP&E/BCS SpinCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Delayed Parent Asset” shall have the meaning set forth in Section 2.4(h).

“Delayed Parent Liability” shall have the meaning set forth in Section 2.4(h).

“Delayed GRP&E/BCS Asset” shall have the meaning set forth in Section 2.4(c).

“Delayed GRP&E/BCS Liability” shall have the meaning set forth in Section 2.4(c).

“Disclosure Document” shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any member of its Group, and also includes any information statement (including the Information Statement), prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case which describes the Separation or the Distribution or the GRP&E/BCS Group or primarily relates to the transactions contemplated hereby.

“Dispute” shall have the meaning set forth in Section 7.1.

“Distribution” shall have the meaning set forth in the Recitals.

“Distribution Date” shall mean the date of the consummation of the Distribution, which shall be determined by the Parent Board in its sole and absolute discretion.

“Distribution Ratio” shall have the meaning set forth in Section 3.4(b).

“Effective Time” shall mean 12:01 a.m., New York City time, on the Distribution Date.

“Employee Matters Agreement” shall mean the Employee Matters Agreement to be entered into by and between Parent and GRP&E/BCS SpinCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Environmental Law” shall mean any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

“Environmental Liabilities” shall mean all Liabilities relating to, arising out of or resulting from any Hazardous Materials (except for Third-Party Claims alleging personal injury out of exposure to asbestos and/or asbestos-containing materials), Environmental Law or contract or agreement relating to health and safety matters (but solely with respect to exposure to, or Releases of, Hazardous Materials) or environmental matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, post-closure monitoring, operation and maintenance, regulatory Liabilities, natural resources damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) (including the Parent Environmental Liabilities, the Shared Environmental Liabilities and the GRP&E/BCS Environmental Liabilities) and all costs and expenses, interest, fines, penalties, financial guarantees or other monetary sanctions in connection therewith.

“Environmental Permit” shall mean any Permit relating to Environmental Laws or Hazardous Materials.

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Force Majeure” shall mean, with respect to a Party, an event beyond the reasonable control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any significant and prolonged failure in electrical or air conditioning equipment. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party’s response thereto shall not be deemed an event of Force Majeure.

“Form 10” shall mean the registration statement on Form 10 filed by GRP&E/BCS SpinCo with the SEC to effect the registration of GRP&E/BCS Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Distribution.

“Governmental Approvals” shall mean any Approvals or Notifications to be made to, or obtained from, any Governmental Authority.

“Governmental Authority” shall mean any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof, including the NYSE and any similar self-regulatory body under applicable securities Laws.

“Group” shall mean either the GRP&E/BCS Group or the Parent Group, as the context requires.

“GRP&E/BCS Accounts” shall have the meaning set forth in Section 2.9(a).

“GRP&E/BCS Assets” shall have the meaning set forth in Section 2.2(a).

“GRP&E/BCS Balance Sheet” shall mean the pro forma condensed combined balance sheet of GRP&E/BCS SpinCo, including any notes and subledgers thereto, as of September 30, 2019, as presented in the Information Statement mailed to the Record Holders.

“GRP&E/BCS Business” shall mean (a) fabricated aluminum and laminated rolled and cast plate, sheet and foil; aluminum extrusions and tube; aluminum wire, rod, bar, cable and welding; residential and commercial building products and architectural systems for building facades, walls, store fronts, doors, windows and roofs; armor; aluminum research and development, engineering and testing services; advanced manufacturing—additive manufacturing and powdered metals—other than related to forgings; aluminum, plastic and other packaging, printing and labeling materials and equipment (cans, aseptic, closures, bags); thermoformed plastic; appliances and parts; non-aero and non-IGT aluminum castings (pots, pans, cutlery—including forged); aluminum and aluminum dross recycling; aluminum automotive parts (rolled products, extrusions, wire harnesses, non-wheel castings, non-wheel forgings); telecommunications; all products, businesses, operations and activities of Parent in Russia; related businesses, operations, processes and activities; in each case as conducted at any time prior to the Effective Time by either Party or any current or former member of its Group and (b) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to the businesses, operations or activities described in clause (a) as then conducted, including those set forth on Schedule 1.7, excluding, in the case of each of clauses (a) and (b), the business, operations and activities primarily related to the Parent Assets.

“GRP&E/BCS Contracts” shall mean the following contracts and agreements to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound, whether or not in writing; provided that GRP&E/BCS Contracts shall not include (x) any contract or agreement that is contemplated to be retained by Parent or any member of the Parent Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement, (y) any contract or agreement that would constitute GRP&E/BCS Software or GRP&E/BCS Know-How or (z) any contract set forth Schedule 1.9(a):

(a) any vendor contracts or agreements with a Third Party pursuant to which such Third Party provides information technology, human resources or financial services to either Party or any member of its Group primarily in connection with the GRP&E/BCS Business as of the Effective Time;

(b) other than any vendor contracts or agreements addressed in clause (a) above to the extent that they shall constitute a GRP&E/BCS Contract, (i) any customer, distribution, supply or vendor contract or agreement entered into prior to the Effective Time exclusively related to the GRP&E/BCS Business and (ii) with respect to any customer, distribution, supply or vendor contract or agreement entered into prior to the Effective Time that relates to the GRP&E/BCS Business but is not exclusively related to the GRP&E/BCS Business, that portion of any such customer, distribution, supply or vendor contract or agreement that relates to the GRP&E/BCS Business;

(c) other than any vendor contracts or agreements addressed in clauses (a) and (b) above to the extent that they shall constitute a GRP&E/BCS Contract, (i) any license agreement entered into prior to the Effective Time exclusively related to the GRP&E/BCS Business and (ii) with respect to any license agreement entered into prior to the Effective Time that relates to the GRP&E/BCS Business but is not exclusively related to the GRP&E/BCS Business, that portion of any such license agreement that relates to the GRP&E/BCS Business;

(d) any contract that is, or portion of any contract containing, any guarantee, indemnity, representation, covenant, warranty or other Liability of either Party or any member of its Group in respect of any other GRP&E/BCS Contract, any GRP&E/BCS Liability or the GRP&E/BCS Business;

(e) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with any GRP&E/BCS Group Employee (as defined in the Employee Matters Agreement) or consultants of the GRP&E/BCS Group that are in effect as of the Effective Time;

(f) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group;

(g) any interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements related exclusively to the GRP&E/BCS Business or entered into by or on behalf of any division, business unit or member of the GRP&E/BCS Group, including those set forth on Schedule 1.8;

(h) any credit or other financing agreement entered into by GRP&E/BCS SpinCo and/or any member of the GRP&E/BCS Group in connection with the Separation;

(i) any other contract or agreement exclusively related to the GRP&E/BCS Business or GRP&E/BCS Assets; and

(j) any contracts, agreements or settlements listed on Schedule 1.9(b), including the right to recover any amounts under such contracts, agreements or settlements.

“GRP&E/BCS Designees” shall mean any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by GRP&E/BCS SpinCo to be members of the GRP&E/BCS Group as of immediately prior to the Effective Time.

“GRP&E/BCS Environmental Liabilities” shall mean the Liabilities set forth on Schedule 1.10 and all Environmental Liabilities relating to, arising out of or resulting from the GRP&E/BCS Business or that are otherwise allocated to a member of the GRP&E/BCS Group pursuant to this Agreement.

“GRP&E/BCS Financing Arrangements” shall have the meaning set forth in Section 2.14(a).

“GRP&E/BCS Group” shall mean (a) prior to the Effective Time, GRP&E/BCS SpinCo and each Person that will be a Subsidiary of GRP&E/BCS SpinCo as of immediately after the Effective Time, including the Transferred Entities, even if, prior to the Effective Time, such Person is not a Subsidiary of GRP&E/BCS SpinCo; and (b) on and after the Effective Time, GRP&E/BCS SpinCo and each Person that is a Subsidiary of GRP&E/BCS SpinCo.

“GRP&E/BCS Indemnitees” shall have the meaning set forth in Section 4.3.

“GRP&E/BCS Intellectual Property” shall mean (a) the Arconic Name and Arconic Marks, (b) the Registrable IP set forth on Schedule 1.11, and (c) all Other IP owned by, primarily used or primarily held for use in the GRP&E/BCS Business, including any Other IP set forth on Schedule 1.11, but excluding Registrable IP and Other IP of Parent.

“GRP&E/BCS Know-How” shall mean all Know-How owned or licensed by either Party or any member of its Group primarily used or primarily held for use in the GRP&E/BCS Business as of the Effective Time.

“GRP&E/BCS Liabilities” shall have the meaning set forth in Section 2.3(a).

“GRP&E/BCS Permits” shall mean all Permits owned or licensed by either Party or any member of its Group exclusively used or exclusively held for use in the GRP&E/BCS Business as of the Effective Time.

“GRP&E/BCS Policies” shall mean those Insurance Policies in effect at any time prior to the Effective Time, where the first or primary named insured is or was a member of the GRP&E/BCS Group. A partial listing of such policies, not intended to be comprehensive and for illustration only, is set forth on Schedule 5(b).

“GRP&E/BCS Shares” shall mean the shares of common stock, par value \$0.01 per share, of GRP&E/BCS SpinCo.

“GRP&E/BCS Software” shall mean all Software owned or licensed by either Party or member of its Group primarily used or primarily held for use in the GRP&E/BCS Business as of the Effective Time, including Software set forth on Schedule 1.12, but excluding Software set forth on Schedule 1.4.

“GRP&E/BCS SpinCo” shall have the meaning set forth in the Preamble.

“GRP&E/BCS SpinCo Bylaws” shall mean the Amended and Restated Bylaws of GRP&E/BCS SpinCo, substantially in the form of Exhibit B.

“GRP&E/BCS SpinCo Certificate of Incorporation” shall mean the Amended and Restated Certificate of Incorporation of GRP&E/BCS SpinCo, substantially in the form of Exhibit A.

“Hazardous Materials” shall mean any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in Liability under, or that is prohibited, limited or regulated by any Governmental Authority or pursuant to any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

“Howmet Aerospace Business” shall mean (a) the multi-material, multi-process titanium and super alloy investment casting; aluminum semi-finished and finished aerospace and IGT structural and engine castings; fasteners; titanium mill products (cast, rolled, extruded, and forged); multi-material machining and forming; medical products; oil and gas finished products; rings; aluminum forgings; forged and cast aluminum wheels; powders, pigments and fused minerals; friction stir welding; alumina based electronic products; related businesses, operations, processes and activities; and any other businesses not included in the GRP&E/BCS Business, including the Engineered Products and Forgings Group (consisting of Arconic Engines, Arconic Fastening Systems, Arconic Engineered Systems, and Arconic Wheel & Transportation Products business units) of Parent, in each case as conducted at any time prior to the Effective Time by either Party or any current or former member of its Group and (b) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to the businesses, operations or activities described in clause (a) as then conducted, including those set forth on Schedule 1.2, excluding, in the case of each of clauses (a) and (b), the business, operations and activities primarily related to the GRP&E/BCS Assets.

“Indemnifying Party” shall have the meaning set forth in Section 4.4(a).

“Indemnitee” shall have the meaning set forth in Section 4.4(a).

“Indemnity Payment” shall have the meaning set forth in Section 4.4(a).

“Information” shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, records, books, contracts, instruments, surveys, concepts, Know-How, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, or other removable media, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data; provided that “Information” shall not include Registrable IP.

“Information Statement” shall mean the information statement to be sent to the holders of Parent Shares in connection with the Distribution, as such information statement may be amended or supplemented from time to time prior to the Distribution.

“Initial Notice” shall have the meaning set forth in Section 7.1.

“Insurance Policies” shall mean insurance policies and insurance contracts of any kind, including primary, excess and umbrella policies, comprehensive general liability policies, directors and officers liability, fiduciary liability, automobile, aircraft, property and casualty, workers’ compensation, employers’ liability, employment practices liability, cyber liability, crime, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

“Insurance Proceeds” shall mean those monies:

- (a) received by an insured from an insurance carrier; or
- (b) paid by an insurance carrier on behalf of the insured;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof; provided, however, that with respect to a captive insurance arrangement, Insurance Proceeds shall only include amounts received by the captive insurer in respect of any reinsurance arrangement.

“Intellectual Property” shall mean all of the following whether arising under the Laws of the United States or of any foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon), utility models, industrial design registrations and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (c) Internet domain names, accounts with Facebook, LinkedIn, Twitter and similar social media platforms, registrations and related rights, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) trade secrets, invention disclosures and Know-How, and (f) any other intellectual property rights, in each case other than Software.

“Intellectual Property Agreements” shall mean (a) the Arconic Corporation to Howmet Aerospace Inc. Patent, Know-How, and Trade Secret License Agreement, (b) the Howmet Aerospace Inc. to Arconic Corporation Patent, Know-How, and Trade Secret License Agreement, (c) the Arconic Corporation to Howmet Aerospace Inc. Trademark License Agreement and (d) the Howmet Aerospace Inc. to Arconic Corporation Trademark License Agreement, in each case to be entered into by and between Parent and GRP&E/BCS SpinCo or members of their respective Groups in connection with the Separation, the Distribution, and the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Kofem Site Services Agreement” shall mean the Kofem Site Services Agreement to be entered into by and between Parent and GRP&E/BCS SpinCo or members of their respective Groups in connection with the Separation, the Distribution, and the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Know-How” shall mean all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or nonpublic information, and other similar materials, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein, in each case, other than Software.

“Law” shall mean any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

“Leases” shall mean the Massena Lease, the Kofem Site Services Agreement, and the other land use, leasing or subleasing agreements to be entered into by and between Parent and GRP&E/BCS SpinCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, including the agreement in respect of the Pittsburgh offices.

“Liabilities” shall mean all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses (including attorneys’ fees) relating thereto.

“Linked” shall have the meaning set forth in Section 2.9(a).

“Losses” shall mean actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

“Mediation Request” shall have the meaning set forth in Section 7.2.

“Metal Supply Agreements” shall mean the U.S. Master Agreement for Product Supply and the Hungary Metal Supply & Tolling Agreement, in each case to be entered into by and between Parent and GRP&E/BCS SpinCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, each as it may be amended from time to time.

“Non-Performing Party” shall have the meaning set forth in Section 4.11(a)(i).

“NYSE” shall mean the New York Stock Exchange.

“Other IP” shall mean all Intellectual Property, other than Registrable IP, that is owned by, licensed by or to, or sublicensed by or to either Party or any member of its Group as of the Effective Time.

“Parent” shall have the meaning set forth in the Preamble.

“Parent Accounts” shall have the meaning set forth in Section 2.9(a).

“Parent Assets” shall have the meaning set forth in Section 2.2(b).

“Parent Board” shall have the meaning set forth in the Recitals.

“Parent Environmental Liabilities” shall mean the Liabilities set forth on Schedule 1.3 and all Environmental Liabilities of any member of the Parent Group other than those relating to, arising out of or resulting from the GRP&E/BCS Business or that are otherwise allocated to a member of the GRP&E/BCS Group pursuant to this Agreement.

“Parent Group” shall mean Parent and each Person that is a Subsidiary of Parent (other than GRP&E/BCS SpinCo and any other member of the GRP&E/BCS Group).

“Parent Indemnitees” shall have the meaning set forth in Section 4.2.

“Parent Liabilities” shall have the meaning set forth in Section 2.3(b).

“Parent Policies” shall mean those Insurance Policies in effect at any time prior to the Effective Time, where the first or primary named insured is or was a member of the Parent Group. A partial listing of such policies, not intended to be comprehensive and for illustration only, is set forth on Schedule 5(a).

“Parent Shares” shall mean the shares of common stock, par value \$1.00 per share, of Parent.

“Parties” shall mean the parties to this Agreement.

“Performing Party” shall have the meaning set forth in Section 4.11(a)(i).

“Permits” shall mean permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

“Person” shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

“Prime Rate” shall mean the rate that Bloomberg displays as “Prime Rate by Country United States” or “Prime Rate by Country US-BB Comp” at <http://www.bloomberg.com/quote/PRIME:IND> or on a Bloomberg terminal at PRIMBB Index.

“Privileged Information” shall mean any information, in written, oral, electronic or other tangible or intangible forms, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which a Party or any member of its Group would be entitled to assert or have asserted a privilege, including the attorney-client and attorney work product privileges.

“Record Date” shall mean the close of business on the date to be determined by the Parent Board as the record date for determining holders of Parent Shares entitled to receive GRP&E/BCS Shares in the Distribution.

“Record Holders” shall mean the holders of record of Parent Shares as of the Record Date.

“Registrable IP” shall mean all patents, patent applications, statutory invention registrations, trademark applications, registered trademarks, registered service marks, registered Internet domain names and copyright registrations.

“Release” shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including ambient air, surface water, groundwater and surface or subsurface strata).

“Remediation Work” shall mean all actions required to (i) clean up, remove, treat or remediate Hazardous Materials in the indoor or outdoor environment, (ii) prevent the Release of Hazardous Materials (including by way of vapor intrusion) so that they do not migrate, endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (iii) perform pre-remedial studies and investigations and post-remedial monitoring and care or (iv) respond to requests of any Governmental Authority for information or documents in any way relating to cleanup, removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Materials in the indoor or outdoor environment.

“Representatives” shall mean, with respect to any Person, any of such Person’s directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Security Interest” shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

“Self-Insurance” shall mean deductibles, retrospective premiums, self-insured retentions or other forms of self-insurance, including related fees and expenses.

“Separation” shall have the meaning set forth in the Recitals.

“Separation Step Plan” shall have the meaning set forth in Section 2.1(a).

“Shared Contract” shall have the meaning set forth in Section 2.8(a).

“Shared Environmental Liabilities” shall mean the Liabilities set forth on Schedule 1.5 and any other Environmental Liabilities not known to the Parties prior to the Effective Time and arising out of both GRP&E/BCS Business operations and Howmet Aerospace Business operations.

“Specified Guarantee Coverage” shall have the meaning set forth in the Alcoa SDA.

“Software” shall mean any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

“Specified Ancillary Agreement” shall have the meaning set forth in Section 10.19(b).

“Subsidiary” shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such Person, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has voting power, either directly or indirectly, to elect a majority of the board of directors or similar governing body.

“Tangible Information” shall mean information that is contained in written, electronic or other tangible forms.

“Tax” shall have the meaning set forth in the Tax Matters Agreement.

“Tax Matters Agreement” shall mean the Tax Matters Agreement to be entered into by and between Parent and GRP&E/BCS SpinCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Tax Return” shall have the meaning set forth in the Tax Matters Agreement.

“Third Party” shall mean any Person other than the Parties and any members of their respective Groups.

“Third-Party Claim” shall have the meaning set forth in Section 4.5(a).

“Transfer Documents” shall have the meaning set forth in Section 2.1(b).

“Transferred Entities” shall mean the entities set forth on Schedule 1.6.

“Transition Committee” shall have the meaning set forth in Section 2.13.

“Transition Period” shall have the meaning set forth in Section 8.2.

“Unreleased Parent Liability” shall have the meaning set forth in Section 2.5(b)(ii).

“Unreleased GRP&E/BCS Liability” shall have the meaning set forth in Section 2.5(a)(ii).

ARTICLE II
THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

(a) On or prior to the Effective Time, in accordance with the plan set forth on Schedule 2.1(a) (the “Separation Step Plan”), but subject to Section 2.4:

(i) *Transfer and Assignment of GRP&E/BCS Assets.* Parent shall, and shall cause the applicable members of its Group to, contribute, assign, transfer, convey or deliver to GRP&E/BCS SpinCo, or the applicable GRP&E/BCS Designees, or take such steps as may be necessary for GRP&E/BCS SpinCo or such GRP&E/BCS Designees to succeed to, and GRP&E/BCS SpinCo or such GRP&E/BCS Designees shall accept from Parent and the applicable members of the Parent Group, all of Parent’s and such Parent Group member’s respective direct or indirect right, title and interest in and to all of the GRP&E/BCS Assets (it being understood that if any GRP&E/BCS Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such GRP&E/BCS Asset may be assigned, transferred, conveyed and delivered to GRP&E/BCS SpinCo as a result of the transfer of all of the equity interests in such Transferred Entity from Parent or the applicable members of the Parent Group to GRP&E/BCS SpinCo or the applicable GRP&E/BCS Designee);

(ii) *Acceptance and Assumption of GRP&E/BCS Liabilities.* GRP&E/BCS SpinCo and the applicable GRP&E/BCS Designees shall accept, assume, agree faithfully to perform, discharge and fulfill, or succeed to, all the GRP&E/BCS Liabilities in accordance with their respective terms. GRP&E/BCS SpinCo and such GRP&E/BCS Designees shall be responsible for all GRP&E/BCS Liabilities, regardless of when or where such GRP&E/BCS Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such GRP&E/BCS Liabilities are asserted or determined (including any GRP&E/BCS Liabilities arising out of claims made by Parent’s or GRP&E/BCS SpinCo’s respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the GRP&E/BCS Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the GRP&E/BCS Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates;

(iii) *Transfer and Assignment of Parent Assets.* Parent and GRP&E/BCS SpinCo shall cause GRP&E/BCS SpinCo and the GRP&E/BCS Designees to contribute, assign, transfer, convey or deliver to Parent or certain members of the Parent Group designated by Parent, or take such steps as may be necessary for Parent or such members of the Parent Group to succeed to, and Parent or such other members of the Parent Group shall accept from GRP&E/BCS SpinCo and the GRP&E/BCS Designees, all of GRP&E/BCS SpinCo’s and such GRP&E/BCS Designees’ respective direct or indirect right, title and interest in and to all Parent Assets held by GRP&E/BCS SpinCo or a GRP&E/BCS Designee; and

(iv) *Acceptance and Assumption of Parent Liabilities.* Parent and certain members of the Parent Group designated by Parent shall accept and assume, agree faithfully to perform, discharge and fulfill, or succeed to, all of the Parent Liabilities held by GRP&E/BCS SpinCo or any GRP&E/BCS Designee and Parent and the applicable members of the Parent Group shall be responsible for all Parent Liabilities in accordance with their respective terms, regardless of when or where such Parent Liabilities arose or arise, whether the facts on which they are based occurred prior to or subsequent to the Effective Time, where or against whom such Parent Liabilities are asserted or determined (including any such Parent Liabilities arising out of claims made by Parent’s or GRP&E/BCS SpinCo’s respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the GRP&E/BCS Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the GRP&E/BCS Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) *Transfer Documents.* In furtherance of the contribution, assignment, transfer, conveyance and delivery of and succession to the Assets and the acceptance and assumption of, performance, discharge and fulfillment of and succession to the Liabilities in accordance with Section 2.1(a), each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other Party, (i) such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of contribution, transfer, conveyance, assignment, delivery and succession as and to the extent necessary to evidence the contribution, transfer, conveyance, assignment, delivery and succession of all of such Party's and the applicable members of its Group's right, title and interest in and to such Assets to the other Party and the applicable members of its Group in accordance with Section 2.1(a) and (ii) such assumptions of contracts and other instruments of acceptance and assumption, performance, discharge and fulfillment and succession as and to the extent necessary to evidence the valid and effective assumption of the Liabilities by such Party and the applicable members of its Group in accordance with Section 2.1(a). All of the foregoing documents contemplated by this Section 2.1(b) shall be referred to collectively herein as the "Transfer Documents."

(c) *Misallocations.* In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party (or any member of such Party's Group) shall receive or otherwise possess any Asset that is allocated to the other Party (or any member of such other Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset to the Party (or to any member of such Party's Group) so entitled thereto, and such Party (or member of such Party's Group) shall accept such Asset. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for such other Person. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party hereto (or any member of such Party's Group) shall receive or otherwise assume any Liability that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Liability to the Party responsible therefor (or to any member of such Party's Group), and such Party (or member of such Party's Group) shall accept, assume and agree to faithfully perform such Liability.

(d) *Waiver of Bulk-Sale and Bulk-Transfer Laws.* GRP&E/BCS SpinCo hereby waives compliance by each and every member of the Parent Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the GRP&E/BCS Assets to any member of the GRP&E/BCS Group. Parent hereby waives compliance by each and every member of the GRP&E/BCS Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Parent Assets to any member of the Parent Group.

2.2 GRP&E/BCS Assets; Parent Assets.

(a) *GRP&E/BCS Assets.* For purposes of this Agreement, “GRP&E/BCS Assets” shall mean:

(i) all issued and outstanding capital stock or other equity interests of the Transferred Entities that are owned by either Party or any members of its Group as of the Effective Time;

(ii) all Assets of either Party or any members of its Group included or reflected as assets of the GRP&E/BCS Group on the GRP&E/BCS Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the GRP&E/BCS Balance Sheet; provided that the amounts set forth on the GRP&E/BCS Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of GRP&E/BCS Assets pursuant to this clause (ii);

(iii) all Assets of either Party or any of the members of its Group as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets of GRP&E/BCS SpinCo or members of the GRP&E/BCS Group on a pro forma combined balance sheet of the GRP&E/BCS Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the GRP&E/BCS Balance Sheet), it being understood that (A) the GRP&E/BCS Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of GRP&E/BCS Assets pursuant to this clause (iii); and (B) the amounts set forth on the GRP&E/BCS Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of GRP&E/BCS Assets pursuant to this clause (iii);

(iv) all Assets of either Party or any of the members of its Group as of the Effective Time that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be transferred to GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group;

(v) all GRP&E/BCS Contracts as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(vi) all GRP&E/BCS Intellectual Property, GRP&E/BCS Software and GRP&E/BCS Know-How as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time, and any license of Intellectual Property of Parent or any member of the Parent Group to GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group pursuant to the terms of the Intellectual Property Agreements;

(vii) all GRP&E/BCS Permits as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(viii) all Assets of either Party or any of the members of its Group as of the Effective Time that are exclusively related to, or otherwise necessary for the operation of, the GRP&E/BCS Business;

(ix) all rights, interests and claims of either Party or any of the members of its Group as of the Effective Time with respect to Information that is exclusively related to the GRP&E/BCS Assets, the GRP&E/BCS Liabilities, the GRP&E/BCS Business or the Transferred Entities and, subject to the provisions of the applicable Ancillary Agreements, a non-exclusive right to all Information that is related to, but not exclusively related to, the GRP&E/BCS Assets, the GRP&E/BCS Liabilities, the GRP&E/BCS Business or the Transferred Entities; and

(x) any and all Assets set forth on Schedule 2.2(a)(x).

Notwithstanding the foregoing, the GRP&E/BCS Assets shall not in any event include any Asset referred to in clauses (i) through (v) of Section 2.2(b).

(b) *Parent Assets*. For the purposes of this Agreement, "Parent Assets" shall mean all Assets of either Party or the members of its Group as of the Effective Time, other than the GRP&E/BCS Assets, it being understood that the Parent Assets shall include:

(i) all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Parent or any other member of the Parent Group;

(ii) all contracts and agreements of either Party or any of the members of its Group as of the Effective Time, other than the GRP&E/BCS Contracts;

(iii) all Intellectual Property, Software and Know-How of either Party or any of the members of its Group as of the Effective Time (for the avoidance of doubt, including any license of Intellectual Property of GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group to Parent or any member of the Parent Group pursuant to the terms of the Intellectual Property Agreements), other than (A) the GRP&E/BCS Intellectual Property and (B) any license of Intellectual Property of Parent or any member of the Parent Group to GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group pursuant to the terms of the Intellectual Property Agreements, including the Parent Intellectual Property set forth on Schedule 2.2(b)(iii); and

(iv) all Permits of either Party or any of the members of its Group as of the Effective Time, other than the GRP&E/BCS Permits.

2.3 GRP&E/BCS Liabilities; Parent Liabilities.

(a) *GRP&E/BCS Liabilities.* For the purposes of this Agreement, “GRP&E/BCS Liabilities” shall mean the following Liabilities of either Party or any of the members of its Group:

(i) all Liabilities included or reflected as liabilities or obligations of GRP&E/BCS SpinCo or the members of the GRP&E/BCS Group on the GRP&E/BCS Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the GRP&E/BCS Balance Sheet; provided that the amounts set forth on the GRP&E/BCS Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of GRP&E/BCS Liabilities pursuant to this clause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of GRP&E/BCS SpinCo or the members of the GRP&E/BCS Group on a pro forma combined balance sheet of the GRP&E/BCS Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the GRP&E/BCS Balance Sheet), it being understood that (A) the GRP&E/BCS Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of GRP&E/BCS Liabilities pursuant to this clause (ii); and (B) the amounts set forth on the GRP&E/BCS Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of GRP&E/BCS Liabilities pursuant to this clause (ii);

(iii) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the GRP&E/BCS Business or a GRP&E/BCS Asset;

(iv) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group, and all agreements, obligations and Liabilities of any member of the GRP&E/BCS Group under this Agreement or any of the Ancillary Agreements;

(v) all Liabilities to the extent relating to, arising out of or resulting from the GRP&E/BCS Contracts, the GRP&E/BCS Intellectual Property, the GRP&E/BCS Software, the GRP&E/BCS Know-How or the GRP&E/BCS Permits;

(vi) notwithstanding anything to the contrary in Section 2.3(b), the applicable portion of any and all Liabilities set forth on Schedule 2.3(a)(vi);

(vii) notwithstanding anything to the contrary in Section 2.3(b), (A) all GRP&E/BCS Environmental Liabilities, (B) the applicable portion of all Shared Environmental Liabilities set forth on Schedule 1.5, and (C) with respect to all Environmental Liabilities other than the Environmental Liabilities addressed in the foregoing clauses (A) or (B), Section 2.3(a)(vi), Section 2.3(b)(ii) or Section 2.3(b)(iii), the applicable portion of such Environmental Liabilities which shall be allocated equitably to GRP&E/BCS SpinCo based on consideration of the following factors:

(A) whether, but for the Environmental Liability for which one of the Parties is solely responsible, an Environmental Liability or Remediation Work obligation would have arisen for the other Party;

(B) the relative quantity, toxicity and area affected by the Hazardous Materials for which the respective Parties are responsible;

(C) the degree to which the regulated substance for which a Party is responsible affects the selection of the Remediation Work, the cost of the Remediation Work, and the period of time over which the Remediation Work must be implemented; and

(D) other relevant considerations relating to each Party's role or obligations with respect to the applicable Environmental Liability;

(viii) notwithstanding anything to the contrary in Section 2.3(b), any and all Liabilities set forth on Schedule 2.3(a)(viii); and

(ix) all Liabilities arising out of claims made by Parent's or GRP&E/BCS SpinCo's respective directors, officers, shareholders, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the GRP&E/BCS Group to the extent relating to, arising out of or resulting from the GRP&E/BCS Business or the GRP&E/BCS Assets or the other business, operations, activities or Liabilities referred to in clauses (i) through (viii) of this Section 2.3(a);

provided that, notwithstanding the foregoing, the Parties agree that the Liabilities set forth on Schedule 2.3(b)(i) or Schedule 1.3, the applicable portion of all Liabilities set forth on Schedule 2.3(a)(vi) or Schedule 1.5 and any Liabilities of any member of the Parent Group pursuant to the Ancillary Agreements shall not be GRP&E/BCS Liabilities but instead shall be Parent Liabilities.

(b) *Parent Liabilities*. For the purposes of this Agreement, "Parent Liabilities" shall mean (i) all Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) of any member of the Parent Group and, prior to the Effective Time, any member of the GRP&E/BCS Group, in each case that are not GRP&E/BCS Liabilities, including:

- (i) any and all Liabilities set forth on Schedule 2.3(b)(i);
- (ii) notwithstanding anything to the contrary in Section 2.3(a), the applicable portion of any and all Liabilities set forth on Schedule 2.3(a)(vi);
- (iii) notwithstanding anything to the contrary in Section 2.3(a), (A) all Parent Environmental Liabilities, (B) the applicable portion of all Shared Environmental Liabilities set forth on Schedule 1.5, and (C) with respect to all Environmental Liabilities other than the Environmental Liabilities addressed in the foregoing clauses (A) or (B), Section 2.3(a)(vi), Section 2.3(a)(vii) or Section 2.3(b)(ii), the applicable portion of such Environmental Liabilities which shall be allocated equitably to Parent based on consideration of the factors specified in Section 2.3(a)(vii); and
- (iv) all Liabilities arising out of claims made against any member of the Parent Group or the GRP&E/BCS Group to the extent relating to, arising out of or resulting from the Howmet Aerospace Business or the Parent Assets.

2.4 Approvals and Notifications.

(a) *Approvals and Notifications for GRP&E/BCS Assets.* To the extent that the contribution, assignment, transfer, conveyance or delivery of or succession to any GRP&E/BCS Asset, or the acceptance or assumption of, performance, discharge and fulfillment of, or succession to any GRP&E/BCS Liability, in each case under Section 2.1, is determined to be a transfer or assignment that requires any Approvals or Notifications, or to the extent that the Separation or the Distribution requires any Approvals or Notifications, the Parties shall use commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and GRP&E/BCS SpinCo, neither Parent nor GRP&E/BCS SpinCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(b) *Delayed GRP&E/BCS SpinCo Transfers.* If and to the extent that the valid, complete and perfected contribution, assignment, transfer, conveyance or delivery to or succession of the GRP&E/BCS Group of any GRP&E/BCS Asset or acceptance or assumption by, performance, discharge and fulfillment by, or succession by the GRP&E/BCS Group of any GRP&E/BCS Liability would be a violation of applicable Law or is determined to be a transfer or assignment that requires any Approvals or Notifications in connection with the Separation or the Distribution that have not been obtained or made by the Effective Time then, unless the Parties mutually determine otherwise, the contribution, assignment, transfer, conveyance or delivery to or succession of the GRP&E/BCS Group of such GRP&E/BCS Assets or the acceptance or assumption by, performance, discharge and fulfillment of, or succession by the GRP&E/BCS Group of such GRP&E/BCS Liabilities, as the case may be, shall be automatically deemed deferred and any of the foregoing shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such GRP&E/BCS Assets or GRP&E/BCS Liabilities shall continue to constitute GRP&E/BCS Assets and GRP&E/BCS Liabilities for all other purposes of this Agreement.

(c) *Treatment of Delayed GRP&E/BCS Assets and Delayed GRP&E/BCS Liabilities.* (i) If any contribution, assignment, transfer, conveyance or delivery of or succession to any GRP&E/BCS Asset or any acceptance or assumption of, performance, discharge and fulfillment of, or succession to any GRP&E/BCS Liability intended to be contributed, assigned, transferred, conveyed, delivered, succeeded to, accepted, assumed, or performed, discharged or fulfilled hereunder, as the case may be, is not consummated on or prior to the Effective Time, whether as a result of the provisions of Section 2.4(b) or for any other reason, and (ii) with respect to the agreements set forth on Schedule 2.4(c) (ii), which such agreements and capital stock or other equity interests shall not be contributed, assigned, transferred, conveyed, delivered, succeeded to, accepted, assumed, or performed, discharged or fulfilled pursuant to Section 2.1(a) (notwithstanding anything therein to the contrary) (any such GRP&E/BCS Asset, a “Delayed GRP&E/BCS Asset” and any such GRP&E/BCS Liability, a “Delayed GRP&E/BCS Liability”), then, insofar as reasonably possible and subject to applicable Law, the member of the Parent Group retaining such Delayed GRP&E/BCS Asset or such Delayed GRP&E/BCS Liability, as the case may be, shall thereafter hold such Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability, as the case may be, for the use and benefit of the member of the GRP&E/BCS Group entitled thereto (at the expense of the member of the GRP&E/BCS Group entitled thereto) and such member of the GRP&E/BCS Group shall be afforded all the benefits and burdens of such Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability, as applicable. In addition, the member of the Parent Group retaining such Delayed GRP&E/BCS Asset or such Delayed GRP&E/BCS Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the GRP&E/BCS Group to whom such Delayed GRP&E/BCS Asset is to be contributed, assigned, transferred, conveyed or succeeded to, or which is to accept or assume, perform, discharge and fulfill or succeed to, such Delayed GRP&E/BCS Liability, as the case may be, in order to place such member of the GRP&E/BCS Group in a substantially similar position as if such Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability had been contributed, assigned, transferred, conveyed, succeeded to, accepted, assumed or performed, discharged or fulfilled as contemplated hereby and so that all the benefits and burdens relating to such Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time to the GRP&E/BCS Group.

(d) *Transfer of Delayed GRP&E/BCS Assets and Delayed GRP&E/BCS Liabilities.* If and when the Approvals or Notifications, the absence of which caused the deferral of contribution, assignment, transfer, conveyance or delivery of or succession to any Delayed GRP&E/BCS Asset or the deferral of acceptance or assumption of, performance, discharge and fulfillment of or succession to any Delayed GRP&E/BCS Liability pursuant to Section 2.4(b), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Delayed GRP&E/BCS Asset or the assumption of any Delayed GRP&E/BCS Liability have been removed, the contribution, assignment, transfer, conveyance or delivery of or succession to the applicable Delayed GRP&E/BCS Asset or the acceptance and assumption of, performance, discharge and fulfillment of or succession to the applicable Delayed GRP&E/BCS Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) *Costs for Delayed GRP&E/BCS Assets and Delayed GRP&E/BCS Liabilities.* Any member of the Parent Group retaining a Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability due to the deferral of the contribution, assignment, transfer, conveyance or delivery of or succession to such Delayed GRP&E/BCS Asset or the deferral of the acceptance or assumption of, performance, discharge and fulfillment of or succession to such Delayed GRP&E/BCS Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by GRP&E/BCS SpinCo or the member of the GRP&E/BCS Group entitled to the Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by GRP&E/BCS SpinCo or the member of the GRP&E/BCS Group entitled to such Delayed GRP&E/BCS Asset or Delayed GRP&E/BCS Liability.

(f) *Approvals and Notifications for Parent Assets.* To the extent that the contribution, assignment, transfer, conveyance or delivery of or succession to any Parent Asset or the acceptance or assumption of, performance, discharge and fulfillment, or succession to any Parent Liability, in each case under Section 2.1, is determined to be a transfer or assignment that requires any Approvals or Notifications, the Parties shall use commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and GRP&E/BCS SpinCo, neither Parent nor GRP&E/BCS SpinCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(g) *Delayed Parent Transfers.* If and to the extent that the valid, complete and perfected contribution, assignment, transfer, conveyance or delivery to or succession of the Parent Group of any Parent Asset or acceptance or assumption by, performance, discharge and fulfillment by, or succession by the Parent Group of any Parent Liability would be a violation of applicable Law or is determined to be a transfer or assignment that requires any Approval or Notification that has not been obtained or made by the Effective Time then, unless the Parties mutually determine otherwise, the contribution, assignment, transfer, conveyance or delivery to or succession of the Parent Group of such Parent Assets or the acceptance or assumption by, performance, discharge and fulfillment of or, or succession by the Parent Group of such Parent Liability, as the case may be, shall be automatically deemed deferred and any of the foregoing shall be null and void until such time as all legal impediments are removed or such Approval or Notification has been obtained or made. Notwithstanding the foregoing, any such Parent Assets or Parent Liabilities shall continue to constitute Parent Assets and Parent Liabilities for all other purposes of this Agreement.

(h) *Treatment of Delayed Parent Assets and Delayed Parent Liabilities.* If any contribution, assignment, transfer, conveyance or delivery of or succession to any Parent Asset or any acceptance or assumption of, performance, discharge and fulfillment of, or succession to any Parent Liability intended to be contributed, assigned, transferred, conveyed, delivered, succeeded to, accepted, assumed, or performed, discharged or fulfilled hereunder, as the case may be, is not consummated on or prior to the Effective Time whether as a result of the provisions of Section 2.4(g) or for any other reason (any such Parent Asset, a “Delayed Parent Asset” and any such Parent Liability, a “Delayed Parent Liability”), then, subject to applicable Law, the member of the GRP&E/BCS Group retaining such Delayed Parent Asset or such Delayed Parent Liability, as the case may be, shall thereafter hold such Delayed Parent Asset or Delayed Parent Liability, as the case may be, for the use and benefit of the member of the Parent Group entitled thereto (with associated costs being for the account of the member of the Parent Group entitled thereto) and such member of the Parent Group shall be afforded all the benefits and burdens of such Delayed Parent Asset or Delayed Parent Liability, as applicable. In addition, the member of the GRP&E/BCS Group retaining such Delayed Parent Asset or such Delayed Parent Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed Parent Asset or Delayed Parent Liability in the ordinary course of business in accordance with past practice. Such member of the GRP&E/BCS Group shall also take such other actions as may be reasonably requested by the member of the Parent Group to which such Delayed Parent Asset is to be contributed, assigned, transferred, conveyed or succeeded to, or which is to accept or assume, perform, discharge and fulfill or succeed to, such Delayed Parent Liability, as the case may be, in order to place such member of the Parent Group in a substantially similar position as if such Delayed Parent Asset or Delayed Parent Liability had been contributed, assigned, transferred, conveyed, succeeded to, accepted, assumed or performed, discharged or fulfilled as contemplated hereby and so that all the benefits and burdens relating to such Delayed Parent Asset or Delayed Parent Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time to the Parent Group.

(i) *Transfer of Delayed Parent Assets and Delayed Parent Liabilities.* With respect to the agreements set forth therein, if and when the Approvals or Notifications, the absence of which caused the deferral of contribution, assignment, transfer, conveyance or delivery of or succession to any Delayed Parent Asset or the deferral of acceptance or assumption of, performance, discharge and fulfillment of or succession to any Delayed Parent Liability, are obtained or made, and, if and when any other legal impediments for the contribution, assignment, transfer, conveyance or delivery of or succession to any Delayed Parent Asset or the acceptance and assumption of, performance, discharge and fulfillment of or succession to any Delayed Parent Liability have been removed, the transfer or assignment of the applicable Delayed Parent Asset or the assumption of the applicable Delayed Parent Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(j) *Costs for Delayed Parent Assets and Delayed Parent Liabilities.* Any member of the GRP&E/BCS Group retaining a Delayed Parent Asset or Delayed Parent Liability due to the deferral of the contribution, assignment, transfer, conveyance or delivery of or succession to such Delayed Parent Asset or the deferral of the acceptance or assumption of, performance, discharge and fulfillment of or succession to such Delayed Parent Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by Parent or the member of the Parent Group entitled to the Delayed Parent Asset or Delayed Parent Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Parent or the member of the Parent Group entitled to such Delayed Parent Asset or Delayed Parent Liability.

2.5 Novation of Liabilities.

(a) *Novation of GRP&E/BCS Liabilities.*

(i) Except for the GRP&E/BCS Liabilities set forth in Schedule 2.5(a), each of Parent and GRP&E/BCS SpinCo, at the request of the other, shall use commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all GRP&E/BCS Liabilities and obtain in writing the unconditional release of each member of the Parent Group that is a party to any such arrangements, so that, in any such case, the members of the GRP&E/BCS Group shall be solely responsible for such GRP&E/BCS Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement (including Section 2.6) or any of the Ancillary Agreements, neither Parent nor GRP&E/BCS SpinCo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Parent or GRP&E/BCS SpinCo is unable to obtain, or to cause to be obtained, any consent, substitution, approval, amendment or release referred to in clause (i) of this Section 2.5(a) and the applicable member of the Parent Group continues to be bound by such GRP&E/BCS Liability (each, including, for the avoidance of doubt, each GRP&E/BCS Liability set forth in Schedule 2.5(a), an "Unreleased GRP&E/BCS Liability"), GRP&E/BCS SpinCo shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Parent Group, as the case may be, (A) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Parent Group that constitute Unreleased GRP&E/BCS Liabilities from and after the Effective Time and (B) use commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the Parent Group. Except for the GRP&E/BCS Liabilities set forth in Schedule 2.5(a), if and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased GRP&E/BCS Liabilities shall otherwise become assignable or able to be novated, Parent shall promptly assign, or cause to be assigned, and GRP&E/BCS SpinCo or the applicable GRP&E/BCS Group member shall assume, such Unreleased GRP&E/BCS Liabilities without exchange of further consideration.

(b) *Novation of Parent Liabilities.*

(i) Each of Parent and GRP&E/BCS SpinCo, at the request of the other, shall use commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all Parent Liabilities and obtain in writing the unconditional release of each member of the GRP&E/BCS Group that is a party to any such arrangements, so that, in any such case, the members of the Parent Group shall be solely responsible for such Parent Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement (including Section 2.6) or any of the Ancillary Agreements, neither Parent nor GRP&E/BCS SpinCo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Parent or GRP&E/BCS SpinCo is unable to obtain, or to cause to be obtained, any consent, substitution, approval, amendment or release referred to in clause (i) of this Section 2.5(b) and the applicable member of the GRP&E/BCS Group continues to be bound by such Parent Liability (each, an “Unreleased Parent Liability”), Parent shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the GRP&E/BCS Group, as the case may be, (A) pay, perform and discharge fully all the obligations or other Liabilities of such member of the GRP&E/BCS Group that constitute Unreleased Parent Liabilities from and after the Effective Time and (B) use commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the GRP&E/BCS Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Parent Liabilities shall otherwise become assignable or able to be novated, GRP&E/BCS SpinCo shall promptly assign, or cause to be assigned, and Parent or the applicable Parent Group member shall assume, such Unreleased Parent Liabilities without exchange of further consideration.

2.6 Release of Guarantees. In furtherance of, and not in limitation of, the obligations set forth in Section 2.5:

(a) On or prior to the Effective Time or as soon as practicable thereafter, each of Parent and GRP&E/BCS SpinCo shall, at the request of the other Party and with the reasonable cooperation of such other Party and the applicable member(s) of such other Party’s Group, use commercially reasonable efforts to (i) have any member(s) of the Parent Group removed as guarantor of or obligor for any GRP&E/BCS Liability to the extent that it relates to GRP&E/BCS Liabilities, including the removal of any Security Interest on or in any Parent Asset that may serve as collateral or security for any such GRP&E/BCS Liability; and (ii) have any member(s) of the GRP&E/BCS Group removed as guarantor of or obligor for any Parent Liability to the extent that it relates to Parent Liabilities, including the removal of any Security Interest on or in any GRP&E/BCS Asset that may serve as collateral or security for any such Parent Liability.

(b) To the extent required to obtain a release from a guarantee or other credit support provided by or on behalf of:

(i) any member of the Parent Group, GRP&E/BCS SpinCo shall promptly (A) other than in the case of a guarantee by a member of the Parent Group, provide or cause to be provided a replacement letter of credit, bank guarantee or other credit support of the type provided by or on behalf of the Parent Group on substantially the same terms as that provided by or on behalf of any member of the Parent Group, to the extent (x) in the case of a letter of credit, GRP&E/BCS SpinCo has reasonably available capacity under its revolving credit facility to obtain such letter of credit and (y) such arrangement would not violate or breach the terms of any contract or other agreement to which GRP&E/BCS SpinCo or any of its subsidiaries is a party, or (B) in the case of a guarantee by a member of the Parent Group, execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which such agreement shall include the removal of any Security Interest on or in any Parent Asset that may serve as collateral or security for any such Parent Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (A) with which GRP&E/BCS SpinCo would be reasonably unable to comply or (B) which GRP&E/BCS SpinCo would not reasonably be able to avoid breaching; and

(ii) any member of the GRP&E/BCS Group, Parent shall promptly (A) other than in the case of a guarantee by a member of the GRP&E/BCS Group, provide or cause to be provided a replacement letter of credit, bank guarantee or other credit support of the type provided by or on behalf of the GRP&E/BCS Group on substantially the same terms as that provided by or on behalf of any member of the GRP&E/BCS Group, to the extent (x) in the case of a letter of credit, Parent has reasonably available capacity under its revolving credit facility to obtain such letter of credit and (y) such arrangement would not violate or breach the terms of any contract or other agreement to which Parent or any of its subsidiaries is a party, or (B) in the case of a guarantee by a member of the GRP&E/BCS Group, execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which such agreement shall include the removal of any Security Interest on or in any GRP&E/BCS Asset that may serve as collateral or security for any such GRP&E/BCS Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (A) with which Parent would be reasonably unable to comply or (B) which Parent would not reasonably be able to avoid breaching.

(c) If Parent or GRP&E/BCS SpinCo is unable to obtain, or to cause to be obtained, any such removal or release referred to in Section 2.6(a) or (b), (i) the Party or the relevant member of its Group that has assumed the Liability with respect to such guarantee shall indemnify, defend and hold harmless the guarantor or obligor against or from any Liability arising from or relating thereto in accordance with the provisions of Article IV and shall, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder; and (ii) each of Parent and GRP&E/BCS SpinCo, on behalf of itself and the other members of their respective Group, agrees not to renew or extend the term of, increase any obligations under, or transfer to a Third Party, any loan, guarantee, lease, contract or other obligation for which the other Party or a member of such other Party's Group is or may be liable unless all obligations of such other Party and the members of such other Party's Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to such other Party.

(d) Each of Parent and GRP&E/BCS SpinCo shall keep the other Party reasonably informed regarding the matters that are the subject of this Section 2.6, including with respect to any material discussions and negotiations relating to the novation of Liabilities and releases of guarantees and other credit support obligations and the status and terms thereof, as well as any proposed or contemplated amendments, terminations, waivers or modifications that would be reasonably likely to adversely affect such other Party.

(e) Notwithstanding anything to the contrary in Section 2.6(a) through Section 2.6(d), with respect to the guarantees and contracts set forth on Schedule 2.6(e), Parent or the applicable member of the Parent Group shall remain the guarantor or obligor thereunder and GRP&E/BCS SpinCo shall indemnify, defend and hold harmless Parent or the applicable member of the Parent Group against or from fifty percent (50%) of (i) any Liability arising from or relating thereto in accordance with the provisions of Article IV (it being agreed that (A) notwithstanding anything to the contrary herein, as between GRP&E/BCS SpinCo (or any member of its Group) and Parent (or any member of its Group), Parent (or the applicable member of its Group) shall control any Action with any Third Party (including Alcoa Corporation and its Affiliates) relating thereto and (B) any such indemnification will be net of any recovery of the Parent Group pursuant to any applicable Specified Guarantee Coverage) and (ii) any amounts paid by Parent or any member of the Parent Group to purchase Specified Guarantee Coverage for which Alcoa Corporation has failed to pay or reimburse (or has threatened to fail to pay or reimburse) Parent or the applicable member of the Parent Group in accordance with the provisions of Article IV, provided that to the extent any such amount is subsequently reimbursed by Alcoa Corporation or its Affiliates to Parent or any member of the Parent Group, or to GRP&E/BCS SpinCo or any member of the GRP&E/BCS SpinCo Group, such Party or member of its Group shall pay over to the other Party or a member of its Group fifty percent (50%) of the amount so reimbursed.

2.7 Termination of Agreements.

(a) Except as set forth in Section 2.7(b), in furtherance of the releases and other provisions of Section 4.1, GRP&E/BCS SpinCo and each member of the GRP&E/BCS Group, on the one hand, and Parent and each member of the Parent Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among GRP&E/BCS SpinCo and/or any member of the GRP&E/BCS Group, on the one hand, and Parent and/or any member of the Parent Group, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.7(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups or to be continued from and after the Effective Time); (ii) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.7(b)(ii); (iii) any agreements, arrangements, commitments or understandings to which any Third Party is a party; (iv) any intercompany accounts payable or accounts receivable accrued as of the Effective Time that are reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practices, which shall be settled in the manner contemplated by Section 2.7(c); (v) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of Parent or GRP&E/BCS SpinCo, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests shall be disregarded for purposes of determining whether a Subsidiary is wholly owned); and (vi) any Shared Contracts.

(c) All of the intercompany accounts receivable and accounts payable between any member of the Parent Group, on the one hand, and any member of the GRP&E/BCS Group, on the other hand, outstanding as of the Effective Time shall, as promptly as practicable after the Effective Time, be repaid, settled or otherwise eliminated by means of cash payments, a dividend, capital contribution, a combination of the foregoing, or otherwise as determined by Parent in its sole and absolute discretion.

2.8 Treatment of Shared Contracts.

(a) Subject to applicable Law and without limiting the generality of the obligations set forth in Section 2.1, unless the Parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.8 are expressly conveyed to the applicable Party pursuant to this Agreement or an Ancillary Agreement, any contract or agreement, a portion of which is a GRP&E/BCS Contract, but the remainder of which is a Parent Asset (any such contract or agreement, a "Shared Contract"), shall be assigned in relevant part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Effective Time, so that each Party or the member of its Group shall, as of the Effective Time, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses; provided, however, that (i) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (ii) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, then the Parties shall, and shall cause each of the members of their respective Groups to, take such other reasonable and permissible actions (including by providing prompt notice to the other Party with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other Party the ability to exercise any applicable rights under such Shared Contract) to cause a member of the GRP&E/BCS Group or the Parent Group, as the case may be, to receive the rights and benefits of that portion of each Shared Contract that relates to the GRP&E/BCS Business or the Howmet Aerospace Business, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to a member of the applicable Group pursuant to this Section 2.8 (or appropriately amended), and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.8 (or appropriately amended).

(b) Each of Parent and GRP&E/BCS SpinCo shall, and shall cause the members of its Group to, (i) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as Assets owned by, and/or Liabilities of, as applicable, such Party, or the members of its Group, as applicable, not later than the Effective Time, and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Law).

(c) Nothing in this Section 2.8 shall require any member of either Group to make any non *de minimis* payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any non *de minimis* obligation or grant any non *de minimis* concession for the benefit of any member of the other Group in order to effect any transaction contemplated by this Section 2.8.

2.9 Bank Accounts; Cash Balances.

(a) Each Party agrees to take, or cause the members of its Group to take, at the Effective Time (or such earlier time as the Parties may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group (collectively, the "GRP&E/BCS Accounts") and all contracts or agreements governing each bank or brokerage account owned by Parent or any other member of the Parent Group (collectively, the "Parent Accounts") so that each such GRP&E/BCS Account and Parent Account, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "Linked") to any Parent Account or GRP&E/BCS Account, respectively, is no longer Linked to such Parent Account or GRP&E/BCS Account, respectively.

(b) With respect to any outstanding checks issued or payments initiated by Parent, GRP&E/BCS SpinCo or any of the members of their respective Groups prior to the Effective Time, such outstanding checks and payments shall be honored following the Effective Time by the Person or Group owning the account on which the check is drawn or from which the payment was initiated, respectively.

(c) As between Parent and GRP&E/BCS SpinCo (and the members of their respective Groups), all payments made and reimbursements received after the Effective Time by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such Party of any such payment or reimbursement, such Party shall, or shall cause the applicable member of its Group to pay over to the other Party the amount of such payment or reimbursement without right of set-off.

(d) Notwithstanding anything to the contrary in this Agreement, GRP&E/BCS SpinCo shall promptly pay over to Parent any GRP&E/BCS True-up Payment (as used herein, such term shall have the meaning given in Schedule 2.14) as may be required in accordance with Schedule 2.14, or Parent shall promptly pay over to GRP&E/BCS SpinCo any Parent True-up Payment (as used herein, such term shall have the meaning given in Schedule 2.14) as may be required in accordance with Schedule 2.14. For U.S. federal (and applicable state and local) income tax purposes, any GRP&E/BCS True-up Payment or Parent True-up Payment shall be treated as being made pursuant to the Contribution, except to the extent required by applicable Law.

(e) Notwithstanding anything to the contrary in this Agreement, Parent shall promptly pay over to GRP&E/BCS SpinCo all proceeds received by Parent or any member of its Group (whether prior to or after the Effective Time) in consideration for the asset sales pursuant to the agreements set forth on Schedule 2.9(e), without right of set-off, and in all respects as set forth in, Schedule 2.9(e). For U.S. federal (and applicable state and local) income tax purposes, the foregoing payment(s) shall be treated as being made pursuant to the Contribution, except to the extent required by applicable Law.

2.10 Ancillary Agreements. Effective on or prior to the Effective Time, each of Parent and GRP&E/BCS SpinCo shall, or shall cause the applicable members of their Groups to, execute and deliver all Ancillary Agreements to which it or such member, as applicable, is a party.

2.11 Disclaimer of Representations and Warranties. EACH OF PARENT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE PARENT GROUP) AND GRP&E/BCS SPINCO (ON BEHALF OF ITSELF AND EACH MEMBER OF THE GRP&E/BCS GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION HERewith OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER OR THEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (A) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (B) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.12 Financial Information Certifications. Parent's disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to GRP&E/BCS SpinCo as its Subsidiary. In order to enable the principal executive officer and principal financial officer of GRP&E/BCS SpinCo to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002, Parent, within thirty-five (35) days of the end of any fiscal quarter during which GRP&E/BCS SpinCo remains Parent's Subsidiary, shall provide GRP&E/BCS SpinCo with one or more certifications with respect to such disclosure controls and procedures, its internal control over financial reporting and the effectiveness thereof. Such certification(s) shall be provided by Parent (and not by any officer or employee in their individual capacity).

2.13 Transition Committee and Other Matters.

(a) Prior to the Effective Time, the Parties shall establish a transition committee (the "Transition Committee") that shall consist of an equal number of members from Parent and GRP&E/BCS SpinCo. The Transition Committee shall be responsible for monitoring and managing all matters related to any of the transactions contemplated by this Agreement or any Ancillary Agreements. The Transition Committee shall have the authority to (a) establish one or more subcommittees from time to time as it deems appropriate or as may be described in any Ancillary Agreements, with each such subcommittee comprised of one or more members of the Transition Committee or one or more employees of either Party or any member of its respective Group, and each such subcommittee having such scope of responsibility as may be determined by the Transition Committee from time to time; (b) delegate to any such committee any of the powers of the Transition Committee; (c) combine, modify the scope of responsibility of, and disband any such subcommittees; and (d) modify or reverse any such delegations. The Transition Committee shall establish general procedures for managing the responsibilities delegated to it under this Section 2.13, and may modify such procedures from time to time. All decisions by the Transition Committee or any subcommittee thereof shall be effective only if mutually agreed by both Parties. The Parties shall utilize the procedures set forth in Article VII to resolve any matters as to which the Transition Committee is not able to reach a decision.

(b) Parent and GRP&E/BCS SpinCo acknowledge that prior to the Effective Time, each of the Parent Board and the board of directors of GRP&E/BCS SpinCo shall approve resolutions undertaking the enhanced compliance procedures contemplated by the Plea Agreement, dated January 8, 2014, between the United States of America and Alcoa World Alumina LLC and the Cease and Desist Order, dated January 9, 2014, In the Matter of Alcoa Inc.

2.14 GRP&E/BCS Financing Arrangements.

(a) Prior to the Effective Time and pursuant to the Separation Step Plan, (i) GRP&E/BCS SpinCo or other member(s) of the GRP&E/BCS Group shall enter into one or more financing arrangements and agreements pursuant to which it or they shall borrow a principal amount of one billion two hundred million dollars (\$1,200,000,000) (the "GRP&E/BCS Financing Arrangements"), and (ii) GRP&E/BCS SpinCo or such other member(s) of the GRP&E/BCS Group that entered into the GRP&E/BCS Financing Arrangements shall transfer all or a portion of the proceeds from the GRP&E/BCS Financing Arrangements to Parent or other member(s) of the Parent Group in accordance with the Separation Step Plan.

(b) Parent and GRP&E/BCS SpinCo agree to take all necessary actions to assure the full release and discharge of Parent and the other members of the Parent Group from all obligations pursuant to the GRP&E/BCS Financing Arrangements as of no later than the Effective Time. The parties agree that GRP&E/BCS SpinCo or another member of the GRP&E/BCS Group, as the case may be, and not Parent or any member of the Parent Group, are and shall be responsible for all costs and expenses incurred in connection with the GRP&E/BCS Financing Arrangements.

(c) Prior to the Effective Time, Parent and GRP&E/BCS SpinCo shall cooperate in the preparation of all materials as may be necessary or advisable to execute the GRP&E/BCS Financing Arrangements.

ARTICLE III
THE DISTRIBUTION

3.1 Sole and Absolute Discretion; Cooperation.

(a) Parent shall, in its sole and absolute discretion, determine the terms of the Distribution, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, Parent may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Nothing herein shall in any way limit Parent's right to terminate this Agreement or the Distribution as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX.

(b) GRP&E/BCS SpinCo shall cooperate with Parent to accomplish the Distribution and shall, at Parent's direction, promptly take any and all actions necessary or desirable to effect the Distribution, including in respect of the registration under the Exchange Act of GRP&E/BCS Shares on the Form 10. Parent shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Parent. GRP&E/BCS SpinCo and Parent, as the case may be, will provide to the Agent any information required in order to complete the Distribution.

3.2 Actions Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) *Notice to NYSE.* Parent shall, to the extent possible, give the NYSE not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) *GRP&E/BCS SpinCo Certificate of Incorporation and GRP&E/BCS SpinCo Bylaws.* On or prior to the Distribution Date, Parent and GRP&E/BCS SpinCo shall take all necessary actions so that, as of the Effective Time, the GRP&E/BCS SpinCo Certificate of Incorporation and the GRP&E/BCS SpinCo Bylaws shall become the certificate of incorporation and bylaws of GRP&E/BCS SpinCo, respectively.

(c) *GRP&E/BCS SpinCo Directors and Officers.* On or prior to the Distribution Date, Parent and GRP&E/BCS SpinCo shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of GRP&E/BCS SpinCo shall be those set forth in the Information Statement mailed to the Record Holders prior to the Distribution Date, unless otherwise agreed by the Parties; (ii) each individual referred to in clause (i) shall have resigned from his or her position, if any, as a member of the Parent Board and/or as an executive officer of Parent; and (iii) GRP&E/BCS SpinCo shall have such other officers as GRP&E/BCS SpinCo shall appoint.

(d) *NYSE Listing.* GRP&E/BCS SpinCo shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the listing of the GRP&E/BCS Shares to be distributed in the Distribution on the NYSE, subject to official notice of distribution.

(e) *Securities Law Matters.* GRP&E/BCS SpinCo shall file any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the SEC or federal, state or other applicable securities Laws. Parent and GRP&E/BCS SpinCo shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Parent and GRP&E/BCS SpinCo shall prepare, and GRP&E/BCS SpinCo shall, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters that Parent determines are necessary or desirable to effectuate the Distribution, and Parent and GRP&E/BCS SpinCo shall use reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. Parent and GRP&E/BCS SpinCo shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(f) *Mailing of Information Statement.* Parent shall, as soon as is reasonably practicable after the Form 10 is declared effective under the Exchange Act and the Parent Board has approved the Distribution, cause the Information Statement to be mailed to the Record Holders.

(g) *The Distribution Agent.* Parent shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(h) *Stock-Based Employee Benefit Plans.* Parent and GRP&E/BCS SpinCo shall take all actions as may be necessary to approve the grants of adjusted equity awards by Parent (in respect of Parent shares) and GRP&E/BCS SpinCo (in respect of GRP&E/BCS SpinCo shares) in connection with the Distribution in order to satisfy the requirements of Rule 16b-3 under the Exchange Act.

(i) *Name Change.* (i) Parent and GRP&E/BCS SpinCo shall take all actions necessary such that, coincident with the Distribution, (A) Arconic Rolled Products Corporation will change its name to Arconic Corporation and (B) Parent will change its name to Howmet Aerospace Inc., and (ii) Parent shall prepare and file, and shall use its reasonable best efforts to have approved, a supplemental listing application with the NYSE to facilitate its name change.

3.3 Conditions to the Distribution.

(a) The consummation of the Distribution shall be subject to the satisfaction, or waiver by Parent in its sole and absolute discretion, of the following conditions:

(i) The SEC shall have declared effective the Form 10; no order suspending the effectiveness of the Form 10 shall be in effect; and no proceedings for such purposes shall have been instituted or threatened by the SEC.

(ii) The Information Statement shall have been mailed to the Record Holders.

(iii) Parent shall have received an opinion from Wachtell, Lipton, Rosen & Katz, satisfactory to the Parent Board, regarding the qualification of the Contribution and the Distribution, taken together, as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355(a) and 368(a)(1)(D) of the Code.

(iv) The transfer of the GRP&E/BCS Assets (other than any Delayed GRP&E/BCS Asset) and GRP&E/BCS Liabilities (other than any Delayed GRP&E/BCS Liability) contemplated to be transferred from Parent to GRP&E/BCS SpinCo on or prior to the Distribution shall have occurred as contemplated by Section 2.1, and the transfer of the Parent Assets (other than any Delayed Parent Asset) and Parent Liabilities (other than any Delayed Parent Liability) contemplated to be transferred from GRP&E/BCS SpinCo to Parent on or prior to the Distribution Date shall have occurred as contemplated by Section 2.1, in each case pursuant to the Separation Step Plan.

(v) An independent appraisal firm acceptable to Parent shall have delivered one or more opinions to the Parent Board confirming the solvency and financial viability of Parent and GRP&E/BCS SpinCo after consummation of the Distribution, and such opinions shall be acceptable to Parent in form and substance in Parent's sole discretion and such opinions shall not have been withdrawn or rescinded.

(vi) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted.

(vii) Each of the Ancillary Agreements shall have been duly executed and delivered by the applicable parties thereto.

(viii) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto shall be in effect.

(ix) The GRP&E/BCS Shares to be distributed to the Parent stockholders in the Distribution shall have been accepted for listing on the NYSE, subject to official notice of distribution.

(x) Parent shall have received the proceeds from the GRP&E/BCS Financing Arrangements contemplated by Section 2.14 and shall be satisfied in its sole and absolute discretion that, as of the Effective Time, it shall have no further Liability under the GRP&E/BCS Financing Arrangements.

(xi) No other events or developments shall exist or shall have occurred that, in the judgment of the Parent Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions contemplated by this Agreement or any Ancillary Agreement.

(b) The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or the Parent Board to waive or not waive any such condition or in any way limit Parent's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by the Parent Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.3(a) shall be conclusive and binding on the Parties. If Parent waives any material condition, it shall promptly issue a press release disclosing such fact and file a Current Report on Form 8-K with the SEC describing such waiver.

3.4 The Distribution.

(a) Subject to Section 3.3, on or prior to the Effective Time, GRP&E/BCS SpinCo shall deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding GRP&E/BCS Shares as is necessary to effect the Distribution, and shall cause the transfer agent for the Parent Shares to instruct the Agent to distribute at the Effective Time the appropriate number of GRP&E/BCS Shares to each such Record Holder or designated transferee or transferees of thereof by way of direct registration in book-entry form. GRP&E/BCS SpinCo shall not issue paper stock certificates in respect of the GRP&E/BCS Shares. The Distribution shall be effective at the Effective Time.

(b) Subject to Sections 3.3 and 3.4(c), each Record Holder will be entitled to receive in the Distribution one (1) GRP&E/BCS Share for every four (4) Parent Share held by such Record Holder on the Record Date (the "Distribution Ratio"), rounded down to the nearest whole number.

(c) No fractional shares shall be distributed or credited to book-entry accounts in connection with the Distribution, and any such fractional share interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a stockholder of GRP&E/BCS SpinCo. In lieu of any such fractional shares, each Record Holder who, but for the provisions of this Section 3.4(c), would be entitled to receive a fractional share interest of a GRP&E/BCS Share pursuant to the Distribution, shall be paid cash, without any interest thereon, as hereinafter provided. As soon as practicable after the Effective Time, Parent shall direct the Agent to determine the number of whole and fractional GRP&E/BCS Shares allocable to each Record Holder, to aggregate all such fractional shares into whole shares, and to sell the whole shares obtained thereby in the open market at the then-prevailing prices on behalf of each Record Holder who otherwise would be entitled to receive fractional share interests (with the Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such Record Holder, in lieu of any fractional share, such Record Holder's or owner's ratable share of the total proceeds of such sale, after deducting any Taxes required to be withheld and applicable transfer Taxes, and after deducting the costs and expenses of such sale and distribution, including brokers fees and commissions. None of Parent, GRP&E/BCS SpinCo or the Agent shall be required to guarantee any minimum sale price for the fractional GRP&E/BCS Shares sold in accordance with this Section 3.4(c). Neither Parent nor GRP&E/BCS SpinCo shall be required to pay any interest on the proceeds from the sale of fractional shares. Neither the Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of Parent or GRP&E/BCS SpinCo. Solely for purposes of computing fractional share interests pursuant to this Section 3.4(c) and Section 3.4(d), the beneficial owner of Parent Shares held of record in the name of a nominee in any nominee account shall be treated as the Record Holder with respect to such shares.

(d) Any GRP&E/BCS Shares or cash in lieu of fractional shares with respect to GRP&E/BCS Shares that remain unclaimed by any Record Holder one hundred and eighty (180) days after the Distribution Date shall be delivered to GRP&E/BCS SpinCo, and GRP&E/BCS SpinCo or its transfer agent shall hold such GRP&E/BCS Shares and cash for the account of such Record Holder, and the Parties agree that all obligations to provide such GRP&E/BCS Shares and cash, if any, in lieu of fractional share interests shall be obligations of GRP&E/BCS SpinCo, subject in each case to applicable escheat or other abandoned property Laws, and Parent shall have no Liability with respect thereto.

(e) Until the GRP&E/BCS Shares are duly transferred in accordance with this Section 3.4 and applicable Law, from and after the Effective Time, GRP&E/BCS SpinCo shall regard the Persons entitled to receive such GRP&E/BCS Shares as record holders of GRP&E/BCS Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. GRP&E/BCS SpinCo agrees that, subject to any transfers of such shares, from and after the Effective Time, (i) each such holder shall be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the GRP&E/BCS Shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the GRP&E/BCS Shares then held by such holder.

ARTICLE IV
MUTUAL RELEASES; INDEMNIFICATION

4.1 Release of Pre-Distribution Claims.

(a) *GRP&E/BCS SpinCo Release of Parent.* Except as provided in Sections 4.1(c) and (d), effective as of the Effective Time, GRP&E/BCS SpinCo does hereby, for itself and each other member of the GRP&E/BCS Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the GRP&E/BCS Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Parent and the members of the Parent Group, and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been shareholders, directors, officers, agents or employees of a Transferred Entity and who are not, as of immediately following the Effective Time, directors, officers or employees of GRP&E/BCS SpinCo or a member of the GRP&E/BCS Group, in each case from: (A) all GRP&E/BCS Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the GRP&E/BCS Business, the GRP&E/BCS Assets or the GRP&E/BCS Liabilities.

(b) *Parent Release of GRP&E/BCS SpinCo.* Except as provided in Sections 4.1(c) and (d), effective as of the Effective Time, Parent does hereby, for itself and each other member of the Parent Group and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), remise, release and forever discharge GRP&E/BCS SpinCo and the members of the GRP&E/BCS Group and their respective successors and assigns, from (i) all Parent Liabilities, (ii) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (iii) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Howmet Aerospace Business, the Parent Assets or the Parent Liabilities.

(c) *Obligations Not Affected.* Nothing contained in Section 4.1(a) or (b) shall impair any right of any Person to enforce this Agreement or any Ancillary Agreement, or any agreements, arrangements, commitments or understandings which Section 2.7(b) (or the applicable Schedules thereto) provide shall not terminate as of the Effective Time, in each case in accordance with their respective terms. Nothing contained in Section 4.1(a) or (b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the Parent Group or the GRP&E/BCS Group which Section 2.7(b) (or the applicable Schedules thereto) provide shall not terminate as of the Effective Time, or any other Liability which Section 2.7(b) provides shall not terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iv) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by Third Parties, which Liability shall be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements;

(v) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.1; or

(vi) any Liability set forth on Schedule 4.1(c).

In addition, nothing contained in Section 4.1(a) shall release any member of the Parent Group from honoring its existing obligations to indemnify any director, officer or employee of a member of the GRP&E/BCS Group who was a director, officer or employee of any member of the Parent Group on or prior to the Effective Time, to the extent such director, officer or employee was, is or becomes a named defendant in any Action with respect to which such director, officer or employee was, is or becomes entitled to such indemnification pursuant to such existing obligations; it being understood that, if the underlying obligation giving rise to such Action is a GRP&E/BCS Liability, GRP&E/BCS SpinCo shall indemnify Parent for such Liability (including Parent's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) *No Claims.* GRP&E/BCS SpinCo shall not make, and shall not permit any other member of the GRP&E/BCS Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Parent or any other member of the Parent Group, or any other Person released pursuant to Section 4.1(a), with respect to any Liabilities released pursuant to Section 4.1(a). Parent shall not make, and shall not permit any other member of the Parent Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group, or any other Person released pursuant to Section 4.1(b), with respect to any Liabilities released pursuant to Section 4.1(b).

(e) *Execution of Further Releases.* At any time at or after the Effective Time, at the request of either Party, the other Party shall cause each member of its Group to execute and deliver releases reflecting the provisions of this Section 4.1.

4.2 Indemnification by GRP&E/BCS SpinCo. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, GRP&E/BCS SpinCo shall, and shall cause the other members of the GRP&E/BCS Group to, indemnify, defend and hold harmless Parent, each member of the Parent Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Parent Indemnitees"), from and against any and all Liabilities of the Parent Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any GRP&E/BCS Liability;

(b) any failure of GRP&E/BCS SpinCo, any other member of the GRP&E/BCS Group or any other Person to pay, perform or otherwise promptly discharge any GRP&E/BCS Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Parent Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the GRP&E/BCS Group by any member of the Parent Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement (as amended or supplemented if GRP&E/BCS SpinCo shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than the matters described in clause (e) of Section 4.3.

4.3 Indemnification by Parent. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Parent shall, and shall cause the other members of the Parent Group to, indemnify, defend and hold harmless GRP&E/BCS SpinCo, each member of the GRP&E/BCS Group and each of their respective past, present and future directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “GRP&E/BCS Indemnitees”), from and against any and all Liabilities of the GRP&E/BCS Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

- (a) any Parent Liability;
- (b) any failure of Parent, any other member of the Parent Group or any other Person to pay, perform or otherwise promptly discharge any Parent Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;
- (c) any breach by Parent or any other member of the Parent Group of this Agreement or any of the Ancillary Agreements;
- (d) except to the extent it relates to a GRP&E/BCS Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Parent Group by any member of the GRP&E/BCS Group that survives following the Distribution; and
- (e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to statements made explicitly in Parent’s name in the Form 10, the Information Statement (as amended or supplemented if GRP&E/BCS SpinCo shall have furnished any amendments or supplements thereto) or any other Disclosure Document; it being agreed that the statements set forth on Schedule 4.3(e) shall be the only statements made explicitly in Parent’s name in the Form 10, the Information Statement or any other Disclosure Document, and all other information contained in the Form 10, the Information Statement or any other Disclosure Document shall be deemed to be information supplied by GRP&E/BCS SpinCo.

4.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IV or Article V will be net of Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount that either Party (an “Indemnifying Party”) is required to pay to any Person entitled to indemnification or contribution hereunder (an “Indemnitee”) shall be reduced by any Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an “Indemnity Payment”) required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of such Liability, then, within ten (10) calendar days of receipt of such Insurance Proceeds, the Indemnitee shall pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a “windfall” (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification and contribution provisions hereof. Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorneys’ fees and expenses) to collect or recover, any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Article IV. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required, or otherwise satisfying any indemnification obligation, under the terms of this Agreement pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

4.5 Procedures for Indemnification of Third-Party Claims.

(a) *Notice of Claims.* If, at or following the date of this Agreement, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Parent Group or the GRP&E/BCS Group of any claim or of the commencement by any such Person of any Action (collectively, a “Third-Party Claim”) with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2 or 4.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as practicable, but in any event within twenty one (21) days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, (i) the failure of an Indemnitee to provide notice in accordance with this Section 4.5(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent the Indemnifying Party is actually prejudiced by the Indemnitee’s failure to provide notice in accordance with this Section 4.5(a), and (ii) no such notice shall be required with respect to each matter set forth on Schedule 4.5.

(b) *Control of Defense.* An Indemnifying Party may elect to defend, at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling the defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee are true, the Indemnifying Party shall indemnify the Indemnitee for any such Losses to the extent resulting from, or arising out of, such Third-Party Claim; provided, further, that notwithstanding the foregoing, with respect to each matter set forth on Schedule 4.5, the applicable Indemnifying Party set forth therein shall be deemed to have elected to defend, and to have confirmed that it shall indemnify for, such matter as of the date hereof, and no further election or confirmation of such Indemnifying Party shall be required. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnitee in accordance with Section 4.5(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of the notice from an Indemnitee as provided in Section 4.5(a), then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) *Allocation of Defense Costs.* If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee as provided in Section 4.5(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) *Right to Monitor and Participate.* An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, as applicable, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 4.5(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.7 and 6.8, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto, in each case as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee shall in good faith determine that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation in connection with a Third-Party Claim inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) *No Settlement.* Neither any member of the Parent Group, nor any member of the GRP&E/BCS Group, may settle or compromise any Third-Party Claim for which a GRP&E/BCS Indemnitee or a Parent Indemnitee, respectively, is seeking or is reasonably expected to seek to be indemnified hereunder without the prior written consent of GRP&E/BCS SpinCo or Parent, respectively, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by any GRP&E/BCS Indemnitee or any Parent Indemnitee, respectively, and provides for a full, unconditional and irrevocable release of each GRP&E/BCS Indemnitee or each Parent Indemnitee, respectively, from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which an Indemnitee is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within twenty (20) days or such longer period, not to exceed thirty (30) days, as may be agreed by the Parties (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

(f) *Ancillary Agreements Govern.* The provisions of this [Section 4.5](#) and the provisions of [Section 4.6](#) do not apply to Taxes, which shall be governed by the Tax Matters Agreement. In the case of any conflict between this Agreement and the Tax Matters Agreement in relation to any matters addressed by the Tax Matters Agreement, the Tax Matters Agreement shall prevail.

4.6 Additional Matters.

(a) *Timing of Payments.* Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this [Article IV](#) shall be paid reasonably promptly (but in any event within thirty (30) days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this [Article IV](#)) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this [Article IV](#) shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) *Notice of Direct Claims.* Any claim for indemnification or contribution under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party; provided, that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is prejudiced thereby. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this [Section 4.6\(b\)](#) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall, subject to the provisions of [Article VII](#), be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) *Pursuit of Claims Against Third Parties.* If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement; (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against such Third Party.

(d) *Subrogation.* In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(e) *Substitution.* In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in Section 4.5 and this Section 4.6, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

4.7 Right of Contribution.

(a) *Contribution.* If any right of indemnification contained in Section 4.2 or 4.3 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of its Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Allocation of Relative Fault.* Solely for purposes of determining relative fault pursuant to this Section 4.7: (i) any fault associated with the business conducted with the Delayed GRP&E/BCS Assets or Delayed GRP&E/BCS Liabilities (except for the gross negligence or intentional misconduct of a member of the Parent Group) or with the ownership, operation or activities of the GRP&E/BCS Business prior to the Effective Time shall be deemed to be the fault of GRP&E/BCS SpinCo and the other members of the GRP&E/BCS Group, and no such fault shall be deemed to be the fault of Parent or any other member of the Parent Group and (ii) any fault associated with the business conducted with Delayed Parent Assets or Delayed Parent Liabilities (except for the gross negligence or intentional misconduct of a member of the GRP&E/BCS Group) or with the ownership, operation or activities of the Howmet Aerospace Business prior to the Effective Time shall be deemed to be the fault of Parent and the other members of the Parent Group, and no such fault shall be deemed to be the fault of GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group.

4.8 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of its Group or any Person claiming through it or them shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any GRP&E/BCS Liabilities by GRP&E/BCS SpinCo or a member of the GRP&E/BCS Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Parent Liabilities by Parent or a member of the Parent Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason, or (c) the provisions of this Article IV are void or unenforceable for any reason.

4.9 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.10 Survival of Indemnities. The rights and obligations of each of Parent and GRP&E/BCS SpinCo and their respective Indemnitees under this Article IV shall survive (a) the sale or other transfer by either Party or any member of its Group of any assets or businesses or the assignment by it of any liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any member of its Group.

4.11 Environmental Matters.

(a) Management of Environmental Liabilities.

(i) The Party designated or otherwise deemed to be the Party responsible for an Environmental Liability under this Agreement shall be the Party responsible for managing such Environmental Liability (the "Performing Party" or "Lead Party") and the other Party will be the non-performing Party with respect to such Environmental Liability (the "Non-Performing Party" or "Non-Lead Party"), unless (1) Schedules 1.3, 1.5 or 1.10 provide otherwise, or (2) the Non-Performing Party (or a member of its Group) is the owner of the property impacted by the Environmental Liability in which case such property owner shall be the Performing Party. With respect to any Environmental Liability, the Performing Party shall be required to perform all Remediation Work and other remediation and compliance activities required by applicable Environmental Laws or the requirements of any Governmental Authority with jurisdiction over such Environmental Liability and/or Remediation Work or to comply with any obligations of either Party to indemnify any Third Party with respect to Environmental Liabilities or avoid Liability to any Third Party under applicable Environmental Law.

(ii) With regard to any Remediation Work that could result in Environmental Liability to the Non-Performing Party to be performed following the date of this Agreement, (A) all proposals for Remediation Work and all decisions as to Remediation Work shall be made by the Performing Party in reasonable consultation with the Non-Performing Party upon written request by the Non-Performing Party and reasonably taking in account the input of the Non-Performing Party and its consultants, and (B) the Performing Party shall retain only reasonably qualified environmental consultants to assist in undertaking and completing such Remediation Work. With regard to any Remediation Work performed or to be performed following the date of this Agreement, the Performing Party shall provide to the Non-Performing Party, as promptly as reasonably practicable, a copy of any and all final written correspondence, results, tables, figures, conclusions, reports and other documents (I) generated by any consultant or (II) submitted to, filed with or received from any Governmental Authority, but, in each case, only to the extent the Non-Performing Party submits a written request to the Performing Party to receive such documents.

(iii) With regard to Remediation Work where the Performing Party will bear less than half of the costs under this Agreement, (i) the non-Performing Party will have the right to select the contractors, consultants, and other third parties to perform the Remediation Work, subject to the approval of the Performing Party, which approval shall not be withheld except for good cause, (ii) at non-Performing Party's request in writing, non-Performing Party will be involved in all significant discussions with Performing Party and any relevant third party regarding all aspects of any Remediation Work, (iii) non-Performing Party will have a meaningful opportunity to provide comment to Performing Party and any relevant third party regarding all material aspects of any Remediation Work to be taken, and (iv) Performing Party shall take into consideration any such comments by non-Performing Party and implement them where reasonably feasible.

(iv) With respect to any Environmental Liability or Remediation Work identified in Schedule 1.5, if the Non-Performing Party is the property owner, the Performing Party shall not initiate any communication with any Governmental Authority or other Third Party without the prior written consent of the Non-Performing Party, such consent not to be unreasonably withheld, conditioned or delayed.

(b) Substitution.

(i) The Performing Party shall use its reasonable best efforts to obtain any consents, transfers, assignments, assumptions, waivers or other legal instruments necessary to cause the Performing Party or the appropriate subsidiary of the Performing Party to be fully substituted for the Non-Performing Party or any other applicable member of the Non-Performing Party's Group with respect to any order, decree, judgment, agreement or Action with respect to Environmental Liabilities for which such Performing Party is the Performing Party that are in effect as of the Effective Time. In addition, each Party shall use its reasonable best efforts to obtain any consents, transfers, assignments, assumptions, waivers or other legal instruments necessary to cause such Party or the appropriate subsidiary of such Party to be fully substituted for the other Party or any other applicable member of the other Party's Group with respect to any order, decree, judgment, agreement or Action with respect to Environmental Permits, financial assurance obligations or instruments, or other environmental approvals or filings associated with the GRP&E/BCS Assets, in the case of GRP&E/BCS SpinCo, or the Parent Assets, in the case of Parent. Each Party shall inform the applicable Governmental Authority about its assumption of the applicable Environmental Liabilities associated with the matters listed on Schedule 1.3, 1.5 and 1.10 and request that the Governmental Authorities direct all communications, requirements, notifications and/or official letters related to such matters to such Party. Each Party shall use its reasonable best efforts to provide necessary assistance or signatures to the other Party to achieve the purposes of this Section 4.11(b).

(ii) Until such time as GRP&E/BCS SpinCo and Parent complete the substitutions outlined in this Section 4.11(b), each Party shall comply with all applicable Environmental Laws, including all reporting obligations, and the terms and conditions of all orders, decrees, judgments, agreements, actions, Environmental Permits, financial assurances, obligations, instruments or other environmental approvals or filings that remain in the other Party's name but for which substitutions are to be made pursuant to this Section 4.11(b).

(iii) Notwithstanding anything in this Section 4.11(b) to the contrary, nothing in this Section 4.11(b) shall require either Party to take any actions that would reasonably be expected to increase the overall collective Liabilities of Parent and GRP&E/BCS SpinCo, in the aggregate, to any Third Party.

(c) Standards for Remediation.

(i) The Performing Party shall perform all Remediation Work and other remediation and compliance activities contemplated by this Section 4.11, at a minimum, up to but not beyond the standards applicable to commercial/industrial uses.

(ii) The Parties shall implement deed restrictions, engineering and other institutional controls, and risk-based corrective action to manage or close out any Remediation Work or other remediation and compliance activities contemplated by this Section 4.11, provided that such deed restrictions, engineering and other institutional controls do not materially limit or materially increase the cost of the Non-Performing Party's ongoing and future operations or the Performing Party's ability to expand industrial or commercial operations or sell such any applicable property for industrial or commercial use in the future.

(iii) Where feasible and commercially advantageous with respect to the cost for Remediation Work, waste from either Performing Party or non-Performing Party should be consolidated into existing on-site disposal areas.

(iv) The Performing Party may take additional measures beyond the minimum required by this Section 4.11, but at the sole expense of Performing Party, regardless of non-Performing Party's share of liability for the Remediation Work unless required by the Governmental Authorities in which case the non-Performing Party will continue to pay its full share.

ARTICLE V
CERTAIN OTHER MATTERS

5.1 Tail Policies: Directors and Officers Insurance, Fiduciary Liability Insurance, and Employment Practice Liability Insurance.

(a) Prior to the Effective Time, Parent shall obtain and fully pay for "tail" directors and officers liability insurance policies having a policy period of six (6) years from and after the Effective Time and providing prior acts coverage for claims made after the Effective Time with respect to wrongful acts that were committed prior to the Effective Time. Such directors and officers liability insurance policies, being referred to as the "Combined Tail D&O Program," shall be consistent in all material respects with the directors and officers liability insurance policies maintained by Parent as of the Effective Time (except for policy period and provisions excluding coverage for wrongful acts committed after the Effective Time).

(b) Prior to the Effective Time, Parent shall obtain and fully pay for fiduciary liability insurance policies having a policy period of six (6) years from and after the Effective Time and providing prior acts coverage for claims made after the Effective Time with respect to wrongful acts that were committed prior to the Effective Time. Such fiduciary liability insurance policies, being referred to as the "Combined Tail Fiduciary Program," shall be consistent in all material respects with the fiduciary liability insurance policies maintained by Parent as of the Effective Time (except for policy period and provisions excluding coverage for wrongful acts committed after the Effective Time).

(c) Prior to the Effective Time, Parent shall obtain and fully pay for employment practices liability insurance policies having a policy period of six (6) years from and after the Effective Time and providing prior acts coverage for claims made after the Effective Time with respect to wrongful acts that were committed prior to the Effective Time. Such employment practices liability insurance policies, being referred to as the "Combined Tail Employment Practices Program," shall be consistent in all material respects with the employment practices liability insurance policies maintained by Parent as of the Effective Time (except for policy period and provisions excluding coverage for wrongful acts committed after the Effective Time).

(d) Parent shall timely provide to GRP&E/BCS SpinCo copies of all policies comprising the Combined Tail D&O Program, the Combined Tail Fiduciary Program and the Combined Tail Employment Practices Program as well as copies of all binders.

(e) With respect to any claims that potentially implicate coverage provided under the Combined Tail D&O Program, the Combined Tail Fiduciary Program or the Combined Tail Employment Practices Program, on the one hand, and other insurance policies such as directors and officers liabilities insurance policies, fiduciary liability policies and employment practices liability insurance policies obtained by a Parent or GRP&E/BCS SpinCo for wrongful acts committed after the Effective Time, on the other hand, GRP&E/BCS SpinCo and Parent agree to cooperate and to act in good faith to ensure that an appropriate allocation of loss, if any, and an insurance contribution and Self-Insurance contribution, in accordance with the terms and provisions of the respective policies and the law, are effectuated.

5.2 Insurance Matters Generally.

(a) From and after the Effective Time, subject to the provisions of this Article V, (i) Parent and any members of the Parent Group insured under the Parent Policies on or before the Effective Date shall continue to be insured under the Parent Policies and shall retain all of the rights under the Parent Policies to the same extent, including their rights to recover for, without limitation, any Parent Liabilities under the Parent Policies, and (ii) GRP&E/BCS SpinCo and any members of the GRP&E/BCS Group insured under the GRP&E/BCS Policies on or before the Effective Date shall continue to be insured under the GRP&E/BCS Policies and shall retain all of their rights under the GRP&E/BCS Policies, including rights to recover for, without limitation, any GRP&E/BCS Liabilities under the GRP&E/BCS Policies.

(b) Subject only to Sections 5.1, 5.2(g) and 5.2(k), in no event shall Parent, any other member of the Parent Group or any Parent Indemnitee have any Liability or obligation whatsoever to any member of the GRP&E/BCS Group in the event that any insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the GRP&E/BCS Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date. Subject only to Sections 5.1, 5.2(g) and 5.2(l), in no event shall GRP&E/BCS SpinCo, any other member of the GRP&E/BCS Group or any GRP&E/BCS Indemnitee have any Liability or obligation whatsoever to any member of the Parent Group in the event that any insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the Parent Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date.

(c) From and after the Effective Time, with respect to any GRP&E/BCS Liability, (i) GRP&E/BCS SpinCo and each member of the GRP&E/BCS Group, to the extent permitted by law, will have and will be fully entitled to exercise all rights that any of them may have as of the Effective Time, including the right to make claims, under the Parent Policies, it being the intent that this Agreement shall not operate to reduce any insurance recovery that otherwise would be available in the absence of the Separation; and (ii) to the extent permitted by law and necessary to effectuate the purpose of this Section 5.2(c), Parent assigns, transfers and conveys to GRP&E/BCS SpinCo all rights to, proceeds from, and all claims and choses in action for coverage, defense, indemnity, payment and reimbursement provided under the Parent Policies to such members of the GRP&E/BCS Group with respect to the GRP&E/BCS Liabilities, but solely to the extent that such policies provided coverage for such members of the GRP&E/BCS Group prior to the Effective Time with respect to such GRP&E/BCS Liabilities; provided that such access to, and such right to make claims under, the Parent Policies, shall be subject to the terms, conditions and exclusions of such insurance policies, including any limits on coverage or scope, and any Self-Insurance, and shall be subject to the following additional conditions:

(i) Subject to Section 5.2(o), GRP&E/BCS SpinCo will be solely responsible for notifying, tendering and submitting any claim for insurance coverage of any GRP&E/BCS Liability under the Parent Policies and for communicating with the issuers of the Parent Policies with respect to such claims for coverage. With respect to such GRP&E/BCS SpinCo claim for coverage of a GRP&E/BCS Liability under the Parent Policies, (A) GRP&E/BCS SpinCo shall provide to Parent contemporaneous copies of any such notifications, tenders, submissions and communications and (B) GRP&E/BCS SpinCo shall have the right to notify, tender to, submit to, communicate with, and receive Insurance Proceeds from the issuers of the Parent Policies (which such Insurance Proceeds, to the extent paid by the issuer(s) to Parent, shall be paid over to GRP&E/BCS SpinCo by Parent within the timeframe set forth in Section 5.2(i) after Parent's receipt of an invoice therefor from GRP&E/BCS SpinCo). Parent and GRP&E/BCS SpinCo agree to consent to reasonable modifications, additions or deletions to such procedures before or after the Effective Time to effectuate the purpose of this Section and to furnish reasonable cooperation to each other to ensure that the purposes of Section 5.2(c) are effectuated;

(ii) GRP&E/BCS SpinCo and the members of the GRP&E/BCS Group shall timely indemnify, hold harmless and reimburse Parent and the members of the Parent Group for any Self-Insurance incurred by Parent or any members of the Parent Group to the extent attributable to any claims (or portions of claims) made by GRP&E/BCS SpinCo or any other members of the GRP&E/BCS Group attributable to any GRP&E/BCS Liability under any Parent Policies, including any indemnity payments, settlements, judgments, legal fees and allocated claims expenses and claim handling fees, whether such claims are made by GRP&E/BCS SpinCo, any other member of the GRP&E/BCS Group, their employees or Third Parties;

(iii) With respect to any GRP&E/BCS Liability, the members of the GRP&E/BCS Group shall exclusively bear and be liable for (and neither Parent nor any members of the Parent Group shall have any obligation to repay or reimburse GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group for) all uninsured, uncovered, unavailable or uncollectible amounts of all claims (or portions of claims) attributable to such GRP&E/BCS Liability made by GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group under the Parent Policies; and

(iv) For avoidance of doubt, with respect to any Parent Liability, the members of the Parent Group shall exclusively bear and be liable for (and neither GRP&E/BCS SpinCo nor any members of the GRP&E/BCS Group shall have any obligation to repay or reimburse Parent or any member of the Parent Group for) all uninsured, uncovered, unavailable or uncollectible amounts of all claims (or portions of claims) attributable to such Parent Liability made by Parent or any member of the Parent Group under the Parent Policies.

(d) In the event an insurance policy aggregate limit of a Parent Policy under which any member of the GRP&E/BCS Group was covered prior to the Effective Time is exhausted, or is believed likely to be exhausted, due to noticed claims, the members of the GRP&E/BCS Group, on the one hand, and the members of the Parent Group, on the other hand, shall be responsible for their pro rata portion of the reinstatement premium, based upon the losses of such Group paid or payable by the issuers of the Parent Policies (including any submissions prior to the Effective Time) to the extent any such reinstatement of the policy is available; provided, that Parent and GRP&E/BCS SpinCo may instead mutually agree not to reinstate the policy, in which event each Group shall bear its own future costs without regard to any insurance coverage that would have been otherwise provided by such reinstatement. To the extent that the Parent Group or the GRP&E/BCS Group is allocated more than its pro rata portion of such reinstatement premium due to the timing of losses submitted to and paid by the issuers of the Parent Policies, GRP&E/BCS SpinCo or Parent, respectively, shall promptly pay the other party an amount so that each Group has been properly allocated its pro rata portion of the reinstatement premium. Further, (i) in the event Parent wishes to reinstate the Parent Policy, but GRP&E/BCS SpinCo does not, Parent, in its sole discretion, shall have the right to pay the entire reinstatement premium, in which event Parent and the other members of the Parent Group shall have the exclusive right to recover Insurance Proceeds resulting from the reinstatement of the Parent Policy, and GRP&E/BCS SpinCo shall cooperate with Parent in allowing Parent to exercise this right; and (ii) in the event GRP&E/BCS SpinCo wishes to reinstate the Parent Policy, but Parent does not, GRP&E/BCS SpinCo, in its sole discretion, shall have the right to pay the entire reinstatement premium, in which event GRP&E/BCS SpinCo and the other members of the GRP&E/BCS Group shall have the exclusive right to recover Insurance Proceeds resulting from the reinstatement of the Parent Policy, and Parent shall cooperate with GRP&E/BCS SpinCo in allowing GRP&E/BCS SpinCo to exercise this right.

(e) From and after the Effective Time, with respect to any Parent Liability, (i) Parent and each member of the Parent Group, to the extent permitted by law, will have and will be fully entitled to exercise all rights that any of these may have as of the Effective Time, including the right to make claims, under the GRP&E/BCS Policies, it being the intent that this Agreement shall not operate to reduce any insurance recovery that otherwise would be available in the absence of the Separation; and (ii) to the extent permitted by law and necessary to effectuate the purpose of this Section 5.2(e), GRP&E/BCS SpinCo assigns, transfers, and conveys to Parent all rights to, proceeds from, and all claims and choses in action for coverage, defense, indemnitees, payment and reimbursement provided under the GRP&E/BCS Policies to such members of the Parent Group with respect to Parent Liabilities, but solely to the extent that such policies provided coverage for such members of the Parent Group prior to the Effective Time with respect to such Parent Liabilities; provided that such access to, and such right to make claims under, GRP&E/BCS Policies, shall be subject to the terms, conditions and exclusions of such insurance policies, including any limits on coverage or scope, any Self-Insurance, and shall be subject to the following additional conditions:

(i) Subject to Section 5.2(o), Parent will be solely responsible for notifying, tendering and submitting any claim for insurance coverage of any Parent Liability under the GRP&E/BCS Policies and for communicating with the issuers of the GRP&E/BCS Policies with respect to such claims for coverage. With respect to a Parent claim for coverage of a Parent Liability under the GRP&E/BCS Policies, (i) Parent shall provide to GRP&E/BCS SpinCo contemporaneous copies of any such notifications, tenders, submissions and communications and (ii) Parent shall have the right to notify, tender to, submit to, communicate with, and receive Insurance Proceeds from the issuers of the GRP&E/BCS Policies (which such Insurance Proceeds, to the extent paid by the issuer(s) to GRP&E/BCS SpinCo, shall be paid over to Parent by GRP&E/BCS SpinCo within the timeframe set forth in Section 5.2(j) after GRP&E/BCS SpinCo's receipt of an invoice therefor from Parent). GRP&E/BCS SpinCo and Parent agree to consent to reasonable modifications, additions or deletions to such procedures before or after the Effective Time to effectuate the purposes of this Section and to furnish reasonable cooperation to each other to ensure that the purpose of this Section 5.2(e) is effectuated;

(ii) Parent and the members of the Parent Group shall timely indemnify, hold harmless and reimburse GRP&E/BCS SpinCo and the members of the GRP&E/BCS Group for any Self-Insurance incurred by GRP&E/BCS SpinCo or any members of the GRP&E/BCS Group to the extent resulting from any claims (or portions of claims) made by Parent or any other members of the Parent Group attributable to any Parent Liability under any GRP&E/BCS Policies, including any indemnity payments, settlements, judgments, legal fees and allocated claims expenses and claim handling fees, whether such claims are made by Parent, any other member of the Parent Group, their employees or Third Parties;

(iii) With respect to any Parent Liability, the members of the Parent Group shall exclusively bear and be liable for (and neither GRP&E/BCS SpinCo nor any members of the GRP&E/BCS Group shall have any obligation to repay or reimburse Parent or any member of the Parent Group for) all uninsured, uncovered, unavailable or uncollectible amounts of all claims (or portions of claims) attributable to such Parent Liability made by Parent or any member of the Parent Group under the GRP&E/BCS Policies; and

(iv) For avoidance of doubt, with respect to GRP&E/BCS Liability, the members of the GRP&E/BCS Group shall exclusively bear and be liable for (and neither Parent nor any members of the Parent Group shall have any obligation to repay or reimburse GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group for) all uninsured, uncovered, unavailable or uncollectible amounts of all claims (or portions of claims) attributable to such GRP&E/BCS Liability made by GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group under the GRP&E/BCS Policies.

(f) In the event an insurance policy aggregate limit of a GRP&E/BCS Policy under which any member of the Parent Group was covered prior to the Effective Time is exhausted, or is believed likely to be exhausted, due to noticed claims, the members of the Parent Group, on the one hand, and the members of the GRP&E/BCS Group, on the other hand, shall be responsible for their pro rata portion of the reinstatement premium, based upon the losses of such Group paid or payable by issuers of the GRP&E/BCS Policies (including any submissions prior to the Effective Time) to the extent any such reinstatement of the policy is available; provided, that GRP&E/BCS SpinCo and Parent may instead mutually agree not to reinstate the policy, in which event the members of each Group shall bear their own future costs without regard to any insurance coverage that would have been otherwise provided by such reinstatement. To the extent that the GRP&E/BCS Group or the Parent Group is allocated more than its pro rata portion of such reinstatement premium due to the timing of losses submitted to or paid by issuers of the GRP&E/BCS Policies, Parent or GRP&E/BCS SpinCo, respectively, shall promptly pay the first party an amount so that each Group has been properly allocated its pro rata portion of the reinstatement premium. Further, (i) in the event GRP&E/BCS SpinCo wishes to reinstate the GRP&E/BCS Policies, but Parent does not, GRP&E/BCS SpinCo, in its sole discretion, shall have the right to pay the entire reinstatement premium, in which event GRP&E/BCS SpinCo and the other members of the GRP&E/BCS Group shall have the exclusive right to recover Insurance Proceeds resulting from the reinstatement of the GRP&E/BCS Policies, and Parent shall cooperate with GRP&E/BCS SpinCo in allowing GRP&E/BCS SpinCo to exercise this right; and (ii) in the event Parent wishes to reinstate the GRP&E/BCS Policies, but GRP&E/BCS SpinCo does not, Parent, in its sole discretion, shall have the right to pay the entire reinstatement premium, in which event Parent and the other members of the Parent Group shall have the exclusive right to recover Insurance Proceeds resulting from the reinstatement of the GRP&E/BCS Policies, and GRP&E/BCS SpinCo shall cooperate with Parent in allowing Parent to exercise this right.

(g) The limits of the Parent Policies and GRP&E/BCS Policies shall be paid and payable, and the Self-Insurance pertaining thereto shall be applicable and applied, on a first-come first-served basis, absent any agreement between Parent and GRP&E/BCS SpinCo to modify this first come-first served method of payment; provided, however, no member of the GRP&E/BCS Group or the Parent Group shall, or shall seek to, accelerate or delay either the notification and submission of claims, on the one hand, or the demand for coverage for and receipt of insurance payments, on the other hand, in a manner that would differ from that which each would follow in the ordinary course when acting without regard to sufficiency of limits or the terms of Self-Insurance. Further, in the event that either GRP&E/BCS SpinCo or Parent becomes aware of information that would lead it reasonably to expect that the policy limits or the Self-Insurance limits of a Parent Policy or GRP&E/BCS Policy (in either case, under which members of the Parent Group and GRP&E/BCS Group are both insured) are likely to be exhausted based on existing insurance claims, it shall promptly notify the other in writing of that expectation, the basis therefor, and the parties shall cooperate to ensure that the purposes and intent of the second sentence of this Section 5.2(g) are properly effectuated.

(h) Except as provided in Section 5.1, at the Effective Time, GRP&E/BCS SpinCo and Parent shall have in effect all insurance programs required to comply with their respective contractual obligations and such other insurance policies required by law or as reasonably necessary or appropriate for companies operating a business similar to GRP&E/BCS SpinCo's or Parent's, respectively. Such insurance programs may include general liability, commercial auto liability, workers' compensation, employer's liability, product liability, professional services liability, property, cargo, employment practices liability, employee dishonesty/crime, directors' and officers' liability and fiduciary liability. Except as provided in Section 5.1, neither Parent nor any of the members of the Parent Group shall have any obligation to secure extended reporting for any claims under any Liability policies of Parent or any member of the Parent Group for any acts or omissions by any member of the GRP&E/BCS Group committed prior to the Effective Time.

(i) All payments and reimbursements owed by Parent to GRP&E/BCS SpinCo pursuant to Section 5.1 and this Section 5.2 shall be made within sixty (60) days after Parent's receipt of an invoice therefor from GRP&E/BCS SpinCo.

(j) All payments and reimbursements owed by GRP&E/BCS SpinCo to Parent pursuant to Section 5.1 and this Section 5.2 shall be made within sixty (60) days after GRP&E/BCS SpinCo's receipt of an invoice therefor from Parent.

(k) In the event that after the Effective Time, Parent proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Parent Policies under which a member of the GRP&E/BCS Group has or may in the future have rights to assert claims pursuant to this Section 5.2 in a manner that would reasonably be expected to adversely affect any such rights of a member of the GRP&E/BCS SpinCo in any material respect, (i) Parent will give GRP&E/BCS SpinCo thirty (30) days prior written notice thereof and consult with GRP&E/BCS SpinCo with respect to such action, (ii) Parent will not take such action without the prior written consent of GRP&E/BCS SpinCo, such consent not to be unreasonably withheld, conditioned or delayed, and (iii) Parent will pay to GRP&E/BCS SpinCo its equitable share (which shall be mutually agreed upon by Parent and GRP&E/BCS SpinCo, acting in all cases reasonably and without unreasonable delay), if any, of any net proceeds actually received by Parent (or any member of the Parent Group) from the insurer under the applicable Parent Policy as a result of such action by Parent (after deducting Parent's out-of-pocket expenses incurred in connection with such action).

(l) In the event that after the Effective Time, GRP&E/BCS SpinCo proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any GRP&E/BCS Policies under which a member of the Parent Group has or may in the future have rights to assert claims pursuant to this Section 5.2 in a manner that would reasonably be expected to adversely affect any such rights of a member of the Parent in any material respect, (i) GRP&E/BCS SpinCo will give Parent thirty (30) days prior written notice thereof and consult with Parent with respect to such action, (ii) GRP&E/BCS SpinCo will not take such action without the prior written consent of Parent, such consent not to be unreasonably withheld, conditioned or delayed, and (iii) GRP&E/BCS SpinCo will pay to Parent its equitable share (which shall be mutually agreed upon by GRP&E/BCS SpinCo and Parent, acting in all cases reasonably and without unreasonable delay), if any, of any net proceeds actually received by GRP&E/BCS SpinCo (or any member of the GRP&E/BCS Group) from the insurer under the applicable GRP&E/BCS Policy as a result of such action by GRP&E/BCS SpinCo (after deducting GRP&E/BCS SpinCo's out-of-pocket expenses incurred in connection with such action).

(m) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Parent Group or the GRP&E/BCS Group or any of their respective directors, officers or employees in respect of any insurance policy or any other contract or policy of insurance.

(n) An insurance carrier that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto, or, solely by virtue of the provisions of this Section 5.2, have any subrogation rights against any member of the Parent Group or GRP&E/BCS Group with respect thereto, it being expressly understood and agreed that no insurance carrier or any Third Party shall be entitled to a benefit (*i.e.*, a benefit such Person would not be entitled to receive in the absence of the Separation) by virtue of the provisions hereof. No provision of this Agreement is intended to relieve any insurer of any Liability under any policy.

(o) Parent and GRP&E/BCS SpinCo intend that with respect to GRP&E/BCS Liabilities and Parent Liabilities, recoveries under Parent Policies and GRP&E/BCS Policies shall be available to no lesser extent than would have been the case in the absence of the Separation. Parent and GRP&E/BCS SpinCo and the members of Parent Group and GRP&E/BCS Group agree to provide all reasonable and timely cooperation necessary to ensure that the provisions of Section 5.1 and this Section 5.2 are effectuated, including:

- (i) providing for an orderly transition of insurance coverage from and after the Effective Time;
- (ii) timely exchanging information regarding depletion or exhaustion of insurance policy limits, including loss runs;
- (iii) providing any consents, not to be unreasonably withheld or delayed, necessary to allow for recovery of Insurance Proceeds, including communicating with the issuers of the Parent Policies and the GRP&E/BCS Policies (A) the consent, as necessary, of Parent to allow GRP&E/BCS SpinCo to effectively make claims for and to pursue insurance recoveries in accordance with the terms of this Section 5.2, and (B) the consent of GRP&E/BCS SpinCo to allow Parent to effectively make claims for and to pursue insurance recoveries in accordance with the terms of this Section 5.2;

(iv) allowing Parent or other member of the Parent Group to make claims for an insurance recovery and communicate and negotiate with insurers in the name of GRP&E/BCS SpinCo (or other member of the GRP&E/BCS Group), including the initiation of litigation or arbitration, subject to the consent of GRP&E/BCS SpinCo or other member of the GRP&E/BCS Group, not to be unreasonably withheld or delayed, and to provide reasonable cooperation to such members of the Parent Group with respect to such claims. The out-of-pocket costs of making such claims shall be borne by Parent;

(v) allowing GRP&E/BCS SpinCo or other member of the GRP&E/BCS Group to make claims for an insurance recovery and communicate and negotiate with insurers in the name of Parent or other member of the Parent Group, including the initiation of litigation or arbitration, subject to the consent of Parent or other member of the Parent Group, not to be unreasonably withheld or delayed, and to provide reasonable cooperation to such member(s) of the GRP&E/BCS Group with response to such claims. The out-of-pocket costs of making such claims shall be borne by GRP&E/BCS SpinCo;

(vi) timely providing to GRP&E/BCS SpinCo copies in the possession of Parent of communications to and from insurers regarding coverage for any GRP&E/BCS Liability;

(vii) timely providing to Parent copies in the possession of GRP&E/BCS SpinCo of communications to and from insurers regarding any Parent Liability;

(viii) timely providing to GRP&E/BCS SpinCo copies of any Parent Policies under which on or prior to the Effective Time any member of the GRP&E/BCS Group was an insured as well as any documentation relating to the procurement of such policies; and

(ix) timely providing to Parent copies of GRP&E/BCS Policies under which on or prior to the Effective Time any member of the Parent Group was an insured as well as any documentation relating to the procurement of such policies.

Parent and the other members of the Parent Group shall notify and make claims for coverage under a Parent Policy of a GRP&E/BCS Liability but only if all of the following are applicable: (a) GRP&E/BCS SpinCo requests that Parent or other member of the Parent Group notify and make such claims for coverage; (b) it is impractical for GRP&E/BCS SpinCo and other members of the GRP&E/BCS Group themselves to notify and make such claims for coverage of a GRP&E/BCS Liability under the Parent Policies; and (c) Parent consents to make and notify such claims for coverage of a GRP&E/BCS Liability under the Parent Policies, such consent not to be unreasonably withheld. The non *de minimis* out-of-pocket costs of making such claims shall be borne by GRP&E/BCS SpinCo. GRP&E/BCS SpinCo and the other members of the GRP&E/BCS Group shall notify and make claims for coverage under a GRP&E/BCS Policy of a Parent Liability but only if all of the following are applicable: (a) Parent requests that GRP&E/BCS SpinCo or other member of the GRP&E/BCS Group notify and make such claims for coverage; (b) it is impractical for Parent and other members of the Parent Group themselves to notify and make such claims for coverage of an Parent Liability under the GRP&E/BCS Policies; and (c) GRP&E/BCS SpinCo consents to make and notify such claims for coverage of a Parent Liability under the GRP&E/BCS Policies, such consent not to be unreasonably withheld. The non *de minimis* out-of-pocket costs of making such claims shall be borne by Parent.

(p) To the extent that any member of the Parent Group incurs out of pocket expenses in cooperating with any member of the GRP&E/BCS Group as required in this Section 5.2, GRP&E/BCS SpinCo shall reimburse Parent for such reasonable non *de minimis* out-of-pocket expenses provided that: (i) Parent shall have given GRP&E/BCS SpinCo advance written notice of its intent to recover such out-of-pocket expenses from GRP&E/BCS SpinCo and a reasonable estimate of the amount and nature of such expenses; and (ii) Parent shall reasonably cooperate with GRP&E/BCS SpinCo in managing the out-of-pocket expenses in an efficient manner.

(q) To the extent that any member of the GRP&E/BCS Group incurs out of pocket expenses in cooperating with any member of the Parent Group as required in this Section 5.2, Parent shall reimburse GRP&E/BCS SpinCo for such reasonable non *de minimis* out-of-pocket expenses provided that: (i) GRP&E/BCS SpinCo shall have given Parent advance written notice of its intent to recover such out-of-pocket expenses from Parent and a reasonable estimate of the amount and nature of such expenses; and (ii) GRP&E/BCS SpinCo shall reasonably cooperate with Parent in managing the out-of-pocket expenses in an efficient manner.

5.3 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within sixty (60) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to Prime Rate plus two (2%) percent.

5.4 Treatment of Payments for Tax Purposes. For all applicable income tax purposes, the Parties agree to treat any payment required by this Agreement pursuant to Section 14.01 of the Tax Matters Agreement.

5.5 Inducement. Each of GRP&E/BCS SpinCo and Parent acknowledges and agrees that the other's willingness to cause, effect and consummate the Separation and the Distribution has been conditioned upon and induced by its covenants and agreements in this Agreement and the Ancillary Agreements, including its assumption and/or retention of the GRP&E/BCS Liabilities or the Parent Liabilities, as applicable, pursuant to the Separation and the provisions of this Agreement and its covenants and agreements contained in Article IV.

5.6 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

ARTICLE VI
EXCHANGE OF INFORMATION; CONFIDENTIALITY

6.1 Agreement for Exchange of Information and Cooperation.

(a) Subject to Section 6.9 and any other applicable confidentiality obligations, each of Parent and GRP&E/BCS SpinCo, on behalf of itself and each member of its Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party and the members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after request therefor, any information and documents or other materials (or a copy thereof) in the possession or under the control of such Party or its Group that the requesting Party or its Group requests to the extent that (i) such information relates to the GRP&E/BCS Business, or any GRP&E/BCS Asset or GRP&E/BCS Liability, if GRP&E/BCS SpinCo is the requesting Party, or to the Howmet Aerospace Business, or any Parent Asset or Parent Liability, if Parent is the requesting Party; (ii) such information is reasonably requested in connection with the requesting Party's compliance with its obligations under this Agreement or any Ancillary Agreement, or under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking to which it or any member of its Group is a party or by which any of their respective properties or assets are bound; (iii) such information is reasonably requested in connection with the requesting Party's compliance with any obligation imposed by any Governmental Authority or under any applicable Law or securities exchange rule; or (iv) such information is reasonably requested by the requesting Party in evaluating its potential exposure to Liabilities of the other Party's Group under guarantees and other obligations that have not been fully novated, replaced and/or transferred to such other Party's Group in accordance with Sections 2.5 and 2.6; provided, however, that, in the event that the Party to whom the request has been made determines that any such provision of information could be commercially detrimental to the Party providing the information, violate any Law or agreement, or waive any privilege available under applicable Law, including any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing information pursuant to this Section 6.1 shall only be obligated to provide such information in the form, condition and format in which it then exists, and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such information, and nothing in this Section 6.1 shall expand the obligations of a Party under Section 6.4.

(b) Without limiting the generality of the foregoing, following the Effective Time, each Party shall use its commercially reasonable efforts to cooperate with the other Party in its information requests and other reasonable requests to enable (i) the other Party to meet its applicable financial reporting and related obligations under applicable Laws and securities exchange rules and timetable for dissemination of its earnings releases, financial statements, and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act; (ii) the other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws; (iii) the other Party to meet its other applicable obligations imposed by any Governmental Authority or under any applicable Law or securities exchange rule; and (iv) the other Party to meet its applicable obligations under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking to which it or any member of its Group is a party or by which any of their respective properties or assets are bound.

6.2 Ownership of Information. The provision of any information pursuant to Section 6.1 or 6.7 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements), or constitute a grant of rights in or to any such information.

6.3 Compensation for Providing Information. A Party requesting information shall reimburse the other Party for any non *de minimis*, reasonable costs, if any, of creating, gathering, copying, transporting and otherwise complying with the request with respect to such information (including any reasonable costs and expenses incurred in any review of information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested information). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

6.4 Record Retention. To facilitate the possible exchange of information pursuant to this Article VI and other provisions of this Agreement after the Effective Time, each Party agrees to use reasonable best efforts, which shall be no less rigorous than those used for retention of such Party's own information, to retain all information in its possession or control at the Effective Time in accordance with the policies of Parent as in effect at the Effective Time or such other policies as may be adopted by Parent after the Effective Time (provided that Parent notifies GRP&E/BCS SpinCo in writing of any such change); provided, however, that in the case of any information relating to Taxes, employee benefits or Environmental Liabilities, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Notwithstanding the foregoing, Section 9.01 of the Tax Matters Agreement shall govern the retention of Tax Records (as defined in the Tax Matters Agreement) and Section 9.01 of the Employee Matters Agreement shall govern the retention of employment and benefits related records.

6.5 Limitations of Liability. Neither Party shall have any Liability to the other Party in the event that any information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence, bad faith or willful misconduct by the Party providing such information. Neither Party shall have any Liability to any other Party if any information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 6.4.

6.6 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of information set forth in any Ancillary Agreement.

(b) Any party that receives, pursuant to a request for information in accordance with this Article VI, Tangible Information that is not relevant to its request shall, at the request of the providing Party, (i) return it to the providing Party or destroy it, at the providing Party's election; and (ii) deliver to the providing Party a written confirmation that such Tangible Information was returned or destroyed, as the case may be, which confirmation shall be signed by an authorized representative of the requesting Party.

6.7 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of an adversarial Action or Dispute between Parent and GRP&E/BCS SpinCo, or any members of their respective Groups, each Party shall use commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its Group as witnesses and any books, records or other documents or information within its control or which it otherwise has the ability to make available without unreasonable burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents or information may be reasonably be required in connection with any Action in which the requesting Party (or member of its Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party elects to defend any Third-Party Claim, the other Party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents or information within its control or which it otherwise has the ability to make available without unreasonable burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents or information may reasonably be required in connection with such defense or any related settlement or compromise, and shall otherwise cooperate in such defense or any related settlement or compromise.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions and in accordance with the provisions regarding cooperation and/or consultation set forth in any Ancillary Agreement.

(d) Without limiting any provision of this Section 6.7 and subject to the terms of the Intellectual Property Agreements, each Party agrees to cooperate, and to cause the members of its Group to cooperate, with the other Party and the members of its Group in the defense of any infringement or similar claim with respect to any Intellectual Property, and each Party agrees not to, and not to permit any member of its respective Group to, claim to acknowledge, the validity or infringing use of any Intellectual Property of a Third Parties in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses directors, officers, employees, other personnel and agents without regard to whether such person could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.7(a)).

6.8 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Parent Group and the GRP&E/BCS Group, and that each of the members of the Parent Group and the GRP&E/BCS Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges and immunities that may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services will be provided following the Effective Time, which services shall be rendered solely for the benefit of the Parent Group or the GRP&E/BCS Group, as the case may be.

(b) The Parties agree as follows:

(i) Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Howmet Aerospace Business and not to the GRP&E/BCS Business, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the GRP&E/BCS Group. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Parent Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the GRP&E/BCS Group.

(ii) GRP&E/BCS SpinCo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the GRP&E/BCS Business and not to the Howmet Aerospace Business, whether or not the Privileged Information is in the possession or under the control of any member of the GRP&E/BCS Group or any member of the Parent Group. GRP&E/BCS SpinCo shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any GRP&E/BCS Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the GRP&E/BCS Group or any member of the Parent Group.

(iii) If the Parties do not agree as to whether certain information is Privileged Information, then such information shall be treated as Privileged Information, and the Party that believes that such information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information unless the Parties otherwise agree. The Parties shall use the procedures set forth in Article VII to resolve any disputes as to whether any information relates solely to the Howmet Aerospace Business, solely to the GRP&E/BCS Business, or to both the Howmet Aerospace Business and the GRP&E/BCS Business.

(c) Subject to the remaining provisions of this Section 6.8, the Parties agree that they shall have a shared privilege or immunity with respect to (i) all privileges and immunities not allocated pursuant to Section 6.8(b) and (ii) all privileges and immunities relating to any Actions or other matters that involve both Parties (or one or more members of their respective Groups) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) If any dispute arises between the Parties or any members of their respective Groups regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or any member of its Group, each Party agrees that it shall (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the other Party; and (iii) not unreasonably withhold consent to any request for waiver by the other Party. In addition, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except to protect its own legitimate interests.

(e) In the event of any adversarial Action between Parent and GRP&E/BCS SpinCo, or any members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 6.8(c); provided that such waiver of a shared privilege shall be effective only as to the use of information with respect to the Action between the Parties and/or the applicable members of their respective Groups, and shall not operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by either Party, or by any member of its Group, of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which the other Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees has received any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party shall promptly notify the other Party of the existence of the request (which notice shall be delivered to such other Party no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 6.8 or otherwise to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any information pursuant to this Agreement is made in reliance on the agreement of Parent and GRP&E/BCS SpinCo set forth in this Section 6.8 and in Section 6.9 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that (i) their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups pursuant to this Agreement, shall not be deemed a waiver of any privilege or immunity that has been or may be asserted under this Agreement or otherwise, and (ii) in the event of any exchange by one Party to the other Party of any Privileged Information that should not have been transferred pursuant to the terms of this Article VI, the Party receiving such Privileged Information shall promptly return such Privileged Information to and at the request of the Party that has the right to assert the privilege or immunity.

(h) In connection with any matter contemplated by Section 6.7 or this Section 6.8, each Party agrees to, and to cause the applicable members of its Group to, use reasonable efforts to maintain the other Party's separate, and both Parties' joint, privileges and immunities, including by executing joint defense and/or common interest agreements to implement and/or supersede the provisions of Section 6.7 or this Section 6.8 where necessary or useful for this purpose.

6.9 Confidentiality.

(a) *Confidentiality.* Subject to Section 6.10 and, and without prejudice to any longer period that may be provided for in any of the Ancillary Agreements, from and after the Effective Time until the five (5)-year anniversary of the Effective Time, each of Parent and GRP&E/BCS SpinCo, on behalf of itself and each member of its Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Parent's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party or any member of the other Party's Group or their respective businesses that is either in its possession (including confidential and proprietary information in its possession prior to the date hereof) or furnished by any such other Party or any member of such other Party's Group or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use such confidential and proprietary information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any member of such Party's Group or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information, or (iii) independently developed or generated without reference to or use of any proprietary or confidential information of such other Party or any member of such other Party's Group. If any confidential and proprietary information of one Party or any member of its Group is disclosed to the other Party or any member of such other Party's Group in connection with providing services to such first Party or any member of its Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) *No Release; Return or Destruction.* Each Party agrees not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.9(a) to any other Person, except its Representatives who need to know such information in their capacities as such (who shall be advised of their obligations hereunder with respect to such information), and except in compliance with Section 6.10. Without limiting the foregoing, when any such information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, and is no longer subject to any legal hold or other document preservation obligation, each Party shall promptly, at the request of the other Party, either return to the other Party all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that the Parties may retain electronic back-up versions of such information maintained on routine computer system backup tapes, disks or other backup storage devices; provided further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(c) *Third-Party Information; Privacy or Data Protection Laws.* Each Party acknowledges that it and the members of its Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or legally-protected personal information relating to, Third Parties (i) that was received under privacy policies and/or confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or members of such other Party's Group, on the other hand, prior to the Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party or members of such other Party's Group and that may be subject to and protected by privacy policies, as well as privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or legally-protected personal information relating to, Third Parties in accordance with privacy policies and privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or members of the other Party's Group, on the one hand, and such Third Parties, on the other hand.

6.10 Protective Arrangements. In the event that a Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any member of the other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII
DISPUTE RESOLUTION

7.1 Good-Faith Negotiation. Subject to Section 7.4 and except as otherwise provided in any Ancillary Agreement, either Party seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement or any Ancillary Agreement (including regarding whether any Assets are GRP&E/BCS Assets, any Liabilities are GRP&E/BCS Liabilities or the validity, interpretation, breach or termination of this Agreement or any Ancillary Agreement) (a “Dispute”), shall provide written notice thereof to the other Party (the “Initial Notice”), and within thirty (30) days of the delivery of the Initial Notice, the Parties shall attempt in good faith to negotiate a resolution of the Dispute. The negotiations shall be conducted by executives who hold, at a minimum, the title of vice president and who have authority to settle the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve a Dispute within thirty (30) days after the delivery of such notice or if a Party reasonably concludes that the other Party is not willing to negotiate as contemplated by this Section 7.1, the Dispute shall be submitted to mediation in accordance with Section 7.2.

7.2 Mediation. Any Dispute not resolved pursuant to Section 7.1 shall, at the written request of a Party (a “Mediation Request”), be submitted to nonbinding mediation in accordance with the then current International Institute for Conflict Prevention and Resolution (“CPR”) Mediation Procedure, except as modified herein. The mediation shall be held in Pittsburgh, Pennsylvania or such other place as the Parties may mutually agree in writing. The Parties shall have twenty (20) days from receipt by a Party of a Mediation Request to agree on a mediator. If no mediator has been agreed upon by the Parties within twenty (20) days of receipt by a party of a Mediation Request, then a Party may request (on written notice to the other Party), that CPR appoint a mediator in accordance with the CPR Mediation Procedure. All mediation pursuant to this clause shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and no oral or documentary representations made by the Parties during such mediation shall be admissible for any purpose in any subsequent proceedings. No Party shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by the other Party in the mediation proceedings or about the existence, contents or results of the mediation without the prior written consent of such other Party, except in the course of a judicial or regulatory proceeding or as may be required by Law or requested by a Governmental Authority or securities exchange. Before making any disclosure permitted by the preceding sentence, the Party intending to make such disclosure shall, to the extent reasonably practicable, give the other Party reasonable written notice of the intended disclosure and afford the other Party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within sixty (60) days of the appointment of a mediator, or within ninety (90) days after receipt by a Party of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then the Dispute shall be submitted to binding arbitration in accordance with Section 7.3. All costs and expenses charged by the mediator and/or by CPR shall be shared equally by Parent and GRP&E/BCS SpinCo.

7.3 Arbitration.

(a) In the event that a Dispute has not been resolved within sixty (60) days of the appointment of a mediator in accordance with Section 7.2, or within ninety (90) days after receipt by a Party of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then such Dispute shall, upon the written request of a Party (the "Arbitration Request") be submitted to be finally resolved by binding arbitration pursuant to the CPR arbitration procedure. The arbitration shall be held in the same location as the mediation pursuant to Section 7.2. Unless otherwise agreed by the Parties in writing, any Dispute to be decided pursuant to this Section 7.3 shall be decided (i) before a sole arbitrator if the amount in dispute, inclusive of all claims and counterclaims, totals less than \$10 million; or (ii) by a panel of three (3) arbitrators if the amount in dispute, inclusive of all claims and counterclaims, totals \$10 million or more. All costs and expenses charged by the arbitrator and/or by CPR shall be shared equally by Parent and GRP&E/BCS SpinCo.

(b) The panel of three (3) arbitrators will be chosen as follows: (i) within fifteen (15) days from the date of the receipt of the Arbitration Request, each Party shall name an arbitrator; and (ii) the two (2) Party-appointed arbitrators shall thereafter, within thirty (30) days from the date on which the second of the two (2) arbitrators was named, name a third, independent arbitrator who shall act as chairperson of the arbitral tribunal. In the event that either Party fails to name an arbitrator within fifteen (15) days from the date of receipt of the Arbitration Request, then upon written application by either Party, that arbitrator shall be appointed pursuant to the CPR arbitration procedure. In the event that the two (2) Party-appointed arbitrators fail to appoint the third, then the third, independent arbitrator shall be appointed pursuant to the CPR arbitration procedure. If the arbitration shall be before a sole independent arbitrator, then the sole independent arbitrator shall be appointed by agreement of the Parties within fifteen (15) days of the date of receipt of the Arbitration Request. If the Parties cannot agree to a sole independent arbitrator during such fifteen (15)-day period, then upon written application by either Party, the sole independent arbitrator shall be appointed pursuant to the CPR arbitration procedure.

(c) The arbitrator(s) shall have the right to award, on an interim basis, or include in the final award, any relief which it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and attorneys' fees and costs; provided that the arbitrator(s) shall not award any relief not specifically requested by the Parties and, in any event, shall not award any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim), except as may be otherwise provided in an Ancillary Agreement. Upon selection of the arbitrator(s) following any grant of interim relief by a special arbitrator or court pursuant to Section 7.4, the arbitrator(s) may affirm or disaffirm that relief, and the parties shall seek modification or rescission of the order entered by the court as necessary to accord with the decision of the arbitrator(s). The award of the arbitrator(s) shall be final and binding on the Parties, and may be enforced in any court of competent jurisdiction. The initiation of mediation or arbitration pursuant to this Article VII shall toll the applicable statute of limitations for the duration of any such proceedings.

7.4 Litigation and Unilateral Commencement of Arbitration. Notwithstanding the foregoing provisions of this Article VII, (a) a Party may seek preliminary provisional or injunctive judicial relief with respect to a Dispute without first complying with the procedures set forth in Sections 7.1, 7.2 and 7.3 if such action is reasonably necessary to avoid irreparable damage and (b) either Party may initiate arbitration before the expiration of the periods specified in Sections 7.2 and 7.3 if (i) such Party has submitted a Mediation Request or Arbitration Request, as applicable, and the other Party has failed, within the applicable periods set forth in Section 7.3, to agree upon a date for the first mediation session to take place within thirty (30) days after the appointment of such mediator or such longer period as the Parties may agree to in writing or (ii) such Party has failed to comply with Section 7.3 in good faith with respect to commencement and engagement in arbitration. In such event, the other Party may commence and prosecute such arbitration unilaterally in accordance with the CPR arbitration procedure.

7.5 Conduct During Dispute Resolution Process. Unless otherwise agreed in writing, the Parties shall, and shall cause the respective members of their Groups to, continue to honor all commitments under this Agreement and each Ancillary Agreement to the extent required by hereby and thereby during the course of dispute resolution pursuant to the provisions of this Article VII unless such commitments are the specific subject of the Dispute at issue.

ARTICLE VIII FURTHER ASSURANCES AND ADDITIONAL COVENANTS

8.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the GRP&E/BCS Assets and the Parent Assets and the assignment and assumption of the GRP&E/BCS Liabilities and the Parent Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party shall, at the reasonable request, cost and expense of the other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, Parent and GRP&E/BCS SpinCo in their respective capacities as direct and indirect shareholders of the members of their Groups, shall each ratify any actions that are reasonably necessary or desirable to be taken by Parent, GRP&E/BCS SpinCo or any of the members of their respective Groups, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Parent and GRP&E/BCS SpinCo, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group, on the one hand, or of Parent or any other member of the Parent Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any Third Party arises out of any action or inaction described in clause (i) or (ii) of the preceding sentence, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

8.2 Continued Use of Arconic Name. Except as otherwise provided in the Intellectual Property Agreements, Parent undertakes to (and to cause the members of the Parent Group to) discontinue the use of the name “Arconic” and the related trademark symbol as soon as reasonably practicable after the Effective Time, but in any case not longer than the period set forth in the Intellectual Property Agreements (the “Transition Period”). Notwithstanding the foregoing, effective as of the Effective Time, GRP&E/BCS SpinCo, on behalf of itself and its Affiliates, hereby grants to the members of the Parent Group a non-exclusive, sublicenseable, worldwide and royalty-free license to use and have used the name “Arconic” and the related trademark symbol for the sale of inventory containing the such name or trademark applied to such products created: (a) prior to the Effective Time and (b) during the Transition Period; provided, that Parent shall (and shall cause the members of the Parent Group and its sublicensees to) use such name or trademark at a level of quality equivalent to that in effect as of the Effective Time.

8.3 Domain Name Use. Upon the request of a Party that used a domain name in connection with its business prior to the date of this Agreement, the Party now owning the domain name will re-direct traffic for that domain name to a domain name identified by the requesting Party for a period ending one (1) year after the date of the Agreement.

ARTICLE IX
TERMINATION

9.1 Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by Parent, in its sole and absolute discretion, without the approval or consent of any other Person, including GRP&E/BCS SpinCo. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

9.2 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to the other Party by reason of this Agreement.

ARTICLE X
MISCELLANEOUS

10.1 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties hereto or the parties thereto, respectively, and delivered to the other Party hereto or parties thereto, respectively.

(b) This Agreement, the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and GRP&E/BCS SpinCo represents on behalf of itself and each other member of the GRP&E/BCS Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any Ancillary Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement or any Ancillary Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

10.2 Governing Law.

(a) This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

(b) Subject to the provisions of Article VII, each of the Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, or, if (and only if) such court finds it lacks jurisdiction, another state court in the State of Delaware, in any action or proceeding arising out of or relating to this Agreement for recognition or enforcement of any judgment relating hereto, and each of the Parties hereby irrevocably and unconditionally (i) agrees not to commence any such action or proceeding except in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, or, if (and only if) such court finds it lacks jurisdiction, another state court in the State of Delaware, (ii) agrees that any claim in respect of any such action or proceeding may be heard and determined in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, or, if (and only if) such court finds it lacks jurisdiction, another state court in the State of Delaware, (iii) waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in such courts and (iv) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such courts.

10.3 Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties hereto and the parties thereto, respectively, and their respective successors and permitted assigns; provided, however, that neither Party nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Party hereto or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (i.e., the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a Change of Control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party.

10.4 Third-Party Beneficiaries. Except for any Parent Indemnitee or GRP&E/BCS Indemnitee (in their respective capacities as such) expressly entitled to indemnification rights under this Agreement or any Ancillary Agreement, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties hereto and parties thereto, respectively, and are not intended to confer upon any other Person any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

10.5 Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent, applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service or by registered or certified mail postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.5):

If to Parent, to:

Arconic Inc.
390 Park Avenue
New York, NY 10022
Attention: Chief Legal Officer
E-mail: Kate.Ramundo@howmet.com

If to GRP&E/BCS SpinCo, to:

Arconic Rolled Products Corporation
201 Isabella Street
Pittsburgh, PA 15212
Attention: Chief Legal Officer
E-Mail: Diana.Toman@arconic.com

A Party may, by notice to the other Party, change the address to which such notices are to be given.

10.6 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.7 Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated under Article IX. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

10.8 No Set-Off. Except as expressly set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

10.9 Publicity. Prior to the Effective Time, each of GRP&E/BCS SpinCo and Parent shall consult with each other prior to issuing any press releases or otherwise making public statements with respect to the Separation, the Distribution or any of the other transactions contemplated hereby or under any Ancillary Agreement and prior to making any filings with any Governmental Authority with respect thereto.

10.10 Expenses. Except as otherwise expressly set forth in this Agreement (including Section 2.14(b)) or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all costs and expenses incurred (a) on or prior to the Effective Time in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Registration Statement, the Separation and the Distribution and the consummation of the transactions contemplated hereby and thereby shall be charged to and paid by Parent and (b) after the Effective Time shall be borne by the Party or its applicable Subsidiary incurring such costs or expenses.

10.11 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

10.12 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

10.13 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement must be in writing and shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

10.14 Specific Performance. Subject to the provisions of Article VII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party hereto or parties thereto, respectively, who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of their respective rights under this Agreement or such Ancillary Agreement, as applicable, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that (a) the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss, and (b) any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

10.15 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.16 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in Pittsburgh, Pennsylvania or New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; the word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if”; and (k) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to March 31, 2020.

10.17 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, incidental, consequential, special, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim), except as may be otherwise provided in an Ancillary Agreement.

10.18 Performance. Parent shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Parent Group. GRP&E/BCS SpinCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the GRP&E/BCS Group. Each Party (including its permitted successors and assigns) further agrees that it shall (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement and any applicable Ancillary Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

10.19 Mutual Drafting; Precedence.

(a) This Agreement and the Ancillary Agreements shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

(b) In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Tax Matters Agreement, the Employee Matters Agreement, the Metal Supply Agreements, the Intellectual Property Agreements, the Leases, the Kofem Site Services Agreement, the Davenport Tax Exempt Bonds Reimbursement Agreement (each, a "Specified Ancillary Agreement"), the terms of the applicable Specified Ancillary Agreement shall control with respect to the subject matter addressed by such Specified Ancillary Agreement to the extent of such conflict or inconsistency.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives as of the date first written above.

ARCONIC INC.

By: /s/ Kenneth J. Giacobbe
Name: Kenneth J. Giacobbe
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Separation and Distribution Agreement]

ARCONIC ROLLED PRODUCTS CORPORATION

By: /s/ Timothy D. Myers
Name: Timothy D. Myers
Title: President

[Signature Page to Separation and Distribution Agreement]

TAX MATTERS AGREEMENT

DATED AS OF March 31, 2020

BY AND BETWEEN

ARCONIC INC.

AND

ARCONIC ROLLED PRODUCTS CORPORATION

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TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this “**Agreement**”) is entered into as of March 21, 2020 by and between Arconic Inc., a Delaware corporation (“**Parent**”), and Arconic Rolled Products Corporation, a Delaware corporation (“**GRP&E/BCS SpinCo**”) (collectively, the “**Companies**” and each, a “**Company**”).

RECITALS

WHEREAS, Parent and GRP&E/BCS SpinCo have entered into a Separation and Distribution Agreement, dated as of March 31, 2020 (the “**Separation and Distribution Agreement**”), providing for the separation of the Howmet Aerospace Business from the GRP&E/BCS Business (the “**Separation**”);

WHEREAS, Parent and its Subsidiaries have engaged in certain restructuring transactions to facilitate the Separation as set forth in the Separation Step Plan;

WHEREAS, pursuant to the Separation Step Plan and the terms of the Separation and Distribution Agreement, Parent will, among other things, (a) contribute, convey, sell and otherwise transfer (and cause its Subsidiaries to contribute, convey, sell and otherwise transfer) the GRP&E/BCS Assets to GRP&E/BCS SpinCo and the other members of the GRP&E/BCS Group and (b) cause GRP&E/BCS SpinCo and the other members of the GRP&E/BCS Group to assume the GRP&E/BCS Liabilities;

WHEREAS, pursuant to the Separation Step Plan and the terms of the Separation and Distribution Agreement, among other things, (a) Arcolux will transfer all of the equity interests in New GRP Holdco to Parent in exchange for a note (which note will be distributed to AIHC, which at the time of such distribution will be treated as disregarded as separate from Parent for U.S. federal income tax purposes, and cancelled by AIHC) (the “**First Internal Distribution**”), (b) Arcolux will distribute all of the equity interests of Arconic UK Holdings Limited, a United Kingdom company (which at the time of such distribution will be treated as disregarded as separate from Arcolux for U.S. federal income tax purposes and which will own all of the equity interests of Arconic Manufacturing), to AIHC (the “**Second Internal Distribution**”), (c) Parent will contribute the GRP&E/BCS Assets to GRP&E/BCS SpinCo in exchange for (i) the assumption by GRP&E/BCS SpinCo of the GRP&E/BCS Liabilities, (ii) the actual or deemed issuance by GRP&E/BCS SpinCo to Parent of GRP&E/BCS Shares, and (iii) the GRP&E/BCS Cash Payment (the “**Contribution**”) and (d) Parent will make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of all of the outstanding GRP&E/BCS Shares (the “**External Distribution**,” and, together with the First Internal Distribution and the Second Internal Distribution, the “**Distributions**”);

WHEREAS, for Federal Income Tax purposes, it is intended that the Contribution and the External Distribution, taken together, shall qualify as a “reorganization” pursuant to Sections 368(a)(1)(D) and 355(a) of the Code;

WHEREAS, Parent intends to transfer amounts received pursuant to the GRP&E/BCS Cash Payment to its creditors in pursuance of the plan of reorganization for purposes of Section 361(b)(1)(A) and 361(b)(3) of the Code; and

WHEREAS, the Companies desire to provide for and agree upon the allocation between them of liabilities for Taxes arising prior to, as a result of, and subsequent to the Distributions, and to provide for and agree upon other matters relating to Taxes.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the Companies hereby agree as follows:

Article 1. Definition of Terms. For purposes of this Agreement (including the Recitals hereof), the following terms have the following meanings:

“**Accounting Cutoff Date**” means any date as of the end of which there is a closing of the financial accounting records.

“**ACICL**” means Arconic (China) Investment Company Limited, a Chinese company.

“**Active Trade or Business**” means, with respect to each of Parent and GRP&E/BCS SpinCo, the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by such entity and its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) of the trades or businesses relied upon to satisfy Section 355(b) of the Code with respect to the External Distribution (as further described in the Representation Letters) as conducted immediately prior to the External Distribution.

“**Actually Realized**” or “**Actually Realizes**” means actually incurred or realized (or actually incurs or realizes), and, for purposes of determining the timing of the incurrence of any Tax Liability or the realization of a Refund (or any related Tax cost or Tax Benefit), whether by receipt or as a credit or other offset to Taxes otherwise payable, by a Person in respect of any payment, transaction, occurrence or event, such Tax Liability or Refund (or any related Tax cost or Tax Benefit) shall be Actually Realized at the time at which the amount of Taxes paid or Refund realized by such Person is increased above or reduced below the amount of Taxes that such Person would have been required to pay or Refund that such Person would have realized but for such payment, transaction, occurrence or event.

“**Adjustment Request**” means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, Refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset and (c) any claim for Refund of Taxes previously paid.

“**Affiliate**” has the meaning set forth in the Separation and Distribution Agreement.

“**Agreement**” has the meaning set forth in the Preamble.

“**AIHC**” means Arconic International Holding Company LLC, a Delaware limited liability company.

“**Alcoa**” means Alcoa Corporation, a Delaware corporation.

“**Ancillary Agreements**” has the meaning set forth in the Separation and Distribution Agreement.

“**Arcolux**” means Arconic Luxembourg S.à.r.l., a Luxembourg company.

“**Arconic (Kunshan)**” means Arconic (Kunshan) Aluminum Products Company, Ltd., a Chinese company.

“**Arconic Manufacturing**” means Arconic Manufacturing (GB) Limited, a United Kingdom company.

“**Arconic (Qinhuangdao)**” means Arconic (Qinhuangdao) Aluminum Industries Co. Ltd, a Chinese company.

“**Business**” means the Howmet Aerospace Business or the GRP&E/BCS Business, or both, as the context requires.

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by Law to close in Pittsburgh, Pennsylvania or New York, New York.

“**Capital Stock**” means all classes or series of capital stock of an entity, including (a) common stock, (b) all options, warrants and other rights to acquire such capital stock and (c) all instruments properly treated as stock in such entity for Federal Income Tax purposes.

“**CFO Certificate**” has the meaning set forth in Section 7.03.

“**Change of Control**” has the meaning set forth in the Separation and Distribution Agreement.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Combined Return**” means a consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group, group payment or similar group or fiscal unity other than a Tax Return with respect to a group entitled to or claiming “group relief” under the applicable Tax Laws of the United Kingdom or a Tax Return of any member of such group) that actually includes, by election or otherwise, one or more members of the Parent Group together with one or more members of the GRP&E/BCS Group (for the avoidance of doubt, including any such Income Tax Return that is a Parent Federal Consolidated Income Tax Return and not including any Tax Return required to be filed on a separate basis by any French entity that is a member of a French tax consolidated group).

“**Companies**” or “**Company**” has the meaning set forth in the Preamble.

“**Compensatory Equity Interests**” has the meaning set forth in Section 6.02(a).

“**Contribution**” has the meaning set forth in the Recitals.

“**Distributions**” has the meaning set forth in the Recitals.

“**Distribution Date**” has the meaning set forth in the Separation and Distribution Agreement.

“**Due Date**” means the date (taking into account all valid extensions) upon which a Tax Return is required to be filed.

“**Effective Time**” has the meaning set forth in the Separation and Distribution Agreement.

“**External Distribution**” has the meaning set forth in the Recitals.

“**Employee Matters Agreement**” means the Employee Matters Agreement, dated as of March 31, 2020, by and between Parent and GRP&E/BCS SpinCo.

“**Federal Income Tax**” means any Tax imposed by Subtitle A of the Code.

“**Federal Other Tax**” means any Tax imposed by the federal government of the United States of America other than any Federal Income Tax.

“**Federal Tax**” means any Federal Income Tax or Federal Other Tax.

“**Federal Traceable Tax**” means any Federal Other Tax that can be clearly and directly traced to a specific location used, or function or activity engaged in, exclusively by a member or members of only one Group or only one Business (for the avoidance of doubt, excluding any Taxes traceable to any corporate locations, functions or activities that were used by or supported members of both Groups or both Businesses, such as property/rents or similar taxes imposed with respect to any Pre-Distribution Period on Parent’s New York, New York, headquarters).

“**First Internal Distribution**” has the meaning set forth in the Recitals.

“**Fifty-Percent or Greater Interest**” has the meaning ascribed to the term “50-percent or greater interest” for purposes of Sections 355(d) and (e) of the Code and the Treasury Regulations thereunder.

“**Final Determination**” means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a Tax Period, by (a) IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the Laws of a State, local or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for Refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) a decision, judgment, decree or other order by a court of competent jurisdiction, which has become final and unappealable; (c) a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or a comparable agreement under the Laws of a State, local or foreign taxing jurisdiction; (d) any allowance of a Refund in respect of an overpayment of Tax, but only after the expiration of all periods during which such Refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; or (e) any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the Companies.

“**Force Majeure**” has the meaning set forth in the Separation and Distribution Agreement.

“**Foreign Income Tax**” means any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, which is an income tax as defined in Treasury Regulations Section 1.901-2.

“**Foreign Other Tax**” means any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, other than any Foreign Income Tax.

“**Foreign Tax**” means any Foreign Income Tax or Foreign Other Tax.

“**Foreign Traceable Tax**” means any Foreign Other Tax that can be clearly and directly traced to a specific location used, or function or activity engaged in, exclusively by a member or members of only one Group or only one Business (for the avoidance of doubt, excluding any Taxes traceable to any corporate locations, functions or activities that were used by or supported members of both Groups or both Businesses).

“**Former GRP&E/BCS Group Employee**” has the meaning ascribed to the term “Former Spinco Group Employee” in the Employee Matters Agreement.

“**Former Nonemployee Director**” has the meaning set forth in the Employee Matters Agreement.

“**Former Parent Group Employee**” has the meaning set forth in the Employee Matters Agreement.

“**Governmental Authority**” has the meaning set forth in the Separation and Distribution Agreement.

“**Group**” means the Parent Group or the GRP&E/BCS Group, or both, as the context requires.

“**GRP&E/BCS Assets**” has the meaning set forth in the Separation and Distribution Agreement.

“**GRP&E/BCS Business**” has the meaning set forth in the Separation and Distribution Agreement.

“**GRP&E/BCS Capital Stock**” means all classes or series of capital stock of GRP&E/BCS SpinCo, including (a) the GRP&E/BCS Shares, (b) all options, warrants and other rights to acquire such capital stock and (iii) all instruments properly treated as stock in GRP&E/BCS SpinCo for Federal Income Tax purposes.

“**GRP&E/BCS Carryback Item**” means any net operating loss, net capital loss, excess tax credit or other similar Tax item of any member of the GRP&E/BCS Group which may or must be carried from any Post-Distribution Period to any Pre-Distribution Period under the Code or other applicable Tax Law.

“**GRP&E/BCS Cash Payment**” means the cash distribution made by GRP&E/BCS SpinCo to Parent on the date hereof in connection with the Contribution and the Distribution.

“**GRP&E/BCS Comp Deduction**” has the meaning set forth in [Section 6.02\(a\)](#).

“**GRP&E/BCS Group**” means (a) GRP&E/BCS SpinCo and each of its Subsidiaries (including, for the avoidance of doubt, (i) any Subsidiary acquired or created by GRP&E/BCS SpinCo or any of its Subsidiaries after the External Distribution, (ii) any entity to which GRP&E/BCS SpinCo or any of its Subsidiaries is a successor for Federal Income Tax Purposes (or other applicable Tax purposes) and (iii) any entity that was a Subsidiary of GRP&E/BCS SpinCo immediately prior to the termination of such Subsidiary’s legal existence or the disposition of such Subsidiary) and (b) any entity that was disposed of or the legal existence of which was terminated prior to the Distribution Date that, prior to such disposition or termination, conducted businesses, operations or activities or held assets that primarily related to the GRP&E/BCS Business.

“**GRP&E/BCS Liabilities**” has the meaning set forth in the Separation and Distribution Agreement.

“**GRP&E/BCS Retained Tax Benefit**” means (a) any Tax Benefit in respect of any GRP&E/BCS Retained Taxes and (b) any Tax Benefit attributable to a GRP&E/BCS Comp Deduction.

“**GRP&E/BCS Retained Taxes**” means (a) one half of any Parent Upstream Spin Taxes, (b) 33.66% of any Taxes described in clause (i) of the definition of “UpstreamCo Retained Taxes” in the Upstream Spin TMA (such that 66% of such Taxes for which Parent is responsible pursuant to the Upstream Spin TMA shall be GRP&E/BCS Retained Taxes), (c) any Foreign Taxes for any Pre-Distribution Period imposed by the Federative Republic of Brazil (or any political subdivision thereof) other than any such Taxes imposed on or with respect to Howmet Rodas de Alumínio Ltda., (d) 25% of any Foreign Income Taxes for any Tax Period (or portion thereof) ending on or before December 31, 2019, imposed by Hungary (or any political subdivision thereof) on or with respect to Arconic Kofem Kft, and (e) any Traceable Taxes clearly and directly traced to the specific location used, or function or activity engaged in, exclusively by one or more members of the GRP&E/BCS Group or the GRP&E/BCS Business.

“**GRP&E/BCS Return**” has the meaning set forth in [Section 4.02](#).

“**GRP&E/BCS Separate Return**” means any Separate Return of GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group.

“**GRP&E/BCS Shares**” means the shares of common stock, par value \$0.01 per share, of GRP&E/BCS SpinCo, representing all of the outstanding GRP&E/BCS Capital Stock as of immediately before the Effective Time.

“**GRP&E/BCS SpinCo**” has the meaning set forth in the Preamble, and references herein to GRP&E/BCS SpinCo shall include any entity treated as a successor to GRP&E/BCS SpinCo.

“**High-Level Dispute**” means any dispute or disagreement (a) relating to liability under [Section 7.06](#) of this Agreement or (b) in which the amount of liability in dispute exceeds \$5,000,000.

“**Howmet Aerospace Business**” has the meaning set forth in the Separation and Distribution Agreement.

“**Income Tax**” means any Federal Income Tax, State Income Tax or Foreign Income Tax.

“**Indemnitee**” has the meaning set forth in [Section 14.03](#).

“**Indemnitor**” has the meaning set forth in [Section 14.03](#).

“**Internal Spinco**” means New GRP Holdco and Arconic Manufacturing.

“**IRS**” means the United States Internal Revenue Service.

“**Joint Traceable Tax Contest**” means any Tax Contest in respect of both (a) Traceable Taxes that are Parent Retained Taxes and (b) Traceable Taxes that are GRP&E/BCS Retained Taxes.

“**Law**” has the meaning set forth in the Separation and Distribution Agreement.

“**Liabilities**” has the meaning set forth in the Separation and Distribution Agreement.

“**Loss**” has the meaning set forth in [Section 6.01\(b\)](#).

“**New GRP Holdco**” means Arconic Nederland Holding B.V., a Netherlands company.

“**Notified Action**” has the meaning set forth in [Section 7.05\(a\)](#).

“**Parent**” has the meaning set forth in the Preamble.

“**Parent Affiliated Group**” means the affiliated group (as such term is defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which Parent is the common parent.

“**Parent Assets**” has the meaning set forth in the Separation and Distribution Agreement.

“Parent Comp Deduction” has the meaning set forth in Section 6.02(a).

“Parent Federal Consolidated Income Tax Return” means any Federal Income Tax Return for the Parent Affiliated Group.

“Parent Group” means Parent and each of its Subsidiaries (including, for the avoidance of doubt, (a) any Subsidiary acquired or created by Parent or any of its Subsidiaries after the External Distribution, (b) any entity to which Parent or any of its Subsidiaries is a successor for Federal Income Tax Purposes (or other applicable Tax purposes) and (c) any entity that was a Subsidiary of Parent immediately prior to the termination of such Subsidiary’s legal existence or the disposition of such Subsidiary), other than a member of the GRP&E/BCS Group.

“Parent Group Tax Attribute” has the meaning set forth in Section 6.01(d).

“Parent Liabilities” has the meaning set forth in the Separation and Distribution Agreement.

“Parent Nonemployee Director” has the meaning set forth in the Employee Matters Agreement.

“Parent Retained Tax Benefit” means (a) any Tax Benefit in respect of any Parent Retained Taxes and (b) any Tax Benefit attributable to a Parent Comp Deduction.

“Parent Retained Taxes” means (a) one half of any Foreign Income Taxes for any Tax Period (or portion thereof) ending on or before March 31, 2017, imposed by India (or any political subdivision thereof) on or with respect to Arconic of India Private Limited, (b) all Foreign Taxes for any Tax Period (or portion thereof) beginning after March 31, 2017 and ending on or before the Distribution Date, imposed by India (or any political subdivision thereof) on or with respect to Arconic of India Private Limited and (c) any Traceable Taxes clearly and directly traced to a specific location used, or function or activity engaged in, exclusively by one or more members of the Parent Group or the Howmet Aerospace Business.

“Parent Return” has the meaning set forth in Article 4.

“Parent Separate Return” means any Separate Return of Parent or any other member of the Parent Group.

“Parent Upstream Spin Taxes” means any (a) Separation Tax Losses (as such term is defined in the Upstream Spin TMA) allocated to Parent under Article 2 of the Upstream Spin TMA, including, for the avoidance of doubt, any such Separation Tax Losses for which Parent indemnifies Alcoa under the Upstream TMA and (b) Taxes allocated to Parent under Section 2.05(a)(i) the Upstream Spin TMA, including, for the avoidance of doubt, any such Taxes that are Australian stamp Taxes, provided, however, that, in each case, any Separation Tax Losses and/or Taxes resulting from or imposed by reason of any action, transaction or failure to act by Parent or any member of the Parent Group following the Distribution Date shall not constitute Parent Upstream Spin Taxes.

“Parent Shares” has the meaning set forth in the Separation and Distribution Agreement.

“Past Practices” has the meaning set forth in Section 4.03(a).

“Payment Date” means (a) with respect to any Parent Federal Consolidated Income Tax Return, the due date for any required installment of estimated taxes determined under Section 6655 of the Code, the due date (determined without regard to extensions) for filing the return determined under Section 6072 of the Code, and the date the return is filed, and (b) with respect to any other Tax Return, the corresponding or similar dates determined under the applicable Tax Law.

“Permitted GRP&E/BCS SpinCo Carryback” has the meaning set forth in Section 6.01(d).

“Person” means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for Federal Income Tax purposes.

“Post-Distribution Period” means any Tax Period beginning after the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Distribution Date.

“Post-Distribution Ruling” has the meaning set forth in Section 7.02(c).

“Pre-Distribution Period” means any Tax Period ending on or before the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Distribution Date.

“Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

“Privilege” means any privilege that may be asserted under applicable Law, including any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“Privileged Documentation” has the meaning set forth in Section 9.03.

“Proposed Acquisition Transaction” means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulations Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by GRP&E/BCS SpinCo management or shareholders, is a hostile acquisition, or otherwise, as a result of which GRP&E/BCS SpinCo would merge or consolidate with any other Person or as a result of which any Person or Persons would (directly or indirectly) acquire, or have the right to acquire, from GRP&E/BCS SpinCo and/or one or more holders of outstanding shares of GRP&E/BCS Capital Stock, a number of shares of GRP&E/BCS Capital Stock that would, when combined with any other changes in ownership of GRP&E/BCS Capital Stock potentially pertinent for purposes of Section 355(e) of the Code, comprise 40% or more of (a) the value of all outstanding shares of stock of GRP&E/BCS SpinCo as of the date of such transaction, or, in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding shares of voting stock of GRP&E/BCS SpinCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (a) the adoption by GRP&E/BCS SpinCo of a shareholder rights plan or (b) issuances by GRP&E/BCS SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person’s performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the shareholders whose voting power increases as a result or the non-exchanging or redeemed shareholders, as applicable. This definition and the application thereof are intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated into this definition and its interpretation.

“**Recipient**” means, with respect to any transfer of assets (including equity interests) or liabilities occurring pursuant to any of the Separation Transactions, the Person receiving such assets and/or liabilities.

“**Record Date**” has the meaning set forth in the Separation and Distribution Agreement.

“**Refund**” means any refund of Taxes, including any refund or reduction in Tax Liabilities by means of a credit or offset.

“**Representation Letter**” means any statement of facts and representations, officer’s certificate, representation letter and any other materials delivered by Parent, GRP&E/BCS SpinCo and/or any of their respective Affiliates or representatives in connection with the rendering by any Tax Advisor of any Tax Opinion.

“**Responsible Company**” means, with respect to any Tax Return, the Company having responsibility for preparing such Tax Return under this Agreement.

“**Restriction Period**” means the period beginning on the date hereof and ending (and including) the two-year anniversary of the Distribution Date.

“**Retention Date**” has the meaning set forth in Section 9.01.

“**Second Internal Distribution**” has the meaning set forth in the Recitals.

“**Section 336(e) Election**” has the meaning set forth in Section 7.08.

“**Section 7.03 Acquisition Transaction**” means any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 30% instead of 40%.

“Separate GRP&E/BCS SpinCo Traceable Tax Contest” means any Tax Contest solely in respect of any Traceable Tax that is (a) a GRP&E/BCS Retained Tax and (b) reported or required to be reported on a Parent Separate Return or Parent Combined Return.

“Separate Parent Traceable Tax Contest” means any Tax Contest solely in respect of any Traceable Tax that is (a) a Parent Retained Tax and (b) reported or required to be reported on a GRP&E/BCS Separate Return.

“Separate Return” means (a) in the case of any Tax Return of any member of the Parent Group (including any consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group, group payment or similar group or fiscal unity)), any such Tax Return that does not include any member of the GRP&E/BCS Group and (b) in the case of any Tax Return of any member of the GRP&E/BCS Group (including any consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group, group payment or similar group or fiscal unity)), any such Tax Return that does not include any member of the Parent Group.

“Separate Traceable Tax Contest” means either a Separate Parent Traceable Tax Contest or a Separate GRP&E/BCS SpinCo Traceable Tax Contest.

“Separation” has the meaning set forth in the Recitals.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Separation-Related Tax Contest” means any Tax Contest in which the IRS, another Tax Authority or any other party asserts a position that could reasonably be expected to (a) adversely affect, jeopardize or prevent (i) the Tax-Free Status or (ii) a Separation Transaction to have the tax treatment described in the Tax Opinions (or, if not so described in the Tax Opinions, in the Separation Step Plan) or to qualify as tax-free to the extent that tax-free treatment was intended or (b) otherwise affect the amount of Taxes imposed with respect to any of the Separation Transactions.

“Separation Step Plan” means the global step plan setting forth the specific transactions undertaken in furtherance of the Separation, attached as Schedule 2.1(a) to the Separation and Distribution Agreement, as subsequently adjusted or revised by the Companies (including to set forth the intended tax treatment of relevant transactions).

“Separation Tax Losses” means (a) all Taxes imposed pursuant to (or any reduction in a Refund resulting from) any settlement, Final Determination, judgment or otherwise; (b) all third-party accounting, legal and other professional fees and court costs incurred in connection with such Taxes (or reduction in a Refund), as well as any other out-of-pocket costs incurred in connection with such Taxes (or reduction in a Refund); and (c) all third-party costs, expenses and damages associated with any stockholder litigation or other controversy and any amount required to be paid by Parent (or any Affiliate of Parent) or GRP&E/BCS SpinCo (or any Affiliate of GRP&E/BCS SpinCo) in respect of any liability of or to shareholders, whether paid to shareholders or to the IRS or any other Tax Authority, in each case, resulting from (x) the failure of the Tax-Free Status or (y) the failure of a Separation Transaction to have the tax treatment described in the Tax Opinions (or, if not so described in the Tax Opinions, in the Separation Step Plan) or to qualify as tax-free to the extent that tax-free treatment was intended; *provided* that amounts shall be treated as having been required to be paid for purposes of clause (c) of this definition to the extent they are paid in a good-faith compromise or settlement of an asserted claim.

“**Separation Transactions**” means the Contribution, the Distributions and the other transactions contemplated by the Separation and Distribution Agreement and the Separation Step Plan in furtherance of the Separation.

“**State Income Tax**” means any Tax imposed by any State of the United States or by any political subdivision of any such State or the District of Columbia that is imposed on or measured by income, including state and local franchise or similar Taxes measured by income, as well as any state or local franchise, capital or similar Taxes imposed in lieu of a Tax imposed on or measured by income.

“**State Other Tax**” means any Tax imposed by any State of the United States or by any political subdivision of any such State or the District of Columbia, other than any State Income Tax.

“**State Tax**” means any State Income Tax or State Other Tax.

“**State Traceable Tax**” means any State Other Tax that can be clearly and directly traced to a specific location used, or function or activity engaged in, exclusively by a member or members of only one Group or only one Business (for the avoidance of doubt, excluding any Taxes traceable to any corporate locations, functions or activities that were used by or supported members of both Groups or both Businesses).

“**Straddle Period**” means any Tax Period that begins on or before and ends after the Distribution Date.

“**Subsidiary**” has the meaning set forth in the Separation and Distribution Agreement.

“**Tax**” or “**Taxes**” means any taxes, fees, assessments, duties or other similar charges imposed by any Tax Authority, including, without limitation, income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers’ compensation, unemployment, disability, property, *ad valorem*, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value-added, alternative minimum, estimated, unclaimed property or escheat, or other tax (including any fee, assessment, duty, or other charge in the nature of or in lieu of any tax), and any interest, penalties, additions to tax or additional amounts in respect of the foregoing. For the avoidance of doubt, Tax includes any increase in Tax as a result of a Final Determination.

“**Tax Advisor**” means tax counsel or accountant of recognized national standing.

“**Tax Advisor Dispute**” has the meaning set forth in [Section 15.01](#).

“Tax Attribute” means a net operating loss, net capital loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit or any other similar Tax Item that could reduce a Tax or create a Tax Benefit.

“Tax Authority” means any Governmental Authority imposing any Tax, charged with the collection of Taxes or otherwise having jurisdiction with respect to any Tax.

“Tax Benefit” means any Refund, credit, offset or other reduction in Taxes paid or payable. For purposes of this Agreement, the amount of any Tax Benefit Actually Realized by a Person as a result of any Tax Item shall be determined on a “with and without basis” as the excess of (a) the hypothetical liability of such Person for the relevant Tax for the relevant Tax Period, calculated as if such Tax Item had not been utilized but with all other facts unchanged, over (b) the actual liability of such Person for such Tax for such Tax Period, calculated taking into account such Tax Item (and, for this purpose, treating a Refund as a reduction in liability for Tax).

“Tax Contest” means an audit, review, examination or any other administrative or judicial proceeding with respect to Taxes (including any administrative or judicial review of any claim for any Refund or other Tax Benefit).

“Tax-Free Status” means the qualification of (a) the First Distribution as a distribution described in Section 355(a) of the Code and a transaction in which the equity interests of New GRP Holdco distributed thereby constitute “qualified property” for purposes of Sections 355(c) of the Code (and neither Section 355(d) nor 355(e) of the Code causes such equity to be treated as other than “qualified property” for such purposes), (b) the Second Distribution as a distribution described in Section 355(a) of the Code and a transaction in which the equity interests of Arconic Manufacturing treated as distributed thereby constitute “qualified property” for purposes of Sections 355(c) of the Code (and neither Section 355(d) nor 355(e) of the Code causes such equity to be treated as other than “qualified property” for such purposes), (c) the Contribution and the External Distribution, taken together, as a “reorganization” described in Sections 368(a)(1)(D) and 355(a) of the Code, (d) the External Distribution as a transaction in which the stock distributed thereby is “qualified property” for purposes of Section 361(c) of the Code (and neither Section 355(d) nor 355(e) of the Code causes such stock to be treated as other than “qualified property” for such purposes) and (e) the Contribution and the Distributions as transactions in which Parent, GRP&E/BCS SpinCo, and the members of each of the Parent Group and GRP&E/BCS Group, as applicable, recognize no income or gain for Federal Income Tax purposes pursuant to Sections 355, 361 and/or 1032 of the Code, other than, in the case of the External Distribution, intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code.

“Tax Item” means, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

“Tax Law” means the Law of any Governmental Authority relating to any Tax.

“Tax Liability” means any liability or obligation for Taxes.

“**Tax Opinion**” means any opinion of a Tax Advisor delivered to Parent in connection with the Contribution and the External Distribution, or otherwise with respect to the Separation Transactions.

“**Tax Period**” means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

“**Tax Records**” means any Tax Returns, Tax Return workpapers, documentation relating to any Tax Contest, and any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) maintained or required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority, in each case, with respect to or otherwise relating to Taxes.

“**Tax Return**” or “**Return**” means any report of Taxes due, any claim for Refund of Taxes paid, any information return with respect to Taxes, or any other report, statement, declaration, or document in respect of Taxes filed or required to be filed under the Code or other Tax Law, including any attachments, exhibits, schedules or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

“**Third Party**” has the meaning set forth in the Separation and Distribution Agreement.

“**Third-Party Claim**” has the meaning set forth in the Separation and Distribution Agreement.

“**Traceable Tax**” means any Federal Traceable Tax, State Traceable Tax or Foreign Traceable Tax.

“**Traceable Tax Contest**” means any Joint Traceable Tax Contest or any Separate Traceable Tax Contest.

“**Transaction Transfer Taxes**” means any sales, use, value-added, goods and services, stock transfer, registration, real estate transfer, stamp, documentary, notarial, filing, recordation and similar Taxes imposed on any transfer of assets (including equity interests) or liabilities occurring pursuant to the Separation Transactions.

“**Transferor**” means, with respect to any transfer of assets (including equity interests) or liabilities occurring pursuant to any of the Separation Transactions, the Person transferring such assets and/or liabilities.

“**Transferred Director**” has the meaning set forth in the Employee Matters Agreement.

“**Treasury Regulations**” means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

“**Unqualified Tax Opinion**” means an unqualified “will” opinion of a Tax Advisor, which Tax Advisor is acceptable to Parent, and on which opinion Parent may rely, to the effect that (a) a transaction will not affect the Tax-Free Status and (b) will not adversely affect any of the conclusions set forth in the Tax Opinions; *provided* that any tax opinion obtained in connection with a proposed acquisition of GRP&E/BCS Capital Stock or Capital Stock of any Internal Spinco entered into during the Restriction Period shall not qualify as an Unqualified Tax Opinion unless such tax opinion concludes that such proposed acquisition will not be treated as “part of a plan (or series of related transactions),” within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes any of the Distributions. Any such opinion must assume that the transactions described in the definition of “Tax-Free Status” would have qualified for Tax-Free Status if the transaction in question did not occur.

“Upstream Spin TMA” means that certain Tax Matters Agreement, dated as of October 31, 2016, by and between Alcoa Inc., a Pennsylvania corporation (the predecessor of Parent) and Alcoa (f/k/a Alcoa Upstream Corporation).

Article 2. Allocation of Tax Liabilities.

Section 2.01 *General Rule.* From and after the Distribution Date:

- (a) *Parent Liability.* Parent shall be liable for, and shall indemnify and hold harmless the GRP&E/BCS Group from and against any liability for, any Taxes (whether payable to a Tax Authority or to another Person pursuant to a contractual indemnity obligation) which are allocated to Parent, or for which Parent is responsible, pursuant to this Article 2.
- (b) *GRP&E/BCS Liability.* GRP&E/BCS SpinCo shall be liable for, and shall indemnify and hold harmless the Parent Group from and against any liability for, any Taxes (whether payable to a Tax Authority or to another Person pursuant to a contractual indemnity obligation) which are allocated to GRP&E/BCS SpinCo, or for which GRP&E/BCS SpinCo is responsible, pursuant to this Article 2.
- (c) *Costs and Expenses.* The amounts for which Parent or GRP&E/BCS SpinCo, as applicable, is liable pursuant to Sections 2.01(a) and (b), respectively, shall include all accounting, legal and other professional fees, and court costs incurred in connection with the relevant Taxes.
- (d) *Final Determination Taxes.* For the avoidance of doubt, any reference to any Taxes due with respect to, attributable to or required to be reported on any Tax Return contained in Section 2.02, Section 2.03 or Section 2.04, and any reference to any Taxes in Section 2.05, shall include, unless specifically excluded, a reference to any such Taxes imposed or payable as a result of a Final Determination.
- (e) *Certain Specified Taxes.* Schedule 2.01(e) sets forth certain allocations in respect of Taxes specified thereon as an aid in interpreting this Agreement. The provisions of this Agreement (including, for the avoidance of doubt, the definitions of “GRP&E/BCS Retained Taxes” and “Parent Retained Taxes”) shall not be interpreted in a manner inconsistent with such schedule.

Section 2.02 *Allocation of United States Federal Taxes.* Except as otherwise provided in Section 2.05, Federal Taxes shall be allocated as follows:

(a) *Federal Income Taxes Relating to Combined Returns.* Parent shall be responsible for any and all Federal Income Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such Federal Income Taxes that are GRP&E/BCS Retained Taxes.

(b) *Federal Income Taxes Relating to Separate Returns.*

(i) Parent shall be responsible for any and all Federal Income Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such Federal Income Taxes that are GRP&E/BCS Retained Taxes.

(ii) GRP&E/BCS SpinCo shall be responsible for any and all Federal Income Taxes due with respect to, attributable to or required to be reported on any GRP&E/BCS Separate Return for any Tax Period; *provided, however*, that Parent shall be responsible for any such Federal Other Taxes that are Parent Retained Taxes.

(c) *Federal Other Taxes.*

(i) Parent shall be responsible for any and all Federal Other Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such Federal Other Taxes that are GRP&E/BCS Retained Taxes.

(ii) GRP&E/BCS SpinCo shall be responsible for any and all Federal Other Taxes due with respect to, attributable to or required to be reported on any GRP&E/BCS Separate Return for any Tax Period; *provided, however*, that Parent shall be responsible for any such Federal Other Taxes that are Parent Retained Taxes.

Section 2.03 *Allocation of State Taxes.* Except as otherwise provided in Section 2.05, State Taxes shall be allocated as follows:

(a) *State Income Taxes Relating to Combined Returns.* Parent shall be responsible for any and all State Income Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such State Income Taxes that are GRP&E/BCS Retained Taxes.

(b) *State Income Taxes Relating to Separate Returns.*

(i) Parent shall be responsible for any and all State Income Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such State Income Taxes that are GRP&E/BCS Retained Taxes.

(ii) GRP&E/BCS SpinCo shall be responsible for any and all State Income Taxes due with respect to, attributable to or required to be reported on any GRP&E/BCS Separate Return for any Tax Period; *provided, however*, that Parent shall be responsible for any such State Income Taxes that are Parent Retained Taxes.

(c) *State Other Taxes Relating to Combined Returns.* Parent shall be responsible for any and all State Other Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such State Other Taxes that are GRP&E/BCS Retained Taxes.

(d) *State Other Taxes Relating to Separate Returns.*

(i) Parent shall be responsible for any and all State Other Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such State Other Taxes that are GRP&E/BCS Retained Taxes.

(ii) GRP&E/BCS SpinCo shall be responsible for any and all State Other Taxes due with respect to, attributable to or required to be reported on any GRP&E/BCS Separate Return for any Tax Period; *provided, however*, that Parent shall be responsible for any such State Other Taxes that are Parent Retained Taxes.

Section 2.04 *Allocation of Foreign Taxes.* Except as otherwise provided in Section 2.05, Foreign Taxes shall be allocated as follows:

(a) *Foreign Income Taxes Relating to Combined Returns.* Parent shall be responsible for any and all Foreign Income Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such Foreign Income Taxes that are GRP&E/BCS Retained Taxes.

(b) *Foreign Income Taxes Relating to Separate Returns.*

(i) Parent shall be responsible for any and all Foreign Income Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such Foreign Income Taxes that are GRP&E/BCS Retained Taxes.

(ii) GRP&E/BCS SpinCo shall be responsible for any and all Foreign Income Taxes due with respect to, attributable to or required to be reported on any GRP&E/BCS Separate Return for any Tax Period; *provided, however*, that Parent shall be responsible for any such Foreign Income Taxes that are Parent Retained Taxes.

(c) *Foreign Other Taxes Relating to Combined Returns.*

(i) Parent shall be responsible for any and all Foreign Other Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided, however*, that GRP&E/BCS SpinCo shall be liable for any such Foreign Other Taxes that are GRP&E/BCS Retained Taxes.

(d) *Foreign Other Taxes Relating to Separate Returns.*

(i) Parent shall be responsible for any and all Foreign Other Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided, however*, that GRP&E/BCS SpinCo shall be responsible for any such Foreign Other Taxes that are GRP&E/BCS Retained Taxes.

(ii) GRP&E/BCS SpinCo shall be responsible for any and all Foreign Other Taxes due with respect to, attributable to or required to be reported on any GRP&E/BCS Separate Return for any Tax Period; *provided, however*, that Parent shall be responsible for any such Foreign Other Taxes that are Parent Retained Taxes.

Section 2.05 *Certain Transaction Transfer and Other Taxes.*

(a) *Transaction Taxes.* Subject to Section 2.05(b) and (c):

(i) Parent shall be responsible for all Taxes imposed on, arising from or assessed with respect to any transfer of assets (including equity interests) and/or liabilities by the Transferor occurring pursuant to the Separation Transactions; *provided* that Parent shall not be responsible for any such Taxes imposed on a member of the GRP&E/BCS Group pursuant to a Final Determination or otherwise to the extent such Taxes are not required to be paid in cash to the relevant Tax Authority as a result of the utilization by any member of the GRP&E/BCS Group of any Tax Attribute that existed as of immediately after the Distribution Date being available, at the time of the relevant Final Determination, to reduce (or eliminate) the cash payment obligation in respect of such Taxes. Where relevant under applicable Law, The Transferor shall issue proper invoices usable by the Recipient to recover (by way of credit, Refund, rebate or input VAT) any Transaction Transfer Taxes in jurisdictions where they are recoverable. The Transferor and the Recipient shall cooperate to minimize any Transaction Transfer Taxes and in obtaining any credit, Refund or rebate of Transaction Transfer Taxes, or to apply an exemption or zero-rating for goods or services giving rise to any Transaction Transfer Taxes, including by filing any exemption or other similar forms or providing valid tax identification numbers or other relevant registration numbers, certificates or other documents. The Recipient and the Transferor shall cooperate regarding any requests for information, audits or similar requests by any Tax Authority concerning Transaction Transfer Taxes payable with respect to the transfers occurring pursuant to the Separation Transactions.

(ii) Notwithstanding anything to the contrary herein, any penalties or interest imposed in connection with any Taxes described in Section 2.05(a)(i) shall be the responsibility of GRP&E/BCS SpinCo if such penalties or interest are the result of an action or failure to act by any member of the GRP&E/BCS Group.

(b) *Parent Liability.* Parent shall be liable for, and shall indemnify and hold harmless the GRP&E/BCS Group from and against any liability for:

(i) any Tax resulting from a breach by Parent of any representation or covenant in the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement; and

(ii) any Separation Tax Losses for which Parent is responsible pursuant to Section 7.06(b).

(c) *GRP&E/BCS Liability.* GRP&E/BCS SpinCo shall be liable for, and shall indemnify and hold harmless the Parent Group from and against any liability for:

(i) any Tax resulting from a breach by GRP&E/BCS SpinCo of any representation or covenant in the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement; and

(ii) any Separation Tax Losses for which GRP&E/BCS SpinCo is responsible pursuant to Section 7.06(a).

(d) *Employment Taxes.* Notwithstanding anything contained in this Article 2 to the contrary, this Agreement shall not apply with respect to any liability or responsibility for Taxes allocated pursuant to the Employee Matters Agreement.

Article 3. Proration of Taxes for Straddle Periods.

Section 3.01 *General Method of Proration.* In the case of any Straddle Period, Tax Items shall be apportioned between Pre-Distribution Periods and Post-Distribution Periods in accordance with the principles of Treasury Regulations Section 1.1502-76(b) and any other applicable Tax Law as reasonably interpreted and applied by Parent. No election shall be made under Treasury Regulations Section 1.1502-76(b)(2)(ii) (relating to ratable allocation of a year's Tax Items). If the Distribution Date is not an Accounting Cutoff Date, the provisions of Treasury Regulations Section 1.1502-76(b)(2)(iii) shall be applied to ratably allocate the Tax Items (other than extraordinary Tax Items) for the month which includes the Distribution Date.

Section 3.02 *Transaction Treated as Extraordinary Item.* In determining the apportionment of Tax Items between Pre-Distribution Periods and Post-Distribution Periods, any Tax Items relating to the Separation Transactions shall be treated as extraordinary items described in Treasury Regulations Section 1.1502-76(b)(2)(ii)(C) and shall (to the extent occurring on or prior to the Distribution Date) be allocated to Pre-Distribution Periods, and any Taxes related to such items shall be treated under Treasury Regulations Section 1.1502-76(b)(2)(iv) as relating to such extraordinary item and shall (to the extent occurring on or prior to the Distribution Date) be allocated to Pre-Distribution Periods.

Article 4. Preparation and Filing of Tax Returns.

Section 4.01 *Parent Returns.* Parent shall prepare or cause to be prepared (a) all Combined Returns and (b) all Parent Separate Returns (each, a "**Parent Return**"). Parent shall file or cause to be filed all Parent Returns and shall pay or cause to be paid all Taxes shown to be due on any such Parent Return to the relevant Tax Authority, and GRP&E/BCS SpinCo shall make any payments to Parent required pursuant to Section 5.01 in respect of any such Parent Return.

Section 4.02 *GRP&E/BCS Returns.* GRP&E/BCS SpinCo shall prepare and timely file, or cause to be prepared and timely filed (in each case, taking into account extensions) all GRP&E/BCS Separate Returns and any other Tax Return required to be filed by or with respect to a member of the GRP&E/BCS Group other than any Tax Return which Parent is required to prepare pursuant to Section 4.01 (each, a "**GRP&E/BCS Return**"). GRP&E/BCS SpinCo shall file or cause to be filed all GRP&E/BCS Returns and shall pay or cause to be paid all Taxes shown to be due on any such GRP&E/BCS Return to the relevant Tax Authority, and Parent shall make any payments to GRP&E/BCS SpinCo required pursuant to Section 5.01 in respect of any such GRP&E/BCS Return.

Section 4.03 *Tax Reporting Practices.*

(a) Except as otherwise provided in Section 4.03(b), in the case of any Tax Return in respect of which GRP&E/BCS SpinCo is the Responsible Company and that is a Tax Return for any Pre-Distribution Period or any Straddle Period (or any Post-Distribution Period to the extent items reported on such Tax Return could reasonably be expected to affect items reported on any Tax Return for any Pre-Distribution Period or any Straddle Period for which Parent is the Responsible Party), such Tax Return shall be prepared in accordance with past practices, accounting methods, elections and conventions (“**Past Practices**”) used with respect to the Tax Returns in question, and, to the extent there is no Past Practice with respect to such item, in accordance with reasonable Tax accounting or other practices selected by GRP&E/BCS SpinCo and reasonably acceptable to Parent.

(b) Except to the extent otherwise required by a change in applicable Law or as a result of a Final Determination, (i) neither Parent nor GRP&E/BCS SpinCo shall, and each shall not permit or cause any member of its respective Group to, take any position that is inconsistent with the Tax-Free Status, the tax treatment of any of the Separation Transactions as described in the Tax Opinions or, if not described in the Tax Opinions, in the Separation Step Plan; *provided* that in any case or with respect to any item where there is no relevant Tax Opinion or description in the Separation Step Plan, the tax treatment of any of the Separation Transactions shall be as determined by Parent in its good faith judgment, and (ii) GRP&E/BCS SpinCo shall not, and shall not permit or cause any member of the GRP&E/BCS Group to, take any position with respect to an item of income, deduction, gain, loss or credit on a Tax Return, or otherwise treat such item in a manner which is inconsistent with the manner such item is reported on a Tax Return required to be prepared and filed by Parent pursuant to Section 4.01 (including, without limitation, the claiming of a deduction previously claimed on any such Tax Return), except with the prior written consent of Parent.

Section 4.04 *Consolidated or Combined Tax Returns.* Except to the extent otherwise required pursuant to clause (i) of Section 4.03(b), Parent shall determine in its sole discretion whether to file a Tax Return for any Tax Period as a Combined Return and the entities to be included in any Combined Return, and Parent shall (and shall be entitled to) make or revoke any Tax elections, adopt or change any Tax accounting methods, and determine any other position taken on or in respect of any Combined Return; *provided* that any Combined Return prepared and filed by Parent pursuant to this Agreement shall, to the extent relating to GRP&E/BCS SpinCo or the GRP&E/BCS Group, be prepared in good faith. GRP&E/BCS SpinCo shall elect and join (and take any other action necessary to give effect to such election), and shall cause its respective Affiliates to elect and join (and take any other action necessary to give effect to such election), in filing any Combined Returns (including any Parent Federal Consolidated Income Tax Returns) that Parent determines are required to be filed (or that Parent chooses to file) by the Companies or any of their Affiliates for Tax Periods ending on, before or after the Distribution Date in accordance with this Section 4.04.

Section 4.05 *Right to Review Tax Returns.*

(a) *General.* The Responsible Company with respect to any material Tax Return shall make such Tax Return (or the relevant portions thereof), related workpapers and other supporting documents available for review by the other Company, to the extent (i) such Tax Return relates to Taxes for which such other Company is or would reasonably be expected to be liable, (ii) such other Company is or would reasonably be expected to be liable, in whole or in part, for any additional Taxes owing as a result of adjustments to the amount of Taxes reported on such Tax Return, (iii) such Tax Return relates to Taxes for which the other Company would reasonably be expected to have a claim for Tax Benefits under this Agreement, or (iv) reasonably necessary for the other Company to confirm compliance with the terms of this Agreement. The Responsible Company shall (i) consult with the other Company with respect to the preparation of, and positions taken on, any such Tax Return (to the extent relating to any matters described in clauses (i) through (iii) of the immediately preceding sentence), (ii) use reasonable efforts to make such Tax Return (or the relevant portions thereof), workpapers and other supporting documents available for review as required under this Section 4.05(a) promptly once such Tax Return is materially complete, such that the other Company has an opportunity to review and comment on such Tax Return prior to the filing thereof, and (iii) shall consider in good faith any comments provided by the other Company on such Tax Return reasonably in advance of the due date for filing such Tax Return (taking into account extensions). Parent and GRP&E/BCS SpinCo shall attempt in good faith to resolve any disagreement arising out of the review of any Tax Return pursuant to this Section 4.05(a). For the avoidance of doubt, any dispute among the Companies with respect to a Company's compliance with the requirements of this Section 4.05(a) shall be resolved in accordance with the disagreement resolution provisions of Article 15 as promptly as practicable.

(b) *Disputes.* In the event the Companies have not resolved any disputed item or items with respect to a Tax Return described in Section 4.05(a) by the Due Date for such Tax Return, such Tax Return shall be filed as prepared by the Responsible Company (as revised to reflect all initially disputed items that the Companies have agreed upon prior to such date). Following such filing, such disputed items (or items) shall be resolved in accordance with Article 15. In the event that the resolution of such disputed item (or items) in accordance with Article 15 with respect to a Tax Return is inconsistent with such Tax Return as filed, the Responsible Company (with cooperation from the other Company) shall, as promptly as practicable, amend such Tax Return to properly reflect the final resolution of the disputed item (or items). In the event that the amount of Taxes shown to be due and owing on a Tax Return is adjusted as a result of a resolution pursuant to Article 15, proper adjustment shall be made to the amounts previously paid or required to be paid in accordance with Article 5 in a manner that reflects such resolution.

(c) *Executing Returns.* In the case of any Tax Return which is required to be prepared and filed by one Company under this Agreement and which is required by Law to be signed by the other Company (or by its authorized representative), the Company which is legally required to sign such Tax Return shall not be required to sign such Tax Return under this Agreement unless there is at least a greater than 50% likelihood of prevailing on the merits for the tax treatment of each material item reported on the Tax Return. For the avoidance of doubt, any dispute among the Companies with respect to the likelihood of any tax treatment prevailing on the merits shall be resolved in accordance with the disagreement resolution provisions of Article 15 as promptly as practicable.

Section 4.06 *Adjustment Requests and GRP&E/BCS Carryback Items.* Unless Parent otherwise consents in writing, GRP&E/BCS SpinCo shall (and shall cause each member of the GRP&E/BCS Group to) (a) not file any Adjustment Request with respect to any Combined Return (or any other Tax Return reflecting Taxes for which Parent is responsible under Article 2), (b) make any available election to relinquish, waive or otherwise forgo a carryback of any GRP&E/BCS Carryback Item arising in a Post-Distribution Period to any Combined Return, and (c) not make any affirmative election to claim any such GRP&E/BCS Carryback Item.

Section 4.07 *Apportionment of Earnings and Profits and Tax Attributes.*

(a) If the Parent Affiliated Group has a Tax Attribute, the portion, if any, of such Tax Attribute required to be apportioned to GRP&E/BCS SpinCo or the members of the GRP&E/BCS Group and treated as a carryover to the first Post-Distribution Period of GRP&E/BCS SpinCo (or such member) shall be determined in good faith by Parent in accordance with Treasury Regulations Sections 1.1502-21, 1.1502-21T, 1.1502-22, 1.1502-79 and, if applicable, 1.1502-21A and 1.1502-79A.

(b) No Tax Attribute with respect to consolidated Federal Income Tax of the Parent Affiliated Group, other than those Tax Attributes described in Section 4.07(a), and no Tax Attribute with respect to consolidated, combined or unitary state, local or foreign Income Tax, in each case, arising in respect of a Combined Return shall be apportioned to GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group, except as Parent (or such member of the Parent Group as Parent shall designate) determines in good faith is otherwise required under applicable Law.

(c) Parent (or its designee) shall determine the portion, if any, of any Tax Attribute which must (absent a Final Determination to the contrary) be apportioned to GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group in accordance with this Section 4.07 and applicable Law and the amount of tax basis and earnings and profits to be apportioned to GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group in accordance with applicable Law, and shall provide written notice of the calculation thereof to GRP&E/BCS SpinCo as soon as reasonably practicable after the information necessary to make such calculation becomes available to Parent. For the avoidance of doubt, Parent shall not be liable to GRP&E/BCS SpinCo (or any member of its Group) for any failure of any determination under this Section 4.07 to be accurate under applicable Law or for the failure of Parent (or its designee) to make a determination under this Section 4.07.

(d) The written notices delivered by Parent pursuant to Section 4.07(c) shall be binding on GRP&E/BCS SpinCo and each member of its Group and shall not be subject to dispute resolution (including pursuant to Article 15 or Article VII of the Separation and Distribution Agreement). Except to the extent otherwise required by applicable Law or pursuant to a Final Determination, neither Parent nor GRP&E/BCS SpinCo shall (and each shall cause its Affiliates not to) take any position (whether on a Tax Return or otherwise) that is inconsistent with the information contained in such written notices.

Article 5. Payments.

Section 5.01 *Payment of Taxes.* In the case of any Tax Return reflecting Taxes for which the Company that is not the Responsible Company is responsible under Article 2, the Responsible Company shall pay any Taxes required to be paid to the applicable Tax Authority on or before the relevant Payment Date (and provide notice and proof of payment to the other Company). The Responsible Company shall compute the amount of such Taxes allocable to the other Company under the provisions of Article 2 and shall provide written notice and demand for payment of such amount, accompanied by a statement detailing the Taxes paid or to be paid and describing in reasonable detail the particulars relating thereto, to the other Company. The Company that is not the Responsible Company shall pay to the Responsible Company the amount of such Taxes allocable to the Company that is not the Responsible Company under the provisions of Article 2 within twenty (20) Business Days of the date of receipt of such written notice and demand; *provided* that no such payment shall be required to be made earlier than five (5) Business Days prior to the relevant Payment Date.

Section 5.02 *Adjustments Resulting in Underpayments.* In the case of any adjustment pursuant to a Final Determination with respect to any Tax Return, the Responsible Company shall pay to the applicable Tax Authority when due any additional Taxes due with respect to such Tax Return required to be paid as a result of such adjustment. Except as otherwise provided in Section 7.07, the Responsible Company shall compute the amount of such Taxes allocable to the other Company under the provisions of Article 2 and shall provide written notice and demand for payment of such amount, accompanied by a statement detailing the Taxes paid or to be paid and describing in reasonable detail the particulars relating thereto, to the other Company. The Company that is not the Responsible Company shall pay to the Responsible Company the amount of such Taxes allocable to the Company that is not the Responsible Company under the provisions of Article 2 within twenty (20) Business Days of the date of receipt of such written notice and demand; *provided* that no such payment shall be required to be made earlier than five (5) Business Days prior to the date the additional Tax is required to be paid to the applicable Tax Authority.

Section 5.03 *Indemnification Payments.* Unless otherwise specified in this Agreement, all indemnification payments required to be made under this Agreement shall be made within twenty (20) Business Days of the date of receipt by the indemnifying Company of written notice from the indemnified Company of the amount owed, together with reasonable documentation showing the basis for the calculation of such amount and evidence of payment of such amounts by the indemnified Company to the relevant Tax Authority or other recipient.

Section 5.04 *Payors; Payees; Treatment.* All payments made under this Agreement shall be made by Parent directly to GRP&E/BCS SpinCo and by GRP&E/BCS SpinCo directly to Parent; *provided, however*, that if the Companies mutually agree with respect to any such payment, any member of the Parent Group, on the one hand, may make such indemnification payment to any member of the GRP&E/BCS Group, on the other hand, and vice versa (for the avoidance of doubt, if a Company makes a request to the other Company to the effect that any payment required to be made by it to the other Company or received by it from the other Company, in each case, pursuant to this Agreement, be made or received by a member of the relevant Company's Group other than a Company, the other Company's consent to such request shall not be unreasonably withheld, conditioned or delayed). All payments made pursuant to this Agreement shall be treated in the manner described in Article 14.

Article 6. Tax Benefits.

Section 6.01 *Tax Benefits.*

(a) Except as set forth below, (i) Parent shall be entitled to any Refund (and any interest thereon received from the applicable Tax Authority) of any Taxes (A) for which Parent is liable hereunder (other than any such Refund that is a GRP&E/BCS Retained Tax Benefit), or (B) that is a Parent Retained Tax Benefit and (ii) GRP&E/BCS SpinCo shall be entitled to any Refund (and any interest thereon received from the applicable Tax Authority) (A) of any Taxes for which GRP&E/BCS SpinCo is liable hereunder or (B) that is a GRP&E/BCS Retained Tax Benefit, in each case, other than any Refund to which Parent is entitled pursuant to clause (i) above). The Company receiving a Refund to which the other Company is entitled hereunder, in whole or in part, shall pay over the amount of such Refund (or portion thereof) (and any interest on such amount received from the applicable Tax Authority but net of any costs and expenses (including Taxes) incurred by the Company (or a member of its Group) receiving such Refund in connection with obtaining or securing such Refund) to such other Company within twenty (20) Business Days after the receipt of such Refund or application of such Refund against Taxes otherwise payable. To the extent that any Refund (or portion thereof) in respect of which any amounts were paid over pursuant to the immediately preceding sentence is subsequently disallowed by the applicable Tax Authority, the Company that received such amounts shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to the other Company.

(b) If (i) a member of the GRP&E/BCS Group Actually Realizes any Tax Benefit (A) as a result of an adjustment pursuant to a Final Determination that increases Taxes for which a member of the Parent Group is liable hereunder or otherwise, (B) as a result of any liability, obligation, loss or payment (each, a “Loss”) for which a member of the Parent Group is required to indemnify any member of the GRP&E/BCS Group pursuant to the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement (in each case, without duplication of any amounts otherwise payable or taken into account under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement), (C) that is a Parent Retained Tax Benefit (other than a Refund) or (D) as a result of any Section 336(e) Election (including, for the avoidance of doubt, any Tax Benefit Actually Realized by any member of the GRP&E/BCS Group as a result of any step-up in asset basis for Federal Income Tax purposes resulting from such Section 336(e) Election, except to the extent any such Tax Benefit is directly attributable to Taxes imposed on any member of the Parent Group as a result of such Section 336(e) Election and for which a member of the GRP&E/BCS Group has actually indemnified Parent pursuant to this Agreement), or (ii) a member of the Parent Group Actually Realizes any Tax Benefit (A) as a result of an adjustment pursuant to a Final Determination that increases Taxes for which a member of the GRP&E/BCS Group is liable hereunder or otherwise, (B) as a result of any Loss for which a member of the GRP&E/BCS Group is required to indemnify any member of the Parent Group pursuant to the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement (in each case, without duplication of any amounts otherwise payable or taken into account under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement), or (C) that is a GRP&E/BCS Retained Tax Benefit (other than a Refund), GRP&E/BCS SpinCo or Parent, as the case may be, shall make a payment to the other Company in an amount equal to the amount of such Actually Realized Tax Benefit in cash within twenty (20) Business Days of Actually Realizing such Tax Benefit. To the extent that any Tax Benefit (or portion thereof) in respect of which any amounts were paid over pursuant to the foregoing provisions of this Section 6.01(b) is subsequently disallowed by the applicable Tax Authority, the Company that received such amounts shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to the other Company.

(c) No later than twenty (20) Business Days after a Tax Benefit described in Section 6.01(b) is Actually Realized by a member of the Parent Group or a member of the GRP&E/BCS Group, Parent or GRP&E/BCS SpinCo, as the case may be, shall provide the other Company with a written calculation of the amount payable to such other Company pursuant to Section 6.01(b) and describing in reasonable detail the particulars relating thereto. In the event that Parent or GRP&E/BCS SpinCo, as the case may be, disagrees with any such calculation described in this Section 6.01(c), Parent or GRP&E/BCS SpinCo shall so notify the other Company in writing within twenty (20) Business Days of receiving such written calculation. Parent and GRP&E/BCS SpinCo shall endeavor in good faith to resolve such disagreement, and, failing that, the amount payable under this Article 6 shall be determined in accordance with Article 15 as promptly as practicable.

(d) GRP&E/BCS SpinCo shall be entitled to any Refund that is attributable to, and would not have arisen but for, a GRP&E/BCS Carryback Item that is required to be carried back to a Pre-Distribution Period under applicable Law and is carried back pursuant to and in accordance with Section 4.06 (a “**Permitted GRP&E/BCS SpinCo Carryback**”); *provided, however*, that GRP&E/BCS SpinCo shall indemnify and hold the members of the Parent Group harmless from and against any and all related costs and expenses and any collateral Tax consequences resulting from, attributable to or caused by any such Permitted GRP&E/BCS SpinCo Carryback, including (but not limited to) the loss or postponement of any benefit from the use of any Tax Attribute of any member of the Parent Group (each, a “**Parent Group Tax Attribute**”) if (x) such Parent Group Tax Attribute expires unutilized, but would have been utilized but for such Permitted GRP&E/BCS SpinCo Carryback, or (y) the use of such Parent Group Tax Attribute is postponed to a later Tax Period than the Tax Period in which such Parent Group Tax Attribute would have been utilized but for such Permitted GRP&E/BCS SpinCo Carryback. Any such payment of the amount of such Refund made by Parent to GRP&E/BCS SpinCo pursuant to this Section 6.01(d) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a Parent Group Tax Attribute to a Tax Period in respect of which such Refund is received) that would affect the amount to which GRP&E/BCS SpinCo is entitled, and an appropriate adjusting payment shall be made by GRP&E/BCS SpinCo to Parent such that the aggregate amount paid pursuant to this Section 6.01(d) equals such recalculated amount. To the extent that any Refund (or portion thereof) in respect of which any amounts were paid over by Parent to GRP&E/BCS SpinCo pursuant to the foregoing provisions of this Section 6.01(d) is subsequently disallowed by the applicable Tax Authority, GRP&E/BCS SpinCo shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to Parent.

Section 6.02 *Parent and GRP&E/BCS SpinCo Income Tax Deductions in Respect of Certain Equity Awards and Incentive Compensation.*

(a) To the extent permitted by applicable Law, any and all Income Tax deductions arising (i) by reason of exercises of options to acquire Parent or GRP&E/BCS SpinCo stock, vesting of “restricted” Parent stock or GRP&E/BCS SpinCo stock, or settlement of stock appreciation rights, restricted stock awards, restricted stock units or performance share units, or exercises, vesting or settlement of any other compensatory equity or equity-based award, in each case, following the External Distribution, with respect to Parent stock or GRP&E/BCS SpinCo stock (such options, stock appreciation rights, restricted stock, restricted stock units, performance share units, deferred stock units, and other compensatory equity or equity-based awards, collectively, “**Compensatory Equity Interests**”) held by any Person shall be claimed (A) in the case of a Parent Group Employee, Former Parent Group Employee, Parent Nonemployee Director or Former Nonemployee Director, solely by the Parent Group, and (B) in the case of a GRP&E/BCS Group Employee, Former GRP&E/BCS Group Employee or Transferred Director, solely by the GRP&E/BCS Group and (ii) by reason of any other compensation or employee benefit payment shall be claimed (A) in the case of a Parent Group Employee, Former Parent Group Employee, Parent Nonemployee Director or Former Nonemployee Director (any deduction allocated to Parent or a member of its Group pursuant to clause (i) or (ii), a “**Parent Comp Deduction**”), solely by the Parent Group and (B) in the case of a GRP&E/BCS Group Employee, Former GRP&E/BCS Group Employee or Transferred Director (any deduction allocated to GRP&E/BCS SpinCo or a member of its Group pursuant to clause (i) or (ii), a “**GRP&E/BCS Comp Deduction**”), solely by the GRP&E/BCS Group. To the extent that any Parent Comp Deduction may not be claimed under applicable Law by a member of the Parent Group but may be claimed under applicable Law by a member of the GRP&E/BCS Group, GRP&E/BCS SpinCo shall (or shall cause the relevant member of the GRP&E/BCS Group) to claim such deduction. To the extent that any GRP&E/BCS Comp Deduction may not be claimed under applicable Law by a member of the GRP&E/BCS Group but may be claimed under applicable Law by a member of the Parent Group, Parent shall (or shall cause the relevant member of the Parent Group) to claim such deduction.

(b) Tax reporting and withholding with respect to Compensatory Equity Interests shall be governed by Section 4.02(h) of the Employee Matters Agreement. To the extent that any payroll, unemployment, contribution, social security or similar Taxes are not covered by the Employee Matters Agreement, (i) Parent shall be responsible for any such Taxes attributable to a Parent Group Employee, Former Parent Group Employee, Parent Nonemployee Director or Former Nonemployee Director (and such Taxes shall be treated as Traceable Taxes that are clearly and directly traceable to one or more members of the Parent Group for all purposes of this Agreement) and (ii) GRP&E/BCS SpinCo shall be responsible for any such Taxes attributable to a GRP&E/BCS Group Employee, Former GRP&E/BCS Group Employee or Transferred Director (and such Taxes shall be treated as Traceable Taxes that are clearly and directly traceable to one or more members of the GRP&E/BCS Group for all purposes of this Agreement).

Article 7. Tax-Free Status.

Section 7.01 *Representations of Parent and GRP&E/BCS SpinCo.*

(a) Each of Parent and GRP&E/BCS SpinCo hereby represents and warrants that (i) it has examined the Representation Letters and the Tax Opinions (including, without limitation, the representations to the extent that they relate to the plans, proposals, intentions and policies of it, its Subsidiaries, its business or its Group), and (ii) to the extent in reference to it, its Subsidiaries, its business or its Group, the facts presented and the representations made therein are true, correct and complete.

(b) GRP&E/BCS SpinCo hereby represents and warrants that (i) it has no plan or intention of taking any action, or failing to take any action (or causing or permitting any Affiliate of GRP&E/BCS SpinCo to take or fail to take any action), and knows of no circumstance that could reasonably be expected to (A) adversely affect, jeopardize or prevent the Tax-Free Status, (B) adversely affect, jeopardize or prevent any Separation Transaction from having the tax treatment described in the Tax Opinions (or, if not so described in the Tax Opinions, in the Separation Step Plan) or to qualify under any Tax Law as wholly or partially tax-free or tax-deferred to the extent that tax-free or tax-deferred treatment was intended or (C) cause any representation or factual statement made in the Separation and Distribution Agreement, this Agreement, any other Ancillary Agreement, the Representation Letters or the Tax Opinions to be untrue, and (ii) during the period beginning two years before the Distribution Date and ending on the Distribution Date, there was no “agreement, understanding, arrangement, substantial negotiations” or “discussions” (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the GRP&E/BCS Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding an acquisition of all or a significant portion of the GRP&E/BCS Capital Stock (and any predecessor); *provided* that no representation or warranty is made by GRP&E/BCS SpinCo regarding any “agreement, understanding, arrangement, substantial negotiations” or “discussions” (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of Parent.

Section 7.02 *Restrictions on GRP&E/BCS SpinCo.*

(a) GRP&E/BCS SpinCo shall not take or fail to take, or cause or permit any Affiliate of GRP&E/BCS SpinCo to take or fail to take, any action if such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in any Representation Letter or Tax Opinion. GRP&E/BCS SpinCo shall not take or fail to take, or cause or permit any Affiliate of GRP&E/BCS SpinCo to take or fail to take, any action if such action or failure to act would or reasonably could be expected to adversely affect, jeopardize or prevent (i) the Tax-Free Status or (ii) any Separation Transaction from having the tax treatment described in the Tax Opinions (or, if not so described in the Tax Opinions, in the Separation Step Plan) or to qualify under any Tax Law as wholly or partially tax-free or tax-deferred to the extent that tax-free or tax-deferred treatment was intended.

(b) From the date hereof until the first Business Day after the Restriction Period, GRP&E/BCS SpinCo shall (i) maintain its status as a company engaged in the GRP&E/BCS SpinCo Active Trade or Business, (ii) not engage in any transaction that would or reasonably could result in it ceasing to be a company engaged in the GRP&E/BCS SpinCo Active Trade or Business for purposes of Section 355(b)(2) of the Code and (iii) cause New GRP Holdco and Arconic Manufacturing (and the “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) of each) to (x) maintain the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations promulgated thereunder) of the trade(s) or business(es) relied upon to satisfy Section 355(b) of the Code with respect to the First Distribution and the Second Distribution, respectively, as conducted immediately prior to the First Distribution and the Second Distribution, respectively, and (y) not engage in any transaction that would result in New GRP Holdco or Arconic Manufacturing (and the applicable “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) of each) ceasing to be engaged in the active conduct of such trade or business for purposes of Section 355(b)(2) of the Code.

(c) From the date hereof until the first Business Day after the Restriction Period, GRP&E/BCS SpinCo shall not:

(i) enter into or permit to occur any Proposed Acquisition Transaction, or, to the extent GRP&E/BCS SpinCo has the right to prohibit any Proposed Acquisition Transaction, permit any Proposed Transaction to occur;

(ii) merge or consolidate with any other Person or liquidate or partially liquidate (including any transaction treated as a liquidation or partial liquidation for Federal Income Tax purposes);

(iii) in a single transaction or series of transactions sell or transfer or cause or permit any of its Affiliates to sell or transfer (directly or indirectly) (A) all or substantially all of the assets that were transferred to GRP&E/BCS SpinCo pursuant to the Contribution, (B) 30% or more of the gross assets of any Active Trade or Business or (C) 30% or more of the consolidated gross assets of GRP&E/BCS SpinCo and its Affiliates (in each case, for this purpose, a sale or transfer of assets includes any transaction treated as a sale or transfer of such assets for Federal Income Tax purposes);

(iv) redeem or otherwise repurchase (directly or through an Affiliate of GRP&E/BCS SpinCo) any GRP&E/BCS Capital Stock, or rights to acquire GRP&E/BCS Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48);

(v) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of GRP&E/BCS Capital Stock (including, without limitation, through the conversion of one class of GRP&E/BCS Capital Stock into another class of GRP&E/BCS Capital Stock);

(vi) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Representation Letters or the Tax Opinions) which in the aggregate (and taking into account any other transactions described in this subparagraph (c)) would or reasonably could have the effect of causing or permitting one or more persons (whether or not acting in concert) to acquire, directly or indirectly, stock representing a Fifty-Percent or Greater Interest in GRP&E/BCS SpinCo (or any successor) or otherwise jeopardize the Tax-Free Status; or

(vii) cause or permit New GRP Holdco or Arconic Manufacturing to take any action or enter into any transaction described in the preceding clauses (i), (ii), (iii), (iv), (v) or (vi) (substituting references therein to “GRP&E/BCS SpinCo”, the “Active Trade or Business” and “GRP&E/BCS Capital Stock” with references to New GRP Holdco or Arconic Manufacturing (as applicable), the active conduct of the trade(s) or business(es) relied upon with respect to the First Distribution or the Second Distribution (as applicable) for purposes of Section 355(b)(2) of the Code, and the Capital Stock of such corporation),

unless prior to taking any such action set forth in the foregoing clauses (i) through (vii), (A) GRP&E/BCS SpinCo shall have requested that Parent obtain a private letter ruling (or, if applicable, a supplemental ruling) from the IRS (and/or any other applicable Tax Authority) (a “**Post-Distribution Ruling**”) in accordance with Section 7.05(b) and (d) to the effect that such action or transaction will not affect the Tax-Free Status, and Parent shall have received such a Post-Distribution Ruling in form and substance satisfactory to Parent in its sole and absolute discretion, (B) GRP&E/BCS SpinCo shall have provided Parent with an Unqualified Tax Opinion in form and substance satisfactory to Parent in its sole and absolute discretion (*provided* that Parent shall use reasonable efforts to timely make a determination as to whether an opinion is satisfactory to Parent, and *provided, further*, that in determining whether an opinion is satisfactory, Parent may consider, among other factors, the appropriateness of any underlying assumptions, and any management representations used as a basis for the Unqualified Tax Opinion, and Parent may determine that no opinion would be acceptable to Parent) or (C) Parent shall have waived (which waiver may be withheld by Parent in its sole and absolute discretion) the requirement to obtain such Post-Distribution Ruling or Unqualified Tax Opinion.

(d) From the date hereof until the first Business Day after the Restriction Period, GRP&E/BCS SpinCo shall not cause or permit either Arconic (Qinhuangdao), Arconic (Kunshan) or ACICL, if treated as disregarded as separate from its owner as of the Distribution Date, to be treated as other than disregarded as separate from its owner (whether by election under Treasury Regulations Section 301.7701-3 or otherwise), without the prior written consent of Parent.

Section 7.03 *Certain Issuances of GRP&E/BCS Capital Stock.* If GRP&E/BCS SpinCo proposes to enter into any Section 7.03 Acquisition Transaction or, to the extent GRP&E/BCS SpinCo has the right to prohibit any Section 7.03 Acquisition Transaction, proposes to permit any Section 7.03 Acquisition Transaction to occur, in each case, during the period from the date hereof until the first Business Day after the Restriction Period, GRP&E/BCS SpinCo shall provide Parent, no later than ten (10) days following the signing of any written agreement with respect to the Section 7.03 Acquisition Transaction, with a written description of such transaction (including the type and amount of GRP&E/BCS Capital Stock to be issued in such transaction) and a certificate of the chief financial officer of GRP&E/BCS SpinCo to the effect that the Section 7.03 Acquisition Transaction is not a Proposed Acquisition Transaction or any other transaction to which the requirements of Section 7.02(c) apply (a “**CFO Certificate**”).

Section 7.04 *Restrictions on Parent.* Parent agrees that it shall not take or fail to take, or cause or permit any Affiliate of Parent to take or fail to take, any action if such action or failure to act would or reasonably could be inconsistent with or cause to be untrue any statement, information, covenant or representation in any Representation Letter or Tax Opinion. Parent shall not take or fail to take, or cause or permit any Affiliate of Parent to take or fail to take, any action that would or reasonably could be expected to adversely affect, jeopardize or prevent (a) the Tax-Free Status or (b) any Separation Transaction from having the tax treatment described in the Tax Opinions (or, if not so described in the Tax Opinions, in the Separation Step Plan) or to qualify under any Tax Law as wholly or partially tax-free or tax-deferred to the extent that tax-free or tax-deferred treatment was intended.

Section 7.05 *Procedures Regarding Post-Distribution Rulings and Unqualified Tax Opinions.*

(a) If GRP&E/BCS SpinCo determines that it desires to take one of the actions described in clauses (i) through (vii) of Section 7.02(c) (a “**Notified Action**”), GRP&E/BCS SpinCo shall notify Parent of this fact in writing.

(b) *Post-Distribution Rulings or Unqualified Tax Opinions at GRP&E/BCS SpinCo’s Request.* Unless Parent shall have waived the requirement to obtain such Post-Distribution Ruling or Unqualified Tax Opinion, upon the reasonable request of GRP&E/BCS SpinCo pursuant to Section 7.02(c), Parent shall cooperate with GRP&E/BCS SpinCo and use commercially reasonable efforts to seek to obtain, as expeditiously as possible, a Post-Distribution Ruling or an Unqualified Tax Opinion for the purpose of permitting GRP&E/BCS SpinCo to take the Notified Action. Notwithstanding the foregoing, Parent shall not be required to file or cooperate in the filing of any request for a Post-Distribution Ruling under this Section 7.05(b) unless GRP&E/BCS SpinCo represents that (i) it has reviewed such request for a Post-Distribution Ruling, and (ii) all statements, information and representations relating to any member of the GRP&E/BCS Group contained in such request for a Post-Distribution Ruling are (subject to any qualifications therein) true, correct and complete. GRP&E/BCS SpinCo shall reimburse Parent for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of Parent personnel, incurred by the Parent Group in obtaining a Post-Distribution Ruling or Unqualified Tax Opinion requested by GRP&E/BCS SpinCo within ten (10) Business Days after receiving an invoice from Parent therefor.

(c) *Post-Distribution Rulings or Unqualified Tax Opinions at Parent’s Request.* Parent shall have the right to obtain a Post-Distribution Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If Parent determines to obtain a Post-Distribution Ruling or an Unqualified Tax Opinion, GRP&E/BCS SpinCo shall (and shall cause each Affiliate of GRP&E/BCS SpinCo to) cooperate with Parent and take any and all actions reasonably requested by Parent in connection with obtaining the Post-Distribution Ruling or Unqualified Tax Opinion (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS, any other applicable Tax Authority or a Tax Advisor; *provided* that GRP&E/BCS SpinCo shall not be required to make (or cause any Affiliate of GRP&E/BCS SpinCo to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which matters or events it has no control). Parent shall reimburse GRP&E/BCS SpinCo for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of GRP&E/BCS SpinCo personnel, incurred by the Parent Group in connection with such cooperation within ten (10) Business Days after receiving an invoice from GRP&E/BCS SpinCo therefor.

(d) Parent shall have sole and exclusive control over the process of obtaining any Post-Distribution Ruling, and only Parent shall be permitted to apply for a Post-Distribution Ruling. In connection with obtaining a Post-Distribution Ruling, Parent shall (i) keep GRP&E/BCS SpinCo informed in a timely manner of all material actions taken or proposed to be taken by Parent in connection therewith; (ii)(A) reasonably in advance of the submission of any request for any Post-Distribution Ruling provide GRP&E/BCS SpinCo with a draft copy thereof; (B) reasonably consider GRP&E/BCS SpinCo's comments on such draft copy; and (C) provide GRP&E/BCS SpinCo with a final copy; and (iii) provide GRP&E/BCS SpinCo with notice reasonably in advance of, and GRP&E/BCS SpinCo shall have the right to attend, any formally scheduled meetings with the IRS or other applicable Tax Authority (subject to the approval of the IRS or such Tax Authority) that relate to such Post-Distribution Ruling. Neither GRP&E/BCS SpinCo nor any Affiliate of GRP&E/BCS SpinCo directly or indirectly controlled by GRP&E/BCS SpinCo shall seek any guidance from the IRS or any other Tax Authority (whether written, oral or otherwise) at any time concerning the Separation Transactions (including the impact of any transaction on the Separation Transactions).

Section 7.06 *Liability for Separation Tax Losses.*

(a) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary (and in each case regardless of whether a Post-Distribution Ruling, Unqualified Tax Opinion or waiver described in clause (C) of Section 7.02(c) may have been provided), subject to Section 7.06(c), GRP&E/BCS SpinCo shall be responsible for, and shall indemnify, defend, and hold harmless Parent and its Affiliates from and against, any Separation Tax Losses that are attributable to or result from any one or more of the following: (i) the acquisition (other than pursuant to the Contribution, the External Distribution or any of the other Separation Transactions) of all or a portion of GRP&E/BCS SpinCo's and/or its Affiliates' Capital Stock and/or assets by any means whatsoever by any Person, (ii) any negotiations, understandings, agreements, arrangements or discussions by GRP&E/BCS SpinCo or any of its Affiliates with respect to transactions or events (including, without limitation, stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause any of the Distributions to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly a Fifty-Percent or Greater Interest in GRP&E/BCS SpinCo or any Internal Spinco (or any successor of any of them), (iii) any action or failure to act by GRP&E/BCS SpinCo after the External Distribution (including, without limitation, any amendment to GRP&E/BCS SpinCo's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of GRP&E/BCS SpinCo stock (including, without limitation, through the conversion of one class of GRP&E/BCS Capital Stock into another class of GRP&E/BCS Capital Stock), (iv) any act or failure to act by GRP&E/BCS SpinCo or any Affiliate of GRP&E/BCS SpinCo described in Section 7.02 or Section 7.03 (regardless whether such act or failure to act may be covered by a Post-Distribution Ruling, Unqualified Tax Opinion or waiver described in clause (C) of Section 7.02(c) or a CFO Certificate) or (v) any breach by GRP&E/BCS SpinCo of any of its agreements or representations set forth in Section 7.01, Section 7.02 or Section 7.03.

(b) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.06(c), Parent shall be responsible for, and shall indemnify, defend, and hold harmless GRP&E/BCS SpinCo and its Affiliates from and against, any Separation Tax Losses that are attributable to, or result from any one or more of the following: (i) the acquisition (other than pursuant to the Contribution, the External Distribution or any of the other Separation Transactions) of all or a portion of Parent's and/or its Affiliates' Capital Stock and/or its assets by any means whatsoever by any Person, (ii) any negotiations, agreements, arrangements or discussions by Parent with respect to transactions or events (including, without limitation, stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause any of the Distributions to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly stock of Parent or Arcolux (or any successor of any of them) representing a Fifty-Percent or Greater Interest therein, or (iii) any act or failure to act by Parent or a member of the Parent Group described in Section 7.04 or any breach by Parent of any of its agreements or representations set forth in Section 7.01(a) or Section 7.04.

(c) To the extent that any Separation Tax Loss reasonably could be subject to indemnity under either or both Sections 7.06(a) and (b), responsibility for such Separation Tax Loss shall be shared by Parent and GRP&E/BCS SpinCo according to relative fault as determined by Parent in good faith.

Section 7.07 *Payment of Separation Taxes.*

(a) *Calculation of Separation Taxes Owed.* Parent shall calculate in good faith the amount of any Separation Tax Losses for which GRP&E/BCS SpinCo is responsible under Section 7.06. Such calculation shall be binding on GRP&E/BCS SpinCo absent manifest error.

(b) *Notification of Separation Taxes Owed.* At least fifteen (15) Business Days prior to the date of payment of any Separation Tax Losses, Parent shall notify GRP&E/BCS SpinCo of the amount of any Separation Tax Losses for which GRP&E/BCS SpinCo is responsible under Section 7.06. In connection with such notification, Parent shall make available to GRP&E/BCS SpinCo the portion of any Tax Return or other documentation and related workpapers that are relevant to the determination of the Separation Tax Losses attributable to GRP&E/BCS SpinCo pursuant to Section 7.06.

(c) *Payment of Separation Taxes Owed.*

(i) At least ten (10) Business Days prior to the date of payment of any Separation Tax Losses with respect to which New GRP&E/BCS SpinCo has received notification pursuant to Section 7.07(b), GRP&E/BCS SpinCo shall pay to Parent the amount attributable to the GRP&E/BCS Group as calculated by Parent pursuant to Section 7.07(a). If Parent determines that it does not have a reasonable basis to file a Tax Return in a manner consistent with the Tax Opinions, GRP&E/BCS SpinCo shall pay the amount of Separation Tax Losses for which it is responsible, as determined by Parent pursuant to Section 7.07(a) and reported to GRP&E/BCS SpinCo pursuant to Section 7.07(b), at least ten (10) Business Days before such Tax Return is due (taking into account extensions).

(ii) With respect to all other Separation Tax Losses, GRP&E/BCS SpinCo shall pay to Parent the amount attributable to the GRP&E/BCS Group as calculated by Parent pursuant to Section 7.07(a) within five (5) Business Days of the receipt by GRP&E/BCS SpinCo of notification of the amount due.

Section 7.08 *Section 336(e) Election.* If Parent determines, in its sole discretion, that a protective election under Section 336(e) of the Code (a “**Section 336(e) Election**”) shall be made with respect to the External Distribution, GRP&E/BCS SpinCo shall (and shall cause its relevant Affiliates to) join with Parent (or its relevant Affiliate) in the making of such election and shall take any action reasonably requested by Parent or that is otherwise necessary to effect such election. If a Section 336(e) Election is made, then this Agreement shall be amended in such a manner, if any, as is determined by Parent in good faith to take into account such Section 336(e) Election.

Article 8. Assistance and Cooperation.

Section 8.01 *Assistance and Cooperation.*

(a) The Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other’s agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies, including (i) preparing and filing Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any Refund or any Tax Benefit, in each case, pursuant to this Agreement or otherwise, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making available, upon reasonable notice, all information and documents in their possession relating to the other Company and its Affiliates as provided in Article 9. Each of the Companies shall also make available to the other, as reasonably requested and available, personnel (including employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceeding relating to Taxes.

(b) Any information or documents provided under this Article 8 or Article 9 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. Notwithstanding any other provision in this Agreement to the contrary, (i) neither Parent nor any of its Affiliates shall be required to provide GRP&E/BCS SpinCo or any of its Affiliates or any other Person access to or copies of any information, documents or procedures (including the proceedings of any Tax Contest) other than information, documents or procedures that relate to GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group, the business or assets of GRP&E/BCS SpinCo or any other member of the GRP&E/BCS Group and (ii) in no event shall either of the Companies or any of its respective Affiliates be required to provide the other Company or any of its respective Affiliates or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that either Company determines that the provision of any information to the other Company or its Affiliates could be commercially detrimental, violate any Law or agreement or waive any Privilege, the Companies shall use reasonable best efforts to permit compliance with its obligations under this Article 8 or Article 9 in a manner that avoids any such harm or consequence.

Section 8.02 *Tax Return Information.* GRP&E/BCS SpinCo and Parent acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Parent or GRP&E/BCS SpinCo pursuant to this Agreement. GRP&E/BCS SpinCo and Parent acknowledge that failure to conform to the deadlines set forth herein or reasonable deadlines otherwise set by Parent or GRP&E/BCS SpinCo could cause irreparable harm. Each Company shall provide to the other Company information and documents relating to its Group required by the other Company to prepare Tax Returns. Any information or documents the Responsible Company requires to prepare such Tax Returns shall be provided in such form as the Responsible Company reasonably requests and in sufficient time for the Responsible Company to file such Tax Returns on a timely basis (but in no event later than ninety (90) days after such request).

Section 8.03 *Reliance by Parent.* If any member of the GRP&E/BCS Group supplies information to a member of the Parent Group in connection with Taxes and an officer of a member of the Parent Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Parent Group identifying the information being so relied upon, the chief financial officer of GRP&E/BCS SpinCo (or any officer of GRP&E/BCS SpinCo as designated by the chief financial officer of GRP&E/BCS SpinCo) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. GRP&E/BCS SpinCo agrees to indemnify and hold harmless each member of the Parent Group and its directors, officers and employees from and against any fine, penalty or other cost or expense of any kind attributable to a member of the GRP&E/BCS Group having supplied, pursuant to this Article 8, a member of the Parent Group with inaccurate or incomplete information in connection with Taxes.

Section 8.04 *Reliance by GRP&E/BCS SpinCo.* If any member of the Parent Group supplies information to a member of the GRP&E/BCS Group in connection with Taxes and an officer of a member of the GRP&E/BCS Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the GRP&E/BCS Group identifying the information being so relied upon, the chief financial officer of Parent (or any officer of Parent as designated by the chief financial officer of Parent) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Parent agrees to indemnify and hold harmless each member of the GRP&E/BCS Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the Parent Group having supplied, pursuant to this Article 8, a member of the GRP&E/BCS Group with inaccurate or incomplete information in connection with Taxes.

Article 9. Tax Records.

Section 9.01 *Retention of Tax Records.* Each Company shall preserve and keep all Tax Records (including emails and other digitally stored materials and related workpapers and other documentation) in its possession as of the date hereof or relating to Taxes of the Groups for Pre-Distribution Periods or Taxes or Tax matters that are the subject of this Agreement, in each case, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (i) ninety (90) days after the expiration of any applicable statutes of limitations (taking into account any extensions), or (ii) seven (7) years after the Distribution Date (such later date, the “**Retention Date**”). After the Retention Date, each Company may dispose of such Tax Records upon ninety (90) days’ prior written notice to the other Company. If, prior to the Retention Date, a Company reasonably determines that any Tax Records which it would otherwise be required to preserve and keep under this Article 9 are no longer material in the administration of any matter under the Code or other applicable Tax Law and the other Company agrees, then such first Company may dispose of such Tax Records upon ninety (90) days’ prior notice to the other Company. Any notice of an intent to dispose given pursuant to this Section 9.01 shall include a list of the Tax Records to be disposed of describing in reasonable detail each file, book or other record accumulation being disposed. The notified Company shall have the opportunity, at its cost, to copy or remove, within such ninety (90) day period, all or any part of such Tax Records, and the other Company shall then dispose of the same Tax Records.

Section 9.02 *Access to Tax Records.* The Companies and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records to the extent reasonably required by the other Company in connection with the preparation of financial accounting statements, audits, litigation, the preparation of Tax Returns or the resolution of items under this Agreement.

Section 9.03 *Preservation of Privilege.* The Companies agree to (and to cause the applicable members of their respective Groups to) cooperate and use commercially reasonable efforts to maintain Privilege with respect to any documentation relating to Taxes existing prior to the Distribution Date or Separation Tax Losses to which Privilege may reasonably be asserted (any such documentation, “**Privileged Documentation**”), including by executing joint defense and/or common interest agreements where necessary or useful for this purpose. No member of the GRP&E/BCS Group shall provide access to or copies of, or otherwise disclose to any Person, any Privileged Documentation without the prior written consent of Parent, such consent not to be unreasonably withheld, conditioned or delayed. No member of the Parent Group shall provide access to or copies of or otherwise disclose to any Person any Privileged Documentation without the prior written consent of GRP&E/BCS SpinCo, such consent not to be unreasonably withheld, conditioned or delayed. Notwithstanding any of the foregoing, in the event that (x) any Governmental Authority requests, outside of normal working hours, that either Company (or any of its Affiliates) provide to such Governmental Authority access to or copies of or otherwise disclose any Privileged Documentation, (y) immediate compliance with such request is required under applicable Law, and (z) such Company attempts in good faith to obtain the prior written consent of the other Company but is not able to do so, then such Company shall be permitted to comply with such request by such Governmental Authority without obtaining the prior written consent of the other Company and shall as promptly as practicable inform the other Company of such request and the access and/or disclosure provided pursuant thereto.

Article 10. Tax Contests.

Section 10.01 *Notice.* Each of the Companies shall provide prompt notice to the other Company of any written communication from a Tax Authority regarding any pending or threatened Tax audit, assessment or proceeding or other Tax Contest relating to Taxes, Refunds or other Tax Benefits for which it may be entitled to indemnification by the other Company hereunder or for which it may be required to indemnify the other Company hereunder. Such notice shall include copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability and/or other relevant Tax matters in reasonable detail. The failure of one Company to notify the other of such communication in accordance with the immediately preceding sentences shall not relieve such other Company of any liability or obligation to pay such Tax or make indemnification payments under this Agreement, except to the extent that the failure timely to provide such notification actually prejudices the ability of such other Company to contest such Tax liability (or contest any determination in respect of any Refund or Tax Benefit) or increases the amount of such Tax liability (or reduces the amount of such Refund or Tax Benefit).

Section 10.02 *Control of Tax Contests.*

(a) *Separate Returns.* Except in the case of any Traceable Tax Contests (which shall be governed by Section 10.02(c)):

(i) In the case of any Tax Contest with respect to any Parent Separate Return, Parent shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(d) and Section 10.02(f).

(ii) In the case of any Tax Contest with respect to any GRP&E/BCS Separate Return, GRP&E/BCS SpinCo shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(e) and (f).

(b) *Combined Tax Returns.* Except in the case of any Traceable Tax Contests (which shall be governed by Section 10.02(c)), in the case of any Tax Contest with respect to any Combined Return, Parent shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(d) and Section 10.02(f).

(c) *Traceable Tax Contests.*

(i) Parent shall have exclusive control over any Separate Parent Traceable Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(d) and Section 10.02(f); *provided* that if Parent fails to defend a Separate Parent Traceable Tax Contest (whether by failing to participate in any portion of such Tax Contest or by failing to submit any materials in connection with such Tax Contest or otherwise), GRP&E/BCS SpinCo shall have the right to assume exclusive control of such Tax Contest (at Parent's expense), including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(e) and Section 10.02(f).

(ii) GRP&E/BCS SpinCo shall have exclusive control over any Separate GRP&E/BCS SpinCo Traceable Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(e) and Section 10.02(f); *provided* that if GRP&E/BCS SpinCo fails to defend a Separate GRP&E/BCS SpinCo Traceable Tax Contest (whether by failing to participate in any portion of or by failing to submit any materials in connection with such Tax Contest or otherwise), Parent shall have the right to assume exclusive control of such Tax Contest (at GRP&E/BCS SpinCo's expense), including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(d) and Section 10.02(f).

(iii) In the event of any Joint Traceable Tax Contest, the Companies shall cooperate and shall jointly control such Tax Contest, subject to Section 10.02(f). In the event of any disagreement regarding such Tax Contest, the provisions of Article 15 shall apply.

(d) *GRP&E/BCS SpinCo Rights.* In the case of any Tax Contest described in Section 10.02(a)(i), Section 10.2(b), Section 10.02(c)(i) or the proviso in Section 10.02(c)(ii) (other than, in each case, any Tax Contest described in Section 10.02(f)), if (x) as a result of such Tax Contest, GRP&E/BCS SpinCo could reasonably be expected to become liable to make any material indemnification payment to Parent hereunder and (y) Parent has control of such Tax Contest, then (i) Parent shall keep GRP&E/BCS SpinCo reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by Parent with respect to such Tax Contest, (ii) Parent shall timely provide GRP&E/BCS SpinCo with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (iii) Parent shall consult with GRP&E/BCS SpinCo reasonably in advance of taking any significant action in connection with such Tax Contest, (iv) Parent shall consult with GRP&E/BCS SpinCo, offer GRP&E/BCS SpinCo a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest and shall consider GRP&E/BCS SpinCo's comments in good faith, (v) Parent shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, (vi) in determining whether to settle, compromise or abandon any such Tax Contest, Parent shall otherwise make such determination in good faith as if it were the only party in interest in connection with such Tax Contest and (vii) in the case of any Tax Contest relating to Taxes for which Parent is responsible pursuant to this Agreement or otherwise as well as Taxes for which GRP&E/BCS SpinCo is responsible pursuant to this Agreement or otherwise, Parent shall not settle, compromise or abandon any such Tax Contest in a manner that would materially and disproportionately disadvantage GRP&E/BCS SpinCo without obtaining the prior written consent of GRP&E/BCS SpinCo, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) *Parent Rights.* In the case of any Tax Contest described in Section 10.02(a)(ii), Section 10.02(c)(ii) or the proviso in Section 10.02(c), if (x) as a result of such Tax Contest, Parent could reasonably be expected to become liable to make any material indemnification payment to GRP&E/BCS SpinCo hereunder and (y) GRP&E/BCS SpinCo has control of such Tax Contest, then (i) GRP&E/BCS SpinCo shall keep Parent reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by GRP&E/BCS SpinCo with respect to such Tax Contest, (ii) GRP&E/BCS SpinCo shall timely provide Parent with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (iii) GRP&E/BCS SpinCo shall consult with Parent reasonably in advance of taking any significant action in connection with such Tax Contest, (iv) GRP&E/BCS SpinCo shall consult with Parent and offer Parent a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest and shall consider Parent's comments in good faith, (v) GRP&E/BCS SpinCo shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest and (vi) GRP&E/BCS SpinCo shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed.

(f) *Separation-Related Tax Contests.* Parent shall have exclusive control over any Separation-Related Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to the following provisions of this Section 10.02(f). In the event of any Separation-Related Tax Contest as a result of which GRP&E/BCS SpinCo could reasonably be expected to become liable for any Separation Tax Losses, (i) Parent shall keep GRP&E/BCS SpinCo reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by Parent with respect to such Tax Contest, (ii) Parent shall timely provide GRP&E/BCS SpinCo with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (iii) Parent shall consult with GRP&E/BCS SpinCo reasonably in advance of taking any significant action in connection with such Tax Contest and (iv) Parent shall offer GRP&E/BCS SpinCo a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest. Notwithstanding anything in the preceding sentence to the contrary, the final determination of the positions taken, including with respect to settlement or other disposition, in any Separation-Related Tax Contest shall be made in the sole discretion of Parent and shall be final and not subject to Article 15 of this Agreement or Article VII of the Separation and Distribution Agreement.

(g) *Power of Attorney.*

(i) Each member of the GRP&E/BCS Group shall execute and deliver to Parent (or such member of the Parent Group as Parent shall designate) any power of attorney or other similar document reasonably requested by Parent (or such designee) in connection with any Tax Contest controlled by Parent that is described in this Article 10.

(ii) Each member of the Parent Group shall execute and deliver to GRP&E/BCS SpinCo (or such member of the GRP&E/BCS Group as GRP&E/BCS SpinCo shall designate) any power of attorney or other similar document reasonably requested by GRP&E/BCS SpinCo (or such designee) in connection with any Tax Contest controlled by GRP&E/BCS SpinCo that is described in this Article 10.

Article 11. Taxes and Tax Benefits Payable by Contract.

Section 11.01 *Tax Indemnities Assigned under Separation and Distribution Agreement.*

(a) Except with respect to any Taxes or Tax Benefits described in the definition of “GRP&E/BCS Retained Taxes” and “GRP&E/BCS Retained Tax Benefits,” respectively, notwithstanding Section 4.5(f) of the Separation and Distribution Agreement, nothing in this Agreement is intended to affect the contribution, assignment, transfer, conveyance and delivery of any indemnification rights or obligations in respect of Taxes under any GRP&E/BCS Contract (as such term is defined in the Separation and Distribution Agreement, and not, for the avoidance of doubt, including any rights or obligations under the Upstream Spin TMA) to GRP&E/BCS SpinCo (or members of its Group), or the acceptance, assumption, agreement faithfully to perform, discharge and fulfill and succession to such rights or obligations by GRP&E/BCS SpinCo (or members of its Group), in each case, pursuant to the Separation and Distribution Agreement.

(b) Notwithstanding Section 4.5(f) of the Separation and Distribution Agreement, nothing in this Agreement is intended to affect the allocation of Liabilities set forth on Schedule 2.3(a)(vi)(1) of the Separation and Distribution Agreement.

(c) In the event of any conflict between this Agreement and the Separation and Distribution Agreement (or Schedule 2.3(a)(vi)(1) of the Separation and Distribution Agreement) to the extent relating to the indemnification rights or obligations described in Section 11.01(a) or the allocation of Liabilities described in Section 11.01(b), the Separation and Distribution Agreement shall prevail.

Section 11.02 *GRP&E/BCS Retained Taxes and GRP&E/BCS Retained Tax Benefits.* To the extent that GRP&E/BCS SpinCo has any liability under this Agreement for any Tax for which Alcoa is to be indemnified under the Upstream Spin TMA, and such Tax does not in any way relate to or affect any Tax for which Parent is liable under this Agreement (or any Tax for which Parent is liable under the Upstream Spin TMA and GRP&E/BCS SpinCo is not liable under this Agreement) (an “Alcoa Indemnified Tax”), Parent shall reasonably cooperate with GRP&E/BCS SpinCo to exercise Parent’s rights under the Upstream Spin TMA with respect to Tax Contests and/or Tax Returns, to the extent solely relating to such Alcoa Indemnified Tax, as directed by GRP&E/BCS SpinCo at the sole cost and expense of GRP&E/BCS SpinCo. Parent shall reasonably cooperate with GRP&E/BCS SpinCo to recover any Tax Benefits to which Parent is entitled to under the Upstream Spin TMA and to which GRP&E/BCS SpinCo is entitled to under this Agreement at the sole cost and expense of GRP&E/BCS SpinCo. For the avoidance of doubt, Parent shall have no liability hereunder to GRP&E/BCS SpinCo for the amount of any Tax Benefit realized by Alcoa to which Parent is entitled under Upstream Spin TMA, except to the extent of amounts actually paid by Alcoa to Parent in respect thereof.

Article 12. Effective Date; Termination of Prior Intercompany Tax Allocation Agreements. This Agreement shall be effective as of the Effective Time. To the knowledge of the Companies, there are no prior intercompany Tax allocation agreements or arrangements solely between or among Parent and/or any of its Subsidiaries, on the one hand, and GRP&E/BCS SpinCo and/or any of its Subsidiaries, on the other hand, and no termination of any such arrangement or agreement, or any settlement of amounts owing in respect of any such arrangement or agreement should be required. To the extent that, contrary to the expectation of the Companies, there is any such intercompany arrangement or agreement in place as of immediately prior to the Effective Time, (a) such arrangement or agreement shall be deemed terminated as of the Effective Time, and (b) amounts due under such agreements as of the date on which the Effective Time occurs shall be settled as promptly as practicable. Upon such settlement, no further payments by or to Parent or any of its Subsidiaries or by or to GRP&E/BCS SpinCo or any of its Subsidiaries with respect to such agreements shall be made, and all other rights and obligations resulting from such agreements between the Companies and their Affiliates shall cease at such time. Any payments pursuant to such agreements shall be disregarded for purposes of computing amounts due under this Agreement.

Article 13. Survival of Obligations. The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

Article 14. Treatment of Payments; Tax Gross-Up.

Section 14.01 Treatment of Tax Indemnity and Tax Benefit Payments. In the absence of any change in Tax treatment under the Code or other applicable Tax Law and except as otherwise agreed between the Companies or as otherwise required by applicable Law, for all Income Tax purposes, the Companies agree to treat, and to cause their respective Affiliates to treat, (a) the GRP&E/BCS Cash Payment as a payment made pursuant to the Contribution; (b) any payment required by this Agreement or by the Separation and Distribution Agreement (other than the GRP&E/BCS Cash Payment) as, as applicable, (i) a contribution by Parent to GRP&E/BCS SpinCo or a distribution by GRP&E/BCS SpinCo to Parent or a contribution by Alcolux to an Internal Spinco or a distribution by an Internal Spinco to Arcolux, as the case may be, occurring immediately prior to the First Distribution, the Second Distribution or the External Distribution, as applicable (but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the Treasury Regulations thereunder or Treasury Regulations Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)), (ii) an adjustment to the purchase price, or (iii) as payments of an assumed or retained liability, (c) any payment of interest or State Income Taxes by or to a Tax Authority, as taxable or deductible, as the case may be, to the Company entitled under this Agreement to retain such payment or required under this Agreement to make such payment, (d) any GRP&E/BCS True-up Payment or Parent True-up Payment (as such terms are defined in the Separation and Distribution Agreement) as described in Section 2.9(d) of the Separation and Distribution Agreement and (e) the payment contemplated by Section 2.9(e) of the Separation and Distribution Agreement as described in Section 2.9(d) of the Separation and Distribution Agreement.

Section 14.02 Tax Gross-Up. If, notwithstanding the manner in which payments described in clause (b) of Section 14.01 were reported, there is an adjustment to the Tax Liability of a Company as a result of its receipt of a payment pursuant to this Agreement or the Separation and Distribution Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment which the Company receiving such payment would otherwise be entitled to receive.

Section 14.03 Interest. Anything herein to the contrary notwithstanding, to the extent one Company (such Company in its capacity as an indemnitor, an “**Indemnitor**”) makes a payment of interest to the other Company (such Company in its capacity as an indemnitee, an “**Indemnitee**”) under this Agreement with respect to the period from the date that the Indemnitee made a payment of Tax to a Tax Authority to the date that the Indemnitor reimbursed the Indemnitee for such Tax payment, the interest payment shall be treated as interest expense to the Indemnitor (deductible to the extent provided by Law) and as interest income by the Indemnitee (includible in income to the extent provided by Law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the Indemnitor or increase in Tax to the Indemnitee.

Article 15. Disagreements.

Section 15.01 Dispute Resolution. The Companies desire that collaboration will continue between them. Accordingly, they shall try, and they shall cause their respective Group members to try, to resolve in good faith all disagreements regarding their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (other than a High-Level Dispute) (a “**Tax Advisor Dispute**”) between any member of the Parent Group and any member of the GRP&E/BCS Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, the Tax departments of the Companies shall negotiate in good faith to resolve the Tax Advisor Dispute. If, within thirty (30) Business Days such good faith negotiations do not resolve the Tax Advisor Dispute, then the matter shall be referred to such Tax Advisor as the Companies mutually agree. The Tax Advisor may, in its discretion, obtain the services of any third-party appraiser, accounting firm or consultant that the Tax Advisor deems necessary to assist it in resolving such disagreement. The Tax Advisor shall resolve the Tax Advisor Dispute according to such procedures as the Tax Advisor deems advisable and shall furnish written notice to the Companies of its resolution of any such Tax Advisor Dispute as soon as practicable, but in any event no later than forty-five (45) days after its acceptance of the matter for resolution. Any such resolution by the Tax Advisor shall be consistent with the terms of this Agreement, and if so consistent, shall be conclusive and binding on the Companies. Following receipt of the Tax Advisor’s written notice to the Companies of its resolution of the Tax Advisor Dispute, the Companies shall each take or cause to be taken any action necessary to implement such resolution of the Tax Advisor. In accordance with Article 17, each Company shall pay its own fees and expenses (including the fees and expenses of its representatives) incurred in connection with the referral of the matter to the Tax Advisor. All fees and expenses of the Tax Advisor in connection with such referral shall be shared equally by the Companies. Any High-Level Dispute shall be resolved pursuant to the procedures set forth in Article VII of the Separation and Distribution Agreement.

Section 15.02 Injunctive Relief. Nothing in this Article 15 shall prevent either Company from seeking injunctive relief if any delay resulting from the efforts to resolve the Tax Advisor Dispute through the Tax Advisor (or any delay resulting from the efforts to resolve any High-Level Dispute through the procedures set forth in Article VII of the Separation and Distribution Agreement) could result in serious and irreparable injury to either Company. Notwithstanding anything to the contrary in the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, Parent and GRP&E/BCS SpinCo are the only members of their respective Groups entitled to commence a dispute resolution procedure under this Agreement, and each of Parent and GRP&E/BCS SpinCo shall cause its respective Group members not to commence any dispute resolution procedure other than through such Company as provided in this Article 15.

Article 16. Late Payments. Any amount owed by one Company to another Company under this Agreement which is not paid when due shall bear interest at the Prime Rate plus two percent (2%), compounded semiannually, from the due date of the payment to the date paid. To the extent interest required to be paid under this Article 16 duplicates interest required to be paid under any other provision of this Agreement, interest shall be computed at the higher of the interest rate provided under this Article 16 or the interest rate provided under such other provision.

Article 17. Expenses. Except as otherwise provided in this Agreement, each Company and its Affiliates shall bear their own expenses incurred in connection with the preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Article 18. General Provisions.

Section 18.01 Counterparts; Entire Agreement; Corporate Power. (a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Companies and delivered to the other Company.

(b) The Separation and Distribution Agreement, this Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Companies with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Companies other than those set forth or referred to herein or therein.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and GRP&E/BCS SpinCo represents on behalf of itself and each other member of the GRP&E/BCS Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Company acknowledges that the delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Company expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Company to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Company at any time, it shall as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date hereof) and delivered in person, by mail or by courier.

Section 18.02 *Governing Law.*

(a) This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Company to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

(b) Subject to the provisions of Article 15, each of the Companies hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, or, if (and only if) such court finds it lacks jurisdiction, another state court in the State of Delaware, in any action or proceeding arising out of or relating to this Agreement for recognition or enforcement of any judgment relating hereto, and each of the Companies hereby irrevocably and unconditionally (i) agrees not to commence any such action or proceeding except in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, or, if (and only if) such court finds it lacks jurisdiction, another state court in the State of Delaware, (ii) agrees that any claim in respect of any such action or proceeding may be heard and determined in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, or, if (and only if) such court finds it lacks jurisdiction, another state court in the State of Delaware, (iii) waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in such courts and (iv) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such courts.

Section 18.03 *Assignability.* This Agreement shall be binding upon and inure to the benefit of the Companies and their successors and permitted assigns; *provided, however*, that neither Company may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Company, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Company's rights and obligations under this Agreement in whole in connection with a Change of Control of a Company so long as the resulting, surviving or transferee Person assumes all the obligations of such Company by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Company.

Section 18.04 *Third-Party Beneficiaries.* The provisions of this Agreement are solely for the benefit of the Companies and are not intended to confer upon any other Person any rights or remedies hereunder, and there are no third-party beneficiaries of this Agreement, and this Agreement shall not provide any Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 18.05 *Notices.* All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service or by registered or certified mail postage prepaid, return receipt requested) to the respective Companies at the following addresses (or at such other address for a Company as shall be specified in a notice given in accordance with this Section 18.05):

If to Parent, to:

Arconic Inc.
390 Park Avenue
New York, NY 10022
Attention: Chief Legal Officer
Email: Kate.Ramundo@howmet.com

If to GRP&E/BCS SpinCo, to:

Arconic Rolled Products Corporation
201 Isabella Street
Pittsburgh, PA 15212
Attention: Chief Legal Officer
Email: Diana.Toman@arconic.com

A Company may, by notice to the other Company, change the address to which such notices are to be given.

Section 18.06 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Companies shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Companies.

Section 18.07 Force Majeure. No Company shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder so long as and to the extent any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay. A Company claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Company of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable.

Section 18.08 No Set-Off. Except as expressly set forth in this Agreement or as otherwise mutually agreed to in writing by the Companies, neither Company nor any member of such Company's Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Company or any member of its Group arising out of this Agreement.

Section 18.09 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 18.10 Waivers of Default. Waiver by a Company of any default by the other Company of any provision of this Agreement must be in writing and shall not be deemed a waiver by the waiving Company of any subsequent or other default, nor shall it prejudice the rights of the other Company. No failure or delay by a Company in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 18.11 Specific Performance. Subject to the provisions of [Article 15](#), in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Company that is, or is to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its rights under this Agreement in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Companies agree that (a) the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss, and (b) any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Companies.

Section 18.12 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Company, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Company against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 18.13 Interpretation. In this Agreement (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Exhibits and Appendices hereto) and not to any particular provision of this Agreement; (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including the Separation and Distribution Agreement, this Agreement and each Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; the word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if”; and (i) unless expressly stated to the contrary in this Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to March 31, 2020.

Section 18.14 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither GRP&E/BCS SpinCo or any member of the GRP&E/BCS Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, incidental, consequential, special, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

Section 18.15 Performance. Parent shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the Parent Group. GRP&E/BCS SpinCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the GRP&E/BCS Group. Each Company (including its permitted successors and assigns) further agrees that it shall (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Company’s obligations under this Agreement or the transactions contemplated hereby.

Section 18.16 Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Companies and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Companies have caused this Tax Matters Agreement to be executed by their duly authorized representatives as of the date first written above.

ARCONIC INC.

By: /s/ Kenneth J. Giacobbe
Name Kenneth J. Giacobbe
Title: Chief Financial Officer

[Signature Page to Tax Matters Agreement]

ARCONIC ROLLED PRODUCTS CORPORATION

By: /s/ Timothy D. Myers
Name: Timothy D. Myers
Title: Chief Executive Officer

[Signature Page to Tax Matters Agreement]

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

ARCONIC INC.

AND

ARCONIC ROLLED PRODUCTS CORPORATION

DATED AS OF MARCH 31, 2020

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FORM OF EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of March 31, 2020 (this “Agreement”), is by and between Arconic Inc., a Delaware corporation (“Parent”), and Arconic Rolled Products Corporation, a Delaware corporation (“Spinco”).

R E C I T A L S:

WHEREAS, the board of directors of Parent (the “Parent Board”) has determined that it is in the best interests of Parent and its shareholders to create a new publicly traded company that shall operate the Spinco Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to separate the Spinco Business from the Parent Business (the “Separation”) and, following the Separation, make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of all the outstanding Spinco Shares owned by Parent (the “Distribution”);

WHEREAS, to effectuate the Separation and Distribution, Parent and Spinco have entered into a Separation and Distribution Agreement, dated as of March 31, 2020 (the “Separation and Distribution Agreement”); and

WHEREAS, in addition to the matters addressed by the Separation and Distribution Agreement, the Parties desire to enter into this Agreement to set forth the terms and conditions of certain employment, compensation and benefit matters.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings ascribed to them in the Separation and Distribution Agreement. “Action” shall have the meaning set forth in the Separation and Distribution Agreement.

“Affiliate” shall have the meaning set forth in the Separation and Distribution Agreement.

“Agreement” shall have the meaning set forth in the preamble to this Agreement and shall include all Schedules hereto and all amendments, modifications, and changes hereto entered into pursuant to Section 9.17.

“Ancillary Agreement” shall have the meaning set forth in the Separation and Distribution Agreement.

“Assets” shall have the meaning set forth in the Separation and Distribution Agreement.

“Benefit Plan” shall mean any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee, or to any family member, dependent, or beneficiary of any such Employee, including pension plans, thrift plans, supplemental pension plans and welfare plans, and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, that the term “Benefit Plan” does not include any government-sponsored benefits, such as workers’ compensation, unemployment or any similar plans, programs or policies.

“Cash-Settled Units” shall have the meaning set forth in Section 4.05(a).

“COBRA” shall mean the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified in Section 601 *et seq.* of ERISA and in Section 4980B of the Code.

“Code” shall have the meaning set forth in the Separation and Distribution Agreement.

“Delayed Transfer Employee” shall have the meaning set forth in Section 3.01(b).

“Destination Employer” shall have the meaning set forth in Section 3.01(b).

“Dispute” shall have the meaning set forth in the Separation and Distribution Agreement.

“Distribution” shall have the meaning set forth in the recitals to this Agreement.

“Distribution Date” shall have the meaning set forth in the Separation and Distribution Agreement.

“Distribution Ratio” shall have the meaning set forth in the Separation and Distribution Agreement.

“Effective Time” shall have the meaning set forth in the Separation and Distribution Agreement.

“Employee” shall mean any Parent Group Employee or Spinco Group Employee.

“ERISA” shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“FICA” shall have the meaning set forth in Section 3.01(f).

“Final Trading Day” shall mean the last Trading Session ending prior to the Effective Time.

“Force Majeure” shall have the meaning set forth in the Separation and Distribution Agreement.

“Former Employees” shall mean Former Parent Group Employees and Former Spinco Group Employees.

“Former Nonemployee Director” shall mean each former member of the Parent Board whose service on the Parent Board ended prior to the Effective Time.

“Former Parent Group Employee” shall mean any individual who is a former employee of Parent or any of its Subsidiaries or former Subsidiaries as of the Operational Separation Date and who is not a Former Spinco Group Employee, including any individual whose most recent employment was at a location that was sold or otherwise closed prior to the Operational Separation Date and who is identified as a Former Parent Group Employee on the master list prepared by Parent prior to the Operational Separation Date. Notwithstanding the foregoing or anything else herein to the contrary, any individual who has received a written communication from the Parent Group prior to the Operational Separation Date indicating that such individual will be classified as a former employee of the Parent Group for purposes of compensation and benefits will be treated as a Former Parent Group Employee for purposes of this Agreement.

“Former Spinco Group Employee” shall mean (i) any individual who is a former employee of Parent or any of its Subsidiaries or former Subsidiaries as of the Operational Separation Date, in each case, whose most recent employment with Parent was with a member of the Spinco Group or the Spinco Business, and (ii) any individual who is a former employee of Parent or its Subsidiaries or former Subsidiaries whose most recent employment was at a work location that has been sold or otherwise closed prior to the Operational Separation Date and who is identified as a Former Spinco Group Employee on the master list prepared by Parent prior to the Operational Separation Date. Notwithstanding the foregoing or anything else herein to the contrary, any individual who has received a written communication from the Parent Group prior to the Operational Separation Date indicating that such individual will be classified as a former employee of the Spinco Group for purposes of compensation and benefits will be treated as a Former Spinco Group Employee for purposes of this Agreement.

“FUTA” shall have the meaning set forth in Section 3.01(f).

“Governmental Authority” shall have the meaning set forth in the Separation and Distribution Agreement.

“HIPAA” shall mean the U.S. Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder.

“Individual Agreement” shall mean any individual (i) employment contract, (ii) retention, severance or change of control agreement, (iii) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation, equalization of taxes and living standards in the host country), or (iv) other agreement containing restrictive covenants (including confidentiality, noncompetition and nonsolicitation provisions) between a member of the Parent Group and a Spinco Group Employee, as in effect immediately prior to the Operational Separation Date.

“IRS” shall have the meaning set forth in the Separation and Distribution Agreement.

“Law” shall have the meaning set forth in the Separation and Distribution Agreement.

“Liabilities” shall have the meaning set forth in the Separation and Distribution Agreement.

“Operational Separation Date” shall mean February 1, 2020, except with respect to the Arconic Retirement Plan I, Amended and Restated effective January 1, 2015 and the Arconic Retirement Plan II, Amended and Restated effective January 1, 2015 for which the Operational Separation Date shall mean January 1, 2020.

“Parent” shall have the meaning set forth in the preamble to this Agreement.

“Parent Annual Bonus Plans” shall have the meaning set forth in Section 4.03(a).

“Parent Awards” shall mean Parent Options, Parent RSU Awards and Parent PSU Awards, collectively.

“Parent Benefit Plan” shall mean any Benefit Plan established, sponsored or maintained by Parent or any of its Subsidiaries immediately prior to the Operational Separation Date, excluding any Spinco Benefit Plan.

“Parent Board” shall have the meaning set forth in the recitals to this Agreement.

“Parent Business” shall have the meaning set forth in the Separation and Distribution Agreement.

“Parent Compensation Committee” shall mean the Compensation Committee of the Parent Board.

“Parent Deferred Fee Plans” shall have the meaning set forth in Section 4.05(a).

“Parent Divided Nonqualified Plans” shall mean the Arconic Deferred Compensation Plan, as amended and restated effective August 1, 2016, the Arconic Inc. Employees’ Excess Benefits Plan A, as amended and restated effective August 1, 2016, the Arconic Inc. Employees’ Excess Benefits Plan B, as amended and restated effective August 1, 2016, the Arconic Inc. Employees Excess Benefits Plan C, as amended and restated effective August 1, 2016, the Arconic Supplemental Pension Plan for Senior Executives, as amended and restated effective August 1, 2016 and the Arconic Global Pension Plan, effective August 1, 2016.

“Parent Divided Pension Plans” shall mean the Arconic Retirement Plan I, Amended and Restated effective January 1, 2015 and the Arconic Retirement Plan II, Amended and Restated effective January 1, 2015.

“Parent Equity Plan” shall mean any equity compensation plan sponsored or maintained by Parent immediately prior to the Effective Time, including the 2013 Arconic Stock Incentive Plan, as Amended and Restated, the RTI International Metals, Inc. 2014 Stock and Incentive Plan, as amended, the Amended and Restated 2009 Alcoa Stock Incentive Plan, as amended and the RTI International Metals, Inc. 2004 Stock Plan, as amended.

“Parent Fee Continuation Plan” shall have the meaning set forth in Section 4.05(b).

“Parent Group” shall have the meaning set forth in the Separation and Distribution Agreement.

“Parent Group Employees” shall have the meaning set forth in Section 3.01(a).

“Parent HSA” shall have the meaning set forth in Section 7.01(c).

“Parent Liability” shall have the meaning set forth in the Separation and Distribution Agreement.

“Parent Nonemployee Director” means each member of the Parent Board as of immediately after the Effective Time who is not a Parent Group Employee.

“Parent Option” shall mean an option to purchase Parent Shares granted pursuant to a Parent Equity Plan that is outstanding as of immediately prior to the Effective Time.

“Parent Pension Trust” shall mean the Arconic Retirement Plans Master Trust, amended and restated effective as of August 1, 2016 by and between Arconic Inc. and The Bank of New York Mellon.

“Parent PSU Award” shall mean a performance-based restricted stock unit award granted pursuant to a Parent Equity Plan that is outstanding as of immediately prior to the Effective Time.

“Parent Ratio” shall mean the quotient obtained by dividing the Parent Stock Value by the Post-Separation Parent Stock Value.

“Parent RSU Award” shall mean a restricted stock unit award granted pursuant to a Parent Equity Plan that is outstanding as of immediately prior to the Effective Time.

“Parent Savings Plan” shall mean the Arconic Salaried Retirement Savings Plan, as Amended and Restated effective January 1, 2015 and the Arconic Bargaining Retirement Savings Plan, as amended and restated effective January 1, 2015.

“Parent Share Fund” shall have the meaning set forth in Section 5.03(b).

“Parent Shares” shall have the meaning set forth in the Separation and Distribution Agreement.

“Parent Stock Value” shall mean the per share closing trading price of Parent Shares trading “regular way” on the New York Stock Exchange on the Final Trading Day.

“Parent Welfare Plan” shall mean any Welfare Plan established, sponsored, maintained or contributed to by Parent or any of its Subsidiaries for the benefit of Employees or Former Employees, including the Employees’ Group Benefits Plan of Arconic Inc., Plan I, as amended and restated effective August 1, 2016, the Employees’ Group Benefits Plan of Arconic Inc., Plan II, as amended and restated effective August 1, 2016, the Employees’ Group Benefits Plan of Arconic Inc. Plan I for Retirees, the Employees’ Group Benefits Plan of Arconic Inc. Plan II for Retirees, the Arconic Health Reimbursement Arrangement Plan for Medicare Eligible Retirees, the Arconic Medicare Part B Reimbursement Plan for Certain Eligible Retirees, the Arconic Executive Permanent Life Insurance Plan, the Optional Life Insurance Plan, the Involuntary Separation Plan, the Supplemental Unemployment Benefit Plan, the Arconic Change in Control Severance Plan, as amended and restated effective February 1, 2018, the Arconic Executive Severance Plan and the Legal Fee Reimbursement Plan, effective April 30, 2018, but excluding (i) each Welfare Plan identified in Section 7.08, and (ii) any Spinco Welfare Plan.

“Party” shall mean a party to this Agreement.

“Person” shall have the meaning set forth in the Separation and Distribution Agreement.

“Post-Separation Parent Awards” shall mean Post-Separation Parent Options, Post-Separation Parent RSU Awards, and the Post-Separation Parent PSU Awards, collectively.

“Post-Separation Parent Option” shall mean a Parent Option adjusted as of the Effective Time in accordance with Section 4.02(b).

“Post-Separation Parent PSU Award” shall mean a Parent PSU Award adjusted as of the Effective Time in accordance with Section 4.02(e).

“Post-Separation Parent RSU Award” shall mean a Parent RSU Award adjusted as of the Effective Time in accordance with Section 4.02(c).

“Post-Separation Parent Stock Value” shall mean the opening per share price of Parent Shares on the New York Stock Exchange in the first Trading Session immediately after the Effective Time.

“Providing Party” shall have the meaning set forth in Section 2.02(b).

“QDRO” shall mean a qualified domestic relations order within the meaning of Section 206(d) of ERISA and Section 414(p) of the Code.

“Record Date” shall have the meaning set forth in the Separation and Distribution Agreement.

“Requesting Party” shall have the meaning set forth in Section 2.02(b).

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

“Separation” shall have the meaning set forth in the recitals to this Agreement.

“Separation and Distribution Agreement” shall have the meaning set forth in the recitals to this Agreement.

“Severance Benefits” shall have the meaning set forth in Section 4.04.

“Spinco” shall have the meaning set forth in the preamble to this Agreement.

“Spinco Annual Bonus Plans” shall have the meaning set forth in Section 4.03(a).

“Spinco Awards” shall mean Spinco Options, Spinco RSU Awards, and Spinco PSU Awards, collectively.

“Spinco Benefit Plan” shall mean any Benefit Plan established, sponsored, maintained or contributed to by a member of the Spinco Group as of or after the Operational Separation Date.

“Spinco Board” shall mean the Board of Directors of Spinco.

“Spinco Business” shall have the meaning set forth in the Separation and Distribution Agreement.

“Spinco Deferred Fee Plan for Directors” shall have the meaning set forth in Section 4.05(a).

“Spinco Designees” shall have the meaning set forth in the Separation and Distribution Agreement.

“Spinco Equity Plan” shall mean the Spinco 2020 Stock Incentive Plan.

“Spinco Group” shall have the meaning set forth in the Separation and Distribution Agreement.

“Spinco Group Employees” shall have the meaning set forth in Section 3.01(a).

“Spinco HSA” shall have the meaning set forth in Section 7.01(c).

“Spinco Liability” shall have the meaning set forth in the Separation and Distribution Agreement.

“Spinco Nonemployee Director” shall mean each member of the Spinco Board as of immediately after the Effective Time who is not a Spinco Group Employee.

“Spinco Nonqualified Plans” shall mean the plans established by the Spinco Group pursuant to Section 6.01(a) that correspond to the Parent Divided Nonqualified Plans.

“Spinco Option” shall mean an option to purchase Spinco Shares granted by Spinco pursuant to the Spinco Equity Plan in accordance with Section 4.02(b).

“Spinco Pension Plans” shall have the meaning set forth in Section 5.01(a).

“Spinco Pension Trust” shall have the meaning set forth in Section 5.01(a).

“Spinco PSU Award” shall mean a performance-based restricted stock unit award granted pursuant to the Spinco Equity Plan in accordance with Section 4.02(f).

“Spinco Ratio” shall mean the quotient obtained by dividing the Parent Stock Value by the Spinco Stock Value.

“Spinco RSU Award” shall mean a restricted stock unit award granted pursuant to the Spinco Equity Plan in accordance with Section 4.02(d).

“Spinco Savings Plans” shall have the meaning set forth in Section 5.03(a).

“Spinco Share Fund” shall have the meaning set forth in Section 5.03(c).

“Spinco Shares” shall have the meaning set forth in the Separation and Distribution Agreement.

“Spinco Stock Value” shall mean the opening per share price of Spinco Shares on the New York Stock Exchange in the first Trading Session immediately after the Effective Time.

“Spinco Welfare Plans” shall mean the Welfare Plans established, sponsored, maintained or contributed to by any member of the Spinco Group for the benefit of Spinco Group Employees and Former Spinco Group Employees, including each such Welfare Plan that corresponds to a Parent Welfare Plan.

“Subsidiary” shall have the meaning set forth in the Separation and Distribution Agreement.

“Third Party” shall have the meaning set forth in the Separation and Distribution Agreement.

“Trading Session” shall mean the period of time during any given calendar day, commencing with the determination of the opening price on the New York Stock Exchange and ending with the determination of the closing price on the New York Stock Exchange, in which trading in Parent Shares or Spinco Shares (as applicable) is permitted on the New York Stock Exchange.

“Transferred Account Balances” shall have the meaning set forth in Section 7.01(d).

“Transferred Director” shall have the meaning set forth in Section 4.05(a).

“Transition Services Agreement” shall have the meaning set forth in the Separation and Distribution Agreement.

“U.S.” shall mean the United States of America.

“Welfare Plan” shall mean any “welfare plan” (as defined in Section 3(1) of ERISA) or a “cafeteria plan” under Section 125 of the Code, and any benefits offered thereunder, and any other plan offering health benefits (including medical, prescription drug, dental, vision, mental health, substance abuse and retiree health), disability benefits, or life, accidental death and dismemberment, and business travel insurance, pre-tax premium conversion benefits, dependent care assistance programs, employee assistance programs, paid time-off programs, contribution funding toward a health savings account, flexible spending accounts or cashable credits.

Section 1.02. Interpretation. Section 10.16 of the Separation and Distribution Agreement is hereby incorporated by reference.

ARTICLE II GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 2.01. General Principles.

(a) *Acceptance and Assumption of Spinco Liabilities*. On or prior to the Operational Separation Date, Spinco and the applicable Spinco Designees shall, except as otherwise expressly provided herein, accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered a Spinco Liability):

(i) any and all wages, salaries, incentive compensation (as the same may be modified by this Agreement), equity compensation (as the same may be modified by this Agreement), commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Spinco Group Employees and Former Spinco Group Employees after the Operational Separation Date, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims made by or with respect to any Spinco Group Employees or Former Spinco Group Employees in connection with any Benefit Plan not retained or assumed by any member of the Parent Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(iii) any and all Liabilities expressly assumed or retained by any member of the Spinco Group pursuant to this Agreement.

(b) *Acceptance and Assumption of Parent Liabilities.* On or prior to the Operational Separation Date, Parent and certain members of the Parent Group designated by Parent shall, except as otherwise expressly provided herein, accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities held by Spinco or any Spinco Designee and Parent and the applicable members of the Parent Group shall be responsible for such Liabilities in accordance with their respective terms (each of which shall be considered a Parent Liability):

(i) any and all wages, salaries, incentive compensation (as the same may be modified by this Agreement), equity compensation (as the same may be modified by this Agreement), commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Parent Group Employees and Former Parent Group Employees after the Operational Separation Date, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims made by or with respect to any Parent Group Employees or Former Parent Group Employees in connection with any Benefit Plan not retained or assumed by any member of the Spinco Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(iii) any and all Liabilities expressly assumed or retained by any member of the Parent Group pursuant to this Agreement.

(c) *Unaddressed Liabilities.* To the extent that this Agreement does not address particular Liabilities under any Benefit Plan and the Parties later determine that they should be allocated in connection with the Distribution, the Parties shall agree in good faith on the allocation, taking into account the handling of comparable Liabilities under this Agreement.

Section 2.02. Service Credit.

(a) *Service for Eligibility, Vesting and Benefit Purposes.* The Spinco Benefit Plans shall, and Spinco shall cause each member of the Spinco Group to, recognize each Spinco Group Employee's and each Former Spinco Group Employee's full service with Parent or any of its Subsidiaries or predecessor entities at or before the Operational Separation Date, to the same extent that such service was credited by Parent or its Subsidiary for similar purposes prior to the Operational Separation Date as if such full service had been performed for a member of the Spinco Group, for purposes of eligibility, vesting and determination of level of benefits under any such Spinco Benefit Plan. The Parent Benefit Plans shall, and Parent shall cause each member of the Parent Group to, recognize each Parent Group Employee's and each Former Parent Group Employee's full service with Spinco or any of its Subsidiaries or predecessor entities at or before the Operational Separation Date, to the same extent that such service was credited by Spinco or its Subsidiary for similar purposes prior to the Operational Separation Date as if such full service had been performed for a member of the Parent Group, for purposes of eligibility, vesting and determination of level of benefits under any such Parent Benefit Plan.

(b) *Evidence of Prior Service.* Notwithstanding anything to the contrary in this Agreement, but subject to Section 3.02 and applicable Law, upon reasonable request by either Party (the “Requesting Party”), the other Party (the “Providing Party”) will provide to the Requesting Party copies of any records available to the Providing Party to document the service, plan participation and membership of former Employees of the Providing Party who are then Employees of the Requesting Party, and will cooperate with the Requesting Party to resolve any discrepancies or obtain any missing data for purposes of determining benefit eligibility, participation, vesting and calculation of benefits with respect to any such Employee.

Section 2.03. Benefit Plans.

(a) *Establishment of Plans.* As of the Operational Separation Date, Spinco shall, or shall cause an applicable member of the Spinco Group to, adopt Benefit Plans (and related trusts, if applicable), with terms comparable (or such other standard as is specified in this Agreement with respect to any particular Benefit Plan) to those of the corresponding Parent Benefit Plans; provided, however, that Spinco may limit participation in any such Spinco Benefit Plan to Spinco Group Employees and Former Spinco Group Employees who participated in the corresponding Parent Benefit Plan immediately prior to the Operational Separation Date.

(b) *Information and Operation.* Parent shall provide Spinco with information describing each Parent Benefit Plan election made by a Spinco Group Employee or a Former Spinco Group Employee that may have application to Spinco Benefit Plans from and after the Operational Separation Date, and Spinco shall use its commercially reasonable efforts to administer the Spinco Benefit Plans using those elections. Each Party shall, upon reasonable request, provide the other Party and the other Party’s respective Affiliates, agents, and vendors all information reasonably necessary to the other Party’s operation or administration of its Benefit Plans.

(c) *No Duplication or Acceleration of Benefits.* Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, no participant in any Spinco Benefit Plan shall receive service credit or benefits to the extent that receipt of such service credit or benefits would result in duplication of benefits provided to such participant by the corresponding Parent Benefit Plan or any other plan, program or arrangement sponsored or maintained by a member of the Parent Group. Furthermore, unless expressly provided for in this Agreement, the Separation and Distribution Agreement or in any Ancillary Agreement or required by applicable Law, no provision in this Agreement shall be construed to create any right to accelerate vesting or entitlements under any compensation or Benefit Plan, program or arrangement sponsored or maintained by a member of the Parent Group or member of the Spinco Group on the part of any Employee or Former Employee.

(d) *No Expansion of Participation.* Unless otherwise expressly provided in this Agreement, determined or agreed to by Parent and Spinco, required by applicable Law, or explicitly set forth in a Spinco Benefit Plan, a Spinco Group Employee or a Former Spinco Group Employee shall be entitled to participate in the Spinco Benefit Plans at the Operational Separation Date only to the extent that such Spinco Group Employee or a Former Spinco Group Employee was entitled to participate in the corresponding Parent Benefit Plan as in effect immediately prior to the Operational Separation Date (to the extent that such Spinco Group Employee or a Former Spinco Group Employee does not participate in the respective Spinco Benefit Plan immediately prior to the Operational Separation Date), it being understood that this Agreement does not expand (i) the number of Spinco Group Employees or Former Spinco Group Employees entitled to participate in any Spinco Benefit Plan, or (ii) the participation rights of Spinco Group Employees or Former Spinco Group Employees in any Spinco Benefit Plans beyond the rights of such Spinco Group Employees or Former Spinco Group Employees under the corresponding Parent Benefit Plans, in each case, after the Operational Separation Date.

(e) *Transition Services.* The Parties acknowledge that the Parent Group or the Spinco Group may provide administrative services for certain of the other Party's compensation and benefit programs for a transitional period under the terms of the Transition Services Agreement. The Parties agree to cooperate in good faith to negotiate a business associate agreement (if required by HIPAA or other applicable health information privacy Laws) in connection with such Transition Services Agreement.

(f) *Beneficiaries.* References to Parent Group Employees, Former Parent Group Employees, Spinco Group Employees, Former Spinco Group Employees, and nonemployee directors of either Parent or Spinco (including Transferred Directors), shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable.

Section 2.04. Individual Agreements.

(a) *Assignment by Parent.* To the extent necessary, Parent shall assign, or cause an applicable member of the Parent Group to assign, to Spinco or another member of the Spinco Group, as designated by Spinco, all Individual Agreements, with such assignment to be effective as of the Operational Separation Date; provided, however, that to the extent that assignment of any such Individual Agreement is not permitted by the terms of such agreement or by applicable Law, effective as of the Operational Separation Date, each member of the Spinco Group shall be considered to be a successor to each member of the Parent Group for purposes of, and a third-party beneficiary with respect to, such Individual Agreement, such that each member of the Spinco Group shall enjoy all of the rights and benefits under such agreement (including rights and benefits as a third-party beneficiary), with respect to the business operations of the Spinco Group; provided, further, that in no event shall Parent be permitted to enforce any Individual Agreement (including any agreement containing noncompetition or nonsolicitation covenants) against a Spinco Group Employee or a Former Spinco Group Employee for action taken in such individual's capacity as a Spinco Group Employee or a Former Spinco Group Employee.

(b) Assumption by Spinco. Effective as of the Operational Separation Date, Spinco will assume and honor, or will cause a member of the Spinco Group to assume and honor, any individual agreement to which any Spinco Group Employee or Former Spinco Group Employee is a Party with any member of the Parent Group, including any Individual Agreement.

Section 2.05. Collective Bargaining. Effective as of the Distribution Date, to the extent necessary, Spinco shall cause the appropriate member of the Spinco Group to (a) assume or retain all collective bargaining agreements (including any national, sector or local collective bargaining agreement) that cover Spinco Group Employees or Former Spinco Group Employees, including any such agreements negotiated in connection with the Separation, and the Liabilities arising under any such collective bargaining agreements, and (b) join any industrial, employer or similar association or federation if membership is required for the relevant collective bargaining agreement to continue to apply. In the event of any conflict between a provision of this Agreement and the requirements of a collective bargaining agreement applicable to either Party, the requirements of the collective bargaining agreement shall control and the Parties shall cooperate in good faith to modify the applicable provision of this Agreement to the minimum extent necessary to permit compliance with the applicable collective bargaining agreement requirements while preserving to the maximum extent possible the originally intended result of such modified provision.

Section 2.06. Non-U.S. Regulatory Compliance. Parent shall have the authority to adjust the treatment described in this Agreement with respect to Spinco Group Employees who are located outside of the United States to ensure compliance with the applicable laws or regulations of countries outside of the United States or to preserve the tax benefits provided under such local tax law or regulation.

ARTICLE III ASSIGNMENT OF EMPLOYEES

Section 3.01. Active Employees. (a) Assignment and Transfer of Employees. Effective no later than immediately prior to the Operational Separation Date and except as otherwise required by applicable Law or agreed by the Parties, (i) the applicable member of the Parent Group shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Spinco Group as of the Operational Separation Date (including any such individual who is not actively working as of the Operational Separation Date as a result of an illness, injury or approved leave of absence (or leave of absence otherwise taken in accordance with applicable Law) (collectively, the "Spinco Group Employees") is employed by a member of the Spinco Group as of the Operational Separation Date, and (ii) the applicable member of the Parent Group shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Parent Group as of the Operational Separation Date (including any such individual who is not actively working as of the Operational Separation Date as a result of an illness, injury or approved leave of absence (or leave of absence otherwise taken in accordance with applicable Law)) and any other individual employed by the Parent Group as of the Operational Separation Date who is not a Spinco Group Employee (collectively, the "Parent Group Employees") is employed by a member of the Parent Group as of the Operational Separation Date. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(b) *Delayed Transfer Employees.* To the extent that applicable Law prevents the Parties from causing any (i) Spinco Group Employee to be employed by a member of the Spinco Group as of the Operational Separation Date as contemplated by Section 3.01(a)(i) or (ii) Parent Group Employee to be employed by a member of the Parent Group as of the Operational Separation Date as contemplated by Section 3.01(a)(ii) (each such employee, a “Delayed Transfer Employee” and the Spinco Group or Parent Group entity to which such Delayed Transfer Employee would have been transferred under Section 3.01(a), the “Destination Employer”), the Parties shall use commercially reasonable efforts to ensure that (A) such Delayed Transfer Employee becomes employed by the Destination Employer at the earliest time permitted by applicable Law and, with respect to any Delayed Transfer Employee who is actively employed as of the Operational Separation Date, and (B) the Destination Employer receives the benefit of such Delayed Transfer Employee’s services from and after the Operational Separation Date, including by entering into an employee leasing or similar arrangement. From and after the commencement of a Delayed Transfer Employee’s employment with the Destination Employer, such Delayed Transfer Employee shall be treated for all purposes of this Agreement, including Section 2.02, as if such Delayed Transfer Employee commenced employment with the Destination Employer as of the Operational Separation Date as contemplated by Section 3.01(a).

(c) *At-Will Status.* Nothing in this Agreement shall create any obligation on the part of any member of the Parent Group or any member of the Spinco Group to (i) continue the employment of any Employee or permit the return from a leave of absence for any period after the date of this Agreement (except as required by applicable Law), or (ii) change the employment status of any Employee from “at-will,” to the extent that such Employee is an “at-will” employee under applicable Law.

(d) *Severance.* The Parties acknowledge and agree that the Distribution and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 3.01 shall not be deemed an involuntary termination of employment that entitles any Spinco Group Employee or Parent Group Employee to severance payments or benefits.

(e) *Not a Change of Control/Change in Control.* The Parties acknowledge and agree that neither the consummation of the Distribution nor any transaction contemplated by this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement shall be deemed a “change of control,” “change in control,” or term of similar import for purposes of any Benefit Plan sponsored or maintained by any member of the Parent Group or member of the Spinco Group.

(f) *Payroll and Related Taxes.* With respect to any Spinco Group Employee or group of Spinco Group Employees, the Parties shall, or shall cause their respective Subsidiaries to, (i) treat Spinco (or the applicable member of the Spinco Group) as a “successor employer” and Parent (or the applicable member of the Parent Group) as a “predecessor,” within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code, for purposes of taxes imposed under the United States Federal Insurance Contributions Act, as amended (“FICA”), or the United States Federal Unemployment Tax Act, as amended (“FUTA”), (ii) cooperate with each other to avoid, to the extent possible, the restart of FICA and FUTA upon or following the Operational Separation Date or the Distribution Date, as applicable, with respect to each such Spinco Group Employee for the tax year during which the Operational Separation Date or the Distribution Date, as applicable, occurs, and (iii) use commercially reasonable efforts to implement the alternate procedure described in Section 5 of Revenue Procedure 2004-53; provided, however, that to the extent that Spinco (or the applicable member of the Spinco Group) cannot be treated as a “successor employer” to Parent (or the applicable member of the Parent Group) within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code with respect to any Spinco Group Employee or group of Spinco Group Employees, (x) with respect to the portion of the tax year commencing on January 1, 2020 and ending on the Operational Separation Date or the Distribution Date, as applicable, Parent will (A) be responsible for all payroll obligations, tax withholding and reporting obligations for such Spinco Group Employees, and (B) furnish a Form W-2 or similar earnings statement to all such Spinco Group Employees for such period, and (y) with respect to the remaining portion of such tax year, Spinco will (A) be responsible for all payroll obligations, tax withholding and reporting obligations regarding such Spinco Group Employees, and (B) furnish a Form W-2 or similar earnings statement to all such Spinco Group Employees.

Section 3.02. Nonsolicitation. Each Party agrees that, for a period of twelve (12) months from the Operational Separation Date, such Party shall not solicit for employment any individual who is a Parent Group Employee, in the case of a Spinco, or a Spinco Group Employee, in the case of Parent; provided, however, that without limiting the generality of the foregoing prohibition on solicitation of Employees of the other Party, this Section 3.02 shall not prohibit (a) generalized solicitations that are not directed to specific Persons or Employees of the other Party, (b) the solicitation of a Person whose employment was involuntarily terminated by the other Party, or (c) the solicitation of a Person after receipt by the soliciting Party (in advance of any solicitation or, in the case of a response to a general solicitation as permitted under the foregoing clause (a), in advance of any subsequent solicitation in connection with the recruiting process) of the express written consent of the Party that employs the Person who is to be solicited. Except as provided in the foregoing clause (b) with respect to involuntary terminations, without regard to the use of the term “Employee” or “employs,” the restrictions under this Section 3.02 shall be applicable to (i) Parent Group Employees whose employment terminates after the Operational Separation Date, and (ii) Spinco Group Employees whose employment terminates after the Operational Separation Date, in each case, until the date that is six (6) months after such Employee’s last date of employment with Parent or Spinco, as applicable. For the avoidance of doubt, the restrictions under this Section 3.02 shall not apply to Former Parent Group Employees or Former Spinco Group Employees whose most recent employment with Parent and its Subsidiaries was terminated prior to the Operational Separation Date.

ARTICLE IV EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION

Section 4.01. Generally. Parent Awards that are outstanding as of immediately prior to the Effective Time shall be adjusted as described below; provided, however, that effective immediately prior to the Effective Time, the Parent Compensation Committee may provide for different adjustments with respect to some or all Parent Awards to the extent that the Parent Compensation Committee deems such adjustments necessary and appropriate. Any adjustments made by the Parent Compensation Committee pursuant to the foregoing sentence shall be deemed incorporated by reference herein as if fully set forth below and shall be binding on the Parties and their respective Affiliates. Before the Effective Time, the Spinco Equity Plan shall be established, with such terms as are necessary to permit the implementation of the provisions of Section 4.02.

Section 4.02. Equity Incentive Awards.

(a) *Outstanding Parent Options Held by Parent Group Employees and Former Parent Group Employees.* Each Parent Option held by a Parent Group Employee or a Former Parent Group Employee, that is outstanding and unexercised as of immediately prior to the Effective Time, shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such Parent Option immediately prior to the Effective Time; provided, however, that certain restrictions may be imposed on the Parent Option after the Effective Time if necessary and appropriate to comply with applicable Law; and further, provided, however, that from and after the Effective Time:

(i) the number of Parent Shares subject to such Parent Option, rounded down to the nearest whole number of shares, shall be equal to the product obtained by multiplying (A) the number of Parent Shares subject to such Parent Option immediately prior to the Effective Time by (B) the Parent Ratio; and

(ii) the per share exercise price of such Parent Option, rounded up to the nearest whole cent, shall be equal to the quotient obtained by dividing (A) the per share exercise price of such Parent Option immediately prior to the Effective Time by (B) the Parent Ratio.

(b) *Outstanding Parent Options Held by Spinco Group Employees and Former Spinco Group Employees.* Each Parent Option held by a Spinco Group Employee or a Former Spinco Group Employee, that is outstanding and unexercised as of immediately prior to the Effective Time, shall be converted into a Spinco Option and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Parent Option immediately prior to the Effective Time (except that references to "Parent" in the applicable plan and award agreement shall be deemed to refer to "Spinco," unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the Spinco Option after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time:

(i) the number of Spinco Shares subject to such Spinco Option, rounded down to the nearest whole number of shares, shall be equal to the product obtained by multiplying (A) the number of Parent Shares subject to the corresponding Parent Option immediately prior to the Effective Time by (B) the Spinco Ratio; and

(ii) the per share exercise price of such Spinco Option, rounded up to the nearest whole cent, shall be equal to the quotient obtained by dividing (A) the per share exercise price of the corresponding Parent Option immediately prior to the Effective Time by (B) the Spinco Ratio.

(c) *Outstanding Parent RSU Awards Held by Parent Group Employees and Former Parent Group Employees.* Each Parent RSU Award held by a Parent Group Employee or a Former Parent Group Employee that is outstanding as of immediately prior to the Effective Time, shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such Parent RSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares; provided, however, that certain restrictions may be imposed on the Parent RSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further, provided, however, that from and after the Effective Time, the number of Parent Shares to which such Parent RSU Award relates shall be equal to the product obtained by multiplying (i) the number of Parent Shares to which such Parent RSU Award related immediately prior to the Effective Time by (ii) the Parent Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the Post-Separation Parent Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, Parent or any member of the Parent Group, as determined by Parent in its sole discretion, the shares subject to the Parent RSU Award may instead be rounded down to the nearest whole number of shares).

(d) *Outstanding Parent RSU Awards Held by Spinco Group Employees and Former Spinco Group Employees.* Each Parent RSU Award held by a Spinco Group Employee or Former Spinco Group Employee that is outstanding as of immediately prior to the Effective Time, shall be converted into a Spinco RSU Award, and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Parent RSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares (except that references to Parent in the applicable plan and award agreement shall be deemed to refer to Spinco, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the Spinco RSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further, provided, however, that from and after the Effective Time, the number of Spinco Shares to which such Spinco RSU Award relates shall be equal to the product obtained by multiplying (i) the number of Parent Shares to which the corresponding Parent RSU Award related immediately prior to the Effective Time by (ii) the Spinco Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the Spinco Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, Parent, any member of the Parent Group, Spinco or any member of the Spinco Group, as determined by Parent in its sole discretion, the shares subject to the Spinco RSU Award may instead be rounded down to the nearest whole number of shares).

(e) *Outstanding Parent PSU Awards Held by Parent Group Employees and Former Parent Group Employees.* Each Parent PSU Award held by a Parent Group Employee or a Former Parent Group Employee that is outstanding as of immediately prior to the Effective Time, shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such Parent PSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares; provided, however, that certain restrictions may be imposed on the Parent PSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further, provided, however, that from and after the Effective Time:

(i) the number of Parent Shares to which such Parent PSU Award relates shall be equal to the product obtained by multiplying (A) the number of Parent Shares to which such Parent PSU Award related immediately prior to the Effective Time by (B) the Parent Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the Post-Separation Parent Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, Parent or any member of the Parent Group, as determined by Parent in its sole discretion, the shares subject to the Parent PSU Award may instead be rounded down to the nearest whole number of shares); and

(ii) the performance conditions applicable to each such Parent PSU Award shall be (A) for the 2018-2020 performance period with respect to any such Parent PSU Award, deemed achieved at the Effective Time based on the actual level of achievement of the applicable performance goals during the portion of the performance period ending on December 31, 2019, and (B) for the 2020-2022 performance period, the conditions established by the Parent Compensation Committee prior to the Effective Time. For each such Parent PSU Award held by the ParentCo Chief Executive Officer that has performance conditions based on the attainment of stock price performance goals relating to Parent, such goals shall remain in effect and measurement of the level of achievement of such goals shall be determined based on the combined value of Parent Shares and Spinco Shares (as adjusted to reflect to the Distribution Ratio) in accordance with the methodology approved by the Parent Compensation Committee prior to the Effective Time.

(f) *Outstanding Parent PSU Awards Held by Spinco Group Employees and Former Spinco Group Employees.* Each Parent PSU Award held by a Spinco Group Employee or a Former Spinco Group Employee that is outstanding as of immediately prior to the Effective Time shall be converted into a Spinco PSU Award and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Parent PSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares (except that references to Parent in the applicable plan and award agreement shall be deemed to refer to Spinco, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the Spinco PSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time:

(i) the number of Spinco Shares to which such Spinco PSU Award relates shall be equal to the product obtained by multiplying (A) the number of Parent Shares to which the corresponding Parent PSU Award related immediately prior to the Effective Time by (B) the Spinco Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the Spinco Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, the Parent, any member of the Parent Group, Spinco or any member of the Spinco Group, as determined by the Parent in its sole discretion, the shares subject to the Spinco PSU Award may instead be rounded down to the nearest whole number of shares); and

(ii) the performance conditions applicable to each such Spinco PSU Award shall be (A) for the 2018-2020 performance period with respect to any such Spinco PSU Award, deemed achieved at the Effective Time based on the actual level of achievement of the applicable performance goals during the portion of the performance period ending on December 31, 2019, and (B) for the 2020-2022 performance period, the conditions established by the Parent Compensation Committee prior to the Effective Time.

(g) *Miscellaneous Award Terms.* None of the Separation, the Distribution nor any employment transfer described in Section 3.01(a) shall constitute a termination of employment for any Employee for purposes of any Post-Separation Parent Award or any Spinco Award. After the Effective Time, for any award adjusted under this Section 4.02, any reference to a “change in control,” “change of control” or similar definition in an award agreement, employment agreement or Parent Equity Plan applicable to such award (i) with respect to Post-Separation Parent Awards, shall be deemed to refer to a “change in control,” “change of control” or similar definition as set forth in the applicable award agreement, employment agreement or Parent Equity Plan, and (ii) with respect to Spinco Awards, shall be deemed to refer to a “Change in Control” as defined in the Spinco Equity Plan.

(h) *Tax Reporting and Withholding.* Unless prohibited by applicable Law, following the Effective Time, (i) Parent shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, and entitled to all tax deductions, associated with Post-Separation Parent Awards, and (ii) Spinco shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, and entitled to all tax deductions associated with, Spinco Awards. Parent and Spinco agree to enter into any necessary agreements regarding the subject matter of this Section 4.02(h) to enable Parent and Spinco to fulfill their respective obligations hereunder, including but not limited to, compliance with all applicable Laws regarding the reporting, withholding or remitting of income and/or taxes.

(i) *Registration and Other Regulatory Requirements.* Spinco agrees to file Forms S-1, S-3 and S-8 registration statements with respect to, and to cause to be registered pursuant to the Securities Act, the Spinco Shares authorized for issuance under the Spinco Equity Plan, as required pursuant to the Securities Act, before the date of issuance of any Spinco Shares pursuant to the Spinco Equity Plan. The Parties shall take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 4.02(i), including compliance with securities Laws and other legal requirements associated with equity compensation awards in affected non-U.S. jurisdictions. Parent agrees to facilitate the adoption and approval of the Spinco Equity Plan consistent with the requirements of Treasury Regulations Section 1.162-27(f)(4)(iii).

(j) *Parent Awards in Certain Non-U.S. Jurisdictions.* Notwithstanding the foregoing provisions of this Section 4.02, the Parties may mutually agree, in their sole discretion, not to adjust certain outstanding Parent Awards held by individuals located outside of the United States pursuant to the foregoing provisions of this Section 4.02, where those actions would create or trigger adverse legal, accounting or tax consequences for Parent, Spinco, and/or the affected non-U.S. award holders. In such circumstances, Parent and/or Spinco may take any action necessary or advisable to prevent any such adverse legal, accounting or tax consequences, including, but not limited to, agreeing to modify any aspect of the adjustment method set forth in this Section 4.02 or to apply an alternate adjustment method. Where and to the extent required by applicable Law or tax considerations outside the United States, the adjustments described in this Section 4.02 shall be deemed to have been effectuated immediately prior to the Distribution Date.

Section 4.03. Nonequity Incentive Plans.

(a) *Annual Bonus Plans.* Immediately prior to the Effective Time, Spinco Group Employees shall cease participating in each Parent annual bonus plan or policy (the “Parent Annual Bonus Plans”) and, as of the Effective Time, Spinco Group Employees who were eligible to participate in Parent Annual Bonus Plans shall be eligible to participate in the Spinco annual bonus plans or policies (the “Spinco Annual Bonus Plans”). Spinco shall be solely responsible for funding, paying and discharging all obligations under the Spinco Annual Bonus Plans in respect of the annual bonus payable to the Spinco Group Employees in respect of the calendar year in which the Effective Time occurs (and Parent shall have no liability with respect to annual bonuses for such year).

(b) *Incentive Plans.* As of the Effective Time, (i) the Parent Group shall retain (or assume to the extent necessary) sponsorship of all commission bonus and sales incentive plans covering Parent Group Employees, and, from and after the Effective Time, all Liabilities thereunder shall be Liabilities of the Parent Group, and (ii) the Spinco Group shall retain (or assume to the extent necessary) sponsorship of all commission bonus and sales incentive plans covering Spinco Group Employees, and, from and after the Effective Time, all Liabilities thereunder shall be Liabilities of the Spinco Group.

Section 4.04. Severance Benefits. Spinco shall be solely responsible for all Liabilities in respect of all of the costs of providing benefits under any applicable severance, separation, redundancy, termination or similar plan, program, practice, contract, agreement, law or regulation (such benefits to include, if applicable, any medical or other welfare benefits, outplacement benefits, accrued vacation, and taxes) (collectively, “Severance Benefits”) relating to the termination or alleged termination of employment of any Former Spinco Group Employee and of any Spinco Group Employee that occurs on or after the Operational Separation Date. Parent shall be solely responsible for all Liabilities in respect of all the costs of providing the Severance Benefits relating to the termination or alleged termination of employment of any Former Parent Group Employee and of any Parent Group Employee that occurs on or after the Operational Separation Date.

Section 4.05. Director Compensation.

(a) *Establishment of Deferred Fee Plan for Directors.* Before the Effective Time, Spinco shall establish the Spinco Deferred Fee Plan for Directors. Each Spinco Nonemployee Director who served on the Parent Board immediately prior to the Effective Time but who will no longer serve on the Parent Board following the Effective Time (a “Transferred Director”), and held a deferred fee account under the Amended and Restated Arconic Deferred Fee Plan for Directors, effective November 1, 2016, or the Arconic Deferred Fee Plan for Directors, as amended effective July 9, 1999, or the Arconic Deferred Fee Estate Enhancement Plan for Directors, effective July 10, 1998 (collectively, the “Parent Deferred Fee Plans”) immediately prior to the Effective Time, shall, as of the Effective Time, be credited under the Spinco Deferred Fee Plan for Directors with the amount of his or her deferred fee account balance under the Parent Deferred Fee Plans and shall cease participation in the Parent Deferred Fee Plans as of the Effective Time (it being understood that such cessation shall not trigger any distribution of payments or benefits under the Parent Deferred Fee Plans), and, as of the Effective Time, except as otherwise provided in clause (f) below, Parent shall cease to have any Liability to any such Spinco Nonemployee Director under the Parent Deferred Fee Plans. All cash-settled Parent Shares notionally credited to each Transferred Director’s deferred fee account under the Parent Deferred Fee Plans (“Cash-Settled Units”), the liability for which is transferred to Spinco and the Spinco Deferred Fee Plan for Directors pursuant to the preceding sentence, shall be adjusted so that, from and after the Effective Time, such Cash-Settled Units relate to a number of Spinco Shares (including any resulting fractional share) equal to the product obtained by multiplying (i) the number of Parent Shares to which such Cash-Settled Units related immediately prior to the Effective Time, by (ii) the Spinco Ratio. Notwithstanding the preceding sentence, if a Transferred Director holds, as of immediately prior to the Effective Time, Parent Shares, Parent RSU Awards, and Cash-Settled Units with a value of at least two times the stock ownership guideline under Parent’s non-employee director compensation policy, all of such Transferred Director’s Cash-Settled Units shall be adjusted so that, immediately after the Effective Time, such Cash-Settled Units relate to (A) a number of Parent Shares equal to the number of Parent Shares to which such Cash-Settled Units related immediately prior to the Effective Time and (B) a number of Spinco Shares equal to the number of Parent Shares to which such Cash-Settled Units related immediately prior to the Effective Time multiplied by the Distribution Ratio, and all such adjusted Cash-Settled Units will otherwise continue to have the same terms and conditions that applied to the original Cash-Settled Units immediately prior to the Effective Time.

(b) *Parent Deferred Fee Plan and Parent Fee Continuation Plan.* Parent shall continue to be responsible for Liabilities in respect of the Parent Nonemployee Directors and Former Nonemployee Directors under the Parent Deferred Fee Plans and the Arconic Fee Continuation Plan for Non-Employee Directors as amended effective November 10, 1995 and September 15, 2006 (the “Parent Fee Continuation Plan”) and shall be responsible for Liabilities in respect of Transferred Directors under the Parent Deferred Fee Plans solely to the extent provided by clause (f) below.

(i) All Cash-Settled Units held in the accounts of Parent Nonemployee Directors under the Parent Deferred Fee Plans immediately after the Effective Time shall be adjusted so that, from and after the Effective Time, such Cash-Settled Units relate to a number of Parent Shares (including any resulting fractional share) equal to the product obtained by multiplying (A) the number of Parent Shares to which such Cash-Settled Units related immediately prior to the Effective Time, by (B) the Parent Ratio. Notwithstanding the preceding sentence, if a Parent Nonemployee Director holds, as of immediately prior to the Effective Time, Parent Shares, Parent RSU Awards, and Cash-Settled Units with a value of at least two times the stock ownership guideline under Parent’s non-employee director compensation policy, all of such Parent Nonemployee Director’s Cash-Settled Units shall be adjusted so that, immediately after the Effective Time, such Cash-Settled Units relate to (1) a number of Parent Shares equal to the number of Parent Shares to which such Cash-Settled Units related immediately prior to the Effective Time and (2) a number of Spinco Shares equal to the number of Parent Shares to which such Cash-Settled Units related immediately prior to the Effective Time multiplied by the Distribution Ratio, and all such adjusted Cash-Settled Units will otherwise continue to have the same terms and conditions that applied to the original Cash-Settled Units immediately prior to the Effective Time.

(ii) All cash-settled Parent Shares notionally credited to the accounts of Former Nonemployee Directors under the Parent Deferred Fee Plans immediately after the Effective Time shall be adjusted so that, from and after the Effective Time, such notionally credited shares represent (A) a number of cash-settled Parent Shares equal to the number of Parent Shares notionally credited to such account immediately prior to the Effective Time and (B) a number of cash-settled Spinco Shares equal to the number of Parent Shares notionally credited to such account immediately prior to the Effective Time multiplied by the Distribution Ratio.

(iii) Each Former Nonemployee Director's share-based payment entitlement under the Parent Fee Continuation Plan shall be adjusted so that, immediately after the Effective Time, such entitlement relates to (A) a number of Parent Shares equal to the number of Parent Shares to which such payment entitlement related immediately prior to the Effective Time and (B) a number of Spinco Shares equal to the number of Parent Shares to which such payment entitlement related immediately prior to the Effective Time multiplied by the Distribution Ratio.

(c) *Director Compensation.* Parent shall be responsible for the payment of any fees for service on the Parent Board that are earned at, before, or after the Effective Time, and Spinco shall not have any responsibility for any such payments. With respect to any Spinco Nonemployee Director, Spinco shall be responsible for the payment of any fees for service on the Spinco Board that are earned at any time after the Effective Time and Parent shall not have any responsibility for any such payments. Notwithstanding the foregoing, Spinco shall commence paying quarterly cash retainers to Spinco Nonemployee Directors in respect of the quarter in which the Effective Time occurs; provided that (i) if Parent has already paid such quarter's cash retainers to Parent nonemployee directors prior to the Effective Time, then within thirty (30) days after the Distribution Date, Spinco will pay Parent an amount equal to the portion of such payment that is attributable to Transferred Directors' service to Spinco after the Distribution Date (other than any amount that is subject to a deferral election and is credited or to be credited to any such director's account under the Spinco Deferred Fee Plan for Directors), and (ii) if Parent has not yet paid such quarter's cash retainers to Parent Nonemployee Directors prior to the Effective Time, then within thirty (30) days after the Distribution Date, Parent will pay Spinco an amount equal to the portion of such payment that is attributable to Transferred Directors' service to Parent on and prior to the Distribution Date.

(d) *Outstanding Parent RSU Awards Held by Parent Nonemployee Directors.* Each vested, unvested and/or deferred (including under the Parent Deferred Fee Plans) Parent RSU Award held by a Parent Nonemployee Director that is outstanding as of immediately prior to the Effective Time, shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such Parent RSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares; provided, however, that certain restrictions may be imposed on the Parent RSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further, provided, however, that from and after the Effective Time, the number of Parent Shares to which such Parent RSU Award relates shall be equal to the product obtained by multiplying (i) the number of Parent Shares to which such Parent RSU Award related immediately prior to the Effective Time by (ii) Parent Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the Post-Separation Parent Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, Parent or any member of the Parent Group, as determined by Parent in its sole discretion, the shares subject to the Parent RSU Award may instead be rounded down to the nearest whole number of shares).

(e) *Outstanding Parent RSU Awards Held by Transferred Nonemployee Directors.* Each vested, unvested and/or deferred (including under the Parent Deferred Fee Plans) Parent RSU Award held by a Transferred Nonemployee Director that is outstanding as of immediately prior to the Effective Time, shall be converted into a Spinco RSU Award, and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Parent RSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares (except that references to Parent in the applicable plan and award agreement shall be deemed to refer to Spinco, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the Spinco RSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time, the number of Spinco Shares to which such Spinco RSU Award relates shall be equal to the product obtained by multiplying (i) the number of Parent Shares to which the corresponding Parent RSU Award related immediately prior to the Effective Time by (ii) the Spinco Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the Spinco Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, Parent, any member of the Parent Group, Spinco or any member of the Spinco Group, as determined by Parent in its sole discretion, the shares subject to the Spinco RSU Award may instead be rounded down to the nearest whole number of shares).

(f) *Outstanding Parent RSU Awards Held by Former Nonemployee Directors.* Each Former Nonemployee Director who holds a vested Parent RSU Award that is deferred under the Parent Deferred Fee Plans as of immediately prior to the Effective Time shall receive, as of the Effective Time, a vested Spinco RSU Award for a number of Spinco Shares equal to the number of Parent Shares subject to such award immediately prior to the Effective Time multiplied by the Distribution Ratio. Except as set forth in this Section 4.05(f), the vested Parent RSU Award and vested Spinco RSU Award issued in accordance with this Section 4.05(f) shall, from and after the Effective Time, each be subject to the same terms and conditions (including with respect to payment timing) as were applicable to the vested Parent RSU Award immediately prior to the Effective Time.

(g) *Tax Reporting and Withholding.*

(i) Unless prohibited by applicable Law, following the Effective Time, (A) Parent shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, associated with compensation and benefits for Parent Nonemployee Directors and Former Nonemployee Directors (including, without limitation, with respect to Spinco RSU Awards held by Former Nonemployee Directors), and (B) Spinco shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, associated with compensation and benefits for Transferred Directors. Parent and Spinco agree to enter into any necessary agreements regarding the subject matter of this Section 4.05(g) to enable Parent and Spinco to fulfill their respective obligations hereunder, including but not limited to, compliance with all applicable Laws regarding the reporting, withholding or remitting of income and/or taxes.

(ii) After the Effective Time, Parent RSU Awards, regardless of by whom held, shall be settled by Parent, and Spinco RSU Awards, regardless of by whom held, shall be settled by Spinco.

(iii) *Cooperation.* Each of the Parties shall establish an appropriate administration system in order to administer, in an orderly manner, (A) the settlement of SpinCo RSU Awards held by Former Nonemployee Directors, and (B) the reporting requirements with respect to such Spinco RSU Awards.

ARTICLE V
QUALIFIED RETIREMENT PLANS

Section 5.01. Spinco Pension Plans.

(a) *Establishment and Retention of Spinco Pension Plans.* As of the Operational Separation Date, Spinco shall establish Spinco pension plans and a Spinco pension trust, each of which shall initially have substantially the same terms as those of the corresponding Parent Divided Pension Plan and Parent Pension Trust, respectively, as in effect immediately prior to the Operational Separation Date (such plans shall be referred to as the "Spinco Pension Plans" and the "Spinco Pension Trust," respectively). At least thirty (30) days prior to the Operational Separation Date, Parent shall have filed the notice required under Section 6058(b) of the Code. On, or as soon as practicable after, the Operational Separation Date and after receipt by Parent of (i) a copy of the Spinco Pension Plans; and (ii) a copy of certified resolutions of the Spinco Board (or its authorized committee or other delegate) evidencing adoption of the Spinco Pension Plans and the Spinco Pension Trust and the assumption by the Spinco Pension Plans of the Liabilities described in Section 5.01(b), Parent shall direct the trustee of the Parent Pension Trust to transfer assets of the Spinco Pension Plans to the Spinco Pension Trust in the amounts described in Section 5.01(b).

(b) *Assumption of Liabilities; ERISA Section 4044 Transfer.*

(i) *Parent Divided Pension Plans.* As of the Operational Separation Date, Spinco shall cause each Spinco Pension Plan to assume Liabilities for Spinco Group Employees and Former Spinco Group Employees under the corresponding Parent Divided Pension Plan and shall cause the Spinco Pension Trust to accept Assets with respect to such assumed Liabilities (including Assets and Liabilities in respect of beneficiaries and/or alternate payees). In accordance with the rules set forth in Section 5.01(b)(i), the Parent Pension Trust shall transfer such Assets to the Spinco Pension Trust and, upon completion of such Asset transfer, the Parent Divided Pension Plans and the Parent Group shall be relieved of such Liabilities.

(ii) *Transfer of Assets.* The amount of Assets (whether in cash or kind, as determined by Parent's Benefits Management Committee) to be transferred from the Parent Pension Trust to the Spinco Pension Trust in respect of the assumption of Liabilities by Spinco under Section 5.01(b)(i) shall be determined as of the Operational Separation Date in accordance with, and shall comply with, Section 414(l) of the Code and, to the extent deemed applicable by the Parties, ERISA Section 4044. Assumptions used to determine the value (or amount) of the Assets to be transferred shall be the safe harbor assumptions specified for valuing benefits in trustee plans under Department of Labor Regulations Section 4044.51-57 and, to the extent not so specified, shall be based on the assumptions used in the annual valuation report to determine minimum funding requirements most recently prepared before the transfer by the actuary for the Parent Divided Pension Plans. The transfer amounts described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the Operational Separation Date and an assessment date set by Parent that is as close as practicable, taking into account the timing and reporting of valuation of Assets in the Parent Pension Trust, to the date upon which Assets equal in value to the transfer amount are actually transferred from the Parent Pension Trust to the Spinco Pension Trust. During the time before such transfer, benefits for Spinco Group Employees who terminate employment with the Spinco Group shall be paid from the Parent Pension Trust. The ultimate transfer amount shall be reduced by the amount of these benefits and credited or debited by the actual investment earnings or losses from the payment date to the assessment date set above by Parent. In addition, during this period, Spinco will be responsible for a pro rata share of third party fees, costs and expenses, including investment management, trustee and administration fees attributable to the Assets of the Spinco Pension Plan that remain in the Parent Pension Trust. The entries in the Parent Divided Pension Plan funding standard accounts shall be divided between the Parent Divided Pension Plan and the Spinco Pension Plan based on the guidance provided in Revenue Rulings 81-212 and 86-47. The Parties agree that to the extent necessary to effectuate the provisions of this Section 5.01(b), there may be additional transfers of Assets between the Parent Pension Trust and Spinco Pension Trust on such dates as agreed by the Parties.

(c) *Spinco Pension Plan Provisions.* The Spinco Pension Plans shall provide that:

(i) Spinco Group Employees and Former Spinco Group Employees shall (A) be eligible to participate in the corresponding Spinco Pension Plan as of the Operational Separation Date to the extent that they were eligible to participate in the applicable Parent Divided Pension Plan as of immediately prior to the Operational Separation Date, and (B) receive credit for vesting, eligibility and benefit service for all service credited for those purposes under the applicable Parent Divided Pension Plan as of the Operational Separation Date;

(ii) the compensation paid by the Parent Group to a Spinco Group Employee or a Former Spinco Group Employee that is recognized under the applicable Parent Divided Pension Plan as of immediately prior to the Operational Separation Date shall be credited and recognized for all applicable purposes under the corresponding Spinco Pension Plan;

(iii) the accrued benefit of each Spinco Group Employee or Former Spinco Group Employee under the applicable Parent Divided Pension Plan as of the Operational Separation Date shall be payable under the corresponding Spinco Pension Plan at the time and in a form that would have been permitted under the corresponding Parent Divided Pension Plan as in effect as of the Operational Separation Date to the extent required by Section 411(d)(6) of the Code, with employment by the Parent Group before the Operational Separation Date treated as employment by the Spinco Group under the applicable Spinco Pension Plan for purposes of determining eligibility for optional forms of benefit, early retirement benefits, or other benefit forms; and

(iv) each Spinco Pension Plan shall assume and honor the terms of all QDROs, beneficiary designations and benefit elections in effect under the corresponding Parent Divided Pension Plan as of immediately prior to the Operational Separation Date with respect to Spinco Group Employees and Former Spinco Group Employees.

(d) *Determination Letter Request.* Spinco shall submit an application to the IRS as soon as practicable after the Operational Separation Date (but no later than the last day of the applicable remedial amendment period as defined in applicable Code provisions) requesting a determination letter regarding the qualified status of the Spinco Pension Plans under Section 401(a) of the Code and the tax-exempt status of the Spinco Pension Trust under Section 501(a) of the Code as of the Operational Separation Date and shall make any amendments reasonably requested by the IRS to receive such a favorable determination letter.

(e) *Parent Divided Pension Plans after Operational Separation Date.* From and after the Operational Separation Date, (i) the Parent Divided Pension Plans shall continue to be responsible for Liabilities in respect of Parent Group Employees and Former Parent Group Employees, and (ii) no Spinco Group Employees or Former Spinco Group Employees shall accrue any benefits under the Parent Divided Pension Plans. Without limiting the generality of the foregoing, Spinco Group Employees or Former Spinco Group Employees shall cease to be participants in the Parent Divided Pension Plans, effective as of the Operational Separation Date.

(f) *Plan Fiduciaries.* For all periods after the Operational Separation Date, the Parties agree that the applicable fiduciaries of each of the Parent Divided Pension Plans and the Spinco Pension Plans, respectively, shall have the authority with respect to the Parent Divided Pension Plans and the Spinco Pension Plans, respectively, to determine the plan investments and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

(g) *No Loss of Unvested Benefits; No Distributions.* The transfer of any Spinco Group Employee's employment to the Spinco Group will not result in the loss of that Spinco Group Employee's unvested accrued benefits (if any) under the Parent Divided Pension Plans, the Liability for which benefits shall be assumed under the Spinco Pension Plans as provided herein. No Spinco Group Employee shall be entitled to a distribution of his or her benefit under the applicable Parent Divided Pension Plan or the applicable Spinco Pension Plan as a result of such transfer of employment.

Section 5.02. Nondivided Qualified Pension Plans. As of the Operational Separation Date, the Parent Group shall retain (or assume to the extent necessary) sponsorship of the Howmet Corporation Pension Plan as amended and restated effective January 1, 2015, the Howmet Corporation Muskegon County Operations Hourly Employees Pension Plan as amended and restated effective January 1, 2015, the Huck International, Inc. Retirement Plan as amended and restated effective January 1, 2015, the Pension Plan of RMI Titanium Co. as amended and restated effective January 1, 2013 and the Pension Plan for Salaried Employees of RMI Titanium Co. as amended and restated effective January 1, 2013, and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group.

Section 5.03. Spinco Savings Plans.

(a) *Establishment of Plans.* As of the Operational Separation Date, Spinco shall establish the Spinco savings plans (the "Spinco Savings Plans"), each of which shall initially have substantially the same terms as those of the corresponding Parent Savings Plan as in effect immediately prior to the Operational Separation Date. As of the Operational Separation Date, Spinco shall provide Parent with (i) a copy of the Spinco Savings Plans; and (ii) a copy of certified resolutions of the Spinco Board (or its authorized committee or other delegate) evidencing adoption of the Spinco Savings Plans and the related trust(s) and the assumption by the Spinco Savings Plan of the Liabilities described in Section 5.03(b).

(b) *Transfer of Account Balances.* Effective as of the Operational Separation Date, Parent shall cause the trustee(s) of the Parent Savings Plans to transfer from the trust(s) which forms a part of the Parent Savings Plans to the trust(s) which forms a part of the Spinco Savings Plans the account balances of the Spinco Group Employees and Former Spinco Group Employees under the Parent Savings Plans, determined as of the date of the transfer. Such transfers shall be made in kind, including promissory notes evidencing the transfer of outstanding loans, and, with respect to unitized investments in the Parent Common Stock Fund (the "Parent Share Fund"), Parent Shares. Any Asset and Liability transfers pursuant to this Section 5.03(b) shall comply in all respects with Sections 414(l) and 411(d)(6) of the Code.

(c) *Spinco Share Fund in Spinco Savings Plan.* The Spinco Savings Plan will provide, effective as of the Effective Time: (i) for the establishment of a share fund for Spinco Shares (the “Spinco Share Fund”); (ii) that such Spinco Share Fund shall receive a transfer of and hold all Spinco Shares distributed in connection with the Distribution in respect of Parent Shares held in Parent Savings Plan accounts of Spinco Group Employees and Former Spinco Group Employees participating in the Spinco Savings Plan immediately prior to the Effective Time; and (iii) that, following the Effective Time, contributions made by or on behalf of such participants shall be allocated to the Spinco Share Fund, if so directed in accordance with the terms of the Spinco Savings Plan.

(d) *Parent Share Fund in Spinco Savings Plan.* Participants in the Spinco Savings Plans will be prohibited from increasing their holdings in the Parent Share Fund under the Spinco Savings Plans and may elect to liquidate their holdings in the Parent Share Fund and invest those monies in any other investment fund offered under the Spinco Savings Plan. After the Effective Time, but in no event earlier than the date that is six (6) months following the Effective Time or later than approximately the first anniversary of the Effective Time, all outstanding investments in the Parent Share Fund under the Spinco Savings Plans shall be liquidated and reinvested in other investment funds offered under the Spinco Savings Plans, on such dates and in accordance with such procedures as are determined by the administrator and the named fiduciary of the Spinco Savings Plans.

(e) *Spinco Share Fund in Parent Savings Plan.* Spinco Shares distributed in connection with the Distribution in respect of Parent Shares held in Parent Savings Plans accounts of Parent Group Employees or Former Parent Group Employees who participate in the Parent Savings Plans shall be deposited in a Spinco Share Fund under the Parent Savings Plans, and such participants in the Parent Savings Plans will be prohibited from increasing their holdings in such Spinco Share Fund under the Parent Savings Plans and may elect to liquidate their holdings in such Spinco Share Fund and invest those monies in any other investment fund offered under the Parent Savings Plans. After the Effective Time, but in no event earlier than the date that is six (6) months following the Effective Time or later than approximately the first anniversary of the Effective Time, all outstanding investments in the Spinco Share Fund under the Parent Savings Plans shall be liquidated and reinvested in other investment funds offered under the Parent Savings Plans, on such dates and in accordance with such procedures as are determined by the administrator and the named fiduciary of the Parent Savings Plans.

(f) *Spinco Savings Plans Provisions.* The Spinco Savings Plans shall provide that:

(i) Spinco Group Employees and Former Spinco Group Employees shall (A) be eligible to participate in the corresponding Spinco Savings Plan as of the Operational Separation Date to the extent that they were eligible to participate in the applicable Parent Savings Plan as of immediately prior to the Operational Separation Date, and (B) receive credit for all service credited for that purpose under the Parent Savings Plans as of immediately prior to the Operational Separation Date as if that service had been rendered to Spinco; and

(ii) the account balance of each Spinco Group Employee and Former Spinco Group Employee under the applicable Parent Savings Plan as of the date of the transfer of Assets from such Parent Savings Plan (including any outstanding promissory notes) shall be credited to such individual's account balance under the corresponding Spinco Savings Plan.

(g) *Determination Letter Request.* Spinco shall submit an application to the IRS as soon as practicable after the Operational Separation Date (but no later than the last day of the applicable remedial amendment period as defined in applicable Code provisions) requesting a determination letter regarding the qualified status of the Spinco Savings Plans under Sections 401(a) and 401(k) of the Code and the tax-exempt status of their related trust under Section 501(a) of the Code and shall make any amendments reasonably requested by the IRS to receive such a favorable determination letter.

(h) *Parent Savings Plans after Operational Separation Date.* From and after the Operational Separation Date, (i) the Parent Savings Plans shall continue to be responsible for Liabilities in respect of Parent Group Employees and Former Parent Group Employees, and (ii) no Spinco Group Employees or Former Spinco Group Employees shall accrue any benefits under the Parent Savings Plans. Without limiting the generality of the foregoing, Spinco Group Employees and Former Spinco Group Employees shall cease to be participants in the Parent Savings Plans effective as of the Operational Separation Date.

(i) *Plan Fiduciaries.* For all periods after the Operational Separation Date, the Parties agree that the applicable fiduciaries of each of the Parent Savings Plan and the Spinco Savings Plan, respectively, shall have the authority with respect to the Parent Savings Plan and the Spinco Savings Plan, respectively, to (subject to Sections 5.03(d) and 5.03(e)) determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

(j) *No Loss of Unvested Benefits; No Distributions.* The transfer of any Spinco Group Employee's employment to the Spinco Group will not result in the loss of that Spinco Group Employee's unvested benefits (if any) under the applicable Parent Savings Plan, the Liability for which benefits will be assumed under the corresponding Spinco Savings Plan as provided herein. No Spinco Group Employee shall be entitled to a distribution of his or her benefit under the Parent Savings Plan or Spinco Savings Plan as a result of such transfer of employment.

Section 5.04. Nondivided Savings Plans. As of the Operational Separation Date, the Parent Group shall retain (or assume to the extent necessary) sponsorship of Arconic Retirement Savings Plan for ATEP Bargaining Employees, effective January 1, 2017, as amended, and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group.

ARTICLE VI NONQUALIFIED DEFERRED COMPENSATION PLANS

Section 6.01. Spinco Nonqualified Plans.

(a) *Establishment of Spinco Nonqualified Plans.* Effective as of the Operational Separation Date, Spinco shall establish the Spinco Nonqualified Plans. Each of the Spinco Nonqualified Plans shall initially have substantially the same terms as those of the corresponding Parent Divided Nonqualified Plan as in effect immediately prior to the Operational Separation Date.

(b) *Assumption of Liabilities from Parent.* As of the Operational Separation Date, Spinco shall, and shall cause each Spinco Nonqualified Plan to, assume all Liabilities under the corresponding Parent Divided Nonqualified Plan for the account balances and accrued benefits of Spinco Group Employees and Former Spinco Group Employees and their respective beneficiaries and/or alternate payees determined as of immediately prior to the Operational Separation Date, and the Parent Group and the Parent Divided Nonqualified Plans shall be relieved of all such Liabilities. All Parent Shares notionally credited to participants' accounts under the Parent Divided Nonqualified Plans, the liability for which is transferred to Spinco, and the Spinco Nonqualified Plans pursuant to the preceding sentence, shall be adjusted so that, from and after the Effective Time, such notionally credited shares represent: (i) a number of Parent Shares equal to the number of Parent Shares notionally credited to such account immediately prior to the Effective Time and (ii) a number of Spinco Shares equal to the number of Parent Shares notionally credited to such account immediately prior to the Effective Time multiplied by the Distribution Ratio.

(c) *Parent Divided Nonqualified Plans.* Parent shall retain all Liabilities under the Parent Divided Nonqualified Plans for the benefits for Parent Group Employees and Former Parent Group Employees and their respective beneficiaries and/or alternate payees. From and after the Operational Separation, Spinco Group Employees and Former Spinco Group Employees shall cease to be participants in the Parent Divided Nonqualified Plans. All Parent Shares notionally credited to participants' accounts under the Parent Divided Nonqualified Plans shall be adjusted so that, from and after the Effective Time, such notionally credited shares represent: (i) a number of Parent Shares equal to the number of Parent Shares notionally credited to such account immediately prior to the Effective Time and (ii) a number of Spinco Shares equal to the number of Parent Shares notionally credited to such account immediately prior to the Effective Time multiplied by the Distribution Ratio.

Section 6.02. Nondivided Nonqualified Plans. As of the Operational Separation Date, (a) the Parent Group shall retain (or assume to the extent necessary) sponsorship of the Howmet Corporation Supplemental Executive Retirement Plan, as amended and restated effective November 1, 2016, the Howmet Corporation Retirement Income Make-Up Plan "B", as amended and restated effective November 1, 2016, the Huck International, Inc. Excess Benefit Plan for Selected Employees, as amended and restated effective November 1, 2016, the Howmet (Pechiney) Deferred Compensation Plan and the RTI International Metals, Inc. Supplemental Pension Program, as amended and restated effective January 30, 2015 and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group, and (b) the Spinco Group shall retain (or assume to the extent necessary) sponsorship of the Alumax Deferred Compensation Plan and the Alumax LLC Excess Benefit Plan, as amended and restated August 1, 2016 and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Spinco Group.

Section 6.03. Rabbi Trust. From and after the Operational Separation Date, that certain grantor trust sponsored by Alumax Inc. (or a Subsidiary thereof) and relating to certain deferred compensation obligations shall be retained by the Spinco Group.

Section 6.04. Participation; Distributions. The Parties acknowledge that none of the transactions contemplated by this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement will trigger a payment or distribution of compensation under any of the Parent Divided Nonqualified Plans or Spinco Nonqualified Plans for any participant and, consequently, that the payment or distribution of any compensation to which such participant is entitled under any of the Parent Divided Nonqualified Plans or Spinco Nonqualified Plans will occur upon such participant's separation from service from the Spinco Group or at such other time as provided in the applicable Spinco Nonqualified Plan or participant's deferral election.

ARTICLE VII WELFARE BENEFIT PLANS

Section 7.01. Welfare Plans.

(a) *Establishment of Spinco Welfare Plans*. As of the Operational Separation Date, Spinco shall, or shall cause the applicable member of the Spinco Group to, establish the Spinco Welfare Plans, which shall initially have terms substantially similar in the aggregate to those of the corresponding Parent Welfare Plans as in effect immediately prior to the Operational Separation Date.

(b) *Waiver of Conditions; Benefit Maximums*. Spinco shall use commercially reasonable efforts to cause the Spinco Welfare Plans to:

(i) with respect to initial participation as of the Operational Separation Date, waive (A) all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to any Spinco Group Employee or Former Spinco Group Employee, other than limitations that were in effect with respect to such Spinco Group Employee or Former Spinco Group Employee under the applicable Parent Welfare Plan as of immediately prior to the Operational Separation Date, and (B) any waiting period limitation or evidence of insurability requirement applicable to a Spinco Group Employee or Former Spinco Group Employee other than limitations or requirements that were in effect with respect to such Spinco Group Employee or Former Spinco Group Employee under the applicable Parent Welfare Plans as of immediately prior to the Operational Separation Date; and

(ii) take into account (A) with respect to aggregate annual, lifetime, or similar maximum benefits available under the Spinco Welfare Plans, any Spinco Group Employee's or Former Spinco Group Employee's prior claim experience under the Parent Welfare Plans and any Benefit Plan that provides leave benefits; and (B) any eligible expenses incurred by a Spinco Group Employee or Former Spinco Group Employee and his or her covered dependents during the portion of the plan year of the applicable Parent Welfare Plan ending as of the Operational Separation Date to be taken into account under such Spinco Welfare Plan for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such Spinco Group Employee or Former Spinco Group Employee and his or her covered dependents for the applicable plan year to the same extent as such expenses were taken into account by Parent for similar purposes prior to the Operational Separation Date as if such amounts had been paid in accordance with such Spinco Welfare Plan.

(c) *Health Savings Accounts.* As of the Operational Separation Date, Spinco shall, or shall cause a member of the Spinco Group to, establish a Spinco Welfare Plan that will provide health savings account benefits to Spinco Group Employees on and after the Operational Separation Date (an “Spinco HSA”). It is the intention of the Parties that all activity under a Spinco Group Employee’s health savings account under a Parent Welfare Plan (a “Parent HSA”) for the year in which the Operational Separation Date occurs be treated instead as activity under the corresponding account under the Spinco HSA, such that (i) any period of participation by a Spinco Group Employee in a Parent HSA during the year in which the Operational Separation Date occurs will be deemed a period when such Spinco Group Employee participated in the corresponding Spinco HSA; (ii) all expenses incurred during such period will be deemed incurred while such Spinco Group Employee’s coverage was in effect under the corresponding Spinco HSA; and (iii) all elections and reimbursements made with respect to such period under the Parent HSA will be deemed to have been made with respect to the corresponding Spinco HSA.

(d) *Flexible Spending Accounts.* The Parties shall use commercially reasonable efforts to ensure that as of the Operational Separation Date any health or dependent care flexible spending accounts of Spinco Group Employees (whether positive or negative) (the “Transferred Account Balances”) under Parent Welfare Plans that are health or dependent care flexible spending account plans are transferred, as soon as practicable after the Operational Separation Date, from the Parent Welfare Plans to the corresponding Spinco Welfare Plans. Such Spinco Welfare Plans shall assume responsibility as of the Operational Separation Date for all outstanding health or dependent care claims under the corresponding Parent Welfare Plans of each Spinco Group Employee for the year in which the Operational Separation Date occurs and shall assume and agree to perform the obligations of the corresponding Parent Welfare Plans from and after the Operational Separation Date. As soon as practicable after the Operational Separation Date, and in any event within thirty (30) days after the amount of the Transferred Account Balances is determined or such later date as mutually agreed upon by the Parties, Spinco shall pay Parent the net aggregate amount of the Transferred Account Balances, if such amount is positive, and Parent shall pay Spinco the net aggregate amount of the Transferred Account Balances, if such amount is negative.

(e) *Allocation of Welfare Assets and Liabilities.* Effective as of the Operational Separation Date, the Spinco Group shall assume all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of Spinco Group Employees or Former Spinco Group Employees or their covered dependents under the Parent Welfare Plans or Spinco Welfare Plans before, at or after the Operational Separation Date. No Parent Welfare Plan shall provide coverage to any Spinco Group Employee or Former Spinco Group Employee after the Operational Separation Date. Notwithstanding the foregoing or anything else herein to the contrary, with respect to Employees and Former Employees who provide or provided services in Brazil, (i) Parent shall retain all Liabilities relating to Parent or any of its Subsidiaries or predecessor entities in Brazil, and (ii) Spinco shall assume (A) the Liability for compensation and benefits required to be provided to certain Former Spinco Group Employees located in Brazil in accordance with the terms and conditions set forth in Schedule 7.01(e) and (B) all other Employee and Former Employee health and welfare Liabilities relating to operations in Brazil prior to the Separation.

Section 7.02. COBRA and HIPAA. The Parent Group shall continue to be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the Parent Welfare Plans with respect to any Parent Group Employees and any Former Parent Group Employees (and their covered dependents) who incur a qualifying event under COBRA before, as of, or after the Operational Separation Date. Effective as of the Operational Separation Date, the Spinco Group shall assume responsibility for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the Spinco Welfare Plans with respect to any Spinco Group Employees or Former Spinco Group Employees (and their covered dependents) who incur a qualifying event or loss of coverage under the Parent Welfare Plans and/or the Spinco Welfare Plans before, as of, or after the Operational Separation Date. The Parties agree that the consummation of the transactions contemplated by the Separation and Distribution Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 7.03. Vacation, Holidays and Leaves of Absence. Effective as of the Operational Separation Date, the Spinco Group shall assume all Liabilities of the Parent Group with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Spinco Group Employee. The Parent Group shall retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Parent Group Employee.

Section 7.04. Severance and Unemployment Compensation. Without limiting the generality of Section 4.04, effective as of the Operational Separation Date, the Spinco Group shall assume any and all Liabilities to, or relating to, Spinco Group Employees and Former Spinco Group Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at, or after the Operational Separation Date. The Parent Group shall be responsible for any and all Liabilities to, or relating to, Parent Group Employees and Former Parent Group Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Operational Separation Date.

Section 7.05. Workers' Compensation. With respect to claims for workers' compensation in the United States, (a) the Spinco Group shall be responsible for claims in respect of Spinco Group Employees and Former Spinco Group Employees, whether occurring before, at or after the Operational Separation Date, and (b) the Parent Group shall be responsible for all claims in respect of Parent Group Employees and Former Parent Group Employees, whether occurring before, at or after the Operational Separation. The treatment of workers' compensation claims by Spinco with respect to Parent insurance policies shall be governed by Section 5.1 of the Separation and Distribution Agreement.

Section 7.06. Insurance Contracts. To the extent that any Parent Welfare Plan is funded through the purchase of an insurance contract or is subject to any stop loss contract, the Parties will cooperate and use their commercially reasonable efforts to replicate such insurance contracts for Spinco (except to the extent that changes are required under applicable state insurance Laws or filings by the respective insurers) and to maintain any pricing discounts or other preferential terms for both Parent and Spinco for a reasonable term. Neither Party shall be liable for failure to obtain such insurance contracts, pricing discounts, or other preferential terms for the other Party. Each Party shall be responsible for any additional premiums, charges, or administrative fees that such Party may incur pursuant to this Section 7.06.

Section 7.07. Third-Party Vendors. Except as provided below, to the extent that any Parent Welfare Plan is administered by a third-party vendor, the Parties will cooperate and use their commercially reasonable efforts to replicate any contract with such third-party vendor for Spinco and to maintain any pricing discounts or other preferential terms for both Parent and Spinco for a reasonable term. Neither Party shall be liable for failure to obtain such pricing discounts or other preferential terms for the other Party. Each Party shall be responsible for any additional premiums, charges, or administrative fees that such Party may incur pursuant to this Section 7.07.

Section 7.08. Nondivided Welfare Plans. As of the Operational Separation Date, (a) the Parent Group shall retain (or assume to the extent necessary) sponsorship of the Howmet Severance Pay Plan, the Occupational Injury Benefit Plan for Texas Employees of Howmet Corp., the Program of Insurance Benefits for Employees of RMI Titanium Co. Hourly Employees-Niles & Extrusion and the Supplemental Unemployment Benefit-Niles Plant, and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group, and (b) the Spinco Group shall retain (or assume to the extent necessary) sponsorship of the Kawneer Severance Pay Plan, the Alumax Executive Post Retirement Life Program and the Alumax Split Dollar Life Insurance Plan, and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Spinco Group.

ARTICLE VIII NON-U.S. EMPLOYEES

Spinco Group Employees and Former Spinco Group Employees who reside outside of the United States or otherwise are subject to non-U.S. Law and their related benefits and Liabilities shall be treated in the same manner as the Spinco Group Employees and Former Spinco Group Employees, respectively, who are residents of the United States and are not subject to non-U.S. Law. Notwithstanding anything to the contrary in this Agreement, all actions taken with respect to non-U.S. Employees or U.S. Employees working in non-U.S. jurisdictions shall be subject to and accomplished in accordance with applicable Law in the custom of the applicable jurisdictions.

ARTICLE IX MISCELLANEOUS

Section 9.01. Employee Records.

(a) *Sharing of Information*. Subject to any limitations imposed by applicable Law, Parent and Spinco (acting directly or through members of the Parent Group or the Spinco Group, respectively) shall provide to the other and their respective authorized agents and vendors all information necessary for the Parties to perform their respective duties under this Agreement. The provision of any information pursuant to Section 9.1 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Separation and Distribution Agreement) or constitute a grant of rights in or to any such information.

(b) *Transfer of Personnel Records and Authorization.* Subject to any limitation imposed by applicable Law and to the extent that it has not done so before the Operational Separation Date, (i) Parent shall transfer to Spinco any and all employment records (including any Form I-9, Form W-2 or other IRS forms) with respect to Spinco Group Employees and Former Spinco Group Employees and other records reasonably required by Spinco to enable Spinco properly to carry out its obligations under this Agreement, and (ii) Spinco shall transfer to Parent any and all employment records (including any Form I-9, Form W-2 or other IRS forms) with respect to Parent Group Employees and Former Parent Group Employees and other records reasonably required by Parent to enable Parent properly to carry out its obligations under this Agreement. Such transfer of records generally shall occur as soon as administratively practicable at or after the Operational Separation Date; provided that the Parties shall cooperate, subject to applicable Law, to effectuate such transfer at such later date as may be necessary or appropriate with respect to any Delayed Transfer Employee. Each Party will permit the other Party reasonable access to Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

(c) *Access to Records.* To the extent not inconsistent with this Agreement, the Separation and Distribution Agreement or any applicable privacy protection Laws or regulations, reasonable access to Employee-related records after the Operational Separation Date will be provided to members of the Parent Group and members of the Spinco Group pursuant to the terms and conditions of Article VI of the Separation and Distribution Agreement.

(d) *Maintenance of Records.* With respect to retaining, destroying, transferring, sharing, copying and permitting access to all Employee-related information, Parent and Spinco shall comply with all applicable Laws, regulations and internal policies, and shall indemnify and hold harmless each other from and against any and all Liability, claims, actions, and damages that arise from a failure (by the indemnifying Party or its Subsidiaries or their respective agents) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

(e) *Cooperation.* After the Effective Time, except in the case of an adversarial Action or Dispute between Parent and Spinco, or any members of their respective groups, each Party shall use commercially reasonable efforts to cooperate and work together to unify, consolidate and share (to the extent permissible under applicable privacy/data protection laws) all relevant documents, resolutions, government filings, data, payroll, employment and benefit plan information on regular timetables and cooperate as needed with respect to (i) any litigation with respect to any employee benefit plan, policy or arrangement contemplated by this Agreement, (ii) efforts to seek a determination letter, private letter ruling or advisory opinion from the IRS or U.S. Department of Labor on behalf of any employee benefit plan, policy or arrangement contemplated by this Agreement, and (iii) any filings that are required to be made or supplemented to the IRS, U.S. Pension Benefit Guaranty Corporation, U.S. Department of Labor or any other Governmental Authority; provided, however, that requests for cooperation must be reasonable and not interfere with daily business operations.

(f) Confidentiality. Notwithstanding anything to the contrary in this Agreement, all confidential records and data relating to Employees to be shared or transferred pursuant to this Agreement shall be subject to Section 6.9 of the Separation and Distribution Agreement and the requirements of applicable Law.

Section 9.02. Preservation of Rights to Amend. The rights of each member of the Parent Group and each member of the Spinco Group to amend, waive, or terminate any plan, arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 9.03. Fiduciary Matters. Parent and Spinco each acknowledges that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good-faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 9.04. Further Assurances. Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 9.05. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

Section 9.06. Governing Law. Section 10.2 (Governing Law) of the Separation and Distribution Agreement is hereby incorporated herein by reference and shall apply as if fully set forth herein mutatis mutandis.

Section 9.07. Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto; provided, however, that each Party may assign all of its rights and obligations under this Agreement to any of its Subsidiaries; and provided, further, that no such assignment shall release the assigning Party from any of its liabilities or obligations under this Agreement. Notwithstanding the foregoing, no consent for assignment shall be required for the assignment of a Party's rights and obligations under this Agreement, the Separation and Distribution Agreement and all other Ancillary Agreements in whole (*i.e.*, the assignment of a Party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party.

Section 9.08. Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder. There are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any employee benefit plan or affect the applicable plan sponsor's right to amend or terminate any employee benefit plan pursuant to the terms of such plan. The provisions of this Agreement are solely for the benefit of the Parties, and no current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement. This Agreement may not be assigned by any Party, except with the prior written consent of the other Parties.

Section 9.09. Notices. All notices, requests, claims, demands or other communications under this Agreement shall be delivered in accordance with Section 10.5 of the Separation and Distribution Agreement.

Section 9.10. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of any such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 9.11. Force Majeure. No Party shall be deemed to be in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

Section 9.12. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.13. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants, representations and warranties and other agreements contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect thereafter.

Section 9.14. Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.15. Dispute Resolution. The dispute resolution procedures set forth in Article VII of the Separation and Distribution Agreement shall apply to any dispute, controversy or claim arising out of or relating to this Agreement.

Section 9.16. Specific Performance. Subject to Article VII of the Separation and Distribution Agreement, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its rights or their rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at Law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties.

Section 9.17. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 9.18. Interpretation. Section 10.6 (Interpretation) of the Separation and Distribution Agreement is hereby incorporated herein by reference and shall apply as if fully set forth herein mutatis mutandis.

Section 9.19. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this Agreement.

Section 9.20. Provisions Incorporated by Reference. The following provisions of the Separation and Distribution Agreement are hereby incorporated herein by reference and shall apply as if fully set forth herein mutatis mutandis: (a) Section 6.3 (Compensation for Providing Information), (b) Section 6.5 (Limitations of Liability); and (c) Section 6.9 (Confidentiality).

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives.

ARCONIC INC.

By: /s/ Ken Giacobbe

Name: Ken Giacobbe

Title: Executive Vice President and Chief Financial Officer

ARCONIC ROLLED PRODUCTS CORPORATION

By: /s/ Timothy D. Myers

Name: Timothy D. Myers

Title: President

PATENT, KNOW-HOW, AND TRADE SECRET LICENSE AGREEMENT – HOWMET AEROSPACE INC. TO ARCONIC CORP.

This Patent, Know-How, and Trade Secret License Agreement (the “**Agreement**”) is made and entered into as of this 31st day of March, 2020 and effective as of 12:01 a.m. on April 1, 2020 (the “**Effective Date**”), by and between **ARCONIC INC.**, a corporation organized under the laws of Delaware (“**Licensor**”) and **ARCONIC ROLLED PRODUCTS CORP.**, a corporation organized under the laws of Delaware (“**Licensee**”).

WHEREAS, Licensor and Licensee have entered into a Separation and Distribution Agreement having an effective time of 12:01 a.m. on April 1, 2020 (“**Separation and Distribution Agreement**”); unless specifically defined in this Agreement, any capitalized term in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement.

WHEREAS, Licensee formerly operated as a business unit of Licensor;

WHEREAS, as part of the Separation and Distribution Agreement, Licensor and Licensee are now two separate publicly traded companies;

WHEREAS, Licensee wishes to license from Licensor the right to use Licensor’s Technology as hereinafter defined below;

NOW THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Licensor and Licensee agree as follows:

Article 1. Definitions. As used in this Agreement, the following terms, whether used in the singular or plural and/or in various verb tenses, shall have the following meanings:

1.1 “Affiliate” shall have the meaning ascribed to it in the Separation and Distribution Agreement and shall, include without limitation, any subsidiary, or any joint venture in which Licensee participates as a joint venturer, and will include any current or future Affiliate.

1.2 “Alloy 10M” means the alloy whose manufacture, use, importation, or sale practices any Valid Claim or pending claim of any and all patents and patent applications worldwide related to Patent Cooperation Treaty Application Serial No. PCT/US2018/058421, Publication No. WO2019/089736 (Ascent reference no. 116972).

1.3 “Brazing” means joining metals (e.g., in a furnace) by fusion of nonferrous alloys that have melting points above 425°C (800°F) but lower than those of the metals being joined.

1.4 “Brazing Sheet” means a Sheet of an alloy suitable for Brazing, or a Sheet clad with an alloy suitable for Brazing on one or both sides.

1.5 **“C-Alloys and E-Tempers”** means certain alloys and aluminum Tempering processes described in Schedule 2.

1.6 **“Change of Control”** shall have the meaning ascribed to it in the Separation and Distribution Agreement.

1.7 **“Confidential Information”** means all materials, trade secrets, or other Intellectual Property and information, including, without limitation, proprietary information and materials (whether or not patentable) regarding the Technology that is disclosed at any time by Licensor to Licensee under this Agreement or known to Licensee prior to this Agreement, including without limitation the Know-How and Trade Secrets.

1.8 **“Extrusion”** means an alloy product formed by pushing material through a horizontal die so as to create a generally linear or curved product having a uniform cross-section along a dimension (length) in the direction in which the material is pushed through the die that is significantly greater than a dimension (width/height) defined by the die through which the material is pushed.

1.9 **“Fan Blade”** means the forged product(s) whose manufacture, use, importation, or sale practices any Valid Claim or pending claim of any and all patents and patent applications worldwide related to U.S. Patent Application Serial Nos. 12/799,244, 13/998,831, 14/847,303, and 16/158,198, including U.S. Patent Nos. 9163304, 10053754, and 10,119,184 (Ascent reference no. 102725).

1.10 **“Feedstock”** means raw material supplied to a manufacturing plant or production operation for use in an industrial process.

1.11 **“Forging”** means a metal part worked to a predetermined shape by one or more of processes such as hammering, upsetting, pressing, spinning, etc.

1.12 **“Improvement”** means non-de-minimis improvements made to a Technology.

1.13 **“Ingot”** means a cast form of an alloy suitable for re-melting or mechanical working.

1.14 **“Intellectual Property”** means all works, including literary works, pictorial, graphic and sculptural works, architectural works, works of visual art, and any other work that may be the subject matter of copyright protection; advertising and marketing concepts; trademarks; information; data; formulas; designs; models; drawings; computer programs; including all documentation, related listings, design specifications, and flowcharts, trade secrets, and any inventions including all business processes, manufactures and compositions of matter and any other invention that may be the subject matter of patent protection; and all statutory protection obtained or obtainable thereon.

1.15 **“Know-How and Trade Secrets”** means proprietary know-how and trade secrets relating to the Licensed Products including, without limitation, the “R Nos.”, “C-Alloys”, and “E-Tempers” set forth in Schedules 1 and 2.

1.16 “Licensed Products” means: (i) 10M Alloy as defined in Schedule 6; (ii) Fan Blade products as defined in Schedule 5; (iii) C-Alloys and E-Tempers as defined in Schedule 2; (vi) RSR as defined in Schedule 4; and (v) Miscellaneous Products as defined in Schedule 3.

1.7 “Licensor Patent Rights” means the patent applications (including provisional patent applications and PCT patent applications), patents, and invention reports listed on Schedule 1 hereto, as well as the inventions described therein, all foreign equivalents (unless otherwise limited by the scope of the applicable license grant), divisional applications and continuation applications, or continuations-in-part applications of such patent applications, all patents issuing from such applications, divisional applications and continuation applications, or continuations-in-part applications, and any reexamination or reissue patents of any such patents.

1.8 “Miscellaneous Products” means products, other than those described in Schedules 2 and 4-6, made using miscellaneous proprietary methods and/or processes, including but not limited to R nos. set forth in Schedule 1 and any and all material, product, service, procedure, or kit (including work-in process) whose manufacture, use, importation, or sale practices any Valid Claim or pending claim within the Licensor Patent Rights or is based on or otherwise uses any of the Technology, including without limitation, any product made using the methods claimed in any issued or pending claim within the Licensor Patent Rights as set forth in Schedule 1.

1.19 “Plate” means a rolled alloy product that is rectangular in cross section and with a thickness of not less than 0.250 inch.

1.20 “RSR” means resistance spot rivets and the methods by which they are used to join materials and whose manufacture, use, importation, or sale practices any Valid Claim or pending claim of any and all patents and patent applications worldwide related to U.S. Patent Applications Nos. 14/315,698, 14/967,777, 14/611,555, 15/266,331, 15/469,161, 62/778,938, 62/778,939 and International Patent Application No. PCT/US2018/065329 and one to-be-filed application (Ascent reference nos. 104346, 104443, 105574, 109939, 113837, 118478, 118479, 118530, 118877).

1.20 “Scrap” means fragments of Feedstock removed in manufacturing and/or manufactured articles or parts rejected or discarded and useful only as waste material for reprocessing.

1.21 “Sheet” means a rolled alloy product that is rectangular in cross section with a thickness less than 0.250 inch and with sheared or sawed edges.

1.22 “Technology” means, with respect to Licensed Products, the Licensor Patent Rights and the Know-How and Trade Secrets.

1.23 “Temper” means the condition produced in an alloy by either mechanical or thermal treatment, or both, and characterized by a certain structure and mechanical properties.

1.24 “Valid Claim” means a claim of any unexpired patent that has not been withdrawn or canceled, nor held invalid by a court of competent jurisdiction in an un-appealed decision.

1.25 **“Wrought Product”** means an alloy product that has been subjected to mechanical working by such processes as rolling, extruding, forging, etc.

Article 2. Grant of Rights.

2.1 License Grants. Subject to the terms and conditions of this Agreement, Licensor on behalf of itself and its Affiliates hereby grants to Licensee and Licensee hereby accepts the licenses for the Licensed Products as described in Schedules 2 through 6.

2.2 Improvements. Unless otherwise specified in a Schedule hereto, there is no requirement by either party to share or disclose to the other party Improvements that a party makes to the Technology in connection with the Licensed Products. Licensee shall have the right during the term of this Agreement and always subject to the terms herein, including, without limitation, the terms of Article 7, to modify, improve and otherwise create derivative works of the Technology applicable to Miscellaneous Products. For the purpose of this Agreement any such Licensee modification, improvement or creation of derivative work using the Technology shall be considered an Improvement.

Article 3. Maintenance and Support. Licensee is solely responsible for providing all maintenance and support to its customers of the Licensed Products. Licensor has, and shall have, no obligation to provide any maintenance or support to Licensee or any of Licensee’s customers with respect to any Technology and/or Licensed Products.

Article 4. Patent Prosecution. The filing, prosecution, and maintenance of all Licensor Patent Rights shall be the primary responsibility of Licensor. In the event that Licensor elects to abandon a Licensor Patent Right applicable to the Licensed Products, Licensor shall notify Licensee in writing of its intention to abandon such Licensor Patent Right at least thirty (30) days, if possible, prior to the date (including all permissible extensions of time) on which the Licensor Patent Right shall be deemed, by the applicable government authority, to be abandoned. In response to such notice, Licensee shall have fifteen (15) days, if possible, to notify the Licensor of Licensee’s decision to acquire, at no charge, the Licensor Patent Right from Licensor. In the event Licensee decides to acquire such Licensor Patent Right, Licensor shall: (a) receive and enjoy, from Licensee, a license to such assigned Licensor Patent Right, such license to be subject to the terms of Schedule 3 of the Patent, Know-How, and Trade Secret License Agreement – Arconic Corp. to Howmet Aerospace Inc. signed contemporaneously herewith; and (b) execute any reasonable documentation necessary to assign such Licensor Patent Right to Licensee upon request and without further consideration, such documentation to be prepared at Licensee’s expense. For clarity, if Licensee does not respond within the fifteen (15) day notice period, Licensor may abandon the applicable Licensor Patent Right without any further recourse or accounting to Licensee.

Article 5. Reserved.

Article 6. Confidential Information.

6.1 Treatment of Confidential Information. Licensee: (i) shall maintain the Confidential Information in confidence, using appropriate access control and physical security measures to safeguard the confidentiality thereof; (ii) shall not disclose, divulge or otherwise communicate such Confidential Information to others (except to exploit the Confidential Information for its own internal use), or use it for any purpose, except pursuant to, and in order to carry out, the terms and objectives of this Agreement; and (iii) agrees to exercise commercially reasonable precautions to prevent and restrain the unauthorized disclosure of such Confidential Information by any of its directors, officers, employees, consultants, subcontractors, sublicensees, or agents. Prior to disclosure of Confidential Information to Licensee’s directors, officers, employees, consultants, subcontractors, sublicensees, or agents, Licensee will enter into written agreements with such parties that contain restrictions on the disclosure of confidential information that are at least as restrictive as the terms and conditions of this Agreement. With respect to Know-How and Trade Secrets, the obligations of confidentiality and nondisclosure imposed on the Licensee by this Agreement shall continue until the occurrence of one of the conditions set forth in Section 6.2. With respect to other forms of Confidential Information, the obligations of confidentiality and nondisclosure imposed on the Licensee by this Agreement shall extend for the longer of: (a) two (2) years from the date of termination of this Agreement; and (b) until the occurrence of one of the conditions set forth in Section 6.2. Licensor and Licensee also agree to maintain the terms and conditions of the Agreement in confidence in accordance with this Section 6.1 for so long as this Agreement remains in full force and effect.

6.2 Release of Obligations. The obligations of Licensee, and of its Affiliates' directors, officers, employees and agents, with respect to any Confidential Information disclosed thereto by Licensor pursuant to this Agreement shall cease if Licensee can establish to the satisfaction of Licensor or, failing agreement by Licensor, of a court of competent jurisdiction (provided it is a court of last resort, the Parties have agreed to abandon all appeals or the time for filing an appeal has expired) that the Confidential Information: (a) was legally known to or in the possession of Licensee, without obligation of confidentiality or non-use, at the time of disclosure to Licensee by Licensor; (b) legally is or has become part of the public domain through no fault of Licensee; or (c) has been disclosed to Licensee by a third party on a non-confidential basis and without breaching any contractual, confidential or fiduciary obligation to Licensor or any law. A general disclosure in the public domain, or possession by Licensee of general information, will not cause more specific (but related) information to be excluded as Confidential Information under one of the above exceptions. Similarly, a combination of several pieces of information, where each piece of information individually is in the public domain or in the possession of Licensee, will not operate to exempt the combination as Confidential Information unless the combination itself is in the public domain. In the event Licensee becomes legally compelled by law, regulation, court order or administrative body to disclose any of Licensor's Confidential Information, Licensee shall be entitled to disclose such information, provided that Licensee provides Licensor with prompt prior written notice (if legally able) so that Licensor may seek a protective order or such other appropriate remedy and Licensee limits disclosure of Licensor's Confidential Information to only that portion which is legally required.

6.3 Ownership and Return of Confidential Information. All Confidential Information, together with all copies, reproductions, summaries, evaluations, analyses, notes, reports or other records created by Licensee in respect of the Confidential Information and all other information, know-how, data and materials generated by the use of the Confidential Information shall be treated as Confidential Information of Licensor, shall be the sole and exclusive property of Licensor and shall be returned to Licensor by Licensee forthwith upon termination pursuant to Article 10. Notwithstanding the above, one copy of such material may be retained in the legal files of Licensee solely for compliance purposes.

Article 7. Acknowledgement and Obligations.

7.1 Ownership. Licensor will retain and own all right, title, and interest in and to the Licensor Patent Rights and Know-How and Trade Secrets, including, for the avoidance of doubt, any Improvements made by Licensor. Licensee acknowledges the validity and ownership by Licensor of the Technology. This Agreement shall in no way be construed to grant Licensee any ownership rights in any of the Technology.

7.2 Third Party Infringement. If legally able and without breaching any confidentiality provisions of a contract with a third party, Licensee shall promptly report in writing to Licensor during the term of this Agreement any: (a) known infringement or suspected infringement by a third party of any of the Licensor Patent Rights; or (b) unauthorized use or misappropriation of the Know-How and Trade Secrets by a third party of which it becomes aware, and shall provide Licensor with all available evidence supporting the infringement, suspected infringement or unauthorized use or misappropriation. Licensor shall have the sole and exclusive right to bring an infringement action or proceeding against any infringing third party, and, in the event that Licensor brings such an action or proceeding, Licensee shall cooperate and provide full information and reasonable assistance to Licensor and its counsel, at Licensor's expense, in connection with any such action or proceeding.

Article 8. Representations and Warranties, Limitations of Liability and Disclaimers.

8.1 Mutual Representations. Each party hereto represents and warrants to the other that: (a) it has the full right and power to enter into and fully perform this Agreement in accordance with its terms; (b) this Agreement constitutes a legal, valid and binding agreement of such party, enforceable against such party in accordance with its terms; (c) it will comply with all applicable laws and regulations in the exercise and performance of its rights and obligations under this Agreement; and (d) its execution, delivery and performance of this Agreement throughout its duration: (i) does not require consent from any third party; (ii) will not violate (with the lapse of time or giving of notice or both) rights granted by such party to any third party or violate or otherwise interfere with the provisions of any agreement to which such party is a party or otherwise bound; (iii) will not preclude such party from complying with the provisions hereof; and (iv) will not violate any applicable law or regulation or judicial order.

8.2 No Warranty. Licensor, by this Agreement, makes no warranties or guarantees, either express or implied, arising by law or otherwise with regard to the Technology, the Licensor Patent Rights, the Know-How and Trade Secrets, and/or Licensed Products. In particular, Licensor assumes no obligation and makes no representations or warranties hereunder, express or implied, in law or in fact, with respect to: (i) the utility, quality or characteristics of the Technology or any use, embodiment, or modification thereof; (ii) the use of any Licensed Product or method within the Licensor Patent Rights or any embodiments or modifications thereof; or (iii) whether such Licensed Products or methods or any use, embodiments, or modifications thereof would be in compliance with any federal, state or local laws, regulations, standards or criteria with respect to any claim which may arise in connection with any sale or use of Licensed Products, or with respect to the practice of any methods within the Licensor Patent Rights. LICENSOR SPECIFICALLY DISCLAIMS, AND WILL HAVE NO OBLIGATION OR LIABILITY FROM THIS AGREEMENT WITH REGARD TO THE LICENSOR PATENT RIGHTS, KNOW-HOW AND TRADE SECRETS, AND/OR LICENSED PRODUCTS FOR ANY: (1) IMPLIED WARRANTY OF MERCHANTABILITY; (2) IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (3) IMPLIED WARRANTY OF NONINFRINGEMENT; AND (4) IMPLIED WARRANTY OF ANY OTHER TYPE.

8.3 LIMITATION OF LIABILITY. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LICENSOR DISCLAIMS AND SHALL HAVE NO OBLIGATION OR LIABILITY TO LICENSEE FOR ANY TYPE OF INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY BREACH OF WARRANTY OR OTHERWISE UNDER THIS AGREEMENT (WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR BREACH OF STATUTORY DUTY) OR OTHERWISE) EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER ARISING UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.

Article 9. Indemnification.

9.1 Indemnification by Licensee. Licensee will indemnify and hold Licensor harmless from and against any and all claims, damages, liabilities, losses, costs and expenses, including, without limitation, legal expenses and reasonable counsel fees, arising out of, incidental to, or in any way resulting from: (a) Licensee's commercialization, and any use, of Licensed Products, including any third party claims of infringement; (b) Licensee's use and/or commercialization of the Technology and/or Licensed Products; and (c) any personal injury, death or property damage that arises out of, or relates to, the sale of Licensed Products.

9.2 Indemnification Procedure. After receipt by Licensor of a notice of commencement of any action involving the subject matter of the foregoing indemnity provisions under Section 9.1, Licensor will promptly notify Licensee of the commencement thereof, provided that, any delay in providing such notification shall not relieve Licensee of its indemnification obligations hereunder except to the extent, if any, that such delay prejudices Licensee's ability to successfully defend such claim. Upon proper notification, Licensee shall have the right, but not the obligation, to control the defense of Licensor against any such third-party claims, utilizing counsel chosen in Licensee's discretion, provided that Licensor may participate in any such defense, at its own expense, by separate counsel of its choice, and further provided that any such participation shall not limit Licensee's right to control such defense. Notwithstanding anything contained in the foregoing sentence to the contrary, Licensee: (a) shall not be entitled to have sole control over any third party claim or action that: (i) seeks an order, injunction or other equitable relief against Licensor; or (ii) is the subject of such third party indemnification claim in which both Licensee and Licensor are named as parties and either Licensor or Licensee determines with advice of counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the other party or that a conflict of interest between such parties may exist in respect of such action; and (b) shall obtain the prior written approval of Licensor before ceasing to defend against any third party indemnification claim or entering into any settlement, adjustment or compromise of such claim involving injunctive or similar equitable relief being asserted against Licensor. Licensor shall cooperate with Licensee in the provision of any such defense by providing to Licensee all such information, assistance and authority as may reasonably be requested by Licensee.

Article 10. Term and Termination.

10.1 Term. This Agreement shall commence upon the Effective Date and continue until terminated as set forth in this Article 10.

10.2 Termination for Breach. Licensor and Licensee will be entitled to terminate this Agreement by written notice to the other party in the event the other party is in breach of any of its obligations hereunder and shall fail to remedy any such default within sixty (60) days after notice thereof by the non-breaching party.

10.3 Termination for Patent Expiration. The licenses granted under this Agreement shall terminate with respect to the Licensor Patent Rights upon the expiration of the last issued patent of the Licensor Patent Rights. The licenses granted under this Agreement with respect to Know-How and Trade Secrets shall continue notwithstanding the expiration of the Licensor Patent Rights.

10.4 Survival of Obligations; Return of Confidential Information. Notwithstanding any expiration or termination of this Agreement, Articles 1, 3, 6, 7, 8, 9, this Section 10.4 and Article 11 shall survive and continue to be enforceable as set forth herein.

Article 11. Miscellaneous.

11.1 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to its conflicts of law principles.

11.2 Jurisdiction and Venue. Each of the parties: (a) submits to the exclusive jurisdiction of any state or federal court sitting in Wilmington, Delaware for any action or proceeding arising out of, or relating to, this Agreement; (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court; and (c) agrees not to bring any action or proceeding arising out of, or relating to, this Agreement in any other court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Each party agrees that a final judgment in any action or proceeding so brought will be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

11.3 Waiver. The waiver by one party of a breach or a default of any provision of this Agreement by the other party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of a party to exercise or avail itself of any right, power or privilege that it has, or may have, hereunder operate as a waiver of any right, power or privilege by such party.

11.4 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM, OR COUNTERCLAIM ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

11.5 Notices. Any notice or other communication under this Agreement shall be effective when: (a) delivered in person; (b) if mailed, when deposited in the mail by registered or certified mail, return receipt requested; or (c) if delivered by overnight mail by a recognized overnight carrier (e.g., FedEx, UPS, DHL). All such notices and other communications shall be addressed to the other party as follows:

If to Licensor:

Arconic Inc.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

If to Licensee:

Arconic Corp.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

11.6 No Agency. Nothing herein shall be deemed to constitute Licensor, on the one hand, or Licensee, on the other hand, as the agent or representative of the other, or as joint venturers or partners for any purpose. Neither Licensor, on the one hand, nor Licensee, on the other hand, shall be responsible for the acts or omissions of the other. No party will have authority to speak for, represent or obligate the other party in any way without prior written authority from such other party.

11.7 Entire Agreement. This Agreement and the Separation and Distribution Agreement together contain the full understanding of the parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating thereto. No waiver, alteration or modification of any of the provisions hereof shall be binding unless made in writing and signed by the parties.

11.8 Headings. The headings contained in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

11.9 Severability. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected and the invalid provision shall be severed herefrom.

11.10 Assignment. This Agreement may not be assigned by Licensee without the consent of Licensor which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no such consent of Licensor is required under this Agreement in the event of a Change of Control of Licensee, so long as: (a) the resulting, surviving or transferee Person assumes all the obligations of the Licensee by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the Licensor; and (b) the licenses granted herein shall not be transferrable or sublicensable to Affiliates of such Person unless such Affiliates were Affiliates of Licensee prior to such Change of Control.

11.11 Export Control and Requirements. Licensee agrees to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, including the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq.; and the Export Administration Act, 50 U.S.C. 2401-2420, including the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Licensee agrees that it will not transfer or disclose any information it receives from Licensor that constitutes an export-controlled item, data, or service to foreign persons employed by or associated with, or under contract to Licensee or Licensee's suppliers, without the authority of an export license, agreement, or applicable exemption or exception. Licensee shall immediately notify Licensor if it is, or becomes, listed in any Denied Parties List or if Licensee's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency. Licensee, whether U.S. or foreign, engaged in the business of brokering, exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, or related technical data as defined on the United States Munitions List 22 C.F.R. Part 121, represents that it is registered with the Office of Defense Trade Controls as required by the ITAR.

11.12 Counterparts; Images Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of such together shall constitute one and the same instrument. Scanned PDF copies of signatures and facsimile copies of signatures may be deemed original signatures.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized officers as of the Effective Date.

ARCONIC INC.

By: /s/ Ken Giacobbe
(Signature)
Name: Ken Giacobbe
(Printed)
Title: Executive Vice President and Chief Financial Officer

ARCONIC ROLLED PRODUCTS CORP.

By: /s/ Timothy D. Myers
(Signature)
Name: Timothy D. Myers
(Printed)
Title: President

PATENT, KNOW-HOW, AND TRADE SECRET LICENSE AGREEMENT – ARCONIC CORP. TO HOWMET AEROSPACE INC.

This Patent, Know-How, and Trade Secret License Agreement (the “**Agreement**”) is made and entered into as of this 31st day of March, 2020 and effective as of 12:01 a.m. on April 1, 2020 (the “**Effective Date**”), by and between **ARCONIC ROLLED PRODUCTS CORP.**, a corporation organized under the laws of Delaware (“**Licensor**”) and **ARCONIC INC.**, a corporation organized under the laws of Delaware (“**Licensee**”).

WHEREAS, Licensor and Licensee have entered into a Separation and Distribution Agreement having an effective time of 12:01 a.m. on April 1, 2020 (“**Separation and Distribution Agreement**”); unless specifically defined in this Agreement, any capitalized term in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement.

WHEREAS, Licensor formerly operated as a business unit of Licensee;

WHEREAS, as part of the Separation and Distribution Agreement, Licensor and Licensee are now two separate publicly traded companies;

WHEREAS, Licensee wishes to license from Licensor the right to use Licensor’s Technology as hereinafter defined below;

NOW THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Licensor and Licensee agree as follows:

Article 1. Definitions. As used in this Agreement, the following terms, whether used in the singular or plural and/or in various verb tenses, shall have the following meanings:

1.1 “2xxx series aluminum alloys (C455H and 2x39 type)” or “2xxx SALs” means those alloys whose manufacture, use, importation, or sale practices any Valid Claim or pending claim of any and all patents and patent applications worldwide related to:

(a) U.S. Patent Application Serial No. 62/756,963 (Ascent Reference No. 118459 also referred to the “C455H Alloy),

(b) U.S. Patent Application Serial Nos. 62/768,626 and 62/808,181 (Ascent Reference. No. 118505 also referred to as the “2x39 Derivative Alloy”),

1.2 “7xxx New C-Alloys” means those alloys whose manufacture, use, importation, or sale practices any Valid Claim or pending claim of any and all patents and patent applications worldwide related to:

(a) U.S. Patent Application Serial Nos. 62/126,182, 62/126,101, 62/159,768, 15/376,400 (Ascent Reference No. 106424),

(b) U.S. Patent Application Serial Nos. 62/523,128, 62/571,401, and U.S. Patent Application No. 16/708,117 (Ascent Reference. No. 115977),

(c) U.S. Patent Application Serial No. 62/865,716 and a to-be-filed international PCT application (Ascent Reference No. 118698); and

(d) U.S. Patent Application Serial Nos. 62/791,597, 62/791,604, 62/791,613, 62/791,622, and 62/791,633 (Ascent Reference No. 118551), which are maintained by Licensor as trade secrets.

1.3 **“Affiliate”** shall have the meaning ascribed to it in the Separation and Distribution Agreement and shall, include without limitation, any subsidiary, or any joint venture in which Licensee participates as a joint venturer, and will include any current or future Affiliate.

1.4 **“C-Alloys and E-Tempers”** means certain alloys and aluminum Tempering processes described in Schedule 2.

1.5 **“Change of Control”** shall have the meaning ascribed to it in the Separation and Distribution Agreement.

1.6 **“Confidential Information”** means all materials, trade secrets, or other Intellectual Property and information, including, without limitation, proprietary information and materials (whether or not patentable) regarding the Technology that is disclosed at any time by Licensor to Licensee under this Agreement or known to Licensee prior to this Agreement, including without limitation the Know-How and Trade Secrets.

1.7 **“Extrusion”** means an alloy product formed by pushing material through a horizontal die so as to create a generally linear or curved product having a uniform cross-section along a dimension (length) in the direction in which the material is pushed through the die that is significantly greater than a dimension (width/height) defined by the die through which the material is pushed.

1.8 **“Feedstock”** means raw material supplied to a manufacturing plant or production operation for use in an industrial process.

1.9 **“Forging”** means a metal part worked to a predetermined shape by one or more of processes such as hammering, upsetting, pressing, spinning, etc.

1.10 **“Improvement”** means non-de-minimis improvements made to a Technology.

1.11 **“Ingot”** means a cast form of an alloy suitable for re-melting or mechanical working.

1.12 **“Intellectual Property”** means all works, including literary works, pictorial, graphic and sculptural works, architectural works, works of visual art, and any other work that may be the subject matter of copyright protection; advertising and marketing concepts; trademarks; information; data; formulas; designs; models; drawings; computer programs; including all documentation, related listings, design specifications, and flowcharts, trade secrets, and any inventions including all business processes, manufactures and compositions of matter and any other invention that may be the subject matter of patent protection; and all statutory protection obtained or obtainable thereon.

1.13 **“Know-How and Trade Secrets”** means proprietary know-how and trade secrets relating to the Licensed Products including, without limitation, the “R Nos.”, “C-Alloys”, and “E-Tempers” set forth in Schedules 1 and 2.

1.14 **“Licensed Products”** means: (i) C-Alloys and E-Tempers as defined in Schedule 2; (ii) the Miscellaneous Products as defined in Schedule 3; (iii) the Right of First Offer Alloys as defined in Schedule 4; (iv) the 7xxx New C-Alloys as defined in Schedule 5; and (v) the 2xxx series aluminum alloys (C455H and 2x39 type) as defined in Schedule 6.

1.15 “Licensor Patent Rights” means the patent applications (including provisional patent applications and PCT patent applications), patents, and invention reports listed on Schedule 1 hereto, as well as the inventions described therein, all foreign equivalents (unless otherwise limited by the scope of the applicable license grant), divisional applications and continuation applications, or continuations-in-part applications of such patent applications, all patents issuing from such applications, divisional applications and continuation applications, or continuations-in-part applications, and any reexamination or reissue patents of any such patents.

1.16 “Miscellaneous Products” means products, other than those described in Schedules 2 and 4-6, made using miscellaneous proprietary methods and/or processes, including but not limited to R nos. set forth in Schedule 1 and any and all material, product, service, procedure, or kit (including work-in process) whose manufacture, use, importation, or sale practices any Valid Claim or pending claim within the Licensor Patent Rights or is based on or otherwise uses any of the Technology, including without limitation, any product made using the methods claimed in any issued or pending claim within the Licensor Patent Rights as set forth in Schedule 1.

1.17 “Plate” means a rolled alloy product that is rectangular in cross section and with a thickness not less than 0.250 inch.

1.18 “Right of First Offer Alloys” means those alloys whose manufacture, use, importation, or sale practices any Valid Claim or pending claim of any and all patents and patent applications worldwide related to:

(a) U.S. Patent Application Serial Nos. 12/211,515 and 10/678,290 (Ascent Reference No. 101347 also referred to as the “2060 Alloys”);

(b) U.S. Patent Application Serials Nos. 60/426,597 and 10/716,073 (Ascent Reference No. 103090 also referred to as the “7055 Alloys”); and

(c) U.S. Patent Application Serial Nos. 12/328,622, 14/242,577, 60/992,330, 13/368,586, and 95/002,150 (Ascent Reference Nos. 102338 and 103600 also referred to as the “2055 Alloys”).

1.19 “Sheet” means a rolled alloy product that is rectangular in cross section with a thickness of less than 0.250 inch and with sheared or sawed edges.

1.20 “Technology” means, with respect to Licensed Products, the Licensor Patent Rights and the Know-How and Trade Secrets.

1.21 “Temper” means the condition produced in an alloy by either mechanical or thermal treatment, or both, and characterized by a certain structure and mechanical properties.

1.22 “Valid Claim” means a claim of any unexpired patent that has not been withdrawn or canceled, nor held invalid by a court of competent jurisdiction in an un-appealed decision.

1.23 “Wrought Product” means an alloy product that has been subjected to mechanical working by such processes as rolling, extruding, forging, etc.

Article 2. Grant of Rights.

2.1 License Grants. Subject to the terms and conditions of this Agreement, Licensor on behalf of itself and its Affiliates hereby grants to Licensee and Licensee hereby accepts the licenses for the Licensed Products as described in Schedules 2 through 6.

2.2 Improvements. There is no requirement by either party to share or disclose to the other party Improvements that a party makes to the Technology in connection with the Licensed Products. Licensee shall have the right during the term of this Agreement and always subject to the terms herein, including, without limitation, the terms of Article 7, to modify, improve and otherwise create derivative works of the Technology applicable to Miscellaneous Products. For the purpose of this Agreement any such Licensee modification, improvement or creation of derivative work using the Technology shall be considered an Improvement.

Article 3. Maintenance and Support. Licensee is solely responsible for providing all maintenance and support to its customers of the Licensed Products. Licensor has, and shall have, no obligation to provide any maintenance or support to Licensee or any of Licensee's customers with respect to any Technology and/or Licensed Products.

Article 4. Patent Prosecution. The filing, prosecution, and maintenance of all Licensor Patent Rights shall be the primary responsibility of Licensor. In the event that Licensor elects to abandon a Licensor Patent Right applicable to the Licensed Products, Licensor shall notify Licensee in writing of its intention to abandon such Licensor Patent Right at least thirty (30) days, if possible, prior to the date (including all permissible extensions of time) on which the Licensor Patent Right shall be deemed, by the applicable government authority, to be abandoned. In response to such notice, Licensee shall have fifteen (15) days, if possible, to notify the Licensor of Licensee's decision to acquire, at no charge, the Licensor Patent Right from Licensor. In the event Licensee decides to acquire such Licensor Patent Right, Licensor shall: (a) receive and enjoy, from Licensee, a license to such assigned Licensor Patent Right, such license to be subject to the terms of Schedule 3 of the Patent, Know-How, and Trade Secret License Agreement – Howmet Aerospace Inc. to Arconic Corp. signed contemporaneously herewith; and (b) execute any reasonable documentation necessary to assign such Licensor Patent Right to Licensee upon request and without further consideration, such documentation to be prepared at Licensee's expense. For clarity, if Licensee does not respond within the fifteen (15) day notice period, Licensor may abandon the applicable Licensor Patent Right without any further recourse or accounting to Licensee.

Article 5. Reserved.

Article 6. Confidential Information.

6.1 Treatment of Confidential Information. Licensee: (i) shall maintain the Confidential Information in confidence, using appropriate access control and physical security measures to safeguard the confidentiality thereof; (ii) shall not disclose, divulge or otherwise communicate such Confidential Information to others (except to exploit the Confidential Information for its own internal use), or use it for any purpose, except pursuant to, and in order to carry out, the terms and objectives of this Agreement; and (iii) agrees to exercise commercially reasonable precautions to prevent and restrain the unauthorized disclosure of such Confidential Information by any of its directors, officers, employees, consultants, subcontractors, sublicensees, or agents. Prior to disclosure of Confidential Information to Licensee's directors, officers, employees, consultants, subcontractors, sublicensees, or agents, Licensee will enter into written agreements with such parties that contain restrictions on the disclosure of confidential information that are at least as restrictive as the terms and conditions of this Agreement. With respect to Know-How and Trade Secrets, the obligations of confidentiality and nondisclosure imposed on the Licensee by this Agreement shall continue until the occurrence of one of the conditions set forth in Section 6.2. With respect to other forms of Confidential Information, the obligations of confidentiality and nondisclosure imposed on the Licensee by this Agreement shall extend for the longer of: (a) two (2) years from the date of termination of this Agreement; and (b) until the occurrence of one of the conditions set forth in Section 6.2. Licensor and Licensee also agree to maintain the terms and conditions of the Agreement in confidence in accordance with this Section 6.1 for so long as this Agreement remains in full force and effect.

6.2 Release of Obligations. The obligations of Licensee, and of its Affiliates' directors, officers, employees and agents, with respect to any Confidential Information disclosed thereto by Licensor pursuant to this Agreement shall cease if Licensee can establish to the satisfaction of Licensor or, failing agreement by Licensor, of a court of competent jurisdiction (provided it is a court of last resort, the Parties have agreed to abandon all appeals or the time for filing an appeal has expired) that the Confidential Information: (a) was legally known to or in the possession of Licensee, without obligation of confidentiality or non-use, at the time of disclosure to Licensee by Licensor; (b) legally is or has become part of the public domain through no fault of Licensee; or (c) has been disclosed to Licensee by a third party on a non-confidential basis and without breaching any contractual, confidential or fiduciary obligation to Licensor or any law. A general disclosure in the public domain, or possession by Licensee of general information, will not cause more specific (but related) information to be excluded as Confidential Information under one of the above exceptions. Similarly, a combination of several pieces of information, where each piece of information individually is in the public domain or in the possession of Licensee, will not operate to exempt the combination as Confidential Information unless the combination itself is in the public domain. In the event Licensee becomes legally compelled by law, regulation, court order or administrative body to disclose any of Licensor's Confidential Information, Licensee shall be entitled to disclose such information, provided that Licensee provides Licensor with prompt prior written notice (if legally able) so that Licensor may seek a protective order or such other appropriate remedy and Licensee limits disclosure of Licensor's Confidential Information to only that portion which is legally required.

6.3 Ownership and Return of Confidential Information. All Confidential Information, together with all copies, reproductions, summaries, evaluations, analyses, notes, reports or other records created by Licensee in respect of the Confidential Information and all other information, know-how, data and materials generated by the use of the Confidential Information shall be treated as Confidential Information of Licensor, shall be the sole and exclusive property of Licensor and shall be returned to Licensor by Licensee forthwith upon termination pursuant to Article 10. Notwithstanding the above, one copy of such material may be retained in the legal files of Licensee solely for compliance purposes.

Article 7. Acknowledgement and Obligations.

7.1 Ownership. Licensor will retain and own all right, title, and interest in and to the Licensor Patent Rights and Know-How and Trade Secrets, including, for the avoidance of doubt, any Improvements made by Licensor. Licensee acknowledges the validity and ownership by Licensor of the Technology. This Agreement shall in no way be construed to grant Licensee any ownership rights in any of the Technology.

7.2 Third Party Infringement. If legally able and without breaching any confidentiality provisions of a contract with a third party, Licensee shall promptly report in writing to Licensor during the term of this Agreement any: (a) known infringement or suspected infringement by a third party of any of the Licensor Patent Rights; or (b) unauthorized use or misappropriation of the Know-How and Trade Secrets by a third party of which it becomes aware, and shall provide Licensor with all available evidence supporting the infringement, suspected infringement or unauthorized use or misappropriation. Licensor shall have the sole and exclusive right to bring an infringement action or proceeding against any infringing third party, and, in the event that Licensor brings such an action or proceeding, Licensee shall cooperate and provide full information and reasonable assistance to Licensor and its counsel, at Licensor's expense, in connection with any such action or proceeding.

Article 8. Representations and Warranties, Limitations of Liability and Disclaimers.

8.1 Mutual Representations. Each party hereto represents and warrants to the other that: (a) it has the full right and power to enter into and fully perform this Agreement in accordance with its terms; (b) this Agreement constitutes a legal, valid and binding agreement of such party, enforceable against such party in accordance with its terms; (c) it will comply with all applicable laws and regulations in the exercise and performance of its rights and obligations under this Agreement; and (d) its execution, delivery and performance of this Agreement throughout its duration: (i) does not require consent from any third party; (ii) will not violate (with the lapse of time or giving of notice or both) rights granted by such party to any third party or violate or otherwise interfere with the provisions of any agreement to which such party is a party or otherwise bound; (iii) will not preclude such party from complying with the provisions hereof; and (iv) will not violate any applicable law or regulation or judicial order.

8.2 No Warranty. Licensor, by this Agreement, makes no warranties or guarantees, either express or implied, arising by law or otherwise with regard to the Technology, the Licensor Patent Rights, the Know-How and Trade Secrets, and/or Licensed Products. In particular, Licensor assumes no obligation and makes no representations or warranties hereunder, express or implied, in law or in fact, with respect to: (i) the utility, quality or characteristics of the Technology or any use, embodiment, or modification thereof; (ii) the use of any Licensed Product or method within the Licensor Patent Rights or any embodiments or modifications thereof; or (iii) whether such Licensed Products or methods or any use, embodiments, or modifications thereof would be in compliance with any federal, state or local laws, regulations, standards or criteria with respect to any claim which may arise in connection with any sale or use of Licensed Products, or with respect to the practice of any methods within the Licensor Patent Rights. LICENSOR SPECIFICALLY DISCLAIMS, AND WILL HAVE NO OBLIGATION OR LIABILITY FROM THIS AGREEMENT WITH REGARD TO THE LICENSOR PATENT RIGHTS, KNOW-HOW AND TRADE SECRETS, AND/OR LICENSED PRODUCTS FOR ANY: (1) IMPLIED WARRANTY OF MERCHANTABILITY; (2) IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (3) IMPLIED WARRANTY OF NONINFRINGEMENT; AND (4) IMPLIED WARRANTY OF ANY OTHER TYPE.

8.3 LIMITATION OF LIABILITY. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LICENSOR DISCLAIMS AND SHALL HAVE NO OBLIGATION OR LIABILITY TO LICENSEE FOR ANY TYPE OF INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY BREACH OF WARRANTY OR OTHERWISE UNDER THIS AGREEMENT (WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR BREACH OF STATUTORY DUTY) OR OTHERWISE) EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER ARISING UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.

Article 9. Indemnification.

9.1 Indemnification by Licensee. Licensee will indemnify and hold Licensor harmless from and against any and all claims, damages, liabilities, losses, costs and expenses, including, without limitation, legal expenses and reasonable counsel fees, arising out of, incidental to, or in any way resulting from: (a) Licensee's commercialization, and any use, of Licensed Products, including any third party claims of infringement; (b) Licensee's use and/or commercialization of the Technology and/or Licensed Products; and (c) any personal injury, death or property damage that arises out of, or relates to, the sale of Licensed Products.

9.2 Indemnification Procedure. After receipt by Licensor of a notice of commencement of any action involving the subject matter of the foregoing indemnity provisions under Section 9.1, Licensor will promptly notify Licensee of the commencement thereof, provided that, any delay in providing such notification shall not relieve Licensee of its indemnification obligations hereunder except to the extent, if any, that such delay prejudices Licensee's ability to successfully defend such claim. Upon proper notification, Licensee shall have the right, but not the obligation, to control the defense of Licensor against any such third-party claims, utilizing counsel chosen in Licensee's discretion, provided that Licensor may participate in any such defense, at its own expense, by separate counsel of its choice, and further provided that any such participation shall not limit Licensee's right to control such defense. Notwithstanding anything contained in the foregoing sentence to the contrary, Licensee: (a) shall not be entitled to have sole control over any third party claim or action that: (i) seeks an order, injunction or other equitable relief against Licensor; or (ii) is the subject of such third party indemnification claim in which both Licensee and Licensor are named as parties and either Licensor or Licensee determines with advice of counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the other party or that a conflict of interest between such parties may exist in respect of such action; and (b) shall obtain the prior written approval of Licensor before ceasing to defend against any third party indemnification claim or entering into any settlement, adjustment or compromise of such claim involving injunctive or similar equitable relief being asserted against Licensor. Licensor shall cooperate with Licensee in the provision of any such defense by providing to Licensee all such information, assistance and authority as may reasonably be requested by Licensee.

Article 10. Term and Termination.

10.1 Term. This Agreement shall commence upon the Effective Date and continue until terminated as set forth in this Article 10.

10.2 Termination for Breach. Licensor and Licensee will be entitled to terminate this Agreement by written notice to the other party in the event the other party is in breach of any of its obligations hereunder and shall fail to remedy any such default within sixty (60) days after notice thereof by the non-breaching party.

10.3 Termination for Patent Expiration. The licenses granted under this Agreement shall terminate with respect to the Licensor Patent Rights upon the expiration of the last issued patent of the Licensor Patent Rights. The licenses granted under this Agreement with respect to Know-How and Trade Secrets shall continue notwithstanding the expiration of the Licensor Patent Rights.

10.4 Survival of Obligations; Return of Confidential Information. Notwithstanding any expiration or termination of this Agreement, Articles 1, 3, 6, 7, 8, 9, this Section 10.4 and Article 11 shall survive and continue to be enforceable as set forth herein.

Article 11. Miscellaneous.

11.1 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to its conflicts of law principles.

11.2 Jurisdiction and Venue. Each of the parties: (a) submits to the exclusive jurisdiction of any state or federal court sitting in Wilmington, Delaware for any action or proceeding arising out of, or relating to, this Agreement; (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court; and (c) agrees not to bring any action or proceeding arising out of, or relating to, this Agreement in any other court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Each party agrees that a final judgment in any action or proceeding so brought will be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

11.3 Waiver. The waiver by one party of a breach or a default of any provision of this Agreement by the other party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of a party to exercise or avail itself of any right, power or privilege that it has, or may have, hereunder operate as a waiver of any right, power or privilege by such party.

11.4 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM, OR COUNTERCLAIM ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

11.5 Notices. Any notice or other communication under this Agreement shall be effective when: (a) delivered in person; (b) if mailed, when deposited in the mail by registered or certified mail, return receipt requested; or (c) if delivered by overnight mail by a recognized overnight carrier (e.g., FedEx, UPS, DHL). All such notices and other communications shall be addressed to the other party as follows:

If to Licensor:

Arconic Corp.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

If to Licensee:

Arconic Inc.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

11.6 No Agency. Nothing herein shall be deemed to constitute Licensor, on the one hand, or Licensee, on the other hand, as the agent or representative of the other, or as joint venturers or partners for any purpose. Neither Licensor, on the one hand, nor Licensee, on the other hand, shall be responsible for the acts or omissions of the other. No party will have authority to speak for, represent or obligate the other party in any way without prior written authority from such other party.

11.7 Entire Agreement. This Agreement and the Separation and Distribution Agreement together contain the full understanding of the parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating thereto. No waiver, alteration or modification of any of the provisions hereof shall be binding unless made in writing and signed by the parties.

11.8 Headings. The headings contained in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

11.9 Severability. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected and the invalid provision shall be severed herefrom.

11.10 Assignment. This Agreement may not be assigned by Licensee without the consent of Licensor which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no such consent of Licensor is required under this Agreement in the event of a Change of Control of Licensee, so long as: (a) the resulting, surviving or transferee Person assumes all the obligations of the Licensee by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the Licensor; and (b) the licenses granted herein shall not be transferrable or sublicensable to Affiliates of such Person unless such Affiliates were Affiliates of Licensee prior to such Change of Control.

11.11 Export Control and Requirements. Licensee agrees to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, including the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq.; and the Export Administration Act, 50 U.S.C. 2401-2420, including the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Licensee agrees that it will not transfer or disclose any information it receives from Licensor that constitutes an export-controlled item, data, or service to foreign persons employed by or associated with, or under contract to Licensee or Licensee's suppliers, without the authority of an export license, agreement, or applicable exemption or exception. Licensee shall immediately notify Licensor if it is, or becomes, listed in any Denied Parties List or if Licensee's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency. Licensee, whether U.S. or foreign, engaged in the business of brokering, exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, or related technical data as defined on the United States Munitions List 22 C.F.R. Part 121, represents that it is registered with the Office of Defense Trade Controls as required by the ITAR.

11.12 Counterparts; Images Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of such together shall constitute one and the same instrument. Scanned PDF copies of signatures and facsimile copies of signatures may be deemed original signatures.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized officers as of the Effective Date.

ARCONIC ROLLED PRODUCTS CORP.

ARCONIC INC.

By: /s/ Timothy D. Myers
(Signature)

By: /s/ Ken Giacobbe
(Signature)

Name: Timothy D. Myers
(Printed)

Name: Ken Giacobbe
(Printed)

Title: President


Title: Executive Vice President
and Chief Financial Officer

TRADEMARK LICENSE AGREEMENT

THIS TRADEMARK LICENSE AGREEMENT (this “**Agreement**”), made and entered into as of the 31st day of March, 2020 and effective as of 12:01 a.m. on April 1, 2020 (the “**Effective Date**”), by and between **ARCONIC ROLLED PRODUCTS CORP.** a corporation organized under the laws of Delaware (“**Licensor**”) and **ARCONIC INC.**, a corporation organized under the laws of Delaware (“**Licensee**”).

WHEREAS, Licensor and Licensee entered into a Separation and Distribution Agreement having an effective time of 12:01 a.m. on April 1, 2020 (“**Separation and Distribution Agreement**”); unless specifically defined in this Agreement, any capitalized term in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement.

WHEREAS, Licensor formerly operated as a business unit of Licensee;

WHEREAS, as part of and further to the Separation and Distribution Agreement: (a) Licensor and Licensee are now two separate publicly traded companies; and (b) Licensor was assigned all right, title, and interest to the trademarks “ARCONIC” and  and certain other trademarks identified and set forth in Schedule 1 annexed hereto and made a part hereof (collectively, the “**Licensed Marks**”);

WHEREAS, Licensee wishes to license from Licensor the right to the Licensed Marks as hereinafter defined below;

WHEREAS, Licensee wishes to obtain from Licensor, subject to the terms and conditions set forth in this Agreement, the right and license to use, have used, manufacture, have manufactured, sell, have sold, advertise, have advertised, import, have imported, export, have exported, offer for sale, and have offered for sale the Licensed Products (later defined) using the Licensed Marks (the “**Licensed Purpose**”);

WHEREAS, Licensor is willing to grant such rights, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. GRANT AND SCOPE OF LICENSE.

1.1 **Grant of License.** Licensor on behalf of itself and its Affiliates hereby grants to Licensee the limited licenses to use and have used the Licensed Marks: (i) for the Licensed Products as set forth on Schedule 3; (ii) as set forth on Schedule 2, concerning agreements entered into by Licensee prior to the Effective Date (“**Existing Agreements**”) for a transitional period set forth in Schedule 2; and (iii) on webpages bearing the Licensed Marks on the Effective Date for a period not to exceed nine (9) months from the Effective Date provided that within: (A) three (3) months from the Effective Date, the twenty percent (20%) of Licensee’s webpages that experience the greatest number of unique visitor visits shall have the Licensed Marks removed; (B) six (6) months from the Effective Date, the sixty percent (60%) of Licensee’s webpages that experience the greatest number of unique visitor visits shall have the Licensed Marks removed (which sixty percent (60%) shall include the twenty percent (20%) in clause (A)); and (C) such (9) months from the Effective Date all one hundred percent (100%) of Licensee’s webpages shall have the Licensed Marks removed. For the avoidance of doubt, Licensor also grants to Licensee and its subsidiaries and affiliates a non-exclusive, worldwide royalty-free license for continued use of the Licensed Marks for the production and sale of inventory containing the Licensed Marks applied to such products during the Transition Period as set forth in section 8.2 of the Separation and Distribution Agreement and in Schedule 3 of this Agreement. Licensee will not, however, use the Licensed Marks except for: (i) the production and sale of inventory as provided in this Section 1.1 and in Section 8.2 of the Separation and Distribution Agreement and in Schedule 3 of this Agreement; and (ii) for Licensee’s webpages as provided in this Section 1.1. For avoidance of doubt, to the extent that any of the licenses granted by the terms of this Agreement include any right to sublicense, such right to sublicense shall extend to Licensee’s subsidiaries and joint venturers.

1.2 **Goodwill.** Licensee expressly recognizes and acknowledges that its use of the Licensed Marks shall inure solely to the benefit of Licensor, and shall not confer on Licensee any ownership rights to the Licensed Marks. Licensee agrees and covenants that it shall not challenge, contest, or take any actions inconsistent with Licensor's exclusive rights of ownership of the Licensed Marks.

1.3 **Trademark Notices.** All print and electronic displays of the Licensed Marks by Licensee shall include at Licensor's option, a notice to the effect that the Licensed Marks are owned by Licensor and used by Licensee under license from Licensor.

1.4 **Licensee Cooperation.** Licensee agrees to reasonably cooperate with Licensor in achieving registration of the Licensed Marks worldwide, and in maintaining and protecting existing registrations therefor at Licensor's sole expense. Licensee shall execute any and all documents which Licensor may reasonably request in support of such registrations, and, at Licensor's request, Licensee shall provide use evidence, testimony, and documentation that may be required in any *ex parte* or *inter partes* administrative proceedings and prosecutions, maintenance and renewals involving registrations of the Licensed Marks, at Licensee's sole expense.

1.5 **Quality Control, Licensor Approvals.** Licensor, as owner of the Licensed Marks, shall have the right at all times to control and approve the nature and quality of the Licensed Products (and the Licensed Marks thereon), and to inspect Licensee's business operations upon reasonable prior notice for the purpose of ensuring that a high level of quality of the Licensed Products is being maintained by Licensee. At Licensor's reasonable request during each calendar year, Licensee shall submit samples to Licensor, at no cost to Licensor, and shall not materially depart therefrom without Licensor's prior express written consent. The Licensed Products, as well as all promotional, packaging and advertising material relative thereto, shall include all appropriate legal notices as required by Licensor. No more frequently than once per year, a third party auditor chosen by Licensor and approved by Licensee, such approval not to be unreasonably withheld, shall be entitled at any time on reasonable notice to the Licensee to enter, during regular business hours, any premises used by the Licensee or its manufacturers for the manufacture, packaging or storage of the Licensed Products, to inspect such premises, all plant, workforce and machinery used for manufacture, packaging or storage of Licensed Products and all other aspects of the manufacture, packaging and storage of Licensed Products ("Access Rights"). Prior to exercising such Access Rights, the third party auditor shall enter into a nondisclosure agreement with Licensee that, among other terms deemed acceptable by Licensee and such third party auditor, shall: (a) limit the content of any report made by the third party auditor to Licensor to a description of the manner in which, and the conditions under which, the Licensed Marks are used by Licensee or its manufacturers; and (b) prevent the disclosure of any of Licensee's trade secrets and/or Confidential Information. To the extent reasonably practicable, all Licensed Products shall include notices on labeling and packaging for the Licensed Products stating that the Licensed Marks is owned by Licensor and used by Licensee under license from Licensor. The Licensed Products shall be of a quality commensurate with previous production or the samples approved by Licensor. If the quality of a class of the Licensed Products falls below such standards, Licensee shall use commercially reasonable efforts to restore such quality. In the event that Licensee has not taken appropriate steps to restore such quality within one-hundred twenty (120) days after notification by Licensor, Licensor shall have the right to terminate this Agreement.

1.6 **Compliance with Trademark Usage Guidelines.** Licensee agrees to comply with Licensor's trademark usage guidelines and any other policies and requirements applicable to the Licensed Marks.

2. ENFORCEMENT OF INTELLECTUAL PROPERTY.

If legally able and without breaching any confidentiality provisions of a contract with a third party, in the event that Licensee becomes aware that any third party is infringing the Licensed Marks, Licensee shall promptly notify Licensor and provide pertinent details. Licensor shall have the right in its sole discretion to bring a legal action for infringement against the third party, together with the right to enforce and collect any judgment thereon. If Licensor elects to exercise such right, Licensee shall, at Licensor's request, provide reasonable assistance to Licensor, at the sole expense of Licensor.

3. INDEMNIFICATION.

Licensee shall defend, indemnify and hold harmless Licensor and its officers, directors, employees, agents, corporate subsidiaries, parents, and affiliates ("**Licensor Indemnitees**") from and against any and all demands, claims, actions or causes of action, assessments, deficiencies, damages, losses, liabilities and expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), incurred in conjunction with or arising out of or relating to any third-party claim concerning the Licensed Products and any acts or omissions of Licensee with respect to the Licensed Marks, including without limitation Licensee's performance of its obligations under this Agreement. The Licensor Indemnitees agree to cooperate with Licensee, at Licensee's expense, to provide copies of any documents or materials reasonably requested by Licensee in support of its defense of the Licensor Indemnitees.

4. TERM AND TERMINATION.

4.1 **Term.** The Term of this Agreement will commence on the Effective Date and shall continue for the time periods set forth in Schedules 2 and 3 unless sooner terminated in accordance with the terms of this Agreement.

4.2 **Termination for Breach.** Licensor and Licensee will be entitled to terminate this Agreement by written notice to the other party in the event the other party is in material breach of any of its obligations hereunder and shall fail to remedy any such default within one hundred twenty (120) days after notice thereof by the non-breaching party.

4.3 **Termination Upon Bankruptcy.** Either party may terminate this Agreement by written notice to the other in the event of: (a) the other party's making assignment for the benefit of its creditors or filing a voluntary petition under any bankruptcy or insolvency law, under the reorganization or arrangement provisions of the United States Bankruptcy Code, or under the provisions of any law of like import; or (b) the filing of an involuntary petition against the other party under any bankruptcy or insolvency law, under the reorganization or arrangement provisions of the United States Bankruptcy Code, or under any law of like import; or (c) the appointment of a trustee or receiver for the party or its property.

4.4 **Survival of Obligations; Return of Confidential Information.** Notwithstanding any expiration or termination of this Agreement, Sections 1.4, 3, 4.4, 5.1, 5.2, and 6.1 through 6.11 shall survive and continue to be enforceable as set forth herein. Upon any expiration or termination of this Agreement, Licensee shall promptly return to Licensor, or at Licensor's direction, destroy all Licensor confidential information and all copies thereof in Licensee's possession.

5. REPRESENTATIONS AND WARRANTIES.

5.1 Licensor represents and warrants to Licensee that Licensor's performance of its obligations under this Agreement is not in conflict with, and will not result in a breach of or constitute a default under, any other contract, instrument, rule of law or order of any court or governmental agency to which Licensor is a party or by which Licensor is bound.

5.2 Licensee represents and warrants to Licensor that Licensee's performance of its obligations under this Agreement are not in conflict with, and will not result in a breach of or constitute a default under, any other contract, instrument, rule of law or order of any court or governmental agency to which Licensee is a party or by which Licensee is bound.

5.3 **No Warranty.** But for the warranty set forth in section 5.1., *supra*, Licensor, by this Agreement, makes no warranties or guarantees, either express or implied, arising by law or otherwise with regard to the Licensed Marks and/or the Licensed Products. In particular, Licensor assumes no obligation and makes no representations or warranties hereunder, express or implied, in law or in fact, with respect to: (i) the utility, quality or characteristics of the Licensed Marks or any use, embodiment, or modification thereof; (ii) the use of any Licensed Product, embodiments, or modifications thereof, or (iii) whether such Licensed Products, or any use, embodiments, or modifications thereof, would be in compliance with any federal, state or local laws, regulations, standards or criteria with respect to any claim which may arise in connection with any sale or use of Licensed Products. LICENSOR SPECIFICALLY DISCLAIMS, AND WILL HAVE NO OBLIGATION OR LIABILITY FROM THIS AGREEMENT WITH REGARD TO THE LICENSED MARKS FOR ANY: (1) IMPLIED WARRANTY OF MERCHANTABILITY; (2) IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (3) IMPLIED WARRANTY OF NONINFRINGEMENT; AND (4) IMPLIED WARRANTY OF ANY OTHER TYPE.

6. MISCELLANEOUS.

6.1 **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to its conflicts of law principles.

6.2 **Jurisdiction and Venue.** Each of the parties: (a) submits to the exclusive jurisdiction of any state or federal court sitting in Wilmington, Delaware for any action or proceeding arising out of, or relating to, this Agreement; (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court; and (c) agrees not to bring any action or proceeding arising out of, or relating to, this Agreement in any other court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Each party agrees that a final judgment in any action or proceeding so brought will be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

6.3 **Waiver.** The waiver by one party of a breach or a default of any provision of this Agreement by the other party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of a party to exercise or avail itself of any right, power or privilege that it has or may have hereunder operate as a waiver of any right, power or privilege by such party.

6.4 **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM, OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

6.5 **Notices.** Any notice or other communication under this Agreement shall be effective when: (a) delivered in person; (b) if mailed, when deposited in the mail by registered or certified mail, return receipt requested; or (c) if delivered by overnight mail by a recognized overnight carrier (e.g., FedEx, UPS, DHL). All such notices and other communications shall be addressed to the other party as follows:

If to Licensor:

Arconic Rolled Products Corp..
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

If to Licensee:

Arconic Inc.
201 Isabella Street
Pittsburgh, PA 15212
Attn: General Counsel

6.6 **No Agency.** Nothing herein shall be deemed to constitute Licensor, on the one hand, or Licensee, on the other hand, as the agent or representative of the other, or as joint venturers or partners for any purpose. Neither Licensor, on the one hand, nor Licensee, on the other hand, shall be responsible for the acts or omissions of the other. No party will have authority to speak for, represent or obligate the other party in any way without prior written authority from such other party.

6.7 **Entire Agreement.** This Agreement and the Separation and Distribution Agreement together contain the full understanding of the parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating thereto. No waiver, alteration or modification of any of the provisions hereof shall be binding unless made in writing and signed by the parties.

6.8 **Headings.** The headings contained in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

6.9 **Severability.** In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected and the invalid provision shall be severed herefrom.

6.10 **Assignment.** This Agreement may not be assigned by Licensee without the consent of Licensor which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no such consent of Licensor is required under this Agreement in the event of a Change of Control of Licensee, so long as: (a) the resulting, surviving or transferee Person assumes all the obligations of the Licensee by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the Licensor; and (b) the licenses granted herein shall not be transferrable or sublicensable to Affiliates of such Person unless such Affiliates were Affiliates of Licensee prior to such Change of Control.

6.11 **“ARCONIC-THOR”.** Licensor recognizes that after the Effective Date of this Agreement, Licensee shall be the owner of an “ARCONIC-THOR” trademark (or applications therefor) in various countries worldwide, including in the United States for “Titanium and its alloys and titanium alloy ingots.” So as to avoid confusion, Licensee agrees to discontinue use of the “ARCONIC-THOR” trademark globally within one (1) year of the Effective Date.

6.12 **Counterparts; Images Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of such together shall constitute one and the same instrument. Scanned PDF copies of signatures and facsimile copies of signatures may be deemed original signatures.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized officers as of the Effective Date.

ARCONIC ROLLED PRODUCTS CORP.

By: /s/ Timothy D. Myers

Name: Timothy D. Myers

Title: President

ARCONIC INC.

By: /s/ Ken Giacobbe

Name: Ken Giacobbe

Title: Executive Vice President and Chief Financial Officer

TRADEMARK LICENSE AGREEMENT

THIS TRADEMARK LICENSE AGREEMENT (this “**Agreement**”), made and entered into as of the 31st day of March, 2020 and effective as of 12:01 a.m. on April 1, 2020 (the “**Effective Date**”), by and between **ARCONIC INC.**, a corporation organized under the laws of Delaware (“**Licensee**”) and **ARCONIC ROLLED PRODUCTS CORP.**, a corporation organized under the laws of Delaware (“**Licensor**”).

WHEREAS, Licensor and Licensee entered into a Separation and Distribution Agreement having an effective time of 12:01 a.m. on April 1, 2020 (“**Separation and Distribution Agreement**”); unless specifically defined in this Agreement, any capitalized term in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement.

WHEREAS, Licensor formerly operated as a business unit of Licensee;

WHEREAS, as part of and further to the Separation and Distribution Agreement: (a) Licensor and Licensee are now two separate publicly traded companies; and (b) Licensor was assigned all right, title, and interest to the trademark “**ARMX**” (the “**Licensed Mark**”);

WHEREAS, Licensee wishes to license from Licensor the right to the Licensed Mark as hereinafter defined below;

WHEREAS, Licensee wishes to obtain from Licensor, subject to the terms and conditions set forth in this Agreement, the right and license to use, have used, manufacture, have manufactured, sell, have sold, advertise, have advertised, import, have imported, export, have exported, offer for sale, and have offered for sale the Licensed Products (later defined) using the Licensed Mark (the “**Licensed Purpose**”);

WHEREAS, Licensor is willing to grant such rights, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. GRANT AND SCOPE OF LICENSE.

1.1 **Grant of License.** Licensor on behalf of itself and its Affiliates hereby grants to Licensee the limited licenses to use and have used the Licensed Mark: (i) for the Licensed Products as set forth on Schedule 2; and (ii) as set forth on Schedule 1, concerning agreements entered into by Licensee prior to the Effective Date (“**Existing Agreements**”). For the avoidance of doubt, Licensor also grants to Licensee and its subsidiaries and affiliates a non-exclusive, worldwide royalty-free license for continued use of the Licensed Mark for the production and sale of inventory containing the Licensed Mark applied to such products during the Transition Period as set forth in section 8.2 of the Separation and Distribution Agreement and in Schedule 2 of this Agreement. Licensee will not, however, use the Licensed Mark except for the production and sale of inventory as provided in this Section 1.1 and in Section 8.2 of the Separation and Distribution Agreement and Schedule 2 of this Agreement. For avoidance of doubt, to the extent that any of the licenses granted by the terms of this Agreement include any right to sublicense, such right to sublicense shall extend to Licensee’s subsidiaries and joint venturers.

1.2 **Goodwill.** Licensee expressly recognizes and acknowledges that its use of the Licensed Mark shall inure solely to the benefit of Licensor, and shall not confer on Licensee any ownership rights to the Licensed Mark. Licensee agrees and covenants that it shall not challenge, contest, or take any actions inconsistent with Licensor's exclusive rights of ownership of the Licensed Mark.

1.3 **Trademark Notices.** All print and electronic displays of the Licensed Mark by Licensee shall include at Licensor's option, a notice to the effect that the Licensed Mark are owned by Licensor and used by Licensee under license from Licensor.

1.4 **Licensee Cooperation.** Licensee agrees to reasonably cooperate with Licensor in achieving registration of the Licensed Mark worldwide, and in maintaining and protecting existing registrations therefor at Licensor's sole expense. Licensee shall execute any and all documents which Licensor may reasonably request in support of such registrations, and, at Licensor's request, Licensee shall provide use evidence, testimony, and documentation that may be required in any *ex parte* or *inter partes* administrative proceedings and prosecutions, maintenance and renewals involving registrations of the Licensed Mark, at Licensee's sole expense.

1.5 **Quality Control, Licensor Approvals.** Licensor, as owner of the Licensed Mark, shall have the right at all times to control and approve the nature and quality of the Licensed Products (and the Licensed Mark thereon), and to inspect Licensee's business operations upon reasonable prior notice for the purpose of ensuring that a high level of quality of the Licensed Products is being maintained by Licensee. At Licensor's reasonable request during each calendar year, Licensee shall submit samples to Licensor, at no cost to Licensor, and shall not materially depart therefrom without Licensor's prior express written consent. The Licensed Products, as well as all promotional, packaging and advertising material relative thereto, shall include all appropriate legal notices as required by Licensor. No more frequently than once per year, a third party auditor chosen by Licensor and approved by Licensee, such approval not to be unreasonably withheld, shall be entitled at any time on reasonable notice to the Licensee to enter, during regular business hours, any premises used by the Licensee or its manufacturers for the manufacture, packaging or storage of the Licensed Products, to inspect such premises, all plant, workforce and machinery used for manufacture, packaging or storage of Licensed Products and all other aspects of the manufacture, packaging and storage of Licensed Products ("Access Rights"). Prior to exercising such Access Rights, the third party auditor shall enter into a nondisclosure agreement with Licensee that, among other terms deemed acceptable by Licensee and such third party auditor, shall: (a) limit the content of any report made by the third party auditor to Licensor to a description of the manner in which, and the conditions under which, the Licensed Mark are used by Licensee or its manufacturers; and (b) prevent the disclosure of any of Licensee's trade secrets and/or Confidential Information. To the extent reasonably practicable, all Licensed Products shall include notices on labeling and packaging for the Licensed Products stating that the Licensed Mark is owned by Licensor and used by Licensee under license from Licensor. The Licensed Products shall be of a quality commensurate with previous production or the samples approved by Licensor. If the quality of a class of the Licensed Products falls below such standards, Licensee shall use commercially reasonable efforts to restore such quality. In the event that Licensee has not taken appropriate steps to restore such quality within one-hundred twenty (120) days after notification by Licensor, Licensor shall have the right to terminate this Agreement.

1.6 **Compliance with Trademark Usage Guidelines.** Licensee agrees to comply with Licensor's trademark usage guidelines and any other policies and requirements applicable to the Licensed Mark.

2. ENFORCEMENT OF INTELLECTUAL PROPERTY.

If legally able and without breaching any confidentiality provisions of a contract with a third party, in the event that Licensee becomes aware that any third party is infringing the Licensed Mark, Licensee shall promptly notify Licensor and provide pertinent details. Licensor shall have the right in its sole discretion to bring a legal action for infringement against the third party, together with the right to enforce and collect any judgment thereon. If Licensor elects to exercise such right, Licensee shall, at Licensor's request, provide reasonable assistance to Licensor, at the sole expense of Licensor.

3. INDEMNIFICATION.

Licensee shall defend, indemnify and hold harmless Licensor and its officers, directors, employees, agents, corporate subsidiaries, parents, and affiliates ("**Licensor Indemnitees**") from and against any and all demands, claims, actions or causes of action, assessments, deficiencies, damages, losses, liabilities and expenses (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses), incurred in conjunction with or arising out of or relating to any third-party claim concerning the Licensed Products and any acts or omissions of Licensee with respect to the Licensed Mark, including without limitation Licensee's performance of its obligations under this Agreement. The Licensor Indemnitees agree to cooperate with Licensee, at Licensee's expense, to provide copies of any documents or materials reasonably requested by Licensee in support of its defense of the Licensor Indemnitees.

4. TERM AND TERMINATION.

4.1 **Term.** The Term of this Agreement will commence on the Effective Date and shall continue for the time periods set forth in Schedules 1 and 2 unless sooner terminated in accordance with the terms of this Agreement.

4.2 **Termination for Breach.** Licensor and Licensee will be entitled to terminate this Agreement by written notice to the other party in the event the other party is in material breach of any of its obligations hereunder and shall fail to remedy any such default within one hundred twenty (120) days after notice thereof by the non-breaching party.

4.3 **Termination Upon Bankruptcy.** Either party may terminate this Agreement by written notice to the other in the event of: (a) the other party's making assignment for the benefit of its creditors or filing a voluntary petition under any bankruptcy or insolvency law, under the reorganization or arrangement provisions of the United States Bankruptcy Code, or under the provisions of any law of like import; or (b) the filing of an involuntary petition against the other party under any bankruptcy or insolvency law, under the reorganization or arrangement provisions of the United States Bankruptcy Code, or under any law of like import; or (c) the appointment of a trustee or receiver for the party or its property.

4.4 **Survival of Obligations; Return of Confidential Information.** Notwithstanding any expiration or termination of this Agreement, Sections 1.4, 3, 4.4, 5.1, 5.2, and 6.1 through 6.11 shall survive and continue to be enforceable as set forth herein. Upon any expiration or termination of this Agreement, Licensee shall promptly return to Licensor, or at Licensor's direction, destroy all Licensor confidential information and all copies thereof in Licensee's possession.

5. REPRESENTATIONS AND WARRANTIES.

5.1 Licensor represents and warrants to Licensee that Licensor's performance of its obligations under this Agreement is not in conflict with, and will not result in a breach of or constitute a default under, any other contract, instrument, rule of law or order of any court or governmental agency to which Licensor is a party or by which Licensor is bound.

5.2 Licensee represents and warrants to Licensor that Licensee's performance of its obligations under this Agreement are not in conflict with, and will not result in a breach of or constitute a default under, any other contract, instrument, rule of law or order of any court or governmental agency to which Licensee is a party or by which Licensee is bound.

5.3 **No Warranty.** But for the warranty set forth in section 5.1., *supra*, Licensor, by this Agreement, makes no warranties or guarantees, either express or implied, arising by law or otherwise with regard to the Licensed Mark and/or the Licensed Products. In particular, Licensor assumes no obligation and makes no representations or warranties hereunder, express or implied, in law or in fact, with respect to: (i) the utility, quality or characteristics of the Licensed Mark or any use, embodiment, or modification thereof; (ii) the use of any Licensed Product, embodiments, or modifications thereof, or (iii) whether such Licensed Products, or any use, embodiments, or modifications thereof, would be in compliance with any federal, state or local laws, regulations, standards or criteria with respect to any claim which may arise in connection with any sale or use of Licensed Products. LICENSOR SPECIFICALLY DISCLAIMS, AND WILL HAVE NO OBLIGATION OR LIABILITY FROM THIS AGREEMENT WITH REGARD TO THE LICENSED MARK FOR ANY: (1) IMPLIED WARRANTY OF MERCHANTABILITY; (2) IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (3) IMPLIED WARRANTY OF NONINFRINGEMENT; AND (4) IMPLIED WARRANTY OF ANY OTHER TYPE.

6. MISCELLANEOUS.

6.1 **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware without regard to its conflicts of law principles.

6.2 **Jurisdiction and Venue.** Each of the parties: (a) submits to the exclusive jurisdiction of any state or federal court sitting in Wilmington, Delaware for any action or proceeding arising out of, or relating to, this Agreement; (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court; and (c) agrees not to bring any action or proceeding arising out of, or relating to, this Agreement in any other court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Each party agrees that a final judgment in any action or proceeding so brought will be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

6.3 **Waiver.** The waiver by one party of a breach or a default of any provision of this Agreement by the other party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of a party to exercise or avail itself of any right, power or privilege that it has or may have hereunder operate as a waiver of any right, power or privilege by such party.

6.4 **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM, OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

6.5 **Notices.** Any notice or other communication under this Agreement shall be effective when: (a) delivered in person; (b) if mailed, when deposited in the mail by registered or certified mail, return receipt requested; or (c) if delivered by overnight mail by a recognized overnight carrier (e.g., FedEx, UPS, DHL). All such notices and other communications shall be addressed to the other party as follows:

If to Licensor:

Arconic Inc.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

If to Licensee:

Arconic Rolled Products Corp.
201 Isabella Street
Pittsburgh, PA 15212
Attn: General Counsel

6.6 **No Agency.** Nothing herein shall be deemed to constitute Licensor, on the one hand, or Licensee, on the other hand, as the agent or representative of the other, or as joint venturers or partners for any purpose. Neither Licensor, on the one hand, nor Licensee, on the other hand, shall be responsible for the acts or omissions of the other. No party will have authority to speak for, represent or obligate the other party in any way without prior written authority from such other party.

6.7 **Entire Agreement.** This Agreement and the Separation and Distribution Agreement together contain the full understanding of the parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating thereto. No waiver, alteration or modification of any of the provisions hereof shall be binding unless made in writing and signed by the parties.

6.8 **Headings.** The headings contained in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

6.9 **Severability.** In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected and the invalid provision shall be severed herefrom.

6.10 **Assignment.** This Agreement may not be assigned by Licensee without the consent of Licensor which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no such consent of Licensor is required under this Agreement in the event of a Change of Control of Licensee so long as: (a) the resulting, surviving or transferee Person assumes all the obligations of the Licensee by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the Licensor; and (b) the licenses granted herein shall not be transferrable or sublicensable to Affiliates of such Person unless such Affiliates were Affiliates of Licensee prior to such Change of Control.

6.11 **Counterparts; Images Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of such together shall constitute one and the same instrument. Scanned PDF copies of signatures and facsimile copies of signatures may be deemed original signatures.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized officers as of the Effective Date.

ARCONIC INC.

By /s/ Ken Giacobbe
Name: Ken Giacobbe
Title: Executive Vice President and Chief Financial Officer

ARCONIC ROLLED PRODUCTS CORP.

By /s/ Timothy D. Myers
Name: Timothy D. Myers
Title: President

Signature Page to Arconic to Howmet Trademark License for ARMX

MASTER AGREEMENT FOR PRODUCT SUPPLY

This **MASTER AGREEMENT FOR PRODUCT SUPPLY** (this “Agreement”) is made by and between Arconic Massena LLC, Arconic Lafayette LLC and Arconic Davenport LLC, all Delaware limited liability companies (“Seller”) and Arconic Inc., a Delaware corporation on behalf of its Engineered Structures business (“Buyer”) (collectively “Parties”).

WHEREAS, Seller wishes to sell certain aluminum products (with various alloying agents) to Buyer and Buyer wishes to purchase such products from Seller; and

WHEREAS, the Parties desire that the terms of this Agreement will be used for such product sales and purchases.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions contained herein and intending to be legally bound, the Parties agree to the following terms and conditions.

1. TERM

This Agreement will be effective as of 12:01 a.m. on April 1, 2020 (“Effective Date”) and terminate as provided in this Section 1, unless sooner terminated as provided in this Agreement:

- (a) With respect to Requirements Products (as defined in Exhibit D), the term of this Agreement shall commence on the Effective Date and continue through December 31, 2030 for Requirements Products (as defined in Exhibit D) (the “Requirements Products Term”); and
- (b) With respect to all Products that are not Requirements Products, the term of this Agreement shall commence on the Effective Date and continue through December 31, 2025 for all Products that are not Requirements Products (“Standard Products Term”)

For purposes of this Agreement unless otherwise defined “Term” means the applicable Standard Products Term or Requirements Products Term as applicable to the Product covered in the applicable Sections in the Agreement.

2. PURCHASE AND SALE OF PRODUCTS

Buyer agrees to purchase from Seller and Seller agrees to supply Buyer with the products described on **Exhibit A** (“Products”) from Seller’s locations identified in **Exhibit A** (“Locations”) to Buyer’s location in Cleveland Ohio. For the avoidance of doubt, Buyer is not obligated to order Products and Buyer has no volume commitment for Products.

Products will be sold in the form of plate, extrusions or cast billet, and shall meet the specifications and requirements set forth in **Exhibit B** or the ordinary and customary revisions applicable to the specifications and requirements that exist as of the issuance of the Order (“Specifications”).

3. PRICE, INFLATIONARY ADJUSTMENT

Product pricing shall be calculated in accordance with **Exhibit C** (“Pricing & Inflationary Adjustments”) and will not be subject to change except pursuant to **Exhibit C** and **Exhibit D** (“Supplemental Terms”), Section 5. Pricing shall apply as of the original Schedule Delivery Date (as defined herein).

4. DELIVERY

Except as otherwise provided in **Exhibit D** and/or **Exhibit E** ("Terms and Conditions"), Product delivery will be made FOB Buyer's location in Cleveland, Ohio. Buyer shall bear the cost of transportation of the Product from Seller's Location to Buyer's location.

5. PAYMENT

The Price does not include any taxes or duties of any kind. For the Products supplied under this Agreement, Seller will invoice Buyer at the time of shipment. The terms of payment will be Net 45 days from the date of invoice, and Buyer will pay the invoiced amount via Electronic Funds Transfer to an account designated by Seller.

6. TERMS AND CONDITIONS

The terms and conditions governing each sale and purchase of Products are set forth in **Exhibit D** and **Exhibit E**.

7. PRECEDENCE OF DOCUMENTS

In the event of any conflict between the documents comprising this Agreement, the order of precedence will be as follows.

- (a) The accepted Order, excluding pre-printed terms and conditions
- (b) This Agreement, including **Exhibits A, B, and C**
- (c) The Supplemental Terms set forth in **Exhibit D**
- (d) The Terms and Conditions set forth in **Exhibit E**

8. INCORPORATION BY REFERENCE

Exhibits A - E are attached hereto and incorporated by reference herein.

9. GOVERNING LAW; ENTIRE AGREEMENT; NO WAIVER; NO ASSIGNMENT

- (a) This Agreement will be governed by, and interpreted in accordance with, the laws of Delaware, excluding the United Nations Convention on Contracts for the International Sale of Goods, and without regard to principles of conflict of laws. The application of the United Nations Convention on Contracts for the International Sale of Products ("CISG") is hereby expressly excluded. Any and all claims or matters of dispute referenced in this paragraph will be resolved in a court of competent jurisdiction in Wilmington, Delaware, which courts will have exclusive jurisdiction of all such disputes; the Parties waive any and all objections that it might otherwise have as to personal jurisdiction or venue in such courts.
 - (b) This Agreement, together with the Exhibits hereto and any accepted Order constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all existing agreements and understandings, oral or written, relating to the subject matter of this Agreement. Seller and Buyer acknowledge that while purchase orders, sales acknowledgment forms and other standard documents may be utilized by the parties in the administration of this Agreement, no terms or conditions contained therein shall vary the terms set forth in this Agreement and/or the Exhibits. Any change or modification of the terms of this Agreement and/or Exhibits will be made only in a writing signed by authorized signatories of each of the parties.
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- (c) This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.
- (d) This Agreement may not be released, discharged, abandoned, changed or modified in any manner, except by an instrument in writing signed by a duly authorized officer or representative of each of the parties hereto. No provision of this Agreement and no breach of any provision of this Agreement will be deemed waived by reason of any previous waiver or breach of such provision.
- (e) Neither party may assign this Agreement or any rights, obligations or interest hereunder, in whole or in part, without the prior written consent of the non-assigning party which consent not to be unreasonably withheld. A change in control, including without limitation by operation of law, merger, consolidation, or otherwise, shall be deemed an assignment under this section. Any attempted assignment without such prior written consent shall be null and void and shall constitute a material breach of the Agreement. The non-assigning party may terminate this Agreement for an assignment without consent. Any permitted assignee or transferee shall assume all obligations of Seller and be subject to all of the terms and conditions under this Agreement.

10. SURVIVAL

All rights, obligations and duties hereunder, which by their nature or by their express terms extend beyond the expiration or termination of the Agreement, including but not limited to warranties, indemnifications, intellectual property, and product support obligations shall survive the expiration or termination of the Agreement.

11. NOTICES

All notices required or permitted to be given under this Agreement or any related purchase order or sales order acknowledgement shall be in writing and shall be sent by responsible overnight courier service to the receiving party at the address set forth below (or such other address as may be provided by such party to the other in writing) or by electronic mail (provided a means of verifying the transmission exists) at the e-mail address set forth below (or such other e-mail address as may be provided by such party to the other in writing). The day following the date of couriating or e-mail transmission shall be the date of delivery of notice.

- (a) If to Buyer:

Bessie Williams
Global Director of Procurement
201 Isabella Street
Pittsburgh, PA 15212-5858
Email: Bessie.Williams@howmet.com

(b) If to Seller:

James Perrin
Director, Global Marketing & Customer Service, Extrusions
3131 E. Main Street
Lafayette, IN 47905
Email: James.Perrin@arconic.com

Bradley Blomberg
Director, Supply Chain & Customer Service, Extrusions
3131 E. Main Street
Lafayette, IN 47905
Email: Brad.Blomberg@arconic.com

With a copy to:
Justin Waddell
Business Unit Counsel
201 Isabella Street
Pittsburgh, PA 15212
Email: Justin.Waddell@arconic.com

The parties have signed this Agreement by their duly authorized representatives on the day and year set forth above.

[Signature page follows]

ARCONIC MASSENA LLC

Name: Max W. Laun
Title: President
Signature: /s/ Max W. Laun
Date: March 31, 2020

ARCONIC LAFAYETTE LLC

Name: Max W. Laun
Title: President
Signature: /s/ Max W. Laun
Date: March 31, 2020

ARCONIC INC.

Name: Ken Giacobbe
Title: Executive Vice President and Chief Financial Officer
Signature: /s/ Ken Giacobbe
Date: March 31, 2020

ARCONIC DAVENPORT LLC

Name: Max W. Laun
Title: President
Signature: /s/ Max W. Laun
Date: March 31, 2020

SECOND SUPPLEMENTAL TAX AND PROJECT CERTIFICATE AND AGREEMENT

As of March 31, 2020 and effective as of 12:01 a.m. on April 1, 2020

The undersigned, on behalf of, respectively, Arconic Inc., a Delaware corporation (the “**Borrower**”), Arconic Davenport LLC (the “**Prospective Owner**”), and, solely with respect to Section 10, Arconic Rolled Products Corporation (“**GRP&E/BCS SpinCo**”), acknowledge, agree, certify and represent as set forth below in this Second Supplemental Tax and Project Certificate and Agreement (this “**Second Supplement**”). This Second Supplement supplements the Tax Exemption Certificate and Agreement, dated August 14, 2012 (the “**Original Tax Agreement**”), among the Iowa Finance Authority (the “**Issuer**”), Arconic Inc., a Pennsylvania corporation (which was subsequently reincorporated as a Delaware incorporation by means of a merger of the Pennsylvania corporation with a newly formed direct wholly owned subsidiary incorporated in Delaware) and formerly known as Alcoa Inc., as original borrower (the “**Original Borrower**”), and U.S. Bank National Association, as trustee (the “**Trustee**”), and the Project Certificate, dated August 14, 2012 (the “**Original Project Certificate**”), of the Original Borrower, all as supplemented by the Supplemental Tax and Project Certificate, dated as of December 29, 2017 (the “**First Supplement**”), between the Original Borrower and the Borrower. The Original Tax Agreement and the Original Project Certificate, each as supplemented by the First Supplement, are referred to herein together as the “**Tax Agreement**.” Capitalized terms used herein and not defined herein have the meanings set forth in the Tax Agreement.

This Second Supplement is executed and delivered in connection with the anticipated transfer of the Project from the Borrower to the Prospective Owner as part of a corporate separation plan involving certain of the Borrower’s businesses (the “**Transaction**”). In order to effectuate the Transaction, Borrower and GRP&E/BCS SpinCo have entered into a Separation and Distribution Agreement, dated as of March 31, 2020 (as it may be amended and in effect from time to time, the “**Separation and Distribution Agreement**”).

1. **Authority.** Each of the undersigned represents that it has full authority to make the statements contained in this Second Supplement on behalf of, respectively, the Borrower and the Prospective Owner.

2. **Familiarity with Proceedings.** The undersigned representative of the Borrower certifies that such undersigned is familiar with the proceedings taken preliminary to and in connection with the issuance by the Issuer of its Midwestern Disaster Area Revenue Bonds (Alcoa Inc. Project) Series 2012 in the aggregate principal amount of \$250,000,000 (the “**Bonds**”) and the execution and delivery of the Tax Agreement. The undersigned representative of the Borrower and the undersigned representative of the Prospective Owner each certifies that such undersigned is familiar with (a) the purposes of the Bonds and the purposes and uses of the Project and (b) the Transaction. The undersigned representative of the Prospective Owner has reviewed the Tax Agreement.

3. **Delegation of Responsibility.** The Borrower hereby delegates to the Prospective Owner the responsibility for operating all components of the Project in a manner and location consistent with the definition and description of the Project set forth in the Tax Agreement. Such delegation is effective on the earlier of the date that title to the Project transfers to the Prospective Owner and the date the Prospective Owner commences operation of the Project. The Prospective Owner hereby accepts such delegation and agrees to such commencement date.

4. **Continuing Application Notwithstanding Delegation.** For the benefit of the Issuer and the registered owners of the Bonds from time to time, the Borrower acknowledges and agrees that it remains responsible for complying or causing the Prospective Owner to comply with all provisions of the Tax Agreement notwithstanding the Transaction and the delegation described in Section 3 above.

5. **Notification, Recordkeeping and Cooperation to Maintain Tax Status.** The Prospective Owner agrees to provide written notice to the Borrower and the Trustee at least 90 days prior to (a) any change in ownership of any portion of the Project or (b) any change in the operation or location of any portion of the Project that is inconsistent with the description of the operation or location of the Project set forth in the Tax Agreement. The Borrower agrees to retain any such notices with its books and records for the Bonds for a period of not less than four years following the later of the final payment or redemption of the Bonds or any obligations issued or executed and delivered to refund the Bonds. The Borrower and the Prospective Owner agree that, in the event any change in ownership or operation of any portion of the Project causes or threatens to cause a violation of the agreements or covenants set forth in the Tax Agreement or otherwise threatens the continued status of the Bonds as tax-exempt obligations under Section 103 of the Code, the Borrower and the Prospective Owner will cooperate to take such actions as may be necessary in the opinion of Bond Counsel delivered to the Issuer and the Trustee to remediate such violation or adverse impact on the status of the Bonds. The Prospective Owner further agrees to cooperate with the Borrower, the Issuer and the Trustee in the event of an examination of the Bonds by the Internal Revenue Service or a ruling or closing agreement application made the Internal Revenue Service, including but not limited to providing information concerning the location, ownership and use of any component of the Project and any Gross Proceeds relating to the Project (such as, for example, any Gross Proceeds from any sale or other disposition of any portion of the Project).

6. **Indemnification.** In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement or any other Ancillary Agreement (as defined in the Separation and Distribution Agreement), the Prospective Owner will pay, and will defend, indemnify and hold the Borrower, and its respective past, present and future members, officers, directors, employees, agents and any other person, if any, who “controls” the Borrower, as that term is defined in Section 15 of the Securities Act of 1933, as amended, and each of the heirs, executors, successors and assigns of the foregoing (the Borrower and the other listed persons, collectively referred to as, the “Indemnified Persons”) harmless from and against any and all liabilities, losses, damages, taxes, penalties, costs and expenses (including attorneys’ fees and expenses), causes of action, suits, proceedings, claims, demands, tax reviews and audits of the Internal Revenue Service, closing agreements with the Internal Revenue Service, investigations and judgments of whatsoever kind and nature (including, but not limited to, those arising or resulting from any injury to or death of any person or damage to property) arising from or in any manner directly or indirectly growing out of or connected with the following:

- (1) the use, non-use, condition or occupancy of the Project, including any repairs, construction, alterations, renovation, relocation, remodeling and equipping thereof or thereto or the condition of the Project including adjoining sidewalks, streets or alleys and any equipment or facilities at any time located on or connected with the Project or used in connection therewith but which are not the result of the gross negligence of the Borrower;
- (2) a violation of any agreement, warranty, covenant or condition of (i) the Loan Agreement, dated as of August 1, 2012, between the Issuer and the Borrower, as successor to the Original Borrower pursuant to the Assumption Agreement, dated as of December 29, 2017, between the Original Borrower and the Borrower, (ii) the Tax Agreement or (iii) any other agreement executed in connection with the issuance of the Bonds relating to the use, non-use or relocation of the Project (in each case, to the extent caused by any action or omission of the Prospective Owner or any of its subsidiaries or other affiliates);
- (3) a violation by the Prospective Owner of any contract, agreement or restriction by the Prospective Owner relating to the Project (including this Second Supplement);
- (4) a violation by the Prospective Owner or any of its subsidiaries or other affiliates of any law, ordinance, rule, regulation or court order affecting the Project or the ownership, occupancy or use thereof; or
- (5) a failure by the Prospective Owner or any of its subsidiaries or other affiliates to comply with any applicable provisions of the Internal Revenue Code of 1986, as amended, any successor statutes thereto, the treasury regulations promulgated thereunder or pertinent provisions of other administrative pronouncements of the Internal Revenue Service or the United States Department of the Treasury relating to the use, non-use or relocation of the Project.

In case any claim is made or any action is brought against one or more of the Indemnified Persons in respect of which indemnity can be sought against the Prospective Owner pursuant to the preceding paragraph, the Indemnified Person seeking indemnity must promptly notify the Prospective Owner, in writing, and the Prospective Owner (a) must promptly assume the defense thereof, including the employment of counsel chosen by the Prospective Owner and approved by the Borrower (provided, that such approval by the Borrower may not be unreasonably withheld) and (b) must pay all expenses relating thereto. If any Indemnified Person is advised in a written opinion of counsel that there may be legal defenses available to such Indemnified Person which are adverse to or in conflict with those available to the Prospective Owner, or that the defense of such Indemnified Person should be handled by separate counsel, the Prospective Owner does not have the right to assume the defense of such Indemnified Person, but the Prospective Owner will be responsible for the reasonable fees and expenses of counsel retained by such Indemnified Person in assuming its own defense, and provided also that, if the Prospective Owner has failed to assume the defense of such action or to retain counsel reasonably satisfactory to the Borrower within a reasonable time after notice of the commencement of such action, such Indemnified Person may assume the defense of such action and the reasonable fees and expenses of counsel retained by the Indemnified Person must be paid by the Prospective Owner. Notwithstanding the foregoing, any one or more of the Indemnified Persons has the right to employ separate counsel with respect to any such claim or in any such action and to participate in the defense thereof, but the fees and expenses of such counsel must be paid by such Indemnified Person unless the employment of such counsel has been consented to in writing by the Prospective Owner or unless the provisions of the immediately preceding sentence are applicable. Neither the Indemnified Party nor the Prospective Owner may settle or compromise any claim or action in respect of which indemnity is sought without the prior written consent of the other party, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising party, does not involve any admission, finding or determination of wrongdoing or violation of law by the non-settling or non-compromising party and provides for a full, unconditional and irrevocable release of the non-settling or non-compromising party from all liability in connection with the claim or action. If any claim or action is settled with the consent of the Prospective Owner, or if there is a final judgment in favor of the third-party plaintiff in any such action with or without consent, the Prospective Owner agrees to indemnify and hold harmless the Indemnified Person from and against any loss, liability or expense by reason of such settlement or judgment.

7. **Status of the Project.** The Borrower represents that the description of the Project set forth in the Tax Agreement is true, correct and complete as of the date hereof. The Borrower further represents that there have been no changes to the Project since the date the Bonds were issued on August 14, 2012 or since the date the Project was placed in service and that all of the components of the Project are still located and operated exclusively in Scott County, Iowa. The Borrower and the Prospective Owner each represents that there will be no change to the location and operation of the Project as a result of the Transaction.

8. **No Reissuance.** The Borrower and the Prospective Owner each acknowledges that the Transaction is not intended to cause a reissuance, for federal income tax purposes, of the Bonds. The Borrower represents that it will remain the borrower under the Loan Agreement after the Transaction has been completed and that it is not assigning its responsibilities under the Loan Agreement (or any guarantees relating to the Bonds) to the Prospective Owner or to any other entity. As a result of the Transaction, there will be no substantial enhancement or impairment of the Borrower's capacity to meet the payment obligations under the Loan Agreement. The Borrower acknowledges that any modifications hereafter to any document relating to the Bonds may cause some or all of the Bonds to be reissued (and therefore deemed exchanged by the registered owners thereof) for federal income tax purposes. The Borrower covenants to provide the Issuer and the Trustee with an approving opinion of Bond Counsel prior to agreeing to any such amendments or other modifications to any of such documents.

9. **Third Party Beneficiaries.** The Issuer and the Trustee are hereby deemed third party beneficiaries of this Second Supplement.

10. **Guarantee.** GRP&E/BCS SpinCo hereby agrees to cause the Prospective Owner to perform all of its representations, warranties, covenants, obligations, agreements and undertakings made or required to be performed by the Prospective Owner under this Second Supplement. As a material inducement to the Borrower's willingness to enter into this Second Supplement and perform its obligations hereunder, GRP&E/BCS SpinCo (a) hereby unconditionally guarantees to the Borrower the full performance and payment by the Prospective Owner of each of its covenants, obligations and undertakings under this Second Supplement (such covenants, obligations and undertakings, the "**Guaranteed Obligations**") and (b) shall be liable for any breach of any representation, warranty, covenant or obligation of the Prospective Owner under this Second Supplement. GRP&E/BCS SpinCo hereby represents, acknowledges and agrees that any breach of, or other failure to perform, any such representation, warranty, covenant, obligation, agreement or undertaking of the Prospective Owner shall also be deemed to be a breach or failure to perform by GRP&E/BCS SpinCo, and the Borrower shall have the right, exercisable in its sole discretion, to pursue any and all available remedies it may have arising out of any such breach or nonperformance directly against either or both of GRP&E/BCS SpinCo and the Prospective Owner in the first instance. This is a guarantee of payment and performance and not collectability. GRP&E/BCS SpinCo hereby waives diligence, presentment, promptness, demand of performance, notice of acceptance of this guarantee, notice of non-performance, default, dishonor and protest, notice of any Guaranteed Obligations incurred, all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, all suretyship defenses, filing of any claim, any right to require any proceeding first against the Prospective Owner, protest, notice and all demands whatsoever in connection with the performance of its obligations set forth in this Second Supplement. GRP&E/BCS SpinCo agrees that the Guaranteed Obligations shall not be discharged except by complete performance or payment of the Guaranteed Obligations, as applicable, and that the obligations of GRP&E/BCS SpinCo hereunder shall not be released or discharged, in whole or in part, or otherwise affected by (i) the failure or delay on the part of the Borrower to assert any claim or demand or to enforce any right or remedy against the Prospective Owner or GRP&E/BCS SpinCo; (ii) any change in the time, place or manner of payment of any of the Guaranteed Obligations or any waiver, compromise, consolidation or other amendment or modification of any of the terms or provisions of this Second Supplement made in accordance with the terms thereof or any agreement evidencing, securing or otherwise executed in connection with any of the Guaranteed Obligations; (iii) any change in the corporate existence, structure or ownership of GRP&E/BCS SpinCo, Prospective Owner or any other person interested in the transactions contemplated by this Second Supplement; or (iv) the adequacy of any other means Borrower may have of obtaining payment or performance related to any of the Guaranteed Obligations. If at any time payment or performance under this Second Supplement is rescinded or must be otherwise restored or returned by the Borrower upon the insolvency, bankruptcy or reorganization of the Prospective Owner or GRP&E/BCS SpinCo or otherwise, GRP&E/BCS SpinCo's obligations hereunder with respect to such payment or performance shall be reinstated upon such restoration or return being made by the Borrower, all as though such payment had not been made. GRP&E/BCS SpinCo acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by this Second Supplement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Second Supplement as of the date first written above.

ARCONIC INC., A DELAWARE CORPORATION

By /s/ Ken Giacobbe

Name Ken Giacobbe

Title Executive Vice President and Chief Financial Officer

Arconic Davenport LLC

By /s/ Max W. Laun

Name Max W. Laun

Title President

ARCONIC ROLLED PRODUCTS CORPORATION

(SOLELY WITH RESPECT TO SECTION 10)

By /s/ Timothy D. Myers

Name Timothy D. Myers

Title President

[Signature Page to Second Supplement (Davenport Bonds)]

LEASE AND PROPERTY MANAGEMENT AGREEMENT

THIS LEASE AND PROPERTY MANAGEMENT AGREEMENT (this “**Lease**”) dated this 31st day of March 2020 and effective as of 12:01 a.m. on April 1, 2020 (“**Effective Date**”), by and between **ARCONIC INC.**, a Delaware corporation with offices at 201 Isabella Street, Pittsburgh, PA 15212 (“**Lessor**”), and **ARCONIC MASSENA LLC**, a Delaware limited liability company with offices at 201 Isabella Street, Pittsburgh, PA 15212 (“**Lessee**”).

RECITALS

WHEREAS, Lessor is the owner of real property in Massena, New York as shown on **Exhibit A** attached hereto (“**Property**”);

WHEREAS, Lessor announced its intentions to separate itself into two (2) separate, independent and publicly-traded companies (“**Separation**”) and as part thereof, intends to enter into that certain Separation and Distribution Agreement with Arconic Rolled Products Corporation (to be renamed Arconic Corporation), the eventual parent company to Lessee (“**Separation Agreement**”);

WHEREAS, as part of Separation, Lessor desires to lease a portion of the Property identified on Exhibit A (“**Premises**”), and to transfer to Lessee all of Lessor’s right, title and interest in and to all of buildings, structures, fixtures, and improvements owned by Lessor on, over, under, above or at the Premises, together with all other or additional buildings, structures, fixtures and improvements which may hereafter be installed, constructed, or created by or on behalf of Lessee (collectively “**Improvements**”), and (b) all equipment owned by Lessor on, over, under, above or at the Premises, and together with all additions, alterations, modifications, substitutions and replacements thereof which may hereafter be installed, constructed or created by or on behalf of Lessee (collectively, “**Equipment**”); and,

WHEREAS, also as part of Separation, Lessor desires, and Lessee hereby agrees, to act on behalf of Lessor as Lessor’s property manager in managing the Property, on all of the terms, covenants, provisions and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. PREMISES.

- 1.1 **Premises.** Lessor hereby leases to Lessee and Lessee leases from Lessor for the Term, at the rental and upon all of the conditions set forth herein all of Lessor’s right, title and interest in and to the Premises identified on Exhibit A attached hereto and made part hereof.
- 1.2 **Restrictions.** Lessee takes possession of the Premises, and this Lease is subject and subordinate to, (i) all conditions, covenants, exceptions, reservations, easements, rights of others, and limitations which are set forth in recorded instruments affecting the Property, including but not limited to the Premises; (ii) all leases existing as of the Effective Date between Lessor as landlord and third parties, including but not limited to, that certain Lease between Lessor and Alcoa USA Corp. (“**Alcoa**”); and (iii) all laws restricting or regulating the use or occupancy of the Premises. Without limiting the generality of the foregoing, Lessee’s rights herein shall be subject and subordinate to all said prior instruments and applicable restrictions.
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2. **TERM.**

2.1 **Term.** The term of this Lease (the “**Term**”) shall commence on April 1, 2020 (the “**Commencement Date**”) and shall expire on the earlier of: (i) March 31, 2025 or (ii) 30 days following the date that Lessor’s on-site landfill is no longer needed, or no longer has capacity, for disposal of sediments and wastes generated as part of Lessor’s Grasse River remediation project.

3. **RENT AND PROPERTY MANAGEMENT FEE.**

3.1 **Rent.** In lieu of monthly rent payments, Lessee shall assume and pay all costs and expenses, and bear all obligations of Lessor with respect to the Property, including but not limited to, the Premises and those other properties leased or licensed as of the date hereof by Lessor to third parties. Without limiting the generality of the foregoing, Lessee shall pay or reimburse Lessor for all taxes, utilities, insurance and management costs associated with the Property, including but not limited to, the Premises.

3.2 **Lessor Property Management Fee.** Lessor assigns to Lessee, and expressly waives any claim to, all of Lessor’s rights to receive payments of any kind now or hereafter owed or made to Lessor, including but not limited to, all payments, compensation and reimbursements made by Alcoa and/or other third party lessees and licensees of any portion of the Property, including but not limited to the Premises.

4. **PROPERTY MANAGEMENT.** Lessee shall have the sole obligation, and shall pay and bear all costs and expenses, of managing the Property, including but not limited to the Premises, on Lessor’s behalf. Without limiting the generality of the foregoing, Lessee shall have the obligation, and shall pay and bear all costs and expenses, in managing Lessor’s lease with Alcoa Corp and in managing Lessor’s leases and licenses with other third parties concerning other portions of the Property. Lessor appoints Lessee as its property manager to take all said actions necessary to implement, revise, and satisfy in full Lessee’s rights and obligations under this paragraph and under the Alcoa Corp lease.

5. **USE OF, AND RIGHT TO DEVELOP, PREMISES.**

5.1 **Use.** Lessee shall have the sole and exclusive right, including as against Lessor, to occupy, possess, and use the Premises for its manufacturing operations and for any other lawful purpose, subject to the terms herein.

5.2 **Right to Market Third Party Uses of the Property.** Lessee shall have the sole and exclusive right as against Lessor to market all other lawful uses and arrangements (e.g., sales, additional leases, subleases, licenses, etc.) of all or any portion of the Premises with third parties. Lessor and Lessee shall make best and reasonable efforts to cooperate in such marketing efforts and take all necessary and appropriate actions to facilitate such third party uses and/or purchases of the Property. Lessor shall not market or sell the Property or any portion thereof, to any third party, except as may be authorized in Paragraph 14 herein (Default). Lessee shall have the right to sublease or license the Premises, with the consent of Lessor, which shall not be unreasonably withheld.

- 5.3 **Lessor Permits, Licenses and Agreements.** Lessor and Lessee shall take all reasonable actions and cooperate fully with one another to ensure that all permits, licenses and agreements, whether needed as of the Effective Date or in the future, are transferred, assigned or held by or in the name of Lessee. To the extent that any such transfer, assignment or change cannot be effectuated, or Lessee, at no fault of Lessee, cannot otherwise obtain such permits, licenses or agreements in its own name, then Lessor shall maintain and keep in effect all existing permits, licenses and agreements with 3rd parties, including environmental permits and approvals with governmental authorities, with respect to the Property (e.g., such as for purposes of illustration Lessor's Petroleum Bulk Storage license, State Pollution Discharge Elimination System (SPDES) permit; and Chemical Bulk Storage license) so as to allow Lessee to realize the benefit and rights of such permits, licenses and agreements in its possession, use, operation and management of the Property as provided herein. Lessee shall indemnify Lessor for any liabilities, fines, penalties and costs (including reasonable attorney fees and costs) incurred by Lessor arising out of Lessee's use, violation or reliance on any such permits, licenses and agreements maintained by Lessor.
- 5.4 **Restrictions on Use.** Notwithstanding the above anything herein to the contrary, Lessee shall not do or permit anything to be done in or about the Premises which will cause the Premises to be used for any unlawful purpose. Moreover, Lessee shall not do, permit or suffer in, on or about the Premises, the commission of any waste or nuisance, or otherwise, impair or diminish the quality of the Premises. Lessee shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises and its occupancy and shall promptly comply with all governmental orders and directions for the correction, prevention and abatement of any violations in or upon, or in connection with, the Premises, all at Lessee's sole expense. Lessor shall not be required to pay for any capital improvements for any reason, including but not limited to, capital improvements to ensure that the Premises, or the Lessee's use thereof, comply with any statutes, ordinances, rules, regulations, orders, covenants and restrictions of record. Where capital improvements may be necessary or desired due to Lessee's use of the Premises Lessee shall undertake such capital improvements at Lessee's sole cost and expense.
- 5.5 **Compliance with Law.**
- (a) Lessee is responsible for obtaining, at its own cost and expense, all permits, licenses and consents necessary for its use of the Premises.

- (b) Lessee shall, at Lessee's expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, including without limitation, all environmental and safety statutes, ordinances, rules, regulations and orders.
- (c) Each party shall take any actions that may be required to comply with the terms of the USA Patriot Act of 2001, as amended, any regulations promulgated under the foregoing law, Executive Order No. 13224 on Terrorist Financing, any sanctions program administered by the U.S. Department of Treasury's Office of Foreign Asset Control or Financial Crimes Enforcement Network, or any other laws, regulations, executive orders or government programs designed to combat terrorism or money laundering, if applicable, with respect to this Lease. Each party represents and warrants to the other party that it is not an entity named on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Department of Treasury, as last updated prior to the date of this Lease.
- (d) Lessee agrees to comply with the U.S. Foreign Corrupt Practices Act and all other applicable anti-corruption laws and regulations and any applicable import/export laws and regulations.

5.6 **Condition of Premises.** Lessee hereby accepts the Premises in its condition existing as of the Commencement Date, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agents or representatives have made any representation or warranty with respect to the Premises. The taking of possession of the Premises by Lessee shall establish that the Premises were at such time in satisfactory condition, order and repair. The Premises are demised to Lessee in an "as is" and "with all faults" condition.

5.7 **Use and Access of Premises by Lessor.** Lessor and its employee, agents, representatives and invitees shall not access or use any portion of the Premises without Lessee's authorization, which authorization shall not be unreasonably withheld. Notwithstanding the foregoing, Lessor shall be authorized to access and use any portion of the Premises to the extent necessary and upon reasonable notice to Lessee in responding to an emergency that impacts Lessor or to facilitate review by a governmental authority with respect to any permit or license held by Lessor. During any such use or access of the Premises by Lessor, Lessor shall at all times abide by all of Lessee's requirements, restrictions, policies and procedures imposed as a condition of such access or use, including, but not limited to, all such requirements and restrictions concerning health, safety and the environment such as, but not necessarily limited to, any health and safety training required by Lessee.

6. MAINTENANCE, REPAIRS AND ALTERATIONS.

6.1 **Lessor's Obligations.** Lessor shall have no obligations or responsibilities whatsoever to maintain or make any repairs to the Premises, or to any structure (e.g., roof, walls, building support, etc.) or primary infrastructure (e.g., sewer lines, water supply lines, electrical lines, etc.) located at the Premises.

6.2 **Lessee's Obligations.**

- (a) Lessee shall have the sole and absolute obligation to maintain and make repairs to the Premises, and to all structures (e.g., roof, walls, building support, etc.) and primary infrastructure (e.g., sewer lines, water supply lines, electrical lines, etc.) located at the Premises.
- (b) If Lessee fails to perform Lessee's obligations under section 6.2(a) immediately above, Lessor may, but has no obligation to, enter upon the Premises after ten (10) days' prior written notice to Lessee (except in the case of emergency, in which no notice shall be required), perform such obligations on Lessee's behalf and put the Premises in good order and condition and the cost thereof, together with interest thereon at the maximum rate then allowable by law, shall be due and payable as additional rent to Lessor within ten (10) days after Lessee's receipt of an invoice therefor.

6.3 **Alterations and Additions.**

- (a) Lessee shall have the right, without Lessor's prior written consent, to make any alterations, improvements or additions in, on or about the Premises, in its sole and absolute discretion, subject to the terms and conditions of this Lease. In the unlikely event that Lessee does not take title to the Premises at the termination or expiration hereof, Lessor may then reasonably require that Lessee restore the Premises to a condition commensurate with the condition of the Premises as of the Commencement Date, normal wear and tear excepted.
- (b) Lessee shall acquire all permits, approvals and authorizations from appropriate governmental agencies in making any alterations, improvements or additions in, on or about the Premises prior to the commencement of the work and shall comply with the terms and conditions thereof.
- (c) Lessee shall ensure that no liens are placed against the Premises by virtue of its conduct during the Term. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises. Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole cost and expense, defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises. Lessee shall indemnify Lessor for any costs (including reasonable attorney's fees and costs) incurred by Lessor in responding to, defending and removing liens placed on the Premises for any reason.
- (d) All alterations, improvements or additions which may be made on the Premises shall be the property of Lessee and shall remain upon and be surrendered with the Premises at the expiration or termination of the Lease. If Lessee determines in its sole and absolute discretion to remove any alterations, improvements or additions, it shall do so at its sole cost and expense.

7. **INSURANCE; INDEMNITY.**

7.1 **Liability Insurance.** Lessee shall, at Lessee's sole cost and expense, obtain and keep in force during the Term and in accordance with the terms of this Lease commercially reasonable insurance coverage compliant with the minimum coverages detailed below in this Section 7.1 that insures Lessee and Lessor against liability arising out of the use, occupancy or maintenance of the Premises by Lessee. The limits of said insurance shall not, however, limit the liability of Lessee for its obligations under this Lease.

- (a) Minimum required insurance coverages:
- (1) Worker's Compensation Insurance or qualification as a self-insurer to satisfy the laws of the states which have jurisdiction over Lessee's employees. To the extent permitted by law, Seller's Worker's Compensation Insurer or Lessee, if self-insured, agrees to waive rights of subrogation against Lessor.
 - (2) Employers' Liability Insurance for Bodily Injury per accident with limits of not less than \$1,000,000 and Bodily Injury by Disease with limits of not less than \$1,000,000 per policy.
 - (3) Commercial General Liability Insurance for bodily injury, personal injury and property damage, including coverage for products/completed operations and contractual liability, with combined limits of not less than \$2,000,000 per occurrence.
 - (4) Automobile Liability Insurance covering use of all owned, non-owned and hired vehicles with minimum combined single limits of liability for bodily injury and property damage of not less than \$1,000,000 per occurrence.
- (b) Lessee agrees that during the Lease, Lessor will be named as an additional insured via endorsement on Lessee's Commercial General Liability and that all Lessee's insurance identified in Section 7.1(a) above will specifically indicate that coverage with respect to Lessor will be primary without right of contribution of any other insurance carried by or on behalf of Lessor. The intent is to exhaust all of the Lessee's available and applicable coverage before the Lessor's coverage is called upon to protect the Lessor. All of the above mentioned Lessee insurance will be occurrence-based coverages. Lessee may satisfy the limits of insurance required herein with any combination of primary and umbrella/excess insurance policies.

- (c) Upon request, Lessee shall provide Lessor with written certification, reasonably acceptable to Lessor, certifying that (i) the required insurance coverages are in effect and will not be cancelled or materially changed until thirty (30) days after prior written notice has been delivered to Lessor, (ii) Lessor is designated as an additional insured on Lessee's Commercial General Liability policy, and (iii) all of Lessee's insurance identified herein will be primary and not contributory or excess of any other insurance carried by or on behalf of Lessor.
- (d) The requirements in this Section 7 are separate and distinct from any other obligations of Lessee under this Lease.

7.2 **Insurance Policies.** Lessee shall not do or permit to do anything which shall invalidate the insurance policies carried by Lessee.

7.3 **Mutual Waiver of Subrogation.** Lessor and Lessee each hereby releases the other, its officers, directors, employees, affiliated companies and agents, from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage to property covered by insurance which either party is required to maintain under this Lease, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible. However, this release shall be applicable and in force and effect only with respect to loss or damage occurring during such time as the releasor's insurance policies shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to recover thereunder. Lessor and Lessee each agrees that any fire and extended coverage insurance policies will include such a clause or endorsement as long as the same shall be obtainable without extra cost, or, if extra cost shall be charged therefor, so long as the other party pays such extra cost. If extra cost shall be chargeable therefor, each party shall advise the other party of the amount of the extra cost, and the other party, at its election, may pay the same, but shall not be obligated to do so.

7.4 **Indemnity.** Except to the extent arising out of the actions or inactions of Lessor, or Lessor's employees, agents, representatives or invitees, Lessee, for itself, and for its representatives and successors and assigns, shall indemnify and hold harmless Lessor, its agents, representatives, officers, shareholders, directors, affiliated companies and employees, and its successors and assigns (any one hereafter defined as a "**Lessor Indemnitee**" and collectively as the "**Lessor Indemnitees**") from and against any and all claims arising from Lessee's use of the Premises, or from the conduct of Lessee's agents, contractors, employees, invitees or business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor Indemnitees from and against any and all claims arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, including from any claim that Lessor's act or omission gave rise to or caused Lessor to default on any current or future third party agreement for use of the Property, or arising from any act or omission of Lessee, or any of Lessee's agents, contractors, employees or invitees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against any Lessor Indemnitee by reason of any such claim, Lessee upon notice from such Lessor Indemnitee, shall defend the same at Lessee's expense through counsel of its own selection and Lessor Indemnitee shall cooperate with Lessee in such defense. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Premises arising from any cause and Lessee hereby waives all claims in respect thereof against any Lessor Indemnitee. The obligations of Lessee under this section shall survive the termination of this Lease as to any right of indemnity which shall have accrued prior to such termination.

Lessee, for itself, and for its representatives and successors and assigns hereby expressly agrees to waive any provision of any workers' compensation act or other similar law whereby Lessee could preclude its joinder by a Lessor Indemnity as an additional defendant, or avoid liability for damages, contribution or indemnity in any action at law, or otherwise where Lessee's or its representative's employee or employees, heirs, assigns or anyone otherwise entitled to receive damages by reason of injury or death brings an action at law against any Lessor Indemnitee. Lessee's obligation to Lessor Indemnitees herein will not be limited by any limitation on the amount or type of damages, benefits or compensation payable by or for Lessee under any workers' compensation acts, disability benefit acts, or other employee benefit acts on account of claims against any Lessor Indemnitee by an employee of Lessee or anyone employed directly or indirectly by Lessee or its representatives or anyone for whose acts Lessee may be liable. The obligations in this Section 7.4 are in addition to Lessee's duty to provide insurance and will not be altered by any limitation on the amount or type of damages, compensation, or benefits payable by Lessee under any Workers' Compensation Act or any other employee benefit act. Lessee's obligations hereunder will not be limited to the extent of any insurance available to or provided by Lessee.

7.5 **Indemnity Process.** If any claim or demand is asserted by third parties that may give rise to indemnification provided in Section 7.4, the Lessor Indemnitee shall notify the Lessee with respect of the existence of such claim or demand and of the facts within the Lessor Indemnitee's actual knowledge that could reasonably relate thereto within 30 days after discovery or receipt of notice of such claim or demand; provided, however, any failure to provide notice of the claim or demand shall not affect the indemnity obligations except to the extent of any additional damage which is attributable to the delay. Lessee shall then have the right to contest, negotiate or settle any such claim or demand through counsel of its own selection, solely at the cost, risk and expense of Lessee.

7.6 **Exemption of Lessor from Liability.** Except to the extent arising out of the actions or inactions of Lessor, or Lessor's employees, agents, representatives or invitees, Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents, contractors, invitees or customers, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Premises, or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee.

8. **ENVIRONMENTAL MATTERS.**

8.1 **Definitions.**

- (a) For the purposes of this Lease, the term "Hazardous Substance" shall mean any substance, chemical, contaminant or waste that is listed or defined as hazardous, toxic, or dangerous under Environmental Law (defined below), and any asbestos containing materials, radioactive materials or petroleum products.
- (b) For purposes hereof, the term "Environmental Law" means all federal, state and local laws, statutes, ordinances, regulations, rules and common law related to the protection of the environment, and/or the presences or release of Hazardous Substances including by way of example only, and without limiting the generality thereof, the following: the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §§ 6901, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq.; the Clean Air Act, 42 U.S.C. §§ 7401, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1471 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 through 2629; and the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j; Emergency Planning & Community Right-to-Know Act ("EPCRA"), 42 U.S.C. §§ 11001 et seq.; each as amended from time to time, or any successor laws thereto, together with the rules and regulations promulgated there under, and any and all orders, decrees or requests from the United States Environmental Protection Agency, the appropriate state and local governmental and regulatory bodies, or any other governmental agency, authority or instrumentality having jurisdiction.

8.2 **Lessee's Indemnity.** In addition to, and without limiting the generality of, Lessee's indemnity under Section 7.4, Lessee, for itself and its representatives and successors and assigns, agrees to defend, indemnify, and hold Lessor Indemnitees harmless against any and all liabilities, losses, foreseeable and unforeseeable consequential damages, obligations, liens, indebtedness, accounts, actions, causes of action, costs, fees of attorneys, consultants and experts and other expenses of any nature whatsoever which the Lessor Indemnitees may sustain, suffer or incur or which may be claimed or asserted against any of the Lessor Indemnitees, on account of any grounds whatsoever in law or in equity, by reason of, or in consequence of, any claim of any nature, including without limitation, any suit, administrative proceeding, citation, remediation demand, or judgments by any person or entity whether private, administrative or governmental, arising out of the spillage, release, discharge, disposal, or placement of any Hazardous Substance in, on, upon or about the soil or water in, on, under or about the Premises or arising out of the access, use, occupancy, or possession of the Premises by Lessee or any representative or invitee of Lessee.

9. INTENTIONALLY OMMITTED.

10. DAMAGE OR DESTRUCTION TO PREMISES.

This lease may not be unilaterally terminated, canceled, or altered in any way by either party if during the Term of this Lease the Premises are destroyed or damaged by fire, explosion or other casualty, regardless of whether such is or is not related to Lessee's operations or activities at the Premises, and/or regardless of whether the Premises are wholly rendered unfit for Lessee's permitted use or not. Moreover, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, or casualty, except and to the extent such damage is caused by Lessor.

11. TAXES.

11.1 Lessee shall be responsible for payment of all real estate taxes specifically levied or assessed on the Property during the term of this Lease, and also for any increase in real estate taxes or special assessments applicable to the Property. Lessee at its sole and absolute discretion and cost may petition any taxing authority for a change or reduction in property taxes owed on the Property.

11.2 Lessee shall pay all taxes assessed against and levied upon Lessee's Equipment, fixtures, improvements and all other personal property of Lessee contained in, at, above, or under the Premises or elsewhere.

12. UTILITIES, SECURITY AND JANITORIAL SERVICES.

12.1 Lessee shall be responsible for and pay for all water, gas, heat, light, power, telephone, janitorial, waste removal and all and any other utilities and services supplied to the Premises or to Lessee, together with any taxes thereon.

12.2 Lessee shall be responsible for and pay for all necessary security and guard service to the Premises, and Lessee assumes all risk and responsibility for the protection of Lessee, its employees, representative, agents, and invitees to the Premises and to its Equipment and all other fixtures, improvements and all other personal property of Lessee and of Lessee's agents and invitees as it concerns the Premises.

13. ASSIGNMENT.

Neither Lessee nor Lessor shall assign this Lease without the prior written consent of the other, such consent not to be unreasonably withheld or exercised.

14. DEFAULT; REMEDIES.

14.1 **Default.** The occurrence of any one or more of the following events shall constitute a material default of this Lease by Lessee:

- (a) The vacating or abandonment of the Premises by Lessee.
- (b) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee.
- (c) The failure by Lessee to fulfill any other of Lessee's material obligations as described herein or to otherwise materially observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.
- (d) (i) The making by Lessee of any general arrangement or general assignment for the benefit of creditors, (ii) Lessee becomes a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days), (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days, or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days.

14.2 **Remedies.** In the event of any such material default by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default:

- (a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the Term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor and surrender all benefits and burdens conferred hereunder. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorney's fees, and any real estate commission actually paid, the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the Term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided, and that portion of any leasing commission paid by Lessor applicable to the unexpired Term of this Lease.

- (b) Remove any of Lessee's employees, agents, representatives or invitees from any portion of the Premises, and/or bar Lessee or any of Lessee's employees, agents, representatives or invitees from future access to or use of the Premises, as a result of the unauthorized access to or use thereof.
- (c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the State of New York, including but not limited to, the right to specific performance of this Lease by Lessee. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

14.3 **Default by Lessor.** Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor specifying wherein Lessor has failed to perform such obligation, provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance, then Lessor shall not be in default if Lessor commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Upon any such default by Lessor, Lessee may pursue any remedy now or hereafter available to Lessee under the laws or judicial decisions of the State of New York, including but not limited to, the right to specific performance of this Lease by Lessor.

14.4 **Mutually Exclusive Remedies.** Lessor's and Lessee's remedies contained herein are mutually exclusive, and are in addition to any other remedies available at law or in equity.

15. **CONDEMNATION.**

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), then this Lease shall terminate with respect to said portion of the Premises so condemned, but continue unabated or unimpacted with respect to the remaining portion of the Premises not so condemned. Moreover, Lessee shall be entitled to all awards and compensation or any payment made as a result of, or under the threat of, a taking, whether the same be for all or a portion of the Premises, or of any Equipment or Improvements at, on, above or under the Premises.

16. ESTOPPEL CERTIFICATE.

16.1 Each party (as "responding party") shall at any time upon not less than ten (10) days' prior written notice from the other party ("requesting party") execute, acknowledge and deliver to the requesting party a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or of the business of the requesting party.

16.2 The failure to deliver such statement or objection in a reasonable time following such request by the requesting party shall be conclusive upon the responding party that (i) this Lease is in full force and effect, without modification except as may be represented by the requesting party, and (ii) there are no uncured defaults in the requesting party's performance.

17. TIME OF ESSENCE.

Time is of the essence with respect to the obligations to be performed under this Lease.

18. INCORPORATION OF PRIOR AGREEMENTS; MODIFICATION.

This Lease, collectively with the Separation Agreement and any all agreements referenced therein and ancillary thereto, contains all agreements of the parties with respect to the Premises and to any matter mentioned herein and that no prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. To the extent there is a conflict between the Separation Agreement and this Lease, the parties agree that both shall be construed in a manner giving as much effect to both as is possible under the circumstances, but to the extent it is not possible, and Separation Agreement shall govern. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

19. NOTICES.

Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery, certified mail or electronic mail (e.g., e-mail), and shall be deemed sufficiently given if addressed to Lessee or to Lessor at the address noted below. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premises shall automatically be deemed to constitute an acceptable address of Lessee for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee.

Arconic Inc.
Attn: Global Real Estate
201 Isabella Street
Pittsburgh, Pennsylvania 15212
ashley.stockdill@arconic.com

Arconic Massena LLC
Attn: Global Real Estate
201 Isabella Street
Pittsburgh, Pennsylvania 15212
richard.dworek@arconic.com

with a copy to:

Emily Lewis
Arconic Inc.
Legal Department
201 Isabella Street
Pittsburgh, PA 15212
emily.lewis@arconic.com

with a copy to:

Rick Dworek
Arconic Rolled Products Corporation Legal Department
201 Isabella Street
Pittsburgh, PA 15212
richard.dworek@arconic.com

20. WAIVERS.

No waiver by either party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by the other party of the same or any other provision. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding or subsequent breach by Lessee of any provision hereof other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

21. BINDING EFFECT; CHOICE OF LAW.

This Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of New York, without regard to its conflict of laws.

22. ATTORNEY'S FEES.

Except as may be otherwise specified herein, if either party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorney's fees to be paid by the non-prevailing party as fixed by the court.

23. SIGNS.

Lessee may install any signage it deems appropriate at its sole and absolute discretion. All signage shall, however, be subject to and in compliance with, all applicable regulations, ordinances and rules governing same.

24. QUIET POSSESSION; AUTHORITY.

Upon Lessee observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have exclusive and quiet possession of the Premises for the entire Term hereof subject to the provisions of this Lease. The individuals executing this Lease on behalf of Lessor and Lessee represent and warrant to the other that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and Lessee, and that such execution is binding upon the parties and their successors and assigns.

25. **FORCE MAJEURE.**

Neither party shall be deemed in default with respect to the failure to perform any of the terms, covenants and conditions of this Lease if and to the extent that such failure is due in whole or in part to any commonly-understood force majeure event whose cause is beyond the party's reasonable control. In such event, the time for performance shall be extended by an amount of time equal to the period of the delay so caused.

26. **TRANSFER OF TITLE.**

Lessee shall have the right for the payment of \$100 and other good and valuable consideration to purchase and take title to the Property, including but not limited to the Premises or any portion thereof, at its sole and absolute discretion at any time during the Term. Should Lessee not have purchased all of the Property prior to the expiration or termination of the Term of this Lease, Lessee shall be obligated to purchase and take title to the Property, including but not limited to Premises, at or as soon as reasonably possible following the expiration or termination of the Term hereof. Should Lessee fail to purchase and take title to the Property, including the Premises, following the expiration or termination of the Term hereof, Lessor shall have the right to put the Property, including but not limited to the Premises, to Lessee, and Lessee shall at that time take title to the Property, including but not limited to the Premises. The parties agree to take all actions necessary to effectuate the purchase and transfer of title to the Property, including but not limited to the Premises, from Lessor to Lessee. Any such purchase and transfer of title shall include all of Lessor's right, title and interest in the Property, including but not limited to the Premises or any portion thereof, at the time of the transfer. **LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.**

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IN WITNESS WHEREOF, the parties hereto have executed this Lease effective as of the date first above written.

ARCONIC INC.

ARCONIC MASSENA LLC

By: /s/ Ken Giacobbe
Name: Ken Giacobbe
Title: Executive Vice President and Chief Financial Officer

By: /s/ Max W. Laun
Name: Max W. Laun
Title: President

Certificate of Amendment

of

Certificate of Incorporation

of

Arconic Inc.

Pursuant to Section 242 of the General Corporation Law of the State of Delaware

ARCONIC INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. Article I of the Certificate of Incorporation of the Corporation is hereby amended in its entirety to read as follows:

“The name of the corporation is: Howmet Aerospace Inc. (the "Corporation").

2. The amendment to the Certificate of Incorporation effected hereby has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.
 3. This Certificate of Amendment will become effective at 11:59 p.m. on March 31, 2020.
-

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by its duly authorized officer this 30th day of March, 2020.

ARCONIC INC.

By: /s/ Kate Ramundo

Name: Kate Ramundo

Title: EVP, Chief Legal Officer and Secretary



February 13, 2020

Dear Arconic Inc. Stockholder:

In February 2019, we announced our plan to separate into two independent, publicly traded companies. The separation will occur through a distribution by Arconic Inc. (“ParentCo”) of all of the outstanding shares of a newly formed company named Arconic Rolled Products Corporation (“Arconic Corporation”), consisting of the Rolled Products, Extrusions, and Building and Construction Systems businesses, which we expect will continue to be a global leader in manufacturing aluminum sheet, plate, extrusions and architectural products and systems, serving primarily the ground transportation, aerospace, building and construction, industrial, and packaging end-markets.

In conjunction with the separation, ParentCo, the existing publicly traded company, will remain publicly traded and will change its name to “Howmet Aerospace Inc.” (“Howmet Aerospace”) and its stock symbol from “ARNC” to “HWM”, and “Arconic Rolled Products Corporation” will change its name to “Arconic Corporation” and will apply for authorization to list its common stock on the New York Stock Exchange under the symbol “ARNC.” Howmet Aerospace will consist of the Engines, Fastening Systems, Engineered Structures, and Forged Wheels businesses, and will be a developer and manufacturer of high performance products mainly for the aerospace (commercial and defense), commercial transportation, and industrial end markets.

The separation is expected to create two industry-leading, independent public companies with distinct product portfolios and corporate strategies. The companies will have distinct business profiles, and the separation will allow each company to effectively allocate resources and deploy capital in line with their individual growth priorities and cash flow profiles. As separate entities, each company will be positioned to pursue its own independent strategies and capture opportunities in increasingly competitive and rapidly evolving markets.

Upon completion of the separation, each ParentCo stockholder as of March 19, 2020, the record date for the distribution, will continue to own shares of ParentCo (which, as a result of ParentCo’s name change to Howmet Aerospace, will be Howmet Aerospace shares) and will receive a pro rata share of the outstanding common stock of Arconic Corporation. Each ParentCo stockholder will receive one share of Arconic Corporation common stock for every four shares of ParentCo common stock held as of the close of business on the record date. Arconic Corporation common stock will be issued in book-entry form only, which means that no physical share certificates will be issued. For U.S. federal income tax purposes, the distribution is intended to be generally tax free to ParentCo stockholders. No vote of ParentCo stockholders is required for the distribution. You do not need to take any action to receive shares of Arconic Corporation to which you are entitled as a ParentCo stockholder, and you do not need to pay any consideration or surrender or exchange your ParentCo common stock.

We encourage you to read the attached information statement, which is being provided to all ParentCo stockholders that held shares on the record date for the distribution. The information statement describes the distribution in respect of Arconic Corporation in detail and contains important business and financial information about Arconic Corporation. The included financial statements of Arconic Corporation are prepared from ParentCo’s historical accounting records and contain certain allocations of ParentCo costs as required, and we encourage you to read them together with the pro forma financial information included in the attached information statement, which gives effect to the separation and reflects Arconic Corporation’s anticipated post-separation capital structure, including the assignment of certain assets and assumption of certain liabilities not included in the historical financial statements.

We believe the separation provides tremendous opportunities for our businesses, as we work to continue to build long-term value. We appreciate your continuing support of Arconic Inc., and look forward to your future support of Howmet Aerospace and Arconic Corporation.

Sincerely,

A handwritten signature in black ink, appearing to read "J. C. Plant". The signature is fluid and cursive, with a horizontal line underneath it.

John C. Plant
Chairman and Chief Executive Officer
Arconic Inc.



**ARCONIC**

February 13, 2020

Dear Future Arconic Corporation Stockholder:

I am excited to welcome you as a future stockholder of Arconic Rolled Products Corporation (“Arconic Corporation”). Arconic Corporation is a global leader in manufacturing aluminum sheet, plate, extrusions and architectural products and systems, serving primarily the ground transportation, aerospace, building and construction, industrial, and packaging end-markets. We have a leading position in the growing North American automotive aluminum sheet market, and we are a leading supplier of aluminum sheet and plate to the aerospace market. We supply industrial and commercial transportation products to customers around the world. Our Building and Construction Systems products carry recognized brand names and hold strong market positions in North America and Europe.

We believe we will be attractively positioned to:

- Serve target markets — ground transportation, aerospace, building and construction, industrial and packaging — in which we have market-leading positions and long-standing, collaborative relationships with customers;
- Build on our demonstrated track record developing differentiated products backed by advanced expertise and technological capabilities, focusing on technologically advanced products that facilitate long-term relationships as a key supplier to our customers;
- Serve our customers’ needs for advanced lightweight materials through a global network of efficient facilities with a broad range of capabilities operated by a highly skilled workforce;
- Grow by continuing to target investment in high-return opportunities in core market segments that exhibit attractive characteristics, including growing demand for high-strength, lightweight aluminum; and
- Drive capital efficiency and operational performance by pursuing highly efficient operations through smart manufacturing.

Upon completion of the separation, “Arconic Rolled Products Corporation” will be renamed “Arconic Corporation,” and we intend to list Arconic Corporation’s common stock on the New York Stock Exchange under the symbol “ARNC.” ParentCo, to be renamed “Howmet Aerospace Inc.,” will change its stock symbol from “ARNC” to “HWM” in connection with the separation.

Arconic Corporation has a rich history and our vision for the future is clear. We intend to build innovative solutions and create value for our customers, strengthening our partnership with them. We plan to ensure operational excellence, invest in the growth of our company and generate strong cash flow, providing the best outcomes for our stockholders. We will strive to attract and maintain superior talent, treat our employees with respect and operate with the highest of ethical values. We look forward to our future as an independent, publicly traded company and to your support as a holder of Arconic Corporation common stock.

Sincerely,

Timothy D. Myers
Chief Executive Officer
Arconic Rolled Products Corporation

INFORMATION STATEMENT

Arconic Rolled Products Corporation

This information statement is being furnished in connection with the distribution by Arconic Inc. (“ParentCo”) to its stockholders of the outstanding shares of common stock of Arconic Rolled Products Corporation (“Arconic Corporation”), a wholly owned subsidiary of ParentCo that will hold the assets and liabilities associated with ParentCo’s Rolled Products, Extrusions, and Building and Construction Systems businesses. To implement the separation, ParentCo currently plans to distribute all of the shares of Arconic Corporation common stock on a pro rata basis to ParentCo stockholders in a distribution that is intended to qualify as generally tax-free to the ParentCo stockholders for U.S. federal income tax purposes.

For every four shares of common stock of ParentCo held of record by you as of the close of business on March 19, 2020, which is the record date for the distribution, you will receive one share of Arconic Corporation common stock. You will receive cash in lieu of any fractional shares of Arconic Corporation common stock that you would have received after application of the above ratio. As discussed under “The Separation and Distribution — Trading Between the Record Date and the Distribution Date,” if you sell your shares of ParentCo common stock in the “regular-way” market after the record date up to, and including through, the distribution date, you also will be selling your right to receive shares of Arconic Corporation common stock in connection with the distribution. We expect the shares of Arconic Corporation common stock to be distributed by ParentCo to you at 12:01 a.m., Eastern Time, on April 1, 2020. We refer to the date of the distribution of the Arconic Corporation common stock as the “distribution date.”

Until the separation occurs, Arconic Corporation will be a wholly owned subsidiary of ParentCo, and consequently, ParentCo will have the sole and absolute discretion to determine and change the terms of the separation (or to terminate the separation), including the establishment of the record date for the distribution and the distribution date, as well as to modify the amount of outstanding shares of common stock of Arconic Corporation that it will retain, if any, following the distribution.

No vote of ParentCo stockholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send ParentCo a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of ParentCo common stock or take any other action to receive your shares of Arconic Corporation common stock.

There is no current trading market for Arconic Corporation common stock, although we expect that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the record date for the distribution, and we expect “regular-way” trading of Arconic Corporation common stock to begin on the first trading day following the completion of the distribution. “Arconic Rolled Products Corporation” will change its name to “Arconic Corporation” and intends to have its common stock authorized for listing on the New York Stock Exchange (the “NYSE”) under the symbol “ARNC.” ParentCo will be renamed “Howmet Aerospace Inc.” (“Howmet Aerospace”) and will change its stock symbol from “ARNC” to “HWM” in connection with the separation.

In reviewing this information statement, you should carefully consider the matters described under the section entitled “Risk Factors” beginning on page 23.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is February 13, 2020.

This information statement was first made available to ParentCo stockholders on or about March 25, 2020.

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Presentation of Information

Unless the context otherwise requires:

- The information included in this information statement about Arconic Corporation, including the Combined Financial Statements of Arconic Corporation, which primarily comprise the assets and liabilities of ParentCo’s Arconic Corporation Businesses, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution.
- References in this information statement to “Arconic Corporation,” “we,” “us,” “our,” “our Company” and “the Company” refer to Arconic Rolled Products Corporation, a Delaware corporation, and its consolidated subsidiaries.
- References in this information statement to “ParentCo” refer to Arconic Inc., a Delaware corporation, and its consolidated subsidiaries, including the Arconic Corporation Businesses, prior to completion of the separation and the distribution, and refer to Howmet Aerospace and its consolidated subsidiaries after the completion of the separation and the distribution, unless otherwise specified.
- References in this information statement to the “Arconic Corporation Businesses” refer to the rolled aluminum products, aluminum extrusions, and architectural products operations of ParentCo, as well as the Latin America extrusions operations sold in April 2018.

- References in this information statement to “Howmet Aerospace” refer to ParentCo after the completion of the separation and the distribution, following which ParentCo will change its name to “Howmet Aerospace Inc.” and its business will comprise the Howmet Aerospace Businesses.
- References in this information statement to the “Howmet Aerospace Businesses” refer to the engines, engineered structures, fastening systems, and forged wheels operations of ParentCo.
- References in this information statement to the “separation” refer to the separation of the Arconic Corporation Businesses from ParentCo’s other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, Arconic Corporation, to hold the assets and liabilities associated with the Arconic Corporation Businesses after the distribution.
- References in this information statement to the “2016 Separation Transaction” refer to the separation of Alcoa Inc. into two standalone, publicly traded companies, Arconic Inc. and Alcoa Corporation, on November 1, 2016.
- References in this information statement to the “distribution” refer to the distribution of all of Arconic Corporation’s issued and outstanding shares of common stock to ParentCo stockholders as of the close of business on the record date for the distribution.
- References in this information statement to Arconic Corporation’s per share data assume a distribution ratio of one share of Arconic Corporation common stock for every four shares of ParentCo common stock.
- References in this information statement to Arconic Corporation’s historical assets, liabilities, products, businesses or activities generally refer to the historical assets, liabilities, products, businesses or activities of the Arconic Corporation Businesses as the businesses were conducted as part of ParentCo prior to the completion of the separation.
- Certain information included in this information statement is derived from Arconic Corporation’s combined financial information but is not presented in Arconic Corporation’s combined financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). This information is considered “non-GAAP financial measures” under SEC regulations. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered in isolation or as an alternative to the GAAP measures. Reconciliations to the most directly comparable GAAP financial measures and management’s rationale for the use of the non-GAAP financial measures can be found in this information statement immediately following the non-GAAP measures. See “Selected Historical Combined Financial Data of Arconic Corporation” for additional information.

Trademarks and Trade Names

Among the trademarks that Arconic Corporation owns or has rights to use that appear in this information statement are the names “Arconic,” “Arconic 951,” “A951,” “Kawneer,” “Reynobond” and “Reynolux.” Solely for convenience, we only use the ® symbol the first time any trademark or trade name is mentioned. Each trademark or trade name of any other company appearing in this information statement is, to our knowledge, owned by such other company.

Industry and Market Information

Unless indicated otherwise, the information concerning the industries and markets in which Arconic Corporation participates contained in this information statement is based on Arconic Corporation’s general knowledge of and expectations concerning the industry. The market positions, shares, market sizes and growth estimates included in this information statement are based on estimates using Arconic Corporation’s internal data and estimates, based on data from various industry analyses, our internal research and adjustments and assumptions that we believe to be reasonable. Arconic Corporation has not independently verified data from industry analyses and cannot guarantee their accuracy or completeness. In addition, Arconic Corporation believes that data regarding the industry, market positions, shares, market sizes and growth estimates provide general guidance but are inherently imprecise. Further, Arconic Corporation’s

estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in the “Risk Factors” section. These and other factors could cause results to differ materially from those expressed in the estimates and assumptions. Accordingly, investors should not place undue reliance on this information.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

<i>What is Arconic Corporation and why is ParentCo separating the Arconic Corporation Businesses and distributing Arconic Corporation common stock?</i>	Arconic Corporation, which is currently a wholly owned subsidiary of ParentCo, was formed to own and operate ParentCo's Arconic Corporation Businesses. The separation of Arconic Corporation from ParentCo and the distribution of Arconic Corporation common stock is intended, among other things, to enable the management of the two companies to pursue opportunities for long-term growth and profitability unique to each company's business and to allow each business to more effectively implement its own distinct capital structure and capital allocation strategies. ParentCo expects that the separation will result in enhanced long-term performance of each business for the reasons discussed in the section entitled "The Separation and Distribution — Reasons for the Separation."
<i>Why am I receiving this document?</i>	ParentCo is delivering this document to you because you are a holder of shares of ParentCo common stock. If you are a holder of shares of ParentCo common stock as of the close of business on March 19, 2020, the record date of the distribution, you will be entitled to receive one share of Arconic Corporation common stock for every four shares of ParentCo common stock that you hold at the close of business on such date. This document will help you understand how the separation and distribution will affect your post-separation ownership in Howmet Aerospace and Arconic Corporation.
<i>How will the separation of Arconic Corporation from ParentCo work?</i>	As part of the separation, and prior to the distribution, ParentCo and its subsidiaries expect to complete an internal reorganization (which we refer to as the "internal reorganization") in order to transfer the Arconic Corporation Businesses that Arconic Corporation will own following the separation to Arconic Corporation. To accomplish the separation, ParentCo will distribute all of the outstanding shares of Arconic Corporation common stock to ParentCo stockholders on a pro rata basis in a distribution intended to be generally tax-free to ParentCo stockholders for U.S. federal income tax purposes. Following the separation, the number of shares of ParentCo common stock (which, as a result of ParentCo's name change to Howmet Aerospace, will be Howmet Aerospace shares) you own will not change as a result of the separation.
<i>What is the record date for the distribution?</i>	The record date for the distribution will be March 19, 2020.
<i>When will the distribution occur?</i>	We expect that all of the outstanding shares of Arconic Corporation common stock will be distributed by ParentCo at 12:01 a.m., Eastern Time, on April 1, 2020, to holders of record of shares of ParentCo common stock at the close of business on March 19, 2020, the record date for the distribution.
<i>What do stockholders need to do to participate in the distribution?</i>	Stockholders of ParentCo as of the record date for the distribution will not be required to take any action to receive Arconic Corporation common stock in the distribution, but you are urged to read this entire information statement carefully. No stockholder approval of the distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing shares of ParentCo common stock or take

<p><i>How will shares of Arconic Corporation common stock be issued?</i></p>	<p>any other action to receive your shares of Arconic Corporation common stock. Please do not send in your ParentCo stock certificates. The distribution will not affect the number of outstanding shares of ParentCo common stock or any rights of ParentCo stockholders, although it will affect the market value of each outstanding share of ParentCo common stock (which, as a result of ParentCo's name change to Howmet Aerospace, will be Howmet Aerospace shares).</p> <p>You will receive shares of Arconic Corporation common stock through the same channels that you currently use to hold or trade shares of ParentCo common stock, whether through a brokerage account, 401(k) plan or other channel. Receipt of Arconic Corporation shares will be documented for you in the same manner that you typically receive stockholder updates, such as monthly broker statements and 401(k) statements.</p>
<p><i>How many shares of Arconic Corporation common stock will I receive in the distribution?</i></p>	<p>If you own shares of ParentCo common stock as of the close of business on the record date for the distribution, including shares owned in certificate form, ParentCo, with the assistance of Computershare Trust Company, N.A., the distribution agent for the distribution (the "distribution agent" or "Computershare"), will electronically distribute shares of Arconic Corporation common stock to you or to your brokerage firm on your behalf in book-entry form. Computershare will mail you a book-entry account statement that reflects your shares of Arconic Corporation common stock, or your bank or brokerage firm will credit your account for the shares.</p> <p>ParentCo will distribute to you one share of Arconic Corporation common stock for every four shares of ParentCo common stock held by you as of close of business on the record date for the distribution. Based on approximately 434,416,204 shares of ParentCo common stock outstanding as of January 31, 2020, a total of approximately 108,604,051 shares of Arconic Corporation common stock will be distributed to ParentCo's stockholders. For additional information on the distribution, see "The Separation and Distribution."</p>
<p><i>Will Arconic Corporation issue fractional shares of its common stock in the distribution?</i></p>	<p>No. Arconic Corporation will not issue fractional shares of its common stock in the distribution. Fractional shares that ParentCo stockholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares.</p>
<p><i>What are the conditions to the distribution?</i></p>	<p>The distribution is subject to the satisfaction (or waiver by ParentCo in its sole and absolute discretion) of the following conditions:</p> <ul style="list-style-type: none"> • the U.S. Securities and Exchange Commission (the "SEC") declaring effective the registration statement of which this information statement forms a part; there being no order suspending the effectiveness of the registration statement in effect; and no proceedings for such purposes having been

instituted or threatened by the SEC;

- this information statement having been made available to ParentCo stockholders;
- the receipt by ParentCo and continuing validity of an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “Code”);
- the internal reorganization having been completed and the transfer of assets and liabilities of the Arconic Corporation Businesses from ParentCo to Arconic Corporation, and the transfer of assets and liabilities of the Howmet Aerospace Businesses from Arconic Corporation to ParentCo, having been completed in accordance with the separation and distribution agreement, which is described below in this information statement (the “separation agreement”);
- the receipt of one or more opinions from an independent appraisal firm to the ParentCo Board of Directors as to the solvency of Howmet Aerospace and Arconic Corporation after the completion of the distribution, in each case in a form and substance acceptable to the ParentCo Board of Directors in its sole and absolute discretion;
- all actions necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder having been taken or made and, where applicable, having become effective or been accepted;
- the execution of certain agreements contemplated by the separation agreement;
- no order, injunction or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions being in effect;
- the shares of Arconic Corporation common stock to be distributed having been accepted for listing on the NYSE, subject to official notice of distribution;
- ParentCo having received certain proceeds from the financing arrangements described under “Description of Material Indebtedness” and being satisfied in its sole and absolute discretion that, as of the effective time of the distribution, it will have no further liability under such arrangements; and
- no other event or development existing or having occurred that, in the judgment of ParentCo’s Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions.

	<p>ParentCo and Arconic Corporation cannot assure you that any or all of these conditions will be met, or that the separation or distribution will be consummated even if all of the conditions are met. ParentCo can decline at any time to go forward with the separation or distribution. In addition, ParentCo may waive any of the conditions to the distribution. To the extent that the ParentCo Board of Directors determines that any modifications by ParentCo, including any waivers of any conditions to the distribution, materially change the terms of the distribution, ParentCo will notify ParentCo stockholders in a manner reasonably calculated to inform them about the modifications as may be required by law, by publishing a press release, filing a current report on Form 8-K and/or circulating a supplement to this information statement. For a complete discussion of all of the conditions to the distribution, see “The Separation and Distribution — Conditions to the Distribution.”</p>
<p><i>What is the expected date of completion of the separation?</i></p>	<p>The completion and timing of the separation are dependent upon a number of conditions. We expect that the shares of Arconic Corporation common stock will be distributed by ParentCo at 12:01 a.m., Eastern Time, on April 1, 2020, to the holders of record of shares of ParentCo common stock at the close of business on March 19, 2020, the record date for the distribution. However, no assurance can be provided as to the timing of the separation or distribution or that all conditions to the distribution will be met.</p>
<p><i>Will ParentCo and Arconic Corporation be renamed in conjunction with the separation?</i></p>	<p>Yes. In conjunction with the separation, ParentCo will change its name to “Howmet Aerospace Inc.” and its stock symbol from “ARNC” to “HWM” and “Arconic Rolled Products Corporation” will change its name to “Arconic Corporation” and will apply for authorization to list its common stock on the NYSE under the symbol “ARNC.”</p>
<p><i>Can ParentCo decide to cancel the distribution of Arconic Corporation common stock even if all the conditions have been met?</i></p>	<p>Yes. Until the distribution has occurred, the ParentCo Board of Directors has the right to terminate the distribution, even if all of the conditions are satisfied.</p>
<p><i>What if I want to sell my ParentCo common stock or my Arconic Corporation common stock?</i></p>	<p>You should consult with your financial advisors, such as your stock broker, bank or tax advisor. If you sell your shares of ParentCo common stock in the “regular-way” market after the record date and before the distribution date, you also will be selling your right to receive shares of Arconic Corporation common stock in connection with the distribution.</p>
<p><i>What is “regular-way” and “ex-distribution” trading of ParentCo common stock?</i></p>	<p>Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, we expect that there will be two markets in ParentCo common stock: a “regular-way” market and an “ex-distribution” market. ParentCo common stock that trades in the “regular-way” market will trade with an entitlement to shares of Arconic Corporation common stock distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without an entitlement to Arconic Corporation common stock distributed pursuant to the distribution. If you decide to sell any shares of ParentCo common stock before the distribution date, you should make sure your stockbroker, bank</p>

<p><i>Where will I be able to trade shares of Arconic Corporation common stock?</i></p>	<p>or other nominee understands whether you want to sell your ParentCo common stock with or without your entitlement to Arconic Corporation common stock pursuant to the distribution.</p>
<p><i>What will happen to the listing of ParentCo common stock?</i></p>	<p>Arconic Corporation intends to apply for authorization to list its common stock on the NYSE under the symbol "ARNC." ParentCo will change its name to Howmet Aerospace and its stock symbol from "ARNC" to "HWM" upon completion of the separation. Arconic Corporation anticipates that trading in shares of its common stock will begin on a "when-issued" basis on or shortly before the record date for the distribution and will continue up to and through the distribution date, and that "regular-way" trading in Arconic Corporation common stock will begin on the first trading day following the completion of the distribution. If trading begins on a "when-issued" basis, you may purchase or sell Arconic Corporation common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. Arconic Corporation cannot predict the trading prices for its common stock before, on or after the distribution date.</p>
<p><i>Will the number of shares of ParentCo common stock that I own change as a result of the distribution?</i></p>	<p>ParentCo common stock will continue to trade on the NYSE after the distribution but will be traded as Howmet Aerospace common stock due to ParentCo's name change to Howmet Aerospace and under the stock symbol "HWM" instead of "ARNC."</p>
<p><i>Will the distribution affect the market price of my ParentCo common stock?</i></p>	<p>No. The number of shares of ParentCo common stock that you own will not change as a result of the distribution. Following the separation, ParentCo common stock will be Howmet Aerospace common stock as a result of ParentCo's name change to Howmet Aerospace.</p>
<p><i>Will the distribution affect the market price of my ParentCo common stock?</i></p>	<p>Yes. As a result of the distribution, ParentCo expects the trading price of shares of ParentCo common stock (which, as a result of ParentCo's name change to Howmet Aerospace, will be Howmet Aerospace common stock) immediately following the distribution to be different from the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the Arconic Corporation Businesses. There can be no assurance whether the aggregate market value of the Howmet Aerospace common stock and the Arconic Corporation common stock following the separation will be higher or lower than the market value of ParentCo common stock if the separation did not occur. This means, for example, that the combined trading prices of a share of Howmet Aerospace common stock and one-fourth of a share of Arconic Corporation common stock after the distribution may be equal to, greater than or less than the trading price of a share of ParentCo common stock before the distribution.</p>
<p><i>What are the material U.S. federal income tax consequences of the separation and the distribution?</i></p>	<p>It is a condition to the distribution that ParentCo receive an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a "reorganization" within the meaning of Sections 355 and 368(a)(1)(D) of the Code.</p> <p>If the distribution, together with certain related transactions, so qualifies, generally no gain or loss will be recognized by you, and no</p>

	<p>amount will be included in your income, for U.S. federal income tax purposes upon your receipt of Arconic Corporation common stock in the distribution. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Arconic Corporation common stock.</p> <p>You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as any non-U.S. tax laws. For more information regarding the material U.S. federal income tax consequences of the distribution, see the section entitled “Material U.S. Federal Income Tax Consequences.”</p>
<p><i>What will Arconic Corporation’s relationship be with Howmet Aerospace following the separation?</i></p>	<p>After the distribution, Howmet Aerospace and Arconic Corporation will be separate companies with separate management teams and separate boards of directors. Arconic Corporation will enter into a separation agreement with ParentCo to effect the separation and to provide a framework for Arconic Corporation’s relationship with Howmet Aerospace after the separation, and will enter into certain other agreements, including a tax matters agreement, an employee matters agreement, intellectual property license agreements, metal supply agreements and real estate and office leases. These agreements will provide for the allocation between Arconic Corporation and Howmet Aerospace of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of ParentCo and its subsidiaries attributable to periods prior to, at and after the separation and will govern the relationship between Arconic Corporation and Howmet Aerospace subsequent to the completion of the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled “Risk Factors — Risks Related to the Distribution” and “Certain Relationships and Related Party Transactions.”</p>
<p><i>Who will manage Arconic Corporation after the separation?</i></p>	<p>Led by Timothy D. Myers, who will be Arconic Corporation’s Chief Executive Officer, and Erick R. Asmussen, who will be Arconic Corporation’s Chief Financial Officer, Arconic Corporation will benefit from a management team with an extensive background in the Arconic Corporation Businesses. For more information regarding Arconic Corporation’s management and directors, see “Management” and “Directors.”</p>
<p><i>Are there risks associated with owning Arconic Corporation common stock?</i></p>	<p>Yes. Ownership of Arconic Corporation common stock is subject to both general and specific risks relating to the Arconic Corporation Businesses, the industry in which it operates, its ongoing contractual relationships with Howmet Aerospace and its status as a separate, publicly traded company. Ownership of Arconic Corporation common stock is also subject to risks relating to the separation. Certain of these risks are described in the “Risk Factors” section of this information statement. We encourage you to read that section carefully.</p>
<p><i>Does Arconic Corporation plan to pay dividends?</i></p>	<p>We expect that we will pay cash dividends in an aggregate amount of up to approximately \$50 million in the first year following the distribution and up to approximately \$100 million per annum thereafter. However, the timing, declaration, amount of, and payment</p>

<p><i>Will Arconic Corporation incur any indebtedness prior to or at the time of the distribution?</i></p>	<p>of any dividends following the separation will be within the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by our Board of Directors. Moreover, if we determine to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends. See “Dividend Policy.”</p> <p>Yes. Arconic Corporation expects to enter into the Senior Credit Facilities (as described in “Description of Material Indebtedness”) before the distribution is completed and has completed an offering of senior secured second-lien notes (the “notes”), with approximately \$800 million of the proceeds of such financings expected to be distributed to ParentCo. As a result of such transactions, Arconic Corporation anticipates having approximately \$1.2 billion of indebtedness upon completion of the distribution, consisting of (i) a senior secured first-lien term loan in an aggregate principal amount of \$600 million and (ii) the notes in an aggregate principal amount of \$600 million. Under the Senior Credit Facilities, Arconic Corporation would also have \$1.0 billion of indebtedness available to be drawn under the Revolving Facility (as described in “Description of Material Indebtedness”). See “Description of Material Indebtedness” and “Risk Factors — Risks Related to Our Business.”</p>
<p><i>Who will be the distribution agent for the distribution and transfer agent and registrar for Arconic Corporation common stock?</i></p>	<p>The distribution agent, transfer agent and registrar for the Arconic Corporation common stock will be Computershare. For questions relating to the transfer or mechanics of the stock distribution, you should contact Computershare Shareholder Services toll free at 877-373-6374 or non-toll free at 781-575-2879.</p>
<p><i>Where can I find more information about ParentCo and Arconic Corporation?</i></p>	<p>Before the distribution, if you have any questions relating to ParentCo, you should contact:</p> <p>Arconic Inc. 390 Park Avenue New York, NY 10022 Attention: Investor Relations Department</p> <p>After the distribution, Arconic Corporation stockholders who have any questions relating to Arconic Corporation should contact:</p> <p>Arconic Corporation 201 Isabella Street Pittsburgh, PA 15212 Attention: Investor Relations Department</p> <p>The Arconic Corporation investor website (www.arconic.com) will be operational on or around March 19, 2020. The Arconic Corporation website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.</p>

INFORMATION STATEMENT SUMMARY

The following is a summary of selected information discussed in this information statement. This summary may not contain all of the details concerning the separation or other information that may be important to you. To better understand the separation and our business and financial position, you should carefully review this entire information statement. Unless the context otherwise requires, the information included in this information statement about Arconic Corporation, including the Combined Financial Statements of Arconic Corporation, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, or when otherwise specified, references in this information statement to “Arconic Corporation,” “we,” “us,” “our,” “our Company” and “the Company” refer to Arconic Rolled Products Corporation, a Delaware corporation, and its consolidated subsidiaries. Unless the context otherwise requires, references in this information statement to “ParentCo” refer to Arconic Inc., a Delaware corporation, and its consolidated subsidiaries, including the Arconic Corporation Businesses prior to completion of the separation.

Unless the context otherwise requires, or when otherwise specified, references in this information statement to our historical assets, liabilities, products, businesses or activities of our businesses are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the Arconic Corporation Businesses as they were conducted as part of ParentCo prior to completion of the separation.

Our Company

Overview

Arconic Corporation is a global leader in manufacturing aluminum sheet, plate, extrusions and architectural products, serving primarily the ground transportation, aerospace, building and construction, industrial, and packaging end-markets. We were previously part of Alcoa Inc. (which was renamed Arconic Inc. in 2016), which created the modern aluminum industry more than 125 years ago. Our technical expertise, long-standing, collaborative customer relationships and history in the lightweight metals industry as an innovator positions us as a supplier of choice to “blue-chip” customers in high-growth markets that require value-added products with performance-critical applications. Our product portfolio is diverse and most of our products command premium pricing as compared to more commoditized fabricated aluminum products. We maintain a leadership position in our targeted markets through our global footprint of 46 manufacturing, sales and service facilities located across North America, Europe, the United Kingdom, Russia and Asia.

We operate through three reportable segments: Rolled Products, Extrusions, and BCS. We strive to make our portfolio of integrated facilities among the most operationally efficient in the industry. We are well positioned in attractive markets that exhibit trends favorable to our industry, and our long-term contracts with customers enhance the strength and stability of our business and our earnings. We will strive to generate strong returns through growth in operating profit, disciplined capital deployment, increasing cash flow and continued optimization of working capital levels. We believe our more than 125 years of manufacturing experience and our commitment to quality and innovation have put us in a leadership position among our primary competitors.

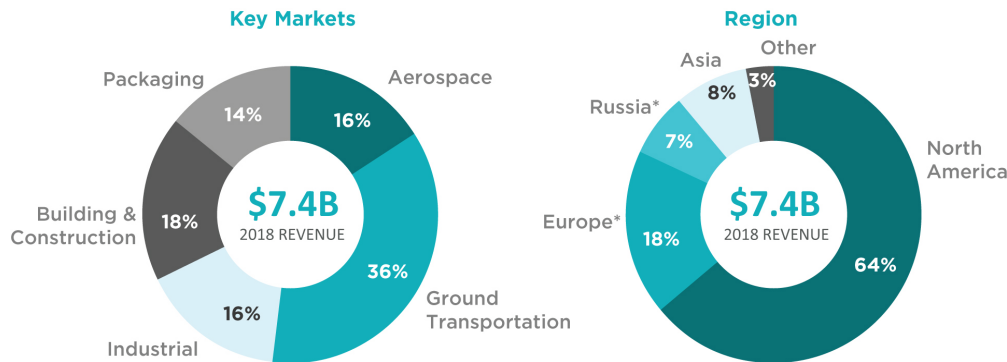
Our business focuses on producing rolled and extruded products used principally for the following five market segments: (i) ground transportation, (ii) aerospace, (iii) building and construction, (iv) industrial and (v) packaging. Our primary market segments present attractive characteristics, including (i) demand for products that command premium pricing due to technical requirements; (ii) stability through economic cycles due to portfolio diversity; (iii) favorable secular growth trends, such as the substitution of heavier materials with aluminum in the automotive market (“aluminum lightweighting”), strong passenger growth in the commercial aerospace market and population growth driving urbanization for increased demand in the building and construction industry; and (iv) favorable trade conditions in the United States resulting from the Department of Commerce’s ruling on anti-dumping and countervailing duties imposed on imported Chinese common alloy products. We have a leading position in the growing North American automotive aluminum sheet market, and we are a leading supplier of aluminum sheet and plate to the aerospace market. We supply industrial and commercial transportation products to customers around the world. Our BCS products carry recognized brand names and hold strong market positions in North America and Europe.

Our customer base includes market leading companies. A sampling of our top customers includes Ford, General Motors, FCA, Airbus, Boeing, Daimler, Paccar, Ball and CANPACK. We predominantly focus on high-value-added products that we believe we are particularly well-suited to developing and manufacturing for our customers due to our technical and R&D capabilities, our ability to supply materials in the volume customers need, our unique manufacturing capabilities and the complex qualification processes that we have passed and are required for many of our products. Our core products require ongoing close collaboration and, in many instances, joint development with our customers.

Prices for rolled products and extrusions are generally based on the price of metal plus a premium for adding value to the aluminum to produce a semi-finished product, resulting in a business model in which the underlying price of metal is contractually passed-through to customers, or hedged. The financial performance of producers of rolled and extruded aluminum products, such as Arconic Corporation, is driven by the dynamics in the end markets that they serve, the degree of technical specification required for the products sold, the companies' relative positioning in those markets and the efficiency of their industrial operations.

For the year ended December 31, 2018, we shipped approximately 1,309 thousand metric tons of finished products and generated revenues of \$7.4 billion and operating income of \$374 million.

The following charts present our revenues by market segment and by geography for the year ended December 31, 2018:



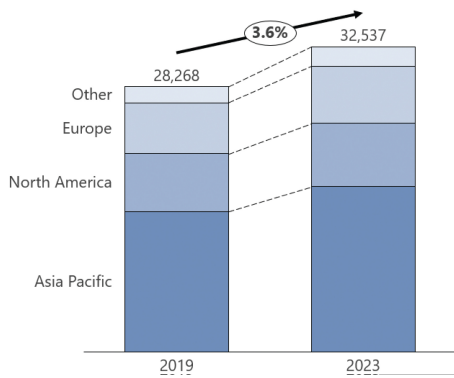
* Sales of a portion of aluminum products from Arconic Corporation's plant in Russia were completed through the Company's international selling company located in Hungary. Accordingly such sales are included in Europe in the revenue chart by region.

Our Strengths

We believe several key attributes add to the strength of our business: growing demand for high-strength, lightweight aluminum in our targeted markets; our leading positions in the markets we serve; our track record developing differentiated products backed by advanced expertise and technological capabilities; our collaborative and long-standing customer relationships; our global network of efficient facilities with a broad range of advanced manufacturing capabilities operated by a highly skilled workforce; and our healthy financial position, which positions us for future growth. Each of these attributes are described in more detail below.

Growing demand for high-strength, lightweight aluminum in our target markets.

Demand for aluminum and other lightweight products continues to grow at a steady pace. With unique properties that increase performance, improve efficiency and provide a lower carbon footprint throughout its life cycle, aluminum continues to draw demand from industries that require lightweight yet strong material. According to CRU International Limited, the projected annual growth rate from 2019 to 2023 of flat rolled aluminum products is 3.6%, and projected growth in the air and ground transportation market segment is 6.7%.

Projected Demand for Flat Rolled Products from 2019-2023 (in thousand metric tons)

Transportation consumption 2019:
4,761 and 2023: 6,161 CAGR 6.7%

Source: CRU International Limited

Asia Pacific includes: Japan, China, South East Asia and Middle East

Other includes: Africa, Australia, Central and South America

In the ground transportation market, even as vehicle production remains flat, we continue to benefit from growth in automotive aluminum applications, with automotive body sheet forecasted to grow at a 9% annual growth rate from 2019 through 2026 in North America. Acceleration of aluminum adoption and product penetration, noted by third-party research firm Ducker Worldwide in July 2017, continue to advance as automakers are increasingly selecting aluminum as the material of choice for vehicle design solutions that aid in meeting fuel consumption and greenhouse gas emissions regulations while delivering better performance, higher safety ratings and a lower carbon footprint than steel.

We continue to see interest in aluminum lightweighting from a growing customer base, and we currently have material on more than 60 programs with eight automotive original equipment manufacturers (“OEMs”), as well as many of their tier-one suppliers. We have significant forward revenue under contract across multiple OEMs. Our A951™ coating and bonding technology underpinned Ford’s design decision to go aluminum-intensive on the F-150 truck, which has since been expanded to Ford’s Super Duty, Navigator and Expedition vehicle platforms. In fact, all vehicles that have converted to aluminum-intensive structures have received 5-star safety ratings, better performance ratings, and increased fuel efficiency as a result of aluminum lightweighting. Additionally, in North America, demand for larger vehicles (small trucks and SUVs) — where the volume of aluminum use is greater — is increasing while demand for smaller vehicles is decreasing.

In the aerospace market, large commercial aircraft have an approximate seven-year backlog in their order book, driven by global population growth, increasing per capita incomes and higher penetration of air-travel. We have significant forward revenue under contract with major commercial aircraft OEMs or framers, such as Boeing, Airbus, Spirit AeroSystems and Embraer. In defense, spending under the current U.S. administration has been increasing and we have secured new contracts on multiple applications.

In the building and construction market, several secular trends — global warming, urbanization, and increased needs for personal security — are increasing demand for the products and solutions we provide, both in North America and in Europe. Population is expected to grow from 7.2 to 8 billion people by 2025, with more than 50% of population growth in urban areas that drive construction demand. With global energy demand expected to increase by more than 25% by 2040, energy efficiency is another strong market driver for our building and construction products and systems.

The industrial market in North America is closely tied to the U.S. GDP level, which indicates that the overall industrial flat rolled products segment is poised to grow 1% to 2% each year from 2020 to 2022. The common alloy sheet market, which is a significant portion of the total industrial products market, continues

to be significantly influenced by imports of common alloys into the United States. With the implementation of anti-dumping and countervailing duties imposed on Chinese common alloy sheet during 2018, the volume of imports from China has significantly decreased. Although there has been an increase of imports of common alloy into the United States from other countries as a result of the duties imposed on China, prices for common alloy sheet significantly improved in North America during the first half of 2019. We expect these duties to remain in place for at least the next five years.

In the packaging market, we are continuing to see positive trends in both demand and supply dynamics. As it relates to demand, trends are positive as a result of consumer preferences for more sustainable packaging options, driving a broad-based shift from plastic to aluminum. On the other hand, supply for aluminum packaging has tightened as more aluminum rolled products manufacturers redirect rolling mill capacity to supply the automotive end-market. As a result, manufacturers that continued to supply aluminum packaging are able to achieve more favorable pricing for packaging products relative to historical norms. Additionally, the packaging market can be expected to provide relatively steady demand, with resiliency evidenced by trends throughout past economic cycles.

Leading positions in our key markets.

In our core market segments — ground transportation, aerospace, building and construction, industrial and packaging — we have strong market positions and long-standing, collaborative relationships with customers. Within these attractive and diverse segments, we are particularly focused on product lines that require our expertise and advanced technical capabilities to produce efficiently.

In the ground transportation market, we captured a leading position in the North American automotive aluminum market when we invested a combined \$600 million in 2014 to expand our automotive rolling capacity in Davenport, Iowa and Alcoa, Tennessee, and we continue to maintain that position by expanding capabilities to meet demand. In February 2019, we announced a \$100 million investment in Tennessee to provide additional capacity to support automotive and industrial growth, and that capacity is expected to come online in late 2020. We have already secured customer commitments in support of this additional capacity in North America. Our position in this market segment also benefits from the natural characteristics of automotive aluminum sheet, which make importing of aluminum sheet more difficult as it hardens and strengthens with age and as a result is not as easily formed or stamped into parts as time progresses.

In the aerospace market, we have a growing position secured by long-term contracts, totaling more than \$4 billion over the next several years, with some of the biggest players in the industry, including Boeing, Airbus, Embraer, Mitsubishi Heavy Industries and Spirit AeroSystems. In July 2018, we announced that we signed our largest multi-year supply contract with Boeing to supply aluminum sheet and plate for all models produced by Boeing Commercial Airplanes. The agreement expanded on our collaboration with Boeing for wing skins on all of its metallic structure airplanes and included polished fuselage skins and wing ribs. In addition, Boeing awarded us new business for the supply of structural plate used in a variety of other applications, including wing ribs for carbon fiber platforms such as the 787 and 777X.

In the building and construction market, we are differentiated through scale, expertise and a broad range of building envelope products. We have strong market positions in North America and Europe as a supplier of well-known, leading brands with differentiated products and service offerings that we believe enable us to deliver industry-leading service and performance. In total, BCS has more than 270 active patent matters. These are spread across multiple technology areas including: doors, windows, fixed fenestrations and material interfaces/coatings. Our products, which are offered as systems and are localized to address functional and building code requirements, span the range of building end-use and building complexities, making us a go-to provider for architects, general contractors and fabricators.

In the industrial market, we have a strong position, particularly in North America. Our recent \$100 million investment in our Tennessee facility to expand our industrial and automotive capacity is aimed to capture favorable pricing in the North American market for industrial products as well as the anticipated resulting growth. With our diverse industrial portfolio, providing high quality mill finish product, we are positioned to capture opportunities in the industrial market segment.

In the packaging market, we have strong positions in the regions we serve. Our rolling mill in Samara, Russia, serves various markets with its wide range of capabilities, including production of a full range of canstock products, from coated end and tab stock to body stock. Packaging volumes have increased year over year in Samara for the past five years, where demand for canstock is steadily increasing. To further differentiate among packaging suppliers in the region, Arconic Samara's flagship coil coating line product portfolio was recently expanded with the start of commercial production of black-lacquered end stock, along with coil coated with gold and clear lacquers. Arconic Corporation also supplies canstock to the packaging market in China from its plant in Qinhuangdao.

Track record developing differentiated products backed by advanced expertise and technological capabilities.

Built on a heritage of innovation and operational excellence, Arconic Corporation develops and produces quality materials and technologies efficiently for customers of lightweight metals. In each of the markets we serve, we collaborate with our customers to deliver solutions that meet performance-critical specifications and give our customers a competitive advantage in terms of meeting fuel efficiency, strength and safety requirements. We believe that our ability to produce tailored, high-value-added products fosters longer-term and synergistic relationships with a customer base that includes well-established, blue-chip companies. We regard our relationships with our customers as partnerships in which we work together to utilize our unique technological capabilities to develop customized solutions to meet evolving requirements. This includes developing products together through long-term partnerships.

We have made substantial investments to develop unique technological capabilities, which we believe provide us with a competitive advantage as a supplier of the high-value-added, specialty products that make up the majority of our product portfolio. The Arconic Technology Center, located in New Kensington, Pennsylvania, serves as the headquarters for our Research and Development efforts, and we also have R&D facilities in Norcross, Georgia; Merxheim, France; Vendargues, France; and Harderwijk, Netherlands. These facilities focus on innovation and have given us a leading position in the development of proprietary next-generation specialty alloys and manufacturing processes as evidenced by our robust intellectual property portfolio, which includes over 900 granted or pending patents. We also have a significant number of trade secrets, mostly regarding manufacturing processes and material compositions that give us important advantages in our markets. We continue to strive to improve those processes and generate new material compositions that provide additional benefits.

Recent examples of collaborative and industry redefining innovations include:

- Arconic Corporation's Very Thick Plate Stretcher (VTPS). No supplier in the industry can currently produce plate as wide or as thick as we can. With our 220" mill and the VTPS, we are able to supply the exterior of large metallic planes as well as the most challenging structural plate applications on both metallic and carbon fiber aircrafts. Combined with a new horizontal heat treat furnace in Davenport, Iowa, which is commissioning and operating in a limited capacity as we work through the rigorous qualification processes of our aerospace customers, Arconic Corporation will be able to offer expanded capabilities and capacity in thick plate products.
- Arconic 951[®] adhesive bonding technology. One of our most notable hallmark R&D achievements was the development of the breakthrough Arconic 951 adhesive bonding technology that is enabling the automotive industry's historic shift to aluminum-intensive vehicles. One of the first customers to utilize this technology was Ford, for its flagship vehicle, the F-150, which — since going aluminum-intensive in 2015 — has increased its lead as America's #1 best-selling vehicle, a position it has held for more than 40 years in a row.
- High strength aerospace and automotive alloys. We continue to work with automotive and aerospace customers to develop solutions with innovative aluminum and aluminum lithium alloys. Working with automotive customer FCA US LLC, for example, our engineers developed a new, highly formable aluminum to enable FCA to shed weight and boost performance of its 2018 Jeep[®] Wrangler, one of the automaker's top selling vehicles.

Diverse, entrenched and collaborative customer relationships.

We have a diverse customer base that includes hundreds of companies that span our key market segments. A sampling of our top customers includes:

Key Markets	Key Customers
Ground Transportation	Ford, FCA, General Motors, Daimler, Paccar, Entrans/Heil
Aerospace	Boeing, Airbus, Spirit AeroSystems, Embraer
Building and Construction	Fabricators, installers, architects and developers around the world
Industrial	Ryerson, Thyssenkrupp MA, Reliance, Kloeckner, Champagne Metals
Packaging	Ball, CANPACK

The average length of our relationships with our top 20 customers exceeds 25 years, and in some cases goes back as far as the beginning of their existence, particularly with our aerospace, automotive and building and construction customers. We have long-term contracts with many of our major customers, and we have partnered with some of them for substantial investments that support new product launches, increased capacity or unique capabilities that solve key challenges. Approximately 57% of 2019 Global Rolled Products revenue is under long-term agreements, and less than 10% of 2019 Global Rolled Products revenue is subject to long-term agreements that are expected to be up for renewal in 2020 and 2021. In addition, we frequently collaborate with our customers to complete a rigorous process for qualifying our products, which requires substantial time and investment and imposes high costs for customers to switch suppliers.

Global network of efficient facilities with a broad range of capabilities operated by a highly skilled workforce.

We operate a network of strategically located facilities within close proximity to our customers and/or raw materials, which we believe allows us to compete effectively in our selected end-markets across numerous geographies. Our facilities, which in many cases have been in operation for decades and are continuously assessed for optimal efficiency, enable us to reliably produce a broad range of high-quality products. Our production lines are operated by a highly skilled workforce with decades of accumulated operational experience. We believe this collective knowledge base would be very difficult to replicate and is a key contributing factor in our ability to produce consistently high-quality products.

Our production sites feature industry-leading manufacturing capabilities with required industry qualifications that are, in our view, difficult for market outsiders to accomplish. We believe our portfolio of facilities provides us with a strong platform to retain and grow our global customer base.

Our capabilities include the development, alloying, and casting of standard and patented Arconic aluminum and aluminum-lithium alloys that provide superior mechanical properties using continuous heat treat and batch heat treat processes. We also have continuous cast capability, as well as hot and cold rolling of aluminum coil, sheet and plate products of different thicknesses and widths. We have the world's largest thick plate stretcher, which can stretch the thickest plate in the world, and we have state-of-the-art metallurgical laboratories.

Our processes include coil and sheet leveling, straightening, and trimming capabilities, indirect aluminum extrusion piercing press capabilities and non-destructive inspection and testing capabilities.

Healthy financial position.

We believe the following factors will contribute to our long-term financial stability and future growth:

- Our revenue diversification in terms of geography, customers and end-markets gives Arconic Corporation a healthy financial position.
- Approximately 50% of our revenue is under long-term agreements, which provides earnings visibility.

- Our contracts are typically structured to contractually pass-through movements in underlying metal price, which, combined with our hedging program, helps to insulate us from commodity price volatility and generate earnings stability.
- Profitability has improved due to targeted mix shift to more specialized, more engineered, higher margin products, as well as cost optimization initiatives.
- We manage our business through a disciplined capital allocation framework.
- Over the last two years, we have undertaken several cost cutting initiatives in a relentless pursuit of cost reduction, while consistently delivering productivity improvements through smart manufacturing (physical and digital automation), cast house optimization, lower procurement costs, and labor and equipment efficiency.
- Our improved capital efficiency is delivering higher returns on our existing asset base. Our disciplined capital allocation with priority on high-return uses driving return on net assets (RONA) expansion has built an attractive margin profile and we believe we are positioned for future profitable growth upside. Examples include the automotive and industrial expansions in Alcoa, Tennessee to seek to capture future market growth, as well as expanding capabilities in Davenport, Iowa to capture demand in aerospace.

Our Business Strategies

Our objective is to expand our leading position as the industry's supplier of choice for high-value-added, technologically advanced products for which we believe that we have a competitive advantage. Our strategy to achieve this objective has two primary pillars: (i) selective participation in attractive markets and (ii) continuing focus on capital efficiency and operational performance.

Selective Participation in Attractive Markets

Continue to target investment in high-return opportunities in our core market segments

We are focused on five strategic market segments (ground transportation, aerospace, building and construction, industrial and packaging) that we believe have attractive growth prospects for aluminum and a solid long-term outlook. These are also markets where we believe that we can differentiate ourselves through high-value-added products, strong customer relationships and R&D and advanced technical capabilities. We selectively pursue capital projects in response to specific volume requirements from long-term customer contracts, aiming for relatively short payback periods and good visibility into return on investment.

For example, in February 2019, in order to seek to capture the growing industrial and automotive aluminum demand in North America, we announced an investment of approximately \$100 million to expand our hot mill capability and add downstream equipment capabilities to manufacture industrial and automotive aluminum products in our Tennessee Operations facility near Knoxville, Tennessee. The project is already underway and is expected to be completed by the fourth quarter of 2020.

Focus on technologically advanced products that facilitate long-term relationships as a key supplier to our customers

Our product portfolio is predominantly focused on high-value-added products that we believe we are particularly well-suited to developing and manufacturing for our customers. These products tend to require close collaboration with our customers to develop tailored solutions, as well as significant effort and investment to adhere to rigorous qualification procedures, which enables us to foster long-term relationships with our customers. Our products typically command premium prices and are supplied to end-markets that we believe have highly attractive characteristics and long-term growth trends.

Focus on Capital Efficiency and Operational Performance

Pursuit of highly efficient operations through smart manufacturing

We believe that there are significant opportunities to improve our quality and to reduce our manufacturing costs by implementing smart manufacturing initiatives, which involve physical and digital automation. We continually evaluate the processes and flowpaths of our operations in order to work to improve our production efficiency. Sharing best practices throughout our network enables us to apply advanced manufacturing techniques globally to improve existing equipment and processes. We aim to establish highly efficient operations and achieve cost reductions by standardizing manufacturing processes and the associated production elements where possible, while still allowing the flexibility to respond to local market demands and volatility.

To focus our efforts, we have launched a smart manufacturing program, sponsored at the executive level that is designed to optimize productivity of our plants with the goal of delivering value to customers through quality and efficiency.

To advance manufacturing improvements and optimize capital efficiency, Arconic Corporation has developed teams made up of cross-functional experts working on projects that provide an impact across the network. These teams each have a primary focus, seeking to improve efficiencies for optimal operational performance, as follows:

- Driving Operational Equipment Efficiency (OEE) on bottlenecked equipment, including cold mills, hot mills, annealing furnaces and finishing equipment.
- Maximizing internal ingot production, minimizing third party ingot purchase, and managing outside scrap sales to deliver the best solution for our North American network.
- Managing scrap charge solutions and driving scrap utilization in order to offset the need to purchase high cost primary alloy.
- Driving down transportation costs by combining routes, eliminating surcharges, and finding lower cost transportation solutions.
- Leveraging the excess internal process capabilities within the North American network to offset the need for expensive outside providers to perform key operations.
- Managing energy contracts, leveraging volume purchases, and implementing energy conservation activities.

Along with these initiatives, Arconic Corporation has standing teams working on overall equipment effectiveness, cast house capacity improvements, and reduction improvements in planned and un-planned scrap.

Our Portfolio

We manage our business operations through three segments: Rolled Products, Extrusions, and BCS. These segments contributed approximately 77%, 7% and 15%, respectively, of the 2018 revenues for the businesses that comprise Arconic Corporation. For additional information regarding our three operating segments and our business, see “Business.”

Recent Developments

2019 Full Year Results

Our audited combined financial statements as of and for the year ended December 31, 2019 are not yet complete and are not available as of the date of this information statement. On January 27, 2020, ParentCo reported unaudited financial results for the quarter and year ended December 31, 2019 for its Global Rolled Products (“GRP”) segment.

Our historical combined financial information was prepared from ParentCo's historical accounting records, including the underlying financial data derived from the operations that comprise ParentCo's GRP segment.

The financial information of ParentCo's GRP segment presented below, including the unaudited financial results for the quarter and year ended December 31, 2019, is the information of ParentCo's GRP segment as a reportable segment of ParentCo. This financial information was prepared on a different basis than, and may not be directly comparable to, the financial information of Arconic Corporation as it is presented elsewhere in this information statement, including the financial information of Arconic Corporation presented under "Selected Historical Combined Financial Data of Arconic Corporation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our final audited combined financial statements as of and for the year ended December 31, 2019 may differ from ParentCo's GRP segment's unaudited financial results presented below, and the unaudited financial results for ParentCo's GRP segment for the quarter and year ended December 31, 2019 is not necessarily indicative of our future results for any subsequent periods. You should not place undue reliance on these unaudited financial results.

ParentCo's unaudited financial results below should be read in conjunction with the financial information of the Arconic Corporation presented under "Selected Historical Combined Financial Data of Arconic Corporation," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this information statement. Please also see "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors."

Unaudited Financial Results — ParentCo's Global Rolled Products Segment

ParentCo's GRP segment reported fourth quarter 2019 revenue of \$1.7 billion, down 5% year-over-year. Segment operating profit was \$150 million, up \$57 million, or 61%, year-over-year, driven by net cost reductions, favorable aluminum prices, favorable pricing in industrial and commercial transportation, and the transition of Tennessee's North American packaging business to more profitable industrial products. These impacts were partially offset by weakness in automotive, commercial transportation, and building and construction markets. ParentCo's GRP's operating profit margin for the quarter was 9.0%, up 370 basis points year-over-year.

For full-year 2019, ParentCo's GRP reported revenue of \$7.1 billion, down 2% year-over-year, and Segment operating profit of \$625 million, up \$144 million year-over-year. ParentCo's GRP's operating profit margin for full-year 2019 was 8.8%, up 210 basis points year-over-year.

(\$ in millions; shipments in thousands of metric tons (kmt))	For the three months ended December 31,		For the year ended December 31,	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Third-party sales	\$1,667	\$1,755	\$7,082	\$7,223
Intersegment sales	\$ 41	\$ 44	\$ 183	\$ 205
Segment operating profit	\$ 150	\$ 93	\$ 625	\$ 481
Segment operating profit margin ⁽¹⁾	9.0%	5.3%	8.8%	6.7%
Provision for depreciation and amortization	\$ 58	\$ 68	\$ 233	\$ 253
Restructuring and other charges	\$ (18)	\$ (160)	\$ 81	\$ (157)
Third-party aluminum shipments (kmt)	330	319	1,379	1,301
Capital expenditures	\$ 78	\$ 120	\$ 189	\$ 308

(1) Segment operating profit margin is calculated as Segment operating profit divided by Third-party sales.

Historical Financial Information — Arconic Corporation's Combined Segments

(\$ in millions; shipments in thousands of metric tons (kmt))	For the three months ended December 31,		For the year ended December 31,	
	2019	2018	2019	2018
Third-party sales – unrelated party	N/A	N/A	*	\$7,211
Third-party sales – related party	N/A	N/A	*	\$ 206
Segment operating profit ⁽¹⁾	N/A	N/A	*	\$ 420
Provision for depreciation and amortization	N/A	N/A	*	\$ 253
Restructuring and other charges	N/A	N/A	*	\$ (159)
Third-party aluminum shipments – unrelated party (kmt)	N/A	N/A	*	\$1,301
Capital expenditures	N/A	N/A	*	\$ 308

* Our audited combined financial statements for the year ended December 31, 2019 are not yet complete and are not available as of the date of this information statement.

(1) Total Segment operating profit for the year ended December 31, 2018 includes \$59 million in employee benefit expenses under multiemployer plan accounting. This amount would be included in nonoperating income under defined benefit plan accounting. See note (a) in “Unaudited Pro Forma Condensed Combined Financial Information — Notes to Unaudited Pro Forma Condensed Combined Financial Statements.”

Summary of Risk Factors

An investment in our Company is subject to a number of risks, including risks relating to our business, risks related to the distribution and risks related to our common stock. Set forth below is a high-level summary of some, but not all, of these risks. Please read the information in the section entitled “Risk Factors” of this information statement, for a more thorough description of these and other risks.

Risks Related to Our Business

- The markets for Arconic Corporation's products are highly cyclical and are influenced by a number of factors, including global economic conditions.
- Arconic Corporation faces significant competition.
- Arconic Corporation could be adversely affected by the loss of key customers or significant changes in the business or financial condition of its customers.
- Arconic Corporation could encounter manufacturing difficulties or other issues that impact product performance, quality or safety.
- Arconic Corporation's business depends, in part, on its ability to meet increased program demand successfully and to mitigate the impact of program cancellations, reductions and delays.
- Product liability, product safety, personal injury, property damage, and recall claims and investigations may materially affect Arconic Corporation's financial condition and damage Arconic Corporation's reputation.
- Arconic Corporation's global operations expose Arconic Corporation to risks.
- A material disruption of Arconic Corporation's operations, particularly at one or more of Arconic Corporation's manufacturing facilities, could adversely affect Arconic Corporation's business.
- Arconic Corporation may be unable to realize future targets or goals established for its business segments, or complete projects, at the levels, projected costs or by the dates targeted.

- Information technology system failures, cyber-attacks and security breaches may threaten the integrity of Arconic Corporation's intellectual property and other sensitive information, disrupt its business operations, and result in reputational harm and other negative consequences.
- Arconic Corporation may be unable to develop innovative new products or implement technology initiatives successfully.
- Arconic Corporation may face challenges to its intellectual property rights.
- A decline in Arconic Corporation's financial performance or outlook or a deterioration in its credit profile could negatively impact Arconic Corporation's access to the capital markets and commercial credit, reduce its liquidity, and increase its borrowing costs.
- Arconic Corporation's business could be adversely affected by increases in the cost of aluminum or volatility in the availability or cost of other raw materials.

Risks Related to the Distribution

- We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.
- Following the separation, our financial profile will change, and we will be a smaller, less diversified company than ParentCo prior to the separation.
- We may not achieve some or all of the expected benefits of the distribution.
- ParentCo's plan to separate into two independent, publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense.
- If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we, as well as ParentCo and ParentCo's stockholders, could be subject to significant tax liabilities, and, in certain circumstances, we could be required to indemnify ParentCo for material taxes and other related amounts.
- Until the distribution occurs, the ParentCo Board of Directors has sole and absolute discretion to change the terms of the separation in ways which may be unfavorable to us.

Risks Related to Our Common Stock

- We cannot be certain that an active trading market for our common stock will develop or be sustained after the distribution and, following the distribution, our stock price may fluctuate significantly.
- A significant number of shares of our common stock may be sold following the distribution, which may cause our stock price to decline.
- Your percentage of ownership in Arconic Corporation may be diluted in the future.
- We cannot guarantee the timing, amount or payment of dividends on our common stock.
- Anti-takeover provisions could enable Arconic Corporation to resist a takeover attempt by a third party and limit the power of our stockholders.

The Separation and Distribution

In February 2019, we announced our plan to separate into two independent, publicly traded companies. The separation will occur through a pro rata distribution to ParentCo stockholders of 100% of the outstanding shares of common stock of Arconic Corporation, which was formed to hold the Arconic Corporation Businesses.

On February 5, 2020, the ParentCo Board of Directors approved the distribution of all of Arconic Corporation's issued and outstanding shares of common stock on the basis of one share of Arconic Corporation common stock for every four shares of ParentCo common stock held as of the close of business on March 19, 2020, the record date for the distribution.

Arconic Corporation's Post-Separation Relationship with Howmet Aerospace

After the distribution, Howmet Aerospace and Arconic Corporation will each be separate companies with separate management teams and separate boards of directors. Prior to the distribution, ParentCo and Arconic Corporation will enter into the separation agreement. In connection with the separation, we will also enter into various other agreements to effect the separation and to provide a framework for our relationship with Howmet Aerospace after the separation, including a tax matters agreement, an employee matters agreement, intellectual property license agreements, an agreement relating to the Davenport plant, metal supply agreements and real estate and office leases. These agreements will provide for the allocation between Arconic Corporation and Howmet Aerospace of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of ParentCo and its subsidiaries attributable to periods prior to, at and after the separation and will govern the relationship between us and Howmet Aerospace subsequent to the completion of the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors — Risks Related to the Distribution" and "Certain Relationships and Related Party Transactions."

Reasons for the Separation

The ParentCo Board of Directors believes that the separation of ParentCo into two independent, publicly traded companies through the separation of the Arconic Corporation Businesses from the Howmet Aerospace Businesses is in the best interests of ParentCo and its stockholders for a number of reasons, including:

- *Management Focus on Core Business and Distinct Opportunities.* The separation will permit each company to more effectively pursue its own distinct business, operating priorities and strategies, with Howmet Aerospace focusing primarily on aerospace and Arconic Corporation focusing on rolled products, extrusions, and building and construction systems. The separation will enable the management teams of each of the two companies to focus on strengthening its core business and operations, more effectively address unique operating and other needs, and pursue distinct and targeted opportunities for long-term growth and profitability.
- *Allocation of Financial Resources and Separate Capital Structures.* The separation will permit each company to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities. The separation will also allow each business to more effectively pursue its own distinct capital structures and capital allocation strategies. In addition, after the separation, the respective businesses within each company will no longer compete internally with the businesses of the other company for capital and other corporate resources.
- *Simplified Business Structure.* The separation will separate and simplify the structures currently required to manage a number of distinct and differing underlying businesses. These differences include exposure to industry cycles, manufacturing and procurement methods, customer base, research and development activities, and overhead structures.
- *Targeted Investment Opportunity.* The separation will create two companies with more focused, aligned businesses, which will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its businesses and the industries in which it operates and serves, and will facilitate each company's access to capital by providing investors with two distinct and targeted investment opportunities.
- *Employee Incentives, Recruitment and Retention.* The separation will allow each company to more effectively recruit, retain and motivate employees through the use of stock-based

compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business performance. In addition, the separation will allow incentive structures and targets at each company to be better aligned with each underlying business. Similarly, recruitment and retention will be enhanced by more consistent talent requirements across the businesses, allowing both recruiters and applicants greater clarity and understanding of talent needs and opportunities associated with the core business activities, principles and risks of each company.

- *Creation of Independent Equity Currencies.* The separation will create independent equity securities, affording Arconic Corporation direct access to the capital markets, enabling it to use its own industry-focused stock to consummate future acquisitions or other transactions. As a result, Arconic Corporation will have more flexibility to capitalize on its unique strategic opportunities.

The ParentCo Board of Directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* We may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will demand significant management resources and require significant amounts of management's time and effort, which may divert management's attention from operating our business; and following the separation, we may be more susceptible to market fluctuations, and other adverse events than if we were still a part of ParentCo because our business will be less diversified than ParentCo's business prior to the completion of the separation.
- *Disruptions and Costs Related to the Separation.* The actions required to separate the Arconic Corporation Businesses and the Howmet Aerospace Businesses could disrupt our operations. In addition, we will incur substantial costs in connection with the separation and the transition to being a standalone, public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Arconic Corporation, tax costs, and costs to separate information systems.
- *Loss of Scale and Increased Administrative Costs.* As a current part of ParentCo, Arconic Corporation takes advantage of ParentCo's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those ParentCo obtained prior to completion of the separation. In addition, as part of ParentCo, Arconic Corporation benefits from certain functions performed by ParentCo, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Howmet Aerospace will not perform these functions for us and, because of our smaller scale as a standalone company, our cost of performing such functions could be higher than the amounts reflected in our historical financial statements, which would cause our profitability to decrease.
- *Limitations on Strategic Transactions.* Under the terms of the tax matters agreement that we will enter into with ParentCo, we will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free under applicable law. These restrictions may limit for a period of time our ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of our business.
- *Uncertainty Regarding Stock Prices.* We cannot predict the effect of the separation on the trading prices of Arconic Corporation or Howmet Aerospace common stock or know with certainty whether the combined market value of one-fourth of a share of our common stock and one share of Howmet Aerospace common stock will be less than, equal to or greater than the market value of one share of ParentCo common stock prior to the distribution.

In determining to pursue the separation, the ParentCo Board of Directors concluded the potential benefits of the separation outweighed the foregoing factors. See the sections entitled "The Separation and Distribution — Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

Corporate Information

Arconic Corporation was incorporated in Delaware on August 14, 2019 for the purpose of holding the Arconic Corporation Businesses in connection with the separation and distribution described herein. Prior to the transfer of the Arconic Corporation Businesses to us by ParentCo, which will occur prior to the distribution, Arconic Corporation will have no operations other than those incidental to the separation. The address of our principal executive offices will be 201 Isabella Street, Pittsburgh, Pennsylvania 15212. Our telephone number after the distribution will be (412) 992-2500. We maintain an Internet site at www.arconic.com. **Our website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to ParentCo stockholders who will receive shares of Arconic Corporation common stock in the distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of Arconic Corporation's securities. The information contained in this information statement is believed by Arconic Corporation to be accurate as of the date set forth on its cover. Changes may occur after that date, and neither ParentCo nor Arconic Corporation will update the information except as may be required in the normal course of their respective disclosure obligations and practices.

**SUMMARY OF HISTORICAL AND UNAUDITED PRO FORMA
COMBINED FINANCIAL DATA**

The following summary financial data reflects the combined operations of Arconic Corporation. We derived the summary combined income statement data for the years ended December 31, 2018, 2017, and 2016, and summary combined balance sheet data as of December 31, 2018 and 2017, as set forth below, from our audited Combined Financial Statements, which are included in the “Index to Financial Statements” section of this information statement. We derived the summary combined income statement data for the nine months ended September 30, 2019 and 2018, and summary combined balance sheet data as of September 30, 2019, as set forth below, from our unaudited Combined Financial Statements, included elsewhere in this information statement. To ensure a full understanding of this summary financial data, you should read the summary combined financial data presented below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Combined Financial Statements and accompanying notes included elsewhere in this information statement. The historical results do not necessarily indicate the results expected for any future period.

The summary unaudited pro forma combined financial data for the year ended December 31, 2018 and for the nine months ended September 30, 2019 has been prepared to reflect the separation, including the incurrence of indebtedness of \$1,200 million and the distribution of approximately \$800 million of cash to ParentCo. The Unaudited Pro Forma Condensed Combined Statement of Operations presented for the year ended December 31, 2018 and for the nine months ended September 30, 2019 assumes the separation occurred on January 1, 2018. The Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2019 assumes the separation occurred on September 30, 2019. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and we believe such assumptions are reasonable under the circumstances.

The Unaudited Pro Forma Condensed Combined Financial Information is not necessarily indicative of our results of operations or financial condition had the distribution and our anticipated post-separation capital structure been completed on the dates assumed. It may not reflect the results of operations or financial condition that would have resulted had we been operating as an independent, publicly traded company during such periods. In addition, it is not necessarily indicative of our future results of operations or financial condition.

You should read this summary financial data together with “Unaudited Pro Forma Condensed Combined Financial Information,” “Capitalization,” “Selected Historical Combined Financial Data of Arconic Corporation,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Combined Financial Statements and accompanying notes included elsewhere in this information statement.

**Summary of Historical and Unaudited Pro Forma
Combined Financial Data**

(in millions)	As of and for the nine months ended September 30,			As of and for the year ended December 31,			
	Pro forma 2019	2019	2018	Pro forma 2018	2018	2017	2016
Sales	\$5,569	\$5,569	\$5,633	\$7,442	\$7,442	\$6,824	\$6,661
Net income	81	39	71	210	170	209	155
Total assets	5,819	4,790	4,968	N/A	4,795	4,902	4,705
Total debt	1,174	250	260	N/A	250	255	256

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating Arconic Corporation and Arconic Corporation common stock. Any of the following risks and uncertainties could materially adversely affect our business, financial condition or results of operations.

Risks Related to Our Business

The markets for Arconic Corporation's products are highly cyclical and are influenced by a number of factors, including global economic conditions.

Arconic Corporation is subject to cyclical fluctuations in global economic conditions and lightweight metals end-use markets. Arconic Corporation sells many products to industries that are cyclical, such as the aerospace, automotive, commercial transportation and building and construction industries, and the demand for its products is sensitive to, and quickly impacted by, demand for the finished goods manufactured by its customers in these industries, which may change as a result of changes in regional or worldwide economies, currency exchange rates, energy prices or other factors beyond its control.

In particular, Arconic Corporation derives a significant portion of its revenue from products sold to the aerospace industry, which can be highly cyclical and reflective of changes in the general economy. The commercial aerospace industry is historically driven by the demand from commercial airlines for new aircraft. The U.S. and international commercial aviation industries may face challenges arising from competitive pressures and fuel costs. Demand for commercial aircraft is influenced by airline industry profitability, trends in airline passenger traffic, the state of U.S., regional and world economies, the ability of aircraft purchasers to obtain required financing and numerous other factors, including the effects of terrorism, health and safety concerns, environmental constraints imposed upon aircraft operators, the retirement of older aircraft, the performance and cost of alternative materials, and technological improvements to aircraft.

Further, the demand for Arconic Corporation's automotive and ground transportation products is driven by the number of vehicles produced by automotive and commercial transportation manufacturers and volume of aluminum content per vehicle. The automotive industry is sensitive to general economic conditions, including credit markets and interest rates, and consumer spending and preferences regarding vehicle ownership and usage, vehicle size, configuration and features. Automotive and commercial transportation sales and production can also be affected by other factors, including the age of the vehicle fleet and related scrappage rates, labor relations issues, fuel prices, regulatory requirements, government initiatives, trade agreements and levels of competition both within and outside of the aluminum industry.

Arconic Corporation's products are used in a variety of industrial applications, including mold and tooling plate for semiconductors; general engineering/machinery and injection molding applications; specialty finishes for appliances, cosmetic packaging, and vehicle components; tread plate and sheet; and building and construction products. The common alloy sheet market, which is a significant portion of the total industrial products market, is particularly sensitive to the volume imports of common alloys into the United States. The implementation of anti-dumping and countervailing duties imposed on Chinese common alloy sheet during 2018 has led to a significant decrease in the volume of imports from China. However, that decrease has resulted in a significant increase in imports of common alloy into the United States from other countries, which could lead to softening prices and market saturation.

We are unable to predict the future course of industry variables, the strength of the U.S., regional or global economies, or the effects of government actions. Negative economic conditions, such as a major economic downturn, a prolonged recovery period, or disruptions in the financial markets, could have a material adverse effect on Arconic Corporation's business, financial condition or results of operations.

Arconic Corporation faces significant competition, which may have an adverse effect on profitability.

As discussed in the sections entitled "Business — Rolled Products — Competitive Conditions," "Business — Extrusions — Competitive Conditions," and "Business — BCS — Competitive Conditions," the markets for Arconic Corporation's products are highly competitive. Arconic Corporation's competitors include a variety of both U.S. and non-U.S. companies in all major markets. New product offerings, new

technologies in the marketplace or new facilities may compete with or replace Arconic Corporation products. The willingness of customers to accept substitutes for the products sold by Arconic Corporation, the ability of large customers to exert leverage in the marketplace to affect the pricing for Arconic Corporation's products, and technological advancements or other developments by or affecting Arconic Corporation's competitors or customers could adversely affect Arconic Corporation's business, financial condition or results of operations.

In addition, Arconic Corporation may face increased competition due to industry consolidation. As companies attempt to strengthen or maintain their market positions in an evolving industry, companies could be acquired or merged. Companies that are strategic alliance partners in some areas of Arconic Corporation's business may acquire or form alliances with Arconic Corporation's competitors, thereby reducing their business with Arconic Corporation. Industry consolidation may result in stronger competitors who are better able to obtain favorable terms from suppliers or who are better able to compete as sole-source vendors for customers. Consolidation within Arconic Corporation's customer base may result in customers who are better able to command increased leverage in negotiating prices and other terms of sale, which could adversely affect Arconic Corporation's profitability. Moreover, if, as a result of increased leverage, customers require Arconic Corporation to reduce its pricing such that its gross margins are diminished, Arconic Corporation could decide not to sell certain products to a particular customer, or not to sell certain products at all, which would decrease our revenue. Consolidation within Arconic Corporation's customer base may also lead to reduced demand for Arconic Corporation's products, a combined entity replacing Arconic Corporation's products with those of Arconic Corporation's competitors, and cancellations of orders. The result of these developments could have a material adverse effect on Arconic Corporation's business, operating results and financial condition.

Arconic Corporation could be adversely affected by the loss of key customers or significant changes in the business or financial condition of its customers.

Arconic Corporation has long-term contracts with a significant number of its customers, some of which are subject to renewal, renegotiation or re-pricing at periodic intervals or upon changes in competitive supply conditions. Arconic Corporation's failure to successfully renew, renegotiate or favorably re-price such agreements, or a material deterioration in or termination of these customer relationships, could result in a reduction or loss in customer purchase volume or revenue.

Additionally, a significant downturn or deterioration in the business or financial condition or loss of a key customer supplied by Arconic Corporation could affect Arconic Corporation's financial results. Arconic Corporation's customers may experience delays in the launch of new products, labor strikes, diminished liquidity or credit unavailability, weak demand for their products, or other difficulties in their businesses. For example, in 2019, Boeing announced a temporary reduction in the production rate of, and subsequently announced a temporary suspension of production of, the Boeing 737 MAX aircraft, which has resulted in, and is expected to continue to result in, a reduction in sales of aluminum sheet and plate products that Arconic Corporation produces for Boeing airplanes. The Boeing 737 MAX represents less than 8% of the annual revenue and gross margin for Arconic Corporation, including direct sales to Boeing and sales to its supply chain. As no firm timeline has been established for either the adjustment of Boeing's manufacturing plans, or for returning the aircraft into service, we are currently unable to definitively quantify any such potential impact.

Arconic Corporation's customers may also change their business strategies or modify their business relationships with Arconic Corporation, including to reduce the amount of Arconic Corporation's products they purchase or to switch to alternative suppliers. If Arconic Corporation's customers reduce, terminate or delay purchases from Arconic Corporation due to the foregoing factors or otherwise and Arconic Corporation is unsuccessful in replacing such business in whole or in part or replaces it with less profitable business, our financial condition and results of operations may be adversely affected.

Arconic Corporation could encounter manufacturing difficulties or other issues that impact product performance, quality or safety, which could affect Arconic Corporation's reputation, business and financial statements.

The manufacture of many of Arconic Corporation's products is a highly exacting and complex process. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction,

failure to follow specific protocols, specifications and procedures, including those related to quality or safety, problems with raw materials, supply chain interruptions, natural disasters, labor unrest, and environmental factors. Such problems could have an adverse impact on Arconic Corporation's ability to fulfill orders or on product quality or performance. Product manufacturing or performance issues could result in recalls, customer penalties, contract cancellation and product liability exposure. Because of approval, license and qualification requirements applicable to manufacturers and/or their suppliers, alternatives to mitigate manufacturing disruptions may not be readily available to us or our customers. Accordingly, manufacturing problems, product defects or other risks associated with our products, could result in significant costs to and liability for us that could have a material adverse effect on our business, financial condition or results of operations, including the payment of potentially substantial monetary damages, fines or penalties, as well as negative publicity and damage to our reputation, which could adversely impact product demand and customer relationships.

Arconic Corporation's business depends, in part, on its ability to meet increased program demand successfully and to mitigate the impact of program cancellations, reductions and delays.

Arconic Corporation is currently under contract to supply aluminum sheet, plate and extrusions for a number of new and existing commercial and general aviation aircraft programs, as well as aluminum sheet and extrusions for a number of aluminum-intensive automotive vehicle programs. Many of these programs are scheduled for production increases over the next several years. If Arconic Corporation fails to meet production levels or encounters difficulty or unexpected costs in meeting such levels, it could have a material adverse effect on Arconic Corporation's business, financial condition or results of operations. Similarly, program cancellations, reductions or delays could also have a material adverse effect on Arconic Corporation's business.

Product liability, product safety, personal injury, property damage, and recall claims and investigations may materially affect Arconic Corporation's financial condition and damage Arconic Corporation's reputation.

The manufacture and sale of our products exposes Arconic Corporation to potential product liability, personal injury, property damage and related claims. These claims may arise from failure to meet product specifications, design flaws in our products, malfunction of our products, misuse of our products, use of our products in an unintended, unapproved or unrecommended manner, or use of our products with systems not manufactured or sold by us. New data and information, including information about the ways in which Arconic Corporation's products are used, may lead Arconic Corporation, regulatory authorities, government agencies or other entities or organizations to publish guidelines or recommendations, or impose restrictions, related to the manufacturing or use of Arconic Corporation's products.

In the event that an Arconic Corporation product fails to perform as expected, regardless of fault, or is used in an unexpected manner, and such failure or use results in, or is alleged to result in, bodily injury and/or property damage or other losses, Arconic Corporation may be subject to product liability lawsuits and other claims, or may be required or requested by its customers to participate in a recall or other corrective action involving such product. In addition, if an Arconic Corporation product is perceived to be defective or unsafe, sales of Arconic Corporation's products could be diminished, Arconic Corporation's reputation could be adversely impacted and Arconic Corporation could be subject to further liability claims. Moreover, events that give rise to actual, potential or perceived product safety concerns could expose Arconic Corporation to government investigations or regulatory enforcement action.

There can be no assurance that Arconic Corporation will be successful in defending any such proceedings or that insurance available to Arconic Corporation will be sufficient to cover any losses associated with such proceedings. An adverse outcome in one or more of these proceedings or investigations could have a material adverse effect on Arconic Corporation's business, financial condition or profitability; impose substantial monetary damages and/or non-monetary penalties; result in additional litigation, regulatory investigations or other proceedings involving Arconic Corporation; result in loss of customers; require changes to our products or business operations; damage Arconic Corporation's reputation and/or negatively impact the market price of Arconic Corporation's common stock. Even if Arconic Corporation successfully defends against these types of claims, Arconic Corporation could still be required to spend a substantial amount of money in connection with legal proceedings or investigations

with respect to such claims; Arconic Corporation’s management could be required to devote significant time, attention and operational resources responding to and defending against these claims and responding to these investigations; and Arconic Corporation’s reputation could suffer. Product liability claims and related lawsuits and investigations, product recalls, and allegations of product safety or quality issues, regardless of their validity or ultimate outcome, may have a material adverse effect on Arconic Corporation’s business, financial condition and reputation and on our ability to attract and retain customers.

For further discussion of potential liability associated with some of our products, including proceedings and investigations relating to the June 13, 2017 fire at the Grenfell Tower in London, U.K., see the section entitled “Business — Legal Proceedings.”

Arconic Corporation’s global operations expose Arconic Corporation to risks that could adversely affect Arconic Corporation’s business, financial condition, results of operations, cash flows or the market price of its securities.

Arconic Corporation has operations or activities in numerous countries and regions outside the United States, including Europe, the United Kingdom, Canada, China and Russia. As a result, Arconic Corporation’s global operations are affected by economic, political and other conditions in the foreign countries in which Arconic Corporation does business as well as U.S. laws regulating international trade, including:

- economic and commercial instability risks, including those caused by sovereign and private debt default, corruption, and changes in local government laws, regulations and policies, such as those related to tariffs, sanctions and trade barriers (including tariffs imposed by the United States as well as
- retaliatory tariffs imposed by China or other foreign entities), taxation, exchange controls, employment regulations and repatriation of assets or earnings;
- geopolitical risks such as political instability, civil unrest, expropriation, nationalization of properties by a government, imposition of sanctions, and renegotiation or nullification of existing agreements;
- war or terrorist activities;
- kidnapping of personnel;
- major public health issues such as an outbreak of a pandemic or epidemic (such as Sudden Acute Respiratory Syndrome, Avian Influenza, H7N9 virus, coronavirus (including the novel strain that surfaced in Wuhan, China in December 2019, which has resulted in travel restrictions and shutdown of certain businesses in the region) or the Ebola virus), which could cause disruptions in Arconic Corporation’s operations or workforce or supply chain;
- difficulties enforcing contractual rights and intellectual property, including a lack of remedies for misappropriation, in certain jurisdictions;
- changes in trade and tax laws that may result in our customers being subjected to increased taxes, duties and tariffs and reduce their willingness to use our services in countries in which we are currently manufacturing their products;
- rising labor costs;
- labor unrest, including strikes;
- compliance with antitrust and competition regulations;
- compliance with foreign labor laws, which generally provide for increased notice, severance and consultation requirements compared to U.S. laws;
- aggressive, selective or lax enforcement of laws and regulations by national governmental authorities;

- compliance with the Foreign Corrupt Practices Act and other anti-bribery and corruption laws;
- compliance with U.S. laws concerning trade, including the International Traffic in Arms Regulations, the Export Administration Regulations, and the sanctions, regulations and embargoes administered by the U.S. Department of Treasury's Office of Foreign Assets Control;
- imposition of currency controls; and
- adverse tax audit rulings.

Although the effect of any of the foregoing factors is difficult to predict, any one or more of them could adversely affect Arconic Corporation's business, financial condition, or results of operations. The Company's international operations subject Arconic Corporation to complex and dynamic laws and regulations that, in some cases, could result in conflict or inconsistency between applicable laws and/or legal obligations. While Arconic Corporation believes it has adopted appropriate risk management, compliance programs and insurance arrangements to address and reduce the associated risks, such measures may provide inadequate protection against costs, penalties, liabilities or other potential risks such as loss of export privileges or repatriation of assets that may arise from such events.

A material disruption of Arconic Corporation's operations, particularly at one or more of Arconic Corporation's manufacturing facilities, could adversely affect Arconic Corporation's business.

If Arconic Corporation's operations, particularly one of Arconic Corporation's manufacturing facilities, were to be disrupted as a result of significant equipment failures, natural disasters, power outages, fires, explosions, terrorism, theft, sabotage, adverse weather conditions, public health crises, labor disputes or other reasons, Arconic Corporation may be unable to effectively meet its obligations to or demand from its customers, which could adversely affect Arconic Corporation's financial performance.

Interruptions in production could increase Arconic Corporation's costs and reduce its sales. Any interruption in production capability could require Arconic Corporation to incur costs for premium freight, make substantial capital expenditures or purchase alternative material at higher costs to fill customer orders, which could negatively affect Arconic Corporation's profitability and financial condition. Furthermore, because customers may be dependent on planned deliveries from us, customers that have to reschedule their own production due to our delivery delays may be able to pursue financial claims against us, and we may incur costs to correct such problems in addition to any liability resulting from such claims. Arconic Corporation maintains property damage insurance that Arconic Corporation believes to be adequate to provide for reconstruction of facilities and equipment, as well as business interruption insurance to mitigate losses resulting from significant production interruption or shutdown caused by an insured loss. However, any recovery under Arconic Corporation's insurance policies may not offset the lost profits or increased costs that may be experienced during the disruption of operations, which could adversely affect Arconic Corporation's business, results of operations, financial condition and cash flow.

Arconic Corporation may be unable to realize future targets or goals established for its business segments, or complete projects, at the levels, projected costs or by the dates targeted.

From time to time, Arconic Corporation may announce future targets or goals for its business, which are based on Arconic Corporation's then current expectations, estimates, forecasts and projections about the operating environment, economies and markets in which Arconic Corporation operates. Future targets and goals reflect Arconic Corporation's beliefs and assumptions and its perception of historical trends, then current conditions and expected future developments, as well as other factors appropriate in the circumstances. As such, targets and goals are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, including the risks discussed in this information statement. The actual outcome may be materially different. There can be no assurance that any targets or goals established by Arconic Corporation will be accomplished at the levels or by the dates targeted, if at all. Failure to achieve the targets or goals by Arconic Corporation may have a material adverse effect on its business, financial condition, results of operations or the market price of its securities.

In addition, the implementation of Arconic Corporation's business strategy may involve the entry into and the execution of complex projects, which place significant demands on Arconic Corporation's management and personnel, and may depend on numerous factors beyond Arconic Corporation's control.

There can be no assurance that such projects will be completed within budgeted costs, on a timely basis, or at all, whether due to the risks described in this information statement, or other factors. The failure to complete a material project as planned, or a significant delay in a material project, whatever the cause, could have an adverse effect on Arconic Corporation's business, financial condition, or results of operations.

Information technology system failures, cyber-attacks and security breaches may threaten the integrity of Arconic Corporation's intellectual property and other sensitive information, disrupt its business operations, and result in reputational harm and other negative consequences that could have a material adverse effect on its financial condition and results of operations.

Arconic Corporation relies on its information technology systems to manage and operate its business, process transactions, and summarize its operating results. Arconic Corporation's information technology systems are subject to damage or interruption from power outages, computer, network and telecommunications failures, computer viruses, and catastrophic events, such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by employees. If Arconic Corporation's information technology systems are damaged or cease to function properly, Arconic Corporation may have to make a significant investment to fix or replace them, and Arconic Corporation may suffer loss of critical data and interruptions or delays in its operations. Any material disruption in Arconic Corporation's information technology systems, or delays or difficulties in implementing or integrating new systems or enhancing current systems, could have an adverse effect on Arconic Corporation's business, financial condition or results of operations.

Arconic Corporation also faces global cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures, known as advanced persistent threats, directed at Arconic Corporation. Cyber-attacks and security breaches may include, but are not limited to, attempts to access information, computer viruses, denial of service and other electronic security breaches.

Arconic Corporation believes that it faces the threat of cyber-attacks due to the industries it serves, the locations of its operations and its technological innovations. Arconic Corporation has experienced cybersecurity attacks in the past, including breaches of its information technology systems in which information was taken, and may experience them in the future, potentially with more frequency or sophistication. Based on information known to date, past attacks have not had a material impact on Arconic Corporation's financial condition or results of operations. However, due to the evolving nature of cybersecurity threats, the scope and impact of any future incident cannot be predicted. Arconic Corporation employs a number of measures to protect and defend against cyber-attacks, including technical security controls, data encryption, firewalls, intrusion prevention systems, anti-virus software and frequent backups. Additionally, Arconic Corporation conducts regular periodic training of its employees regarding the protection of sensitive information which includes training intended to prevent the success of "phishing" attacks. While Arconic Corporation continually works to safeguard its systems and mitigate potential risks, there is no assurance that such actions will be sufficient to prevent cyber-attacks or security breaches that manipulate or improperly use its systems or networks, compromise confidential or otherwise protected information, destroy or corrupt data, or otherwise disrupt its operations. The occurrence of such events could negatively impact Arconic Corporation's reputation and its competitive position and could result in litigation with third parties, regulatory action, loss of business, potential liability and increased remediation costs, any of which could have a material adverse effect on its financial condition and results of operations. In addition, such attacks or breaches could require significant management attention and resources and could result in the diminution of the value of Arconic Corporation's investment in research and development.

Arconic Corporation's enterprise risk management program and disclosure controls and procedures address cybersecurity and include elements intended to ensure that there is an analysis of potential disclosure obligations arising from cyber-attacks and security breaches. Arconic Corporation also maintains compliance programs to address the potential applicability of restrictions against trading while in possession of material, nonpublic information generally and in connection with a cyber-attack or security breach. However, a breakdown in existing controls and procedures around Arconic Corporation's cybersecurity environment may prevent Arconic Corporation from detecting, reporting or responding to cyber incidents in a timely manner and could have a material adverse effect on Arconic Corporation's financial condition or the market price of its securities.

Arconic Corporation may be unable to develop innovative new products or implement technology initiatives successfully.

Arconic Corporation's competitive position and future performance depends, in part, on Arconic Corporation's ability to:

- identify and evolve with emerging technological and broader industry trends in Arconic Corporation's target end-markets;
- identify and successfully execute on a strategy to remain an essential and sustainable element of its customers' supply chains;
- fund, develop, manufacture and bring innovative new products and services to market quickly and cost-effectively;
- monitor disruptive technologies and understand customers' and competitors' abilities to deploy those disruptive technologies; and
- achieve sufficient return on investment for new products based on capital expenditures and research and development spending.

Arconic Corporation is working on new developments for a number of strategic projects, including alloy development, engineered finishes and product design, high speed continuous casting and rolling technology and other advanced manufacturing technologies. For more information on Arconic Corporation's research and development programs, see the section entitled "Business — Research and Development."

While Arconic Corporation intends to continue to commit substantial financial resources and effort to the development of innovative new products and services, it may not be able to successfully differentiate its products or services from those of its competitors or match the level of research and development spending of its competitors, including those developing technology to displace Arconic Corporation's current products. In addition, Arconic Corporation may not be able to adapt to evolving markets and technologies or achieve and maintain technological advantages. There can be no assurance that any of Arconic Corporation's new products or services, development programs or technologies will be commercially adopted or beneficial to Arconic Corporation.

Arconic Corporation may face challenges to its intellectual property rights which could adversely affect Arconic Corporation's reputation, business and competitive position.

Arconic Corporation owns important intellectual property, including patents, trademarks, copyrights and trade secrets. Arconic Corporation's intellectual property plays an important role in maintaining Arconic Corporation's competitive position in a number of the markets that Arconic Corporation serves. Arconic Corporation's competitors may develop technologies that are similar or superior to Arconic Corporation's proprietary technologies or design around the patents Arconic Corporation owns or licenses. Despite its controls and safeguards, Arconic Corporation's technology may be misappropriated by its employees, its competitors or other third parties. The pursuit of remedies for any misappropriation of Arconic Corporation intellectual property is expensive and the ultimate remedies may be deemed insufficient. Further, in jurisdictions where the enforcement of intellectual property rights is less robust, the risk of misappropriation of Arconic Corporation intellectual property increases despite efforts Arconic Corporation undertakes to protect it. Developments or assertions by or against Arconic Corporation relating to intellectual property rights, and any inability to protect or enforce Arconic Corporation's rights sufficiently, could adversely affect Arconic Corporation's business and competitive position.

A decline in Arconic Corporation's financial performance or outlook or a deterioration in its credit profile could negatively impact Arconic Corporation's access to the capital markets and commercial credit, reduce its liquidity, and increase its borrowing costs.

Arconic Corporation has significant capital requirements and may require, in the future, the issuance of debt to fund its operations and contractual commitments or to pursue strategic acquisitions. A decline in Arconic Corporation's financial performance or outlook due to internal or external factors could affect Arconic Corporation's access to, and the availability or cost of, financing on acceptable terms and

conditions. There can be no assurance that Arconic Corporation will have access to the capital markets on terms Arconic Corporation finds acceptable.

We expect to request that the major credit rating agencies evaluate our creditworthiness and give us specified credit ratings. These ratings would be based on a number of factors, including our financial strength and financial policies as well as our strategies, operations and execution. These credit ratings are limited in scope, and do not address all material risks related to investment in us, but rather reflect only the view of each rating agency at the time the rating is issued. Nonetheless, the credit ratings Arconic Corporation receives will impact our borrowing costs as well as the terms upon which we will have access to capital. Failure to obtain sufficiently high credit ratings could adversely affect the interest rate in future financings, our liquidity or our competitive position, and could also restrict our access to capital markets.

There can be no assurance that one or more of the rating agencies will not take negative actions with respect to Arconic Corporation's ratings in the future. Increased debt levels, macroeconomic conditions, a deterioration in Arconic Corporation's debt protection metrics, a contraction in Arconic Corporation's liquidity, or other factors could potentially trigger such actions. A rating agency may lower, suspend or withdraw entirely a rating or place it on negative outlook or watch if, in that rating agency's judgment, circumstances so warrant. A downgrade of Arconic Corporation's credit ratings by one or more rating agencies could result in adverse consequences, including: adversely impact the market price of Arconic Corporation's securities; adversely affect existing financing; limit access to the capital (including commercial paper) or credit markets or otherwise adversely affect the availability of other new financing on favorable terms, if at all; result in more restrictive covenants in agreements governing the terms of any future indebtedness that Arconic Corporation incurs; increase the cost of borrowing or fees on undrawn credit facilities; or result in vendors or counterparties seeking collateral or letters of credit from Arconic Corporation.

Limitations on Arconic Corporation's ability to access the global capital markets, a reduction in Arconic Corporation's liquidity or an increase in borrowing costs could materially and adversely affect Arconic Corporation's ability to maintain or grow its business, which in turn may adversely affect its financial condition, liquidity and results of operations.

Arconic Corporation's business and growth prospects may be negatively impacted by limits in its capital expenditures.

Arconic Corporation requires substantial capital to invest in growth opportunities and to maintain and prolong the life and capacity of its existing facilities. Insufficient cash generation or capital project overruns may negatively impact Arconic Corporation's ability to fund as planned its sustaining and return-seeking capital projects. Over the long term, Arconic Corporation's ability to take advantage of improved market conditions or growth opportunities in its businesses may be constrained by earlier capital expenditure restrictions, which could adversely affect the long-term value of its business and the Company's position in relation to its competitors.

An adverse decline in the liability discount rate, lower-than-expected investment return on pension assets and other factors could affect Arconic Corporation's results of operations or amount of pension funding contributions in future periods.

Arconic Corporation's results of operations may be negatively affected by the amount of expense Arconic Corporation records for its pension and other postretirement benefit plans, reductions in the fair value of plan assets and other factors. Arconic Corporation calculates income or expense for its plans using actuarial valuations in accordance with GAAP.

These valuations reflect assumptions about financial market and other economic conditions, which may change based on changes in key economic indicators. The most significant year-end assumptions used by Arconic Corporation to estimate pension or other postretirement benefit income or expense for the following year are the discount rate applied to plan liabilities and the expected long-term rate of return on plan assets. In addition, Arconic Corporation is required to make an annual measurement of plan assets and liabilities, which may result in a significant charge to stockholders' equity. For a discussion regarding how Arconic Corporation's financial statements can be affected by pension and other postretirement

benefits accounting policies, see Note B to the Combined Financial Statements included in the “Index to Financial Statements” section of this information statement. Although GAAP expense and pension funding contributions are impacted by different regulations and requirements, the key economic factors that affect GAAP expense would also likely affect the amount of cash or securities Arconic Corporation would contribute to the pension plans.

Unanticipated changes in Arconic Corporation’s tax provisions or exposure to additional tax liabilities could affect Arconic Corporation’s future profitability.

Arconic Corporation is subject to income taxes in both the United States and various non-U.S. jurisdictions. Its domestic and international tax liabilities are dependent upon the distribution of income among these different jurisdictions. Changes in applicable domestic or foreign tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect, could affect Arconic Corporation’s tax expense and profitability. Arconic Corporation’s tax expense includes estimates of additional tax that may be incurred for tax exposures and reflects various estimates and assumptions. The assumptions include assessments of future earnings of Arconic Corporation that could impact the valuation of its deferred tax assets. Arconic Corporation’s future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in the overall profitability of Arconic Corporation, changes in tax legislation and rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, the results of tax audits and examinations of previously filed tax returns or related litigation and continuing assessments of its tax exposures.

Corporate tax law changes continue to be analyzed in the United States and in many other jurisdictions. In particular, on December 22, 2017, the Tax Cuts and Jobs Act (the “2017 Act”) was signed into law, significantly reforming the Code. During 2018, the Internal Revenue Service (the “IRS”) began a number of guidance projects which serve to both interpret and implement the 2017 Act. Those guidance projects, which include both Proposed and Final Treasury Regulations, have continued in 2019 and may continue into 2020. Arconic Corporation continues to review the components of the 2017 Act, as well as the ongoing interpretive guidance, and evaluate its consequences. As such, the ultimate impact of the 2017 Act may differ from reported amounts due to, among other things, changes in interpretations and assumptions Arconic Corporation has made to date; and actions Arconic Corporation may take as a result of the 2017 Act and related guidance. These changes to the U.S. corporate tax system could have a substantial impact, positive or negative, on Arconic Corporation’s future effective tax rate, cash tax expenditures, and deferred tax assets and liabilities.

Arconic Corporation may be unable to realize the expected benefits from acquisitions, divestitures, joint ventures and strategic alliances.

Arconic Corporation has made, and may continue to plan and execute, acquisitions and divestitures and take other actions to grow its business or streamline its portfolio. There is no assurance that anticipated benefits will be realized. Acquisitions present significant challenges and risks, including the effective integration of the acquired business into Arconic Corporation, unanticipated costs and liabilities, and the ability to realize anticipated benefits, such as growth in market share, revenue or margins, at the levels or in the timeframe expected. Arconic Corporation may be unable to manage acquisitions successfully. Additionally, adverse factors may prevent Arconic Corporation from realizing the benefits of its growth projects, including unfavorable global economic conditions, currency fluctuations, or unexpected delays in target timelines.

With respect to portfolio optimization actions such as divestitures, curtailments and closures, Arconic Corporation may face barriers to exit from unprofitable businesses or operations, including high exit costs or objections from customers, suppliers, unions, local or national governments, or other stakeholders. In addition, Arconic Corporation may retain unforeseen liabilities for divested entities or businesses, including, but not limited to, if a buyer fails to honor all commitments. Arconic Corporation’s business operations are capital intensive, and curtailment or closure of operations or facilities may include significant charges, including employee separation costs, asset impairment charges and other measures.

In addition, Arconic Corporation has participated in, and may continue to participate in, joint ventures, strategic alliances and other similar arrangements from time to time. Although Arconic

Corporation has, in connection with past and existing joint ventures, sought to protect its interests, joint ventures and strategic alliances inherently involve special risks. Whether or not Arconic Corporation holds majority interests or maintains operational control in such arrangements, its partners may:

- have economic or business interests or goals that are inconsistent with or opposed to those of Arconic Corporation;
- exercise veto rights to block actions that Arconic Corporation believes to be in our or the joint venture's or strategic alliance's best interests;
- take action contrary to Arconic Corporation's policies or objectives with respect to investments; or
- as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the joint venture, strategic alliance or other agreements, such as contributing capital to expansion or maintenance projects.

There can be no assurance that acquisitions, growth investments, divestitures, closures, joint ventures, strategic alliances or similar arrangements will be undertaken or completed in their entirety as planned or that they will be beneficial to Arconic Corporation, whether due to the above-described risks, unfavorable global economic conditions, increases in construction costs, currency fluctuations, political risks, or other factors.

Arconic Corporation's business could be adversely affected by increases in the cost of aluminum or volatility in the availability or cost of other raw materials.

Arconic Corporation derives a significant portion of its revenue from aluminum-based products. The price of primary aluminum has historically been subject to significant cyclical price fluctuations, and the timing of changes in the market price of aluminum is largely unpredictable. Although Arconic Corporation's pricing of products is generally intended to pass substantially all the risk of metal price fluctuations on to Arconic Corporation's customers or is otherwise hedged, there are situations where Arconic Corporation is unable to pass on the entire cost of increases to its customers and there is a potential time lag on certain products between increases in costs for aluminum and the point when Arconic Corporation can implement a corresponding increase in price to its customers and/or there are other timing factors that may result in Arconic Corporation's exposure to certain price fluctuations which could have a material adverse effect on Arconic Corporation's business, financial condition or results of operations. Further, since metal prices fluctuate among the various exchanges, Arconic Corporation competitors may enjoy a metal price advantage from time to time.

Arconic Corporation may be adversely affected by changes in the availability or cost of other raw materials (including, but not limited to, copper, magnesium and zinc), as well as freight costs associated with transportation of raw materials. The availability and costs of certain raw materials necessary for the production of Arconic Corporation's products may be influenced by private or government entities, including mergers and acquisitions, changes in world politics or regulatory requirements (such as human rights regulations or environmental regulations), labor relations between the producers and their work forces, unstable governments in exporting nations, export quotas, sanctions, new or increased import duties, countervailing or anti-dumping duties, market forces of supply and demand, and inflation. In addition, from time to time, commodity prices may fall rapidly. When this happens, suppliers may withdraw capacity from the market until prices improve, which may cause periodic supply interruptions. Arconic Corporation may be unable to offset fully the effects of raw material shortages or higher costs through customer price increases, productivity improvements or cost reduction programs. Shortages or price fluctuations in raw materials could have a material adverse effect on Arconic Corporation's operating results.

Arconic Corporation is dependent on a limited number of suppliers for a substantial portion of our primary and scrap aluminum and certain other raw materials essential to our operations.

Arconic Corporation has supply arrangements with a limited number of suppliers for aluminum and other raw materials. We maintain annual or long-term contracts for a majority of our supply requirements, and for the remainder we depend on spot purchases. From time to time, increasing aluminum demand levels have caused regional supply constraints in the industry and further increases in demand levels could

exacerbate these issues. Such constraints could impact our production or force us to purchase primary metal and other supplies from alternative sources, which may not be available in sufficient quantities or may only be available on terms that are less favorable to us. Further, there can be no assurance that we will be able to renew, or obtain replacements for, any of our long-term contracts when they expire on terms that are as favorable as our existing agreements or at all. Additionally, Arconic Corporation could have exposure if a key supplier in a particular region is unable to deliver sufficient quantities of a necessary material on a timely basis. For example, our plant in Russia depends on a single supplier, UC Rusal PLC, for aluminum: a significant interruption in that supply could jeopardize the plant's ability to continue as a going concern, which could in turn have a material adverse effect on our financial condition, results of operations and cash flow. In addition, a significant downturn in the business or financial condition of our significant suppliers exposes us to the risk of default by the supplier on our contractual agreements, and this risk is increased by weak and deteriorating economic conditions on a global, regional or industry sector level.

We also depend on scrap aluminum for our operations and acquire our scrap inventory from numerous sources. These suppliers generally are not bound by long-term contracts and have no obligation to sell scrap metal to us. In periods of low inventory prices, suppliers may elect to hold scrap until they are able to charge higher prices. If an adequate supply of scrap metal is not available to us, we would be unable to recycle metals at desired volumes and our results of operation, financial condition and cash flows could be materially adversely affected.

Arconic Corporation is exposed to fluctuations in foreign currency exchange rates and interest rates, as well as inflation, economic factors, and currency controls in the countries in which it operates.

Economic factors, including inflation and fluctuations in foreign currency exchange rates and interest rates, competitive factors in the countries in which Arconic Corporation operates, and continued volatility or deterioration in the global economic and financial environment could affect Arconic Corporation's revenues, expenses and results of operations. Changes in the valuation of the U.S. dollar against other currencies, including the Euro, British pound, Canadian dollar, Chinese yuan (renminbi) and Russian ruble, may affect Arconic Corporation's profitability as some important inputs are purchased in other currencies, while Arconic Corporation's products are generally sold in U.S. dollars.

In addition, we expect a portion of Arconic Corporation's indebtedness to bear interest at rates equal to the London Interbank Offering Rate ("LIBOR") plus a margin. Accordingly, Arconic Corporation will be subject to risk from changes in interest rates on the variable component of the rate. Further, LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include changes in the cost of Arconic Corporation's variable rate indebtedness.

Arconic Corporation also faces risks arising from the imposition of cash repatriation restrictions and exchange controls. Cash repatriation restrictions and exchange controls may limit Arconic Corporation's ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by Arconic Corporation's foreign subsidiaries or businesses located in or conducted within a country imposing restrictions or controls. While Arconic Corporation currently has no need, and does not intend, to repatriate or convert cash held in countries that have significant restrictions or controls in place, should Arconic Corporation need to do so to fund its operations, it may be unable to repatriate or convert such cash, or be unable to do so without incurring substantial costs. Arconic Corporation currently has substantial operations in countries that have cash repatriation restrictions or exchange controls in place, including China, and, if Arconic Corporation were to need to repatriate or convert such cash, these controls and restrictions may have an adverse effect on Arconic Corporation's operating results and financial condition.

Arconic Corporation's customers may reduce their demand for aluminum products in favor of alternative materials.

Certain applications of Arconic Corporation's aluminum-based products compete with products made from other materials, such as steel, titanium and composites. The willingness of customers to pursue materials other than aluminum often depends upon the desire to achieve specific attributes. For example,

the commercial aerospace industry has used and continues to evaluate the further use of alternative materials to aluminum, such as titanium and composites, in order to reduce the weight and increase the fuel efficiency of aircraft. Additionally, the automotive industry, while motivated to reduce vehicle weight through the use of aluminum, may revert to steel or other materials for certain applications. Further, the decision to use aluminum may be impacted by aluminum prices or compatibility of aluminum with other materials used by a customer in a given application. The willingness of customers to accept other materials in lieu of aluminum could adversely affect the demand for certain of Arconic Corporation's products, and thus adversely affect Arconic Corporation's business, financial condition or results of operations.

Labor disputes and other employee relations issues could adversely affect Arconic Corporation's business, financial condition or results of operations.

A significant portion of Arconic Corporation's employees are represented by labor unions in a number of countries under various collective bargaining agreements with varying durations and expiration dates. While Arconic Corporation previously has been successful in renegotiating its collective bargaining agreements with various unions, Arconic Corporation may not be able to satisfactorily renegotiate all collective bargaining agreements in the United States and other countries when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at Arconic Corporation's facilities in the future. Arconic Corporation may also be subject to general country strikes or work stoppages unrelated to its business or collective bargaining agreements. Any such work stoppages could have a material adverse effect on Arconic Corporation's business, financial condition or results of operations.

A failure to attract, retain or provide adequate succession plans for key personnel could adversely affect Arconic Corporation's operations and competitiveness.

Arconic Corporation's existing operations and development projects require highly skilled executives and staff with relevant industry and technical experience. The inability of Arconic Corporation to attract and retain such people may adversely impact Arconic Corporation's ability to meet project demands adequately and fill roles in existing operations. Skills shortages in engineering, manufacturing, technology, construction and maintenance contractors and other labor market inadequacies may also impact activities. These shortages may adversely impact the cost and schedule of development projects and the cost and efficiency of existing operations.

In addition, the continuity of key personnel and the preservation of institutional knowledge are vital to the success of Arconic Corporation's growth and business strategy. The loss of key members of management and other personnel could significantly harm Arconic Corporation's business, and any unplanned turnover, or failure to develop adequate succession plans for key positions, could deplete Arconic Corporation's institutional knowledge base, result in loss of technical expertise, delay or impede the execution of Arconic Corporation's business plans and erode Arconic Corporation's competitiveness.

Arconic Corporation may be exposed to significant legal proceedings, investigations or changes in U.S. federal, state or foreign law, regulation or policy.

Arconic Corporation's results of operations or liquidity in a particular period could be affected by new or increasingly stringent laws, regulatory requirements or interpretations, or outcomes of significant legal proceedings or investigations adverse to Arconic Corporation. Arconic Corporation may experience an unfavorable change in effective tax rates or become subject to unexpected or rising costs associated with business operations or provision of health or welfare benefits to employees due to changes in laws, regulations or policies.

Arconic Corporation is subject to a variety of legal and regulatory compliance risks in the United States and abroad in connection with its business and products. These risks include, among other things, potential claims relating to product liability, product testing, health and safety, environmental matters, employment matters, required record keeping and record retention, compliance with securities laws, intellectual property rights, government contracts and taxes, insurance or commercial matters, as well as compliance with U.S. and foreign laws and regulations governing import and export, anti-bribery, antitrust and competition, sales and trading practices, human rights and modern slavery, sourcing of raw materials,

third-party relationships, supply chain operations and the manufacture and sale of products. Arconic Corporation may be a party to litigation in a foreign jurisdiction where geopolitical risks might influence the ultimate outcome of such litigation. Arconic Corporation could be subject to fines, penalties, damages (in certain cases, treble damages), or suspension or debarment from government contracts.

The global and diverse nature of Arconic Corporation's operations means that these risks will continue to exist, and additional legal proceedings and contingencies may arise from time to time. While Arconic Corporation believes it has adopted appropriate risk management and compliance programs to address and reduce these risks, including insurance arrangements with respect to these risks, such measures may provide inadequate protection against liabilities that may arise. In addition, various factors or developments can lead Arconic Corporation to change current estimates of liabilities or make such estimates for matters previously unsusceptible to reasonable estimates, such as a significant judicial ruling or judgment, a significant settlement, significant regulatory developments or changes in applicable law. A future adverse ruling or settlement or unfavorable changes in laws, regulations or policies, or other contingencies that Arconic Corporation cannot predict with certainty could have a material adverse effect on Arconic Corporation's financial condition, results of operations or cash flows in a particular period. Litigation and compliance efforts may require substantial attention from management and could result in significant legal expenses, settlement costs or damage awards that could have a material impact on the Company's financial position, results of operations and cash flows. For additional information regarding the legal proceedings relating to Arconic Corporation, including proceedings and investigations relating to the June 13, 2017 fire at the Grenfell Tower in London, U.K., see the section entitled "Business — Legal Proceedings."

Arconic Corporation is exposed to environmental and safety risks and is subject to a broad range of health, safety and environmental laws and regulations, which may result in substantial costs and liabilities.

Arconic Corporation's operations worldwide are subject to numerous complex and increasingly stringent health, safety and environmental laws and regulations. The costs of complying with such laws and regulations, including participation in assessments and cleanups of sites, as well as internal voluntary programs, are significant and will continue to be so for the foreseeable future. Environmental laws may impose cleanup liability on owners and occupiers of contaminated property, including present, past or divested properties, regardless of whether the owners and occupiers caused the contamination or whether the activity that caused the contamination was lawful at the time it was conducted. Environmental matters for which Arconic Corporation may be liable may arise in the future at its present sites, at sites owned or operated by its predecessors or affiliates, at sites that it may acquire in the future, or at third-party sites used by its predecessors or affiliates for material and waste handling and disposal. Compliance with health, safety and environmental laws and regulations, including remediation obligations, may prove to be more challenging and costly than Arconic Corporation anticipates. Arconic Corporation's results of operations or liquidity in a particular period could be affected by certain health, safety or environmental matters, including remediation costs and damages related to certain sites as well as other health and safety risks relating to its operations and products. Additionally, evolving regulatory standards and expectations can result in increased litigation and/or increased costs, including increased remediation costs, all of which can have a material and adverse effect on Arconic Corporation's financial condition, results of operations and cash flows.

In addition, the heavy industrial activities conducted at Arconic Corporation's facilities present a significant risk of injury or death to our employees, customers or third parties that may be on site. We have experienced serious injuries in the past, notwithstanding the safety protocols, practices and precautions we take. Our operations are subject to regulation by various federal, state and local agencies in the United States and regulation by foreign government entities abroad responsible for employee health and safety, including the Occupational Safety and Health Administration. From time to time, we have incurred fines for violations of various health and safety standards. While we maintain insurance and have in place policies to minimize such risks, we may nevertheless be unable to avoid material liabilities for any injury or death that may occur in the future. These types of incidents may not be covered by or may exceed our insurance coverage and could have a material adverse effect on our results of operations and financial condition or result in negative publicity and/or significant reputational harm.

Arconic Corporation is subject to privacy and data security/protection laws in the jurisdictions in which it operates and may be exposed to substantial costs and liabilities associated with such laws and regulations.

The regulatory environment surrounding information security and privacy is increasingly demanding, with frequent imposition of new and changing requirements. For example, the European Union's General Data Protection Regulation ("GDPR"), which became effective in May 2018, imposed significant new requirements on how companies process and transfer personal data, as well as significant fines for non-compliance. Compliance with changes in privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes, which could have a material adverse effect on Arconic Corporation's financial condition and results of operations. In addition, the payment of potentially significant fines or penalties in the event of a breach of the GDPR or other privacy and information security laws, as well as the negative publicity associated with such a breach, could damage Arconic Corporation's reputation and adversely impact product demand and customer relationships.

Failure to comply with domestic or international employment and related laws could result in penalties or costs that could have a material adverse effect on Arconic Corporation's business results.

Arconic Corporation is subject to a variety of domestic and foreign employment laws, such as the Fair Labor Standards Act (which governs such matters as minimum wages, overtime and other working conditions), state and local wage laws, the Employee Retirement Income Security Act, and regulations related to safety, discrimination, organizing, whistle-blowing, classification of employees, privacy and severance payments, citizenship requirements, and healthcare insurance mandates. Allegations that Arconic Corporation has violated such laws or regulations could damage Arconic Corporation's reputation and lead to fines from or settlements with federal, state or foreign regulatory authorities or damages payable to employees, which could have a material adverse impact on Arconic Corporation's operations and financial condition.

Arconic Corporation may be affected by global climate change or by legal, regulatory, or market responses to such change.

Increased concern over climate change has led to new and proposed legislative and regulatory initiatives, such as cap-and-trade systems, additional limits on emissions of greenhouse gases or Corporate Average Fuel Economy standards in the United States. New or revised laws and regulations in this area could directly and indirectly affect Arconic Corporation and its customers and suppliers, including by increasing the costs of production or impacting demand for certain products, which could result in an adverse effect on our financial condition, results of operations and cash flows. Compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, could require additional expenditures by Arconic Corporation or its customers or suppliers. Also, Arconic Corporation relies on natural gas, electricity, fuel oil and transport fuel to operate its facilities. Any increased costs of these energy sources because of new laws could be passed along to Arconic Corporation and its customers and suppliers, which could also have a negative impact on Arconic Corporation's profitability.

Changes in the United Kingdom's economic and other relationships with the European Union could adversely affect Arconic Corporation.

In March 2017, the United Kingdom formally triggered the process to withdraw from the European Union (also referred to as "Brexit") following the results of a national referendum that took place in June 2016. The ultimate effects of Brexit on Arconic Corporation are difficult to predict, but because Arconic Corporation currently operates and conducts business in the United Kingdom and in Europe, Brexit could cause disruptions and create uncertainty to Arconic Corporation's businesses, including affecting the business of and/or our relationships with Arconic Corporation's customers and suppliers, as well as altering the relationship among tariffs and currencies, including the value of the British pound and the Euro relative to the U.S. dollar. Such disruptions and uncertainties could adversely affect Arconic Corporation's financial condition, operating results and cash flows. In addition, Brexit could result in legal uncertainty and potentially divergent national laws and regulations as new legal relationships between the United Kingdom and the European Union are established. The ultimate effects of Brexit on Arconic Corporation will also depend on the terms of any agreements the United Kingdom and the European Union make to retain access to each other's respective markets either during a transitional period or more permanently.

Risks Related to the Distribution

We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The historical information about Arconic Corporation in this information statement refers to the Arconic Corporation Businesses as operated by and integrated with ParentCo. Our historical financial information included in this information statement is derived from ParentCo's accounting records and is presented on a standalone basis as if the Arconic Corporation Business has been conducted independently from ParentCo. Additionally, the pro forma financial information included in this information statement is derived from our historical financial information and (i) gives effect to the separation and (ii) reflects Arconic Corporation's anticipated post-separation capital structure, including the assignment of certain assets and assumption of certain liabilities not included in the historical financial statements. Accordingly, the historical and pro forma financial information does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Generally, our working capital requirements and capital for our general corporate purposes, including capital expenditures and acquisitions, have historically been satisfied as part of the corporate-wide cash management policies of ParentCo. Following the completion of the distribution, our results of operations and cash flows are likely to be more volatile, and we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly.
- Prior to the distribution, our business has been operated by ParentCo as part of its broader corporate organization, rather than as an independent company. ParentCo or one of its affiliates performed various corporate functions for us, such as legal, treasury, accounting, auditing, human resources, investor relations, and finance. Our historical and pro forma financial results reflect allocations of corporate expenses from ParentCo for such functions, which may be less than the expenses we would have incurred had we operated as a separate, publicly traded company.
- Currently, our business is integrated with the other businesses of ParentCo. Historically, we have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. While we have sought to minimize the impact on Arconic Corporation when separating these arrangements, there is no guarantee these arrangements will continue to capture these benefits in the future.
- As a current part of ParentCo, we take advantage of ParentCo's overall size and scope to obtain more advantageous procurement terms. After the distribution, as a standalone company, we may be unable to obtain similar arrangements to the same extent as ParentCo did, or on terms as favorable as those ParentCo obtained, prior to completion of the distribution.
- After the completion of the distribution, the cost of capital for our business may be higher than ParentCo's cost of capital prior to the distribution.
- Our historical financial information does not reflect the debt that we have incurred and will incur as part of the distribution.
- As an independent public company, we will separately become subject to, among other things, the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the regulations of the NYSE and will be required to prepare our standalone financial statements according to the rules and regulations required by the SEC. These reporting and other obligations will place significant demands on our management and administrative and operational resources. Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and

management controls, reporting systems and procedures and hire additional accounting and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to implement our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from ParentCo. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements and the unaudited pro forma condensed combined financial statements of our business, see “Unaudited Pro Forma Condensed Combined Financial Information,” “Selected Historical Combined Financial Data of Arconic Corporation,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical financial statements and accompanying notes included elsewhere in this information statement.

Following the separation, our financial profile will change, and we will be a smaller, less diversified company than ParentCo prior to the separation.

The separation will result in each of Howmet Aerospace and Arconic Corporation being smaller, less diversified companies with more limited businesses concentrated in their respective industries. As a result, our Company may be more vulnerable to changing market conditions, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the diversification of our revenues, costs, and cash flows will diminish as a standalone company, such that our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and our ability to fund capital expenditures and investments, pay dividends and service debt may be diminished. Following the separation we may also lose capital allocation efficiency and flexibility, as we will no longer be able to use cash flow from Howmet Aerospace to fund our investments into one of our other businesses.

We may not achieve some or all of the expected benefits of the distribution, and the distribution may materially adversely affect our business.

We may not be able to achieve the full strategic and financial benefits expected to result from the distribution, or such benefits may be delayed or not occur at all. The distribution is expected to provide the following benefits, among others: (1) enabling our management to more effectively pursue its own distinct operating priorities and strategies and to focus on strengthening our core business and unique needs, and pursue distinct and targeted opportunities for long-term growth and profitability; (2) permitting us to allocate our financial resources to meet the unique needs of our business, which will allow us to intensify our focus on distinct strategic priorities and to more effectively pursue our own distinct capital structures and capital allocation strategies; (3) allowing us to more effectively articulate a clear investment thesis to attract a long-term investor base suited to our business and providing investors with a distinct and targeted investment opportunity; (4) creating an independent equity security tracking our underlying business, affording us direct access to the capital markets and facilitating our ability to consummate future acquisitions or other transactions using our common stock; and (5) permitting us to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely aligns management and employee incentives with specific business goals and objectives related to our business.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (1) the separation will demand significant management resources and require significant amounts of management’s time and effort, which may divert management’s attention from operating and growing our business; (2) following the separation, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of ParentCo because our business will be less diversified than ParentCo’s business prior to the completion of the separation; (3) after the separation, as a standalone company, we may be unable to obtain certain goods, services and technologies at prices or on terms as favorable as those ParentCo obtained prior to completion of the separation; (4) the separation may require us to pay costs that could be substantial and material to our financial resources, including accounting, tax, legal and other

professional services costs, recruiting and relocation costs associated with hiring key senior management and personnel new to Arconic Corporation, tax costs and costs to separate information systems; (5) under the terms of the tax matters agreement that we will enter into with ParentCo, we will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free and these restrictions may limit us for a period of time from pursuing certain strategic transactions and equity issuances or engaging in other transactions that might increase the value of our business; and (6) after the separation, we cannot predict the trading prices of Arconic Corporation common stock or know whether the combined value of one-fourth of a share of our common stock and one share of Howmet Aerospace common stock will be less than, equal to or greater than the market value of one share of ParentCo common stock prior to the distribution. If we fail to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

ParentCo's plan to separate into two independent, publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.

In February 2019, ParentCo announced its plan to separate into two independent, publicly traded companies. The separation is subject to the satisfaction of certain conditions (or waiver by ParentCo in its sole and absolute discretion), including final approval by ParentCo's Board of Directors of the final terms of the separation and market and certain other conditions. Furthermore, the separation is complex in nature, and unanticipated developments or changes, including changes in the law, the macroeconomic environment, competitive conditions of ParentCo's markets, regulatory approvals or clearances, the uncertainty of the financial markets and challenges in executing the separation, could delay or prevent the completion of the proposed separation, or cause the separation to occur on terms or conditions that are different or less favorable than expected. Additionally, the ParentCo Board of Directors, in its sole and absolute discretion, may decide not to proceed with the distribution at any time prior to the distribution date.

The process of completing the proposed separation has been and is expected to continue to be time-consuming and involves significant costs and expenses. The separation costs may be significantly higher than what we currently anticipate and may not yield a discernible benefit if the separation is not completed or is not well executed, or the expected benefits of the separation are not realized. Executing the proposed separation will also require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business. Other challenges associated with effectively executing the separation include attracting, retaining and motivating employees during the pendency of the separation and following its completion; addressing disruptions to our supply chain, manufacturing, sales and distribution, and other operations resulting from separating ParentCo into two independent companies; and separating ParentCo's information systems.

Challenges in the commercial and credit environment may adversely affect the expected benefits of the separation, the expected plans or anticipated timeline to complete the separation and our future access to capital on favorable terms.

Volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets. Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our products or in the solvency of our customers or suppliers or if there are other significantly unfavorable changes in economic conditions. These conditions may adversely affect our anticipated timeline to complete the separation and the expected benefits of the separation, including by increasing the time and expense involved in the separation.

We have incurred, expect to incur, and may in the future incur additional, debt obligations that could adversely affect our business and profitability and our ability to meet other obligations.

We expect to enter into the Senior Credit Facilities on or prior to the completion of the distribution and we have completed an offering of the notes, with approximately \$800 million of the proceeds of such financings expected to be used to distribute cash to ParentCo., consisting of (i) a senior secured first-lien term loan in an aggregate principal amount of \$600 million and (ii) the notes in an aggregate principal

amount of \$600 million. Under the Senior Credit Facilities, we would also have \$1.0 billion of indebtedness available to be drawn under the Revolving Facility. As a result of such transactions, we anticipate having approximately \$ 1.2 billion of indebtedness upon completion of the distribution. See “Description of Material Indebtedness.” We may also incur additional indebtedness in the future.

This significant amount of debt could potentially have important consequences to us and our debt and equity investors, including:

- requiring a substantial portion of our cash flow from operations to make interest payments;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our business;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- placing us at a competitive disadvantage relative to our competitors that may not be as highly leveraged with debt; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase ordinary shares.

Subject to the restrictions in the Senior Credit Facilities and the indenture governing the notes, we, including our subsidiaries, have the ability to incur significant additional indebtedness, including debt secured by the collateral securing the obligations under the Senior Credit Facilities and the notes on a first-priority or parity basis with the notes, the amount of which may be substantial. Although the terms of the Senior Credit Facilities will, and the indenture governing the notes does, include restrictions on the incurrence of additional indebtedness, these restrictions will be or are subject to a number of important exceptions, and indebtedness incurred in compliance with these restrictions could be substantial.

To the extent that we incur additional indebtedness, the foregoing risks could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt. See “Description of Material Indebtedness.”

Our indebtedness will restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and manage our operations.

The terms of the Senior Credit Facilities will, and the indenture governing the notes does, include a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- make investments, loans, advances, guarantees and acquisitions;
- dispose of assets;
- incur or guarantee additional debt and issue certain disqualified equity interests and preferred stock;
- make certain restricted payments, including a limit on dividends on equity securities or payments to redeem, repurchase or retire equity securities or other indebtedness;
- engage in transactions with affiliates;
- enter into certain restrictive agreements;
- create liens on assets to secure debt; and

- consolidate, merge, sell or otherwise dispose of all or substantially all of Arconic Corporation's or a subsidiary guarantor's assets.

In addition, the credit agreement governing the Senior Credit Facilities will require us to comply with financial covenants. We expect that the Senior Credit Facilities will require that we maintain a consolidated total debt ratio no greater than 2.50 to 1.00 for the first four full fiscal quarters following the distribution date and no greater than 2.25 to 1.00 thereafter, and an interest expense coverage ratio no less than 3.00 to 1.00, in each case, for any period of four consecutive fiscal quarters of Arconic Corporation.

For more information on the restrictive covenants in the Senior Credit Facilities and in the indenture governing the notes, see "Description of Material Indebtedness."

Our ability to comply with these agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions. These covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition or other opportunities. The breach of any of these covenants or restrictions could result in a default under the Senior Credit Facilities or the indenture governing the notes.

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our business, financial condition, results of operations or cash flows.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, including the Senior Credit Facilities and the indenture governing the notes, we may not be able to incur additional indebtedness under the Senior Credit Facilities and the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default, which could have a material adverse effect on our ability to continue to operate as a going concern. Further, if we are unable to repay, refinance or restructure our secured indebtedness, the holders of such indebtedness could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument also could result in an event of default under one or more of our other debt instruments.

For more information on the events of default in the Senior Credit Facilities and in the indenture governing the notes, see "Description of Material Indebtedness."

We could experience temporary interruptions in business operations and incur additional costs as we build our information technology infrastructure and transition our data to our own systems.

We are in the process of creating our own, or engaging third parties to provide, information technology infrastructure and systems to support our critical business functions, including accounting and reporting, in order to replace many of the systems ParentCo currently provides to us. We may incur temporary interruptions in business operations if we cannot transition effectively from ParentCo's existing operating systems, databases and programming languages that support these functions to our own systems. Our failure to implement the new systems and transition our data successfully and cost-effectively could disrupt our business operations and have a material adverse effect on our profitability. In addition, our costs for the operation of these systems may be higher than the amounts reflected in our historical combined financial statements.

Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone, publicly traded company following the distribution.

Our financial results previously were included within the consolidated results of ParentCo, and we believe that our reporting and control systems were appropriate for those of subsidiaries of a public company. However, we were not directly subject to the reporting and other requirements of the Exchange Act. As a result of the distribution, we will be directly subject to reporting and other obligations under the Exchange Act, including the requirements of Section 404 of the Sarbanes-Oxley Act, which will require annual management assessments of the effectiveness of our internal control over financial reporting and a

report by our independent registered public accounting firm addressing these assessments. These reporting and other obligations will place significant demands on our management and administrative and operational resources, including accounting resources. We may not have sufficient time following the separation to meet these obligations by the applicable deadlines.

Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to implement our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could result in adverse regulatory consequences and/or loss of investor confidence, which could limit Arconic Corporation's ability to access the global capital markets and could have a material adverse effect on our business, financial condition, results of operations, cash flows or the market price of Arconic Corporation securities.

In connection with the separation into two public companies, each of Howmet Aerospace and Arconic Corporation will indemnify each other for certain liabilities. If we are required to pay under these indemnities to Howmet Aerospace, our financial results could be negatively impacted. The Howmet Aerospace indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which Howmet Aerospace will be allocated responsibility, and Howmet Aerospace may not be able to satisfy its indemnification obligations in the future.

Pursuant to the separation agreement and certain other agreements between ParentCo and Arconic Corporation, each party will agree to indemnify the other for certain liabilities, in each case for uncapped amounts, as discussed further in the section entitled "Certain Relationships and Related Party Transactions — Separation Agreement" of this information statement. Indemnities that we may be required to provide Howmet Aerospace are not subject to any cap, may be significant and could negatively impact our business. Third parties could also seek to hold us responsible for any of the liabilities that Howmet Aerospace has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Further, the indemnities from Howmet Aerospace for our benefit may not be sufficient to protect us against the full amount of such liabilities, and Howmet Aerospace may not be able to fully satisfy its indemnification obligations.

Moreover, even if we ultimately succeed in recovering from Howmet Aerospace any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

Howmet Aerospace may fail to perform under various transaction agreements that will be executed as part of the separation, or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation and prior to the distribution, Arconic Corporation and ParentCo will enter into the separation agreement and will also enter into various other agreements, including a tax matters agreement, an employee matters agreement, intellectual property license agreements, an agreement relating to the Davenport plant, metal supply agreements and real estate and office leases. The separation agreement, the tax matters agreement and the employee matters agreement, together with the documents and agreements by which the internal reorganization will be effected, will determine the allocation of assets and liabilities between the companies following the separation for those respective areas and will include any necessary indemnifications related to liabilities and obligations. Arconic Corporation will rely on Howmet Aerospace to satisfy its performance and payment obligations under these agreements. If Howmet Aerospace is unable or unwilling to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties and/or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transaction agreements expire, we may not be able to operate our business effectively, and our profitability may decline. We are in the process of creating our own, or engaging third parties to provide,

systems and services to replace many of the systems and services that ParentCo currently provides to us. However, we may not be successful in implementing these systems and services in a timely manner or at all, we may incur additional costs in connection with, or following, the implementation of these systems and services, and we may not be successful in transitioning data from ParentCo's systems to ours.

The terms we will receive in our agreements with ParentCo could be less beneficial than the terms we may have otherwise received from unaffiliated third parties.

The agreements we will enter into with ParentCo in connection with the separation, including the separation agreement, a tax matters agreement, an employee matters agreement, intellectual property license agreements, an agreement relating to the Davenport plant, metal supply agreements and real estate and office leases, were prepared in the context of the separation while we were still a wholly owned subsidiary of ParentCo. Accordingly, during the period in which the terms of those agreements were prepared, we did not have an independent Board of Directors or a management team that was independent of ParentCo. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. See "Certain Relationships and Related Party Transactions."

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we, as well as ParentCo and ParentCo's stockholders, could be subject to significant tax liabilities, and, in certain circumstances, we could be required to indemnify ParentCo for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

It is a condition to the distribution that ParentCo receive an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a "reorganization" within the meaning of Sections 355 and 368(a)(1)(D) of the Code. The opinion of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of ParentCo and Arconic Corporation, including those relating to the past and future conduct of ParentCo and Arconic Corporation. If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if ParentCo or Arconic Corporation breaches any of its representations or covenants contained in the separation agreement and certain other agreements and documents or in any documents relating to the opinion of counsel, the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt of the opinion of counsel, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the opinion of counsel was based are false or have been violated. In addition, the opinion of counsel will represent the judgment of such counsel and will not be binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt of the opinion of counsel, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, we, as well as ParentCo and ParentCo's stockholders, could be subject to significant U.S. federal income tax liability.

If the distribution were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, ParentCo would recognize taxable gain as if it had sold the Arconic Corporation common stock in a taxable sale for its fair market value, and ParentCo stockholders who receive such Arconic Corporation shares in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. For more information, see "Material U.S. Federal Income Tax Consequences."

Under the tax matters agreement to be entered into between ParentCo and Arconic Corporation in connection with the separation, we generally would be required to indemnify ParentCo for any taxes resulting from the separation (and any related costs and other damages) to the extent such amounts resulted

from (1) an acquisition of all or a portion of the equity securities or assets of Arconic Corporation, whether by merger or otherwise (and regardless of whether we participated in or otherwise facilitated the acquisition), (2) other actions or failures to act by Arconic Corporation, or (3) any of Arconic Corporation's representations, covenants or undertakings contained in the separation agreement and certain other agreements and documents or in any documents relating to the opinion of counsel being incorrect or violated. Any such indemnity obligations could be material. For a more detailed discussion, see "Certain Relationships and Related Party Transactions — Tax Matters Agreement." In addition, ParentCo, Arconic Corporation and their respective subsidiaries may incur certain tax costs in connection with the separation, including non-U.S. tax costs resulting from transactions (including the internal reorganization) in non-U.S. jurisdictions, which may be material.

We may not be able to engage in desirable capital-raising or strategic transactions following the separation.

Under current U.S. federal income tax law, a spin-off that otherwise qualifies for tax-free treatment can be rendered taxable to the parent corporation and its stockholders as a result of certain post-spin-off transactions, including certain acquisitions of shares or assets of the spun-off corporation. To preserve the tax-free treatment of the separation and the distribution, and in addition to our indemnity obligations described above, the tax matters agreement will restrict us, for the two-year period following the distribution, except in specific circumstances, from, among other things: (1) entering into any transaction pursuant to which all or a portion of the shares of Arconic Corporation stock would be acquired, whether by merger or otherwise; (2) issuing equity securities beyond certain thresholds; (3) repurchasing shares of Arconic Corporation stock other than in certain open-market transactions; and (4) ceasing to actively conduct certain of its businesses. The tax matters agreement will also prohibit Arconic Corporation from taking or failing to take any other action that would prevent the distribution and certain related transactions from qualifying as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code. These restrictions may limit our ability to pursue certain equity issuances, strategic transactions, repurchases or other transactions that we may believe to be in the best interests of our stockholders or that might increase the value of our business. For more information, see the sections entitled "Certain Relationships and Related Party Transactions — Tax Matters Agreement" and "Material U.S. Federal Income Tax Consequences."

The transfer to us of certain contracts, permits and other assets and rights may require the consents or approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, we may not be entitled to the benefit of such contracts, permits and other assets and rights, which could increase our expenses or otherwise harm our business and financial performance.

The separation agreement will provide that certain contracts, permits and other assets and rights are to be transferred from ParentCo or its subsidiaries to Arconic Corporation or its subsidiaries in connection with the separation. The transfer of certain of these contracts, permits and other assets and rights may require consents or approvals of third parties or governmental authorities or provide other rights to third parties. In addition, in some circumstances, we and ParentCo are joint beneficiaries of contracts, and we and ParentCo may need the consents of third parties in order to split or separate the existing contracts or the relevant portion of the existing contracts to us or ParentCo.

Some parties may use consent requirements or other rights to seek to terminate contracts or obtain more favorable contractual terms from us, which, for example, could take the form of adverse price changes, require us to expend additional resources in order to obtain the services or assets previously provided under the contract, or require us to seek arrangements with new third parties or obtain letters of credit or other forms of credit support. If we are unable to obtain required consents or approvals, we may be unable to obtain the benefits, permits, assets and contractual commitments that are intended to be allocated to us as part of our separation from ParentCo, and we may be required to seek alternative arrangements to obtain services and assets which may be more costly and/or of lower quality. The termination or modification of these contracts or permits or the failure to timely complete the transfer or separation of these contracts or permits could negatively impact our business, financial condition, results of operations and cash flows.

Until the distribution occurs, the ParentCo Board of Directors has sole and absolute discretion to change the terms of the separation in ways which may be unfavorable to us.

Until the distribution occurs, Arconic Corporation will be a wholly-owned subsidiary of ParentCo. Accordingly, ParentCo will have the sole and absolute discretion to determine and change the terms of the

separation, including the establishment of the record date for the distribution and the distribution date. These changes could be unfavorable to us. In addition, the ParentCo Board of Directors, in its sole and absolute discretion, may decide not to proceed with the distribution at any time prior to the distribution date.

No vote of ParentCo stockholders is required in connection with the distribution. As a result, if the distribution occurs and you do not want to receive our common stock in the distribution, your sole recourse will be to divest yourself of your ParentCo common stock prior to the record date.

No vote of ParentCo stockholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive our common stock in the distribution, your only recourse will be to divest yourself of your ParentCo common stock prior to the record date for the distribution.

Risks Related to Our Common Stock

We cannot be certain that an active trading market for our common stock will develop or be sustained after the distribution and, following the distribution, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. We anticipate that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a “when-issued” basis and will continue through the distribution date. However, we cannot guarantee that an active trading market will develop or be sustained for our common stock after the distribution, nor can we predict the prices at which shares of our common stock may trade after the distribution. Similarly, we cannot predict the effect of the distribution on the trading prices of our common stock or whether the combined market value of one-fourth of a share of our common stock and one share of Howmet Aerospace common stock will be less than, equal to or greater than the market value of one share of ParentCo common stock prior to the distribution.

Until the market has fully evaluated Howmet Aerospace’s businesses without Arconic Corporation, the price at which each share of Howmet Aerospace common stock trades may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. Similarly, until the market has fully evaluated our business as a standalone entity, the prices at which shares of our common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The increased volatility of our stock price following the distribution may have a material adverse effect on our business, financial condition and results of operations. The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which we operate;
- actual or anticipated fluctuations in commodities prices; and
- domestic and worldwide economic conditions.

A significant number of shares of our common stock may be sold following the distribution, which may cause our stock price to decline.

Any sales of substantial amounts of our common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of our common stock to decline. Upon completion of the distribution, we expect that we will have an aggregate of approximately 108,604,051 shares of our common stock issued and outstanding (based on 434,416,204 shares of ParentCo common stock outstanding as of January 31, 2020). Shares distributed to ParentCo

stockholders in the separation will generally be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), except for shares owned by one of our “affiliates,” as that term is defined in Rule 405 under the Securities Act.

We are unable to predict whether large amounts of our common stock will be sold in the open market following the distribution. We are also unable to predict whether a sufficient number of buyers of our common stock to meet the demand to sell shares of our common stock at attractive prices would exist at that time.

Your percentage of ownership in Arconic Corporation may be diluted in the future.

In the future, your percentage ownership in Arconic Corporation may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that we will grant to our directors, officers and employees. Our employees will have stock-based awards that correspond to shares of our common stock after the distribution as a result of conversion of their ParentCo stock-based awards. We anticipate that the compensation committee of our Board of Directors will grant additional stock-based awards to our employees after the distribution. Such awards will have a dilutive effect on the number of Arconic Corporation shares outstanding, and therefore on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we will issue additional stock-based awards to our employees under our employee benefits plans.

We cannot guarantee the timing, amount or payment of dividends on our common stock.

We expect that we will pay cash dividends in an aggregate amount of up to approximately \$50 million in the first year following the distribution and up to approximately \$100 million per annum thereafter. However, the timing, declaration, amount and payment of future dividends to our stockholders will fall within the discretion of our Board of Directors. The Board of Directors’ decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, covenants associated with certain of our debt service obligations, industry practice, legal requirements, regulatory constraints and other factors that our Board of Directors deems relevant. For more information, see the section entitled “Dividend Policy.”

Anti-takeover provisions could enable Arconic Corporation to resist a takeover attempt by a third party and limit the power of our stockholders.

Our amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. These provisions are expected to include, among others:

- the ability of our remaining directors to fill vacancies on our Board of Directors that do not arise as a result of removal by stockholders;
- limitations on stockholders’ ability to call a special stockholder meeting;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; and
- the right of our Board of Directors to issue preferred stock without stockholder approval.

In addition, we expect to be subject to Section 203 of the Delaware General Corporate Law (the “DGCL”), which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15% of the corporation’s outstanding voting stock.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to

make Arconic Corporation immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of Arconic Corporation and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. See “Description of Arconic Corporation Common Stock — Other Matters.”

In addition, an acquisition or further issuance of our stock could trigger the application of Section 355(e) of the Code, causing the distribution to be taxable to ParentCo. For a discussion of Section 355(e) of the Code, see “Material U.S. Federal Income Tax Consequences.” Under the tax matters agreement, we would be required to indemnify ParentCo for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that our stockholders may consider favorable.

Our amended and restated certificate of incorporation will designate the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against Arconic Corporation and our directors and officers.

Our amended and restated certificate of incorporation will provide that unless the Board of Directors otherwise determines, the state courts within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Arconic Corporation, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer of Arconic Corporation to Arconic Corporation or to Arconic Corporation stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against Arconic Corporation or any current or former director or officer of Arconic Corporation arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws, any action asserting a claim relating to or involving Arconic Corporation governed by the internal affairs doctrine, or any action asserting an “internal corporate claim” as that term is defined in Section 115 of the DGCL.

To the fullest extent permitted by law, this exclusive forum provision will apply to state and federal law claims, including claims under the federal securities laws, including the Securities Act and the Exchange Act, although Arconic Corporation stockholders will not be deemed to have waived Arconic Corporation’s compliance with the federal securities laws and the rules and regulations thereunder. The enforceability of similar choice of forum provisions in other companies’ certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with claims arising under federal securities laws or otherwise, a court could find the exclusive forum provision contained in the amended and restated certificate of incorporation to be inapplicable or unenforceable.

This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with Arconic Corporation or our directors or officers, which may discourage such lawsuits against Arconic Corporation and our directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

The combined post-separation value of one share of Howmet Aerospace common stock and one-fourth of a share of Arconic Corporation common stock may not equal or exceed the pre-distribution value of one share of ParentCo common stock.

As a result of the separation, Arconic expects the trading price of shares of Howmet Aerospace common stock immediately following the separation to be different from the “regular-way” trading price of ParentCo common shares immediately prior to the separation because the trading price will no longer reflect the value of the Arconic Corporation Businesses. There can be no assurance that the aggregate market value of a share of Howmet Aerospace common stock and one-fourth of a share of Arconic Corporation common stock following the separation will be higher than, lower than or the same as the market value of a share of ParentCo common stock if the separation did not occur.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials ParentCo and Arconic Corporation have filed or will file with the SEC (and oral communications that ParentCo or Arconic Corporation may make) contain or incorporate by reference statements that relate to future events and expectations and, as such, constitute forward-looking statements under the securities laws. Forward-looking statements include those containing such words as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “goal,” “guidance,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “sees,” “should,” “targets,” “will,” “would,” or other words of similar meaning. All statements that reflect ParentCo’s or Arconic Corporation’s expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts relating to the growth of the aerospace, automotive, commercial transportation and other end markets; statements and guidance regarding future financial results or operating performance; statements about ParentCo’s or Arconic Corporation’s strategies, outlook, business and financial prospects; and statements regarding potential share gains. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Although each of ParentCo and Arconic Corporation believes that the expectations reflected in any forward-looking statements it makes are based on reasonable assumptions, it can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to:

- deterioration in global economic and financial market conditions generally;
- unfavorable changes in the markets served by ParentCo and Arconic Corporation;
- competition from new product offerings, disruptive technologies, industry consolidation or other developments;
- the loss of key customers or significant changes in the business or financial condition of customers;
- manufacturing difficulties or other issues that impact product performance, quality or safety;
- the inability to meet increased program demand successfully or to mitigate the impact of program cancellations, reductions or delays;
- the outcome of product liability, product safety, personal injury, property damage, and recall claims and investigations, which can expose ParentCo and Arconic Corporation to substantial costs, liabilities and reputational harm;
- political, economic, and regulatory risks relating to ParentCo’s and Arconic Corporation’s global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations;
- a material disruption of Arconic Corporation’s operations, particularly at one or more of Arconic Corporations’ manufacturing facilities;
- the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted;
- the impact of potential cyber-attacks and information technology or data security breaches;
- the inability to develop innovative new products or implement technology initiatives successfully;
- challenges to Arconic Corporation’s intellectual property rights;
- adverse changes in discount rates or investment returns on pension assets;
- ParentCo’s and Arconic Corporation’s inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, expansions, or joint ventures;
- increases in the cost of aluminum or volatility in the availability or costs of other raw materials;

- a significant downturn in the business or financial condition of a significant supplier;
- the impact of changes in foreign currency exchange rates on costs and results;
- the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental compliance and remediation, which can expose ParentCo and Arconic Corporation to substantial costs and liabilities;
- the expected benefits and timing of the separation, and uncertainties regarding the planned separation, including the risk that conditions to the separation will not be satisfied and that it will not be completed pursuant to the targeted timing, asset perimeters, and other anticipated terms, if at all;
- the impact of the separation on the businesses of ParentCo;
- a determination by the IRS that the distribution or certain related transactions should be treated as taxable transactions;
- the possibility that any consents or approvals required in connection with the separation will not be received or obtained within the expected time frame, on the expected terms or at all;
- financing transactions expected to be undertaken or undertaken in connection with the separation and risks associated with additional indebtedness;
- the risk that dissynergy costs, costs of restructuring transactions and other costs incurred in connection with the separation will exceed our estimates; and
- the impact of the separation on our businesses and the risk that the businesses will not be separated successfully or such separation may be more difficult, time-consuming or costly than expected, which could result in additional demands on ParentCo's resources, systems, procedures and controls, disruption of our ongoing business, and diversion of management's attention from other business concerns and impact our relationships with customers, suppliers, employees and other business counterparties.

There can be no assurance that the separation, distribution or any other transaction described above will in fact be consummated in the manner described or at all. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the discussions under "Risk Factors" in this information statement. Any forward-looking statement speaks only as of the date on which it is made, and each of ParentCo and Arconic Corporation assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

THE SEPARATION AND DISTRIBUTION

Overview

In February 2019, we announced our plan to separate into two independent, publicly traded companies. The separation will occur through a pro rata distribution to the ParentCo stockholders of 100% of the outstanding shares of common stock of Arconic Corporation, which was formed to hold the Arconic Corporation Businesses.

In connection with the distribution, we expect that:

- ParentCo will complete the internal reorganization as a result of which Arconic Corporation will become the parent company of the ParentCo operations comprising, and the entities that will conduct, the Arconic Corporation Businesses;
- ParentCo will change its name to “Howmet Aerospace Inc.”;
- “Arconic Rolled Products Corporation” will change its name to “Arconic Corporation”;
- Arconic Corporation will incur approximately \$1.2 billion of indebtedness, as described under “Description of Material Indebtedness”; and
- using a portion of the proceeds from one or more financing transactions on or prior to the completion of the distribution, Arconic Corporation will distribute approximately \$800 million of cash to ParentCo.

On February 5, 2020, the ParentCo Board of Directors approved the distribution of all of Arconic Corporation’s issued and outstanding shares of common stock on the basis of one share of Arconic Corporation common stock for every four shares of ParentCo common stock held as of the close of business on March 19, 2020, the record date for the distribution.

At 12:01 a.m., Eastern Time, on April 1, 2020, the distribution date, each ParentCo stockholder will receive one share of Arconic Corporation common stock for every four shares of ParentCo common stock held at the close of business on the record date for the distribution, as described below. ParentCo stockholders will receive cash in lieu of any fractional shares of Arconic Corporation common stock that they would have received after application of this ratio. Upon completion of the separation, each Arconic stockholder as of the record date will continue to own shares of ParentCo (which, as a result of ParentCo’s name change to Howmet Aerospace, will be Howmet Aerospace shares) and will receive a proportionate share of the outstanding common stock of Arconic Corporation to be distributed. You will not be required to make any payment, surrender or exchange your ParentCo common stock or take any other action to receive your shares of Arconic Corporation common stock in the distribution. The distribution of Arconic Corporation common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see “— Conditions to the Distribution.”

Reasons for the Separation

The ParentCo Board of Directors believes that the separation of ParentCo into two independent, publicly traded companies through the separation of the Arconic Corporation Businesses from the Howmet Aerospace Businesses is in the best interests of ParentCo and its stockholders for a number of reasons, including:

- *Management Focus on Core Business and Distinct Opportunities.* The separation will permit each company to more effectively pursue its own distinct business, operating priorities and strategies, with Howmet Aerospace focusing primarily on aerospace and Arconic Corporation focusing on rolled products, extrusions, and building and construction systems. The separation will enable the management teams of each of the two companies to focus on strengthening its core business and operations, more effectively address unique operating and other needs, and pursue distinct and targeted opportunities for long-term growth and profitability.

- *Allocation of Financial Resources and Separate Capital Structures.* The separation will permit each company to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities. The separation will also allow each business to more effectively pursue its own distinct capital structures and capital allocation strategies. In addition, after the separation, the respective businesses within each company will no longer compete internally with the businesses of the other company for capital and other corporate resources.
- *Simplified Business Structure.* The separation will separate and simplify the structures currently required to manage a number of distinct and differing underlying businesses. These differences include exposure to industry cycles, manufacturing and procurement methods, customer base, research and development activities, and overhead structures.
- *Targeted Investment Opportunity.* The separation will create two companies with more focused, aligned businesses, which will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its businesses and the industries in which it operates and serves, and will facilitate each company's access to capital by providing investors with two distinct and targeted investment opportunities.
- *Employee Incentives, Recruitment and Retention.* The separation will allow each company to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business performance. In addition, the separation will allow incentive structures and targets at each company to be better aligned with each underlying business. Similarly, recruitment and retention will be enhanced by more consistent talent requirements across the businesses, allowing both recruiters and applicants greater clarity and understanding of talent needs and opportunities associated with the core business activities, principles and risks of each company.
- *Creation of Independent Equity Currencies.* The separation will create independent equity securities, affording Arconic Corporation direct access to the capital markets, enabling it to use its own industry-focused stock to consummate future acquisitions or other transactions. As a result, Arconic Corporation will have more flexibility to capitalize on its unique strategic opportunities.

The ParentCo Board of Directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* We may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will demand significant management resources and require significant amounts of management's time and effort, which may divert management's attention from operating our business; and following the separation, we may be more susceptible to market fluctuations, and other adverse events than if we were still a part of ParentCo because our business will be less diversified than ParentCo's business prior to the completion of the separation.
- *Disruptions and Costs Related to the Separation.* The actions required to separate the Arconic Corporation Businesses and the Howmet Aerospace Businesses could disrupt our operations. In addition, we will incur substantial costs in connection with the separation and the transition to being a standalone, public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Arconic Corporation, tax costs and costs to separate information systems.
- *Loss of Scale and Increased Administrative Costs.* As a current part of ParentCo, Arconic Corporation takes advantage of ParentCo's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those ParentCo obtained prior to completion of the separation. In addition, as part of ParentCo, Arconic Corporation benefits from certain functions performed by ParentCo, such as accounting, tax, legal, human

resources and other general and administrative functions. After the separation, Howmet Aerospace will not perform these functions for us and, because of our smaller scale as a standalone company, our cost of performing such functions could be higher than the amounts reflected in our historical financial statements, which would cause our profitability to decrease.

- *Limitations on Strategic Transactions.* Under the terms of the tax matters agreement that we will enter into with the ParentCo, we will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free under applicable law. These restrictions may limit for a period of time our ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of our business.
- *Uncertainty Regarding Stock Prices.* We cannot predict the effect of the separation on the trading prices of Arconic Corporation or Howmet Aerospace common stock or know with certainty whether the combined market value of one-fourth of a share of our common stock and one share of Howmet Aerospace common stock will be less than, equal to or greater than the market value of one share of ParentCo common stock prior to the distribution.

In determining to pursue the separation, the ParentCo Board of Directors concluded the potential benefits of the separation outweighed the foregoing factors. See the section entitled “Risk Factors” included elsewhere in this information statement.

Formation of Arconic Corporation

Arconic Corporation was formed in Delaware on August 14, 2019 for the purpose of holding the Arconic Corporation Businesses. As part of the plan to separate the Arconic Corporation Businesses from the remainder of its businesses, in connection with the internal reorganization, ParentCo plans to transfer the equity interests of certain entities that are expected to operate the Arconic Corporation Businesses and the assets and liabilities of the Arconic Corporation Businesses to Arconic Corporation prior to the distribution.

When and How You Will Receive the Distribution

With the assistance of Computershare, ParentCo expects to distribute Arconic Corporation common stock at 12:01 a.m., Eastern Time, on April 1, 2020, the distribution date, to all holders of outstanding ParentCo common stock as of the close of business on March 19, 2020, the record date for the distribution. Computershare will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Arconic Corporation common stock.

If you own ParentCo common stock as of the close of business on the record date for the distribution, Arconic Corporation common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Computershare will then mail you a direct registration account statement that reflects your shares of Arconic Corporation common stock. If you hold your ParentCo shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Arconic Corporation shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. If you sell ParentCo common stock in the “regular-way” market up to and including the distribution date, you will be selling your right to receive shares of Arconic Corporation common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your ParentCo common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Arconic Corporation common stock that have been registered in book-entry form in your name.

Most ParentCo stockholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm is said to hold the shares in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your ParentCo common stock through a bank

or brokerage firm, your bank or brokerage firm will credit your account for the Arconic Corporation common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in “street name,” please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of Arconic Corporation common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with us, which may include certain of our executive officers or directors. Securities held by our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell shares of our common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Arconic Corporation Common Stock You Will Receive

For every four shares of ParentCo common stock that you own at the close of business on March 19, 2020, the record date for the distribution, you will receive one share of Arconic Corporation common stock on the distribution date. ParentCo will not distribute any fractional shares of Arconic Corporation common stock to its stockholders. Instead, if you are a registered holder, Computershare will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by ParentCo or Arconic Corporation, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either ParentCo or Arconic Corporation and the distribution agent is not an affiliate of either ParentCo or Arconic Corporation. Neither Arconic Corporation nor ParentCo will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares.

The net cash proceeds of these sales of fractional shares will be taxable for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences” for an explanation of certain material U.S. federal income tax consequences of the distribution. If you hold physical certificates for shares of ParentCo common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the net cash proceeds of the sales. We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distribution of the net cash proceeds. If you hold your shares of ParentCo common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Equity-Based Compensation

In connection with the separation, equity-based awards granted by ParentCo prior to the separation are expected to be treated as described below. As of the separation, these awards will be held by (i) current and former employees of Arconic Corporation and its subsidiaries and certain other former employees classified as former employees of Arconic Corporation for purposes of post-separation compensation and benefits matters (the “Arconic Corporation Employees” and “Arconic Corporation Former Employees,” respectively), (ii) current and former employees of ParentCo and its subsidiaries and certain other former employees classified as former employees of ParentCo for purposes of post-separation compensation and benefits matters (the “ParentCo Employees” and “Former ParentCo Employees,” respectively), (iii) current non-employee directors of ParentCo who will continue to serve on the ParentCo Board of Directors after the separation (the “ParentCo Directors”), (iv) current non-employee directors of ParentCo who will serve

on the Arconic Corporation Board of Directors after the separation (the “Arconic Corporation Directors”), and (v) former non-employee directors of ParentCo who ceased serving on the ParentCo Board of Directors prior to the separation (the “Former Directors”).

Stock Options

Stock Options Held by Arconic Corporation Employees and Arconic Corporation Former Employees. Each award of ParentCo stock options held by an Arconic Corporation Employee or Arconic Corporation Former Employee will be converted into an award of stock options with respect to Arconic Corporation common stock. The exercise price of, and number of shares subject to, each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Stock Options Held by ParentCo Employees and Former ParentCo Employees. Each award of ParentCo stock options held by an ParentCo Employee or Former ParentCo Employee will continue to relate to ParentCo common stock, provided that the exercise price of, and number of shares subject to, each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Restricted Share Units and Cash-Settled Deferred Share Units

Restricted Share Units Held by Arconic Corporation Employees, Arconic Corporation Former Employees and Arconic Corporation Directors. Each award of ParentCo restricted share units held by an Arconic Corporation Employee, Arconic Corporation Former Employee, or Arconic Corporation Director will be converted into an award of restricted share units with respect to Arconic Corporation common stock. The number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Restricted Share Units Held by ParentCo Employees, Former ParentCo Employees and ParentCo Directors. Each award of ParentCo restricted share units held by a ParentCo Employee, Former ParentCo Employee, or ParentCo Director will continue to relate to ParentCo common stock, provided that the number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Restricted Share Units Held by Former Directors. Each Former Director who holds a vested award of ParentCo restricted share units that is deferred under the ParentCo deferred fee plan shall receive, upon the occurrence of the separation, a vested award of Arconic Corporation restricted share units relating to a number of Arconic Corporation restricted share units equal to the number of shares of ParentCo common stock subject to such award immediately prior to the separation multiplied by the distribution ratio. Each such vested ParentCo restricted share unit award and vested Arconic Corporation restricted share unit award will otherwise be subject to the same terms and conditions as were applicable to the applicable vested ParentCo restricted share unit award immediately prior to the separation.

Performance-Based Restricted Share Units

Performance-Based Restricted Share Units Held by Arconic Corporation Employees and Arconic Corporation Former Employees. Each award of ParentCo performance-based restricted share units held by an Arconic Corporation Employee or Arconic Corporation Former Employee will be converted into an award of performance-based restricted share units with respect to Arconic Corporation common stock. The number of shares subject to each such award will be adjusted in a manner intended to preserve the

aggregate value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. The performance conditions applicable to each Arconic Corporation restricted share unit award shall be (i) for the 2018-2020 performance period, deemed achieved based on the actual level of achievement of the applicable performance goals during the portion of the performance period ending on December 31, 2019 and (ii) for the 2020-2022 performance period, the conditions established by the ParentCo Compensation and Benefits Committee prior to the separation. For the awards held by the current ParentCo Chief Executive Officer that have performance conditions based on the attainment of stock price goals relating to ParentCo, such goals shall remain in effect and the level of achievement of such goals shall be measured based on achievement of the combined stock prices of ParentCo and Arconic Corporation (as adjusted to reflect the distribution ratio). Each such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Performance-Based Restricted Share Units Held by ParentCo Employees and Former ParentCo Employees. Each award of ParentCo performance-based restricted share units held by a ParentCo Employee or Former ParentCo Employee will continue to relate to ParentCo common stock, provided that the number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. The performance conditions applicable to each ParentCo restricted share unit award shall be (i) for the 2018-2020 performance period, deemed achieved based on the actual level of achievement of the applicable performance goals during the portion of the performance period ending on December 31, 2019 and (ii) for the 2020-2022 performance period, the conditions established by the ParentCo Compensation and Benefits Committee prior to the separation. Each such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Cash-Settled Deferred Share Units

Cash-Settled Deferred Share Units Held by Arconic Corporation Directors. All cash-settled ParentCo deferred share units held by an Arconic Corporation Director will be converted into cash-settled Arconic Corporation deferred share units in a manner intended to preserve the aggregate value of the original ParentCo units as measured immediately before and immediately after the separation, subject to rounding, unless the Arconic Corporation Director holds, as of the separation, ParentCo stock and equity awards with a value of at least two times the stock ownership guideline under ParentCo's non-employee director compensation policy, in which case all of such Arconic Corporation Director's cash-settled ParentCo deferred share units will be adjusted in the manner described below with respect to cash-settled ParentCo deferred share units held by Former Directors. Such adjusted units will otherwise continue to have the same terms and conditions that applied to the original ParentCo units immediately prior to the separation.

Cash-Settled Deferred Share Units Held by ParentCo Directors. All cash-settled ParentCo deferred share units held by a ParentCo Director will continue to constitute cash-settled ParentCo deferred share units, provided that the number of units will be adjusted in a manner intended to preserve the aggregate value of the original ParentCo units as measured immediately before and immediately after the separation, subject to rounding, unless the ParentCo Director holds, as of the separation, ParentCo stock and equity awards with a value of at least two times the stock ownership guideline under ParentCo's non-employee director compensation policy, in which case all of such ParentCo Director's cash-settled ParentCo deferred share units will be adjusted in the manner described below with respect to cash-settled ParentCo deferred share units held by Former Directors. Such adjusted units will otherwise continue to have the same terms and conditions that applied to the original ParentCo units immediately prior to the separation.

Cash-Settled Deferred Share Units Held by Former Directors. Each Former Director who holds cash-settled ParentCo deferred share units credited under the ParentCo deferred fee plan shall be credited with, upon the occurrence of the separation, a number of Arconic Corporation cash-settled deferred share units equal to the number of cash-settled ParentCo deferred share units credited to such Former Director immediately prior to the separation multiplied by the distribution ratio. Such cash-settled ParentCo deferred share units and cash-settled Arconic Corporation deferred share units will otherwise be subject to the same terms and conditions as were applicable to the applicable cash-settled ParentCo deferred share units immediately prior to the separation.

Internal Reorganization

As part of the separation, and prior to the distribution, ParentCo and its subsidiaries expect to complete an internal reorganization in order to transfer to Arconic Corporation the Arconic Corporation Businesses that it will hold following the separation. Among other things and subject to limited exceptions, the internal reorganization is expected to result in Arconic Corporation owning, directly or indirectly, the operations comprising, and the entities that conduct, the Arconic Corporation Businesses.

The internal reorganization is expected to include various restructuring transactions pursuant to which (1) the operations, assets and liabilities of ParentCo and its subsidiaries used to conduct the Arconic Corporation Businesses will be separated from the operations, assets and liabilities of ParentCo and its subsidiaries used to conduct the Howmet Aerospace Businesses and (2) such Arconic Corporation Businesses operations, assets and liabilities will be contributed, transferred or otherwise allocated to Arconic Corporation or one of its direct or indirect subsidiaries. These restructuring transactions may take the form of asset transfers, mergers, demergers, dividends, contributions and similar transactions, and may involve the formation of new subsidiaries in U.S. and non-U.S. jurisdictions to own and operate the Arconic Corporation Businesses or Howmet Aerospace Businesses in such jurisdictions.

As part of this internal reorganization, ParentCo will contribute to Arconic Corporation certain liabilities and certain assets, including equity interests in entities that are expected to conduct the Arconic Corporation Businesses.

Following the completion of the internal reorganization and immediately prior to the distribution, Arconic Corporation will be the parent company of the entities that are expected to conduct the Arconic Corporation Businesses and ParentCo will remain the parent company of the entities that are expected to conduct the Howmet Aerospace Businesses.

Results of the Distribution

After the distribution, Arconic Corporation will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on March 19, 2020, the record date for the distribution, and will reflect any exercise of ParentCo options between the date the ParentCo Board of Directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of ParentCo common stock or any rights of ParentCo stockholders. ParentCo will not distribute any fractional shares of Arconic Corporation common stock.

We will enter into a separation agreement and other related agreements with ParentCo to effect the separation and to provide a framework for our relationship with Howmet Aerospace after the separation, and will enter into certain other agreements, including a tax matters agreement, an employee matters agreement, intellectual property license agreements, an agreement relating to the Davenport plant, metal supply agreements and real estate and office leases. These agreements will provide for the allocation between Arconic Corporation and Howmet Aerospace of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of ParentCo and its subsidiaries attributable to periods prior to, at and after Arconic Corporation's separation from ParentCo and will govern the relationship between Arconic Corporation and Howmet Aerospace subsequent to the completion of the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors — Risks Related to the Distribution" and "Certain Relationships and Related Party Transactions."

Market for Arconic Corporation Common Stock

There is currently no public trading market for Arconic Corporation common stock. Arconic Corporation intends to apply to list its common stock on the NYSE under the symbol "ARNC." Arconic Corporation has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

We cannot predict the price at which Arconic Corporation common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of the shares of Arconic

Corporation common stock that each ParentCo stockholder will receive in the distribution, together with the ParentCo common stock (which, as a result of ParentCo's name change to Howmet Aerospace, will be Howmet Aerospace common stock) held at the record date for the distribution, may not equal the "regular-way" trading price of the ParentCo common stock immediately prior to the distribution. The price at which Arconic Corporation common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Arconic Corporation common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors — Risks Related to Our Common Stock."

Incurrence of Debt

Arconic Corporation expects to enter into the Senior Credit Facilities on or prior to the completion of the distribution and has completed an offering of the notes, with approximately \$800 million of the proceeds of such financings expected to be used to distribute cash to ParentCo. As a result of such transactions, Arconic Corporation anticipates having approximately \$1.2 billion of indebtedness upon completion of the distribution, consisting of (i) a senior secured first-lien term loan in an aggregate principal amount of \$600 million and (ii) the notes in an aggregate principal amount of \$600 million. Under the Senior Credit Facilities, we would also have \$1.0 billion of indebtedness available to be drawn under the Revolving Facility. For more information, see "Description of Material Indebtedness."

Trading Between the Record Date and the Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, ParentCo expects that there will be two markets in ParentCo common stock: a "regular-way" market and an "ex-distribution" market. ParentCo common stock that trades on the "regular-way" market will trade with an entitlement to Arconic Corporation common stock distributed in the distribution. ParentCo common stock that trades on the "ex-distribution" market will trade without an entitlement to Arconic Corporation common stock distributed in the distribution. Therefore, if you sell shares of ParentCo common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of Arconic Corporation common stock in the distribution. If you own ParentCo common stock at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will receive the shares of Arconic Corporation common stock that you are entitled to receive pursuant to your ownership of shares of ParentCo common stock as of the record date.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, Arconic Corporation expects that there will be a "when-issued" market in its common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for Arconic Corporation common stock that will be distributed to holders of ParentCo common stock on the distribution date. If you owned ParentCo common stock at the close of business on the record date for the distribution, you would be entitled to Arconic Corporation common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Arconic Corporation common stock, without trading the ParentCo common stock you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to Arconic Corporation common stock will end, and "regular-way" trading with respect to Arconic Corporation common stock will begin.

Conditions to the Distribution

The distribution will be effective at 12:01 a.m., Eastern Time, on April 1, 2020, which is the distribution date, provided that the conditions set forth in the separation agreement have been satisfied (or waived by ParentCo in its sole and absolute discretion), including, among others:

- the SEC declaring effective the registration statement of which this information statement forms a part; there being no order suspending the effectiveness of the registration statement in effect; and no proceedings for such purposes having been instituted or threatened by the SEC;
- this information statement having been made available to ParentCo stockholders;

- the receipt by ParentCo and continuing validity of an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 355 and 368(a)(1)(D) of the Code;
- the internal reorganization having been completed and the transfer of assets and liabilities of the Arconic Corporation Businesses from ParentCo to Arconic Corporation, and the transfer of assets and liabilities of the Howmet Aerospace Businesses from Arconic Corporation to ParentCo, having been completed in accordance with the separation agreement;
- the receipt of one or more opinions from an independent appraisal firm to the ParentCo Board of Directors as to the solvency of Howmet Aerospace and Arconic Corporation after the completion of the distribution, in each case in a form and substance acceptable to the ParentCo Board of Directors in its sole and absolute discretion;
- all actions necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder having been taken or made and, where applicable, having become effective or been accepted;
- the execution of certain agreements contemplated by the separation agreement;
- no order, injunction or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions being in effect;
- the shares of Arconic Corporation common stock to be distributed having been accepted for listing on the NYSE, subject to official notice of distribution;
- ParentCo having received certain proceeds from the financing arrangements described under “Description of Material Indebtedness” and being satisfied in its sole and absolute discretion that, as of the effective time of the distribution, it will have no further liability under such arrangements; and
- no other event or development existing or having occurred that, in the judgment of ParentCo’s Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions.

ParentCo will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio. ParentCo will also have sole and absolute discretion to waive any of the conditions to the distribution. ParentCo does not intend to notify its stockholders of any modifications to the terms of the separation or distribution that, in the judgment of its Board of Directors, are not material. For example, the ParentCo Board of Directors might consider material such matters as significant changes to the distribution ratio, significant changes to the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the ParentCo Board of Directors determines that any modifications by ParentCo, including any waivers of any conditions to the distribution, materially change the terms of the distribution, ParentCo will notify ParentCo stockholders in a manner reasonably calculated to inform them about the modification as may be required by law, by publishing a press release, filing a current report on Form 8-K and/or circulating a supplement to this information statement.

DIVIDEND POLICY

We expect that we will return to stockholders cash dividends in an aggregate amount of up to approximately \$50 million in the first year following the distribution and up to approximately \$100 million per annum thereafter. However, the timing, declaration, amount of, and payment of any dividends following the separation will be within the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets, and other factors deemed relevant by our Board of Directors. Moreover, if we determine to pay any dividend in the future, there can be no assurance that we will continue to pay such dividends or the amount of such dividends.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2019, on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in our Unaudited Pro Forma Condensed Combined Financial Information. The information below is not necessarily indicative of what our capitalization would have been had the separation, distribution, and related financing transactions been completed as of September 30, 2019. In addition, it is not indicative of our future capitalization. This table should be read in conjunction with “Unaudited Pro Forma Condensed Combined Financial Information,” “Selected Historical Combined Financial Data of Arconic Corporation,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our Combined Financial Statements and notes included in the “Index to Financial Statements” section of this information statement.

(in millions)	September 30, 2019	
	As Reported	Pro Forma (Unaudited)
Cash		
Cash and cash equivalents	\$ 47	\$ 400
Capitalization:		
Debt Outstanding		
Long-term debt, including amount due within one year	\$ 250	\$ 1,174
Equity		
Common stock, par value	\$ —	\$ 1
Additional capital	—	2,468
Parent Company net investment	2,416	—
Accumulated other comprehensive income (loss)	310	(1,159)
Sub-total equity	2,726	1,310
Noncontrolling interest	14	14
Total equity	2,740	1,324
Total capitalization	\$ 2,990	\$ 2,498

SELECTED HISTORICAL COMBINED FINANCIAL DATA OF ARCONIC CORPORATION

The following table presents the selected historical combined financial data for Arconic Corporation. We derived the selected statement of combined operations data for the nine months ended September 30, 2019 and 2018 and the selected combined balance sheet data as of September 30, 2019 from our unaudited Combined Financial Statements, which are included in the “Index to Financial Statements” section of this information statement. We derived the selected statement of combined operations data for the years ended December 31, 2018, 2017, and 2016, and the selected combined balance sheet data as of December 31, 2018 and 2017, as set forth below, from our audited Combined Financial Statements, which are included in the “Index to Financial Statements” section of this information statement. We derived the selected statement of combined operations data for the years ended December 31, 2015 and 2014 and the selected combined balance sheet data as of December 31, 2016, 2015, and 2014 from Arconic Corporation’s unaudited underlying financial records, which were derived from the financial records of ParentCo and are not included in this information statement.

The historical results do not necessarily indicate the results expected for any future period. You should read the selected historical combined financial data presented below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Combined Financial Statements and accompanying notes included elsewhere in this information statement. Per share data has not been presented since Arconic Corporation was wholly-owned by ParentCo during the periods presented.

(in millions)	As of and for the nine months ended September 30,		As of and for the year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
Sales	\$5,569	\$ 5,633	\$7,442	\$6,824	\$6,661	\$7,046	\$8,321
Net income (loss)	39	71	170	209	155	(60)	(124)
Total assets	4,790	4,968	4,795	4,902	4,705	4,627	4,886
Total debt	250	260	250	255	256	253	249
Supplemental Information⁽¹⁾:							
Capital expenditures	\$ 120	\$ 195	\$ 317	\$ 241	\$ 350		
Segment Information:							
Rolle Products							
Third-party sales	4,294	4,333	5,731	5,125	4,996		
Segment operating profit	346	268	328	384	374		
Extrusions							
Third-party sales	420	409	546	518	551		
Segment operating profit	(29)	2	1	34	74		
Building and Construction Systems							
Third-party sales	855	866	1,140	1,066	1,011		
Segment operating profit	89	74	91	82	86		
Non-GAAP Financial Measures⁽²⁾:							
Sales — as adjusted	\$5,415	\$ 5,432	\$7,185	\$6,443			
Adjusted EBITDA	470	410	542	531			
Further Adjusted EBITDA	595	472	632	671			
Adjusted EBIT	280	212	270	265			
Further Adjusted EBIT	407	277	363	399			
Capital expenditures — as adjusted	118	193	313	236			

(in millions)	As of and for the nine months ended September 30,		As of and for the year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
Segment Information:							
Rolle Products							
Third-party sales — as adjusted	4,179	4,198	5,552	4,909			
Adjusted EBITDA	485	422	540	589			
Further Adjusted EBITDA	520	453	584	641			
Extrusions							
Third-party sales — as adjusted	381	368	493	468			
Adjusted EBITDA	(7)	19	24	56			
Further Adjusted EBITDA	(6)	20	26	59			
Building and Construction Systems							
Third-party sales — as adjusted	N/A	N/A	N/A	N/A			
Adjusted EBITDA	103	88	109	98			
Further Adjusted EBITDA	105	90	111	101			

- (1) The Supplemental Information is being included consistent with the periods presented in both the Audited Combined Financial Statements and Unaudited Combined Financial Statements included in the Index to Financial Statements.
- (2) The Non-GAAP Financial Measures are being included consistent with the periods presented in the Unaudited Pro Forma Condensed Combined Financial Information, along with the most recent respective comparative period.

Non-GAAP Financial Measures — Basis for Inclusion and Reconciliations

Certain of the information included in the table above is derived from Arconic Corporation's historical combined financial information but is not presented in Arconic Corporation's historical combined financial statements prepared in accordance with GAAP. Such information is considered "non-GAAP financial measures" under SEC regulations. This non-GAAP financial information is being provided to supplement the understanding of Arconic Corporation's GAAP financial information. In particular, Arconic Corporation believes these non-GAAP financial measures to be useful for the following reasons:

- (i) The measures presented provide additional information with respect to Arconic Corporation's historical operating performance and Arconic Corporation's ability to meet its current and future financial obligations;
- (ii) Certain of the measures, such as Adjusted EBITDA, are expected to be the basis for calculations with respect to compliance with certain debt covenants expected to be included in Arconic Corporation's future financing arrangements; and
- (iii) The measures presented are expected to be used to market the debt Arconic Corporation will incur in connection with the capital structure to be established at the time of separation to both public and private lenders.

The non-GAAP financial measures presented in the table above are derived from the most directly comparable GAAP measures adjusted for the following items, as applicable:

- (i) Special items: defined as restructuring and other charges, discrete income tax items, and other items as deemed appropriate by management. There can be no assurances that additional special items will not occur in future periods;

- (ii) Divestitures: this adjustment removes the impact related to previously divested businesses and planned divestitures. Specifically, divestitures pertain to the Fusina (Italy) rolling mill (divested in March 2017), the Latin America extrusions business (divested in April 2018), the Itapissuma (Brazil) rolling mill (reached agreement to sell in August 2019), and the hard alloy extrusions plant in South Korea (reached agreement to sell in October 2019); and
- (iii) Pension/OPEB: this adjustment reflects the pro forma impact related to benefit expenses associated with certain U.S. defined benefit pension and other postretirement plan obligations expected to be transferred to Arconic Corporation in connection with the separation. Accordingly, certain of the expenses related to these plans previously recognized by Arconic Corporation in its historical combined financial statements would have been recorded in nonoperating income instead of operating income (see note (a) in “Unaudited Pro Forma Condensed Combined Financial Information — Notes to Unaudited Pro Forma Condensed Combined Financial Statements”).

The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. Accordingly, Arconic Corporation encourages consideration of non-GAAP measures as a supplement to the respective GAAP measures. The non-GAAP measures presented may not be comparable to similarly titled measures of other companies.

Arconic Corporation’s definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation and amortization. Net margin is equivalent to Sales minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation and amortization. Arconic Corporation’s definition of Adjusted EBIT (Earnings before interest and taxes) is equivalent to Net margin.

(in millions)	For the nine months ended September 30,		For the year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
Reconciliation of Adjusted Sales:							
Sales	\$5,569	\$5,633	\$7,442	\$6,824			
Adjustments:							
Divestitures	(154)	(201)	(257)	(381)			
Sales — as adjusted	<u>\$5,415</u>	<u>\$5,432</u>	<u>\$7,185</u>	<u>\$6,443</u>			
Reconciliation of Adjusted EBITDA:							
Net income	\$ 39	\$ 71	\$ 170	\$ 209			
Add:							
Net income attributable to noncontrolling interests	—	—	—	—			
Provision for income taxes	55	33	71	42			
Other (income) expenses, net	(4)	9	4	(287)			
Interest expense	86	99	129	168			
Restructuring and other charges	104	—	(104)	133			
Provision for depreciation and amortization	190	198	272	266			
Adjusted EBITDA	<u>\$ 470</u>	<u>\$ 410</u>	<u>\$ 542</u>	<u>\$ 531</u>			
Adjustments:							
Other special items*	63	7	13	48			
Divestitures	(6)	(8)	(8)	(1)			
Pension/OPEB	68	63	85	93			
Further Adjusted EBITDA	<u>\$ 595</u>	<u>\$ 472</u>	<u>\$ 632</u>	<u>\$ 671</u>			

(in millions)	For the nine months ended September 30,		For the year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
Reconciliation of Adjusted EBIT:							
Net income	\$ 39	\$ 71	\$ 170	\$ 209			
Add:							
Net income attributable to noncontrolling interests	—	—	—	—			
Provision for income taxes	55	33	71	42			
Other (income) expenses, net	(4)	9	4	(287)			
Interest expense	86	99	129	168			
Restructuring and other charges	104	—	(104)	133			
Adjusted EBIT	\$ 280	\$ 212	\$ 270	\$ 265			
Adjustments:							
Other special items*	63	7	13	48			
Divestitures	(4)	(5)	(5)	(7)			
Pension/OPEB	68	63	85	93			
Further Adjusted EBIT	\$ 407	\$ 277	\$ 363	\$ 399			
Reconciliation of Adjusted Capital Expenditures:							
Capital expenditures	\$ 120	\$ 195	\$ 317	\$ 241			
Adjustments:							
Divestitures	(2)	(2)	(4)	(5)			
Capital expenditures — as adjusted	\$ 118	\$ 193	\$ 313	\$ 236			
Reconciliation of Rolled Products Adjusted Third-Party Sales:							
Third-party sales	\$4,294	\$4,333	\$5,731	\$5,125			
Adjustments:							
Divestitures	(115)	(135)	(179)	(216)			
Third-party sales — as adjusted	\$4,179	\$4,198	\$5,552	\$4,909			
Reconciliation of Rolled Products Adjusted EBITDA:							
Segment operating profit	\$ 346	\$ 268	\$ 328	\$ 384			
Add:							
Provision for depreciation and amortization	139	154	212	205			
Adjusted EBITDA	\$ 485	\$ 422	\$ 540	\$ 589			
Adjustments:							
Divestitures	—	(3)	(1)	5			
Pension/OPEB	35	34	45	47			
Further Adjusted EBITDA	\$ 520	\$ 453	\$ 584	\$ 641			
Reconciliation of Extrusions Adjusted Third-Party Sales:							
Third-party sales	\$ 420	\$ 409	\$ 546	\$ 518			
Adjustments:							
Divestitures	(39)	(41)	(53)	(50)			
Third-party sales — as adjusted	\$ 381	\$ 368	\$ 493	\$ 468			
Reconciliation of Extrusions Adjusted EBITDA:							
Segment operating profit	\$ (29)	\$ 2	\$ 1	\$ 34			

(in millions)	For the nine months ended September 30,		For the year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
Add:							
Provision for depreciation and amortization	22	17	23	22			
Adjusted EBITDA	\$ (7)	\$19	\$ 24	\$ 56			
Adjustments:							
Divestitures	(8)	(7)	(10)	(10)			
Pension/OPEB	9	8	12	13			
Further Adjusted EBITDA	\$ (6)	\$20	\$ 26	\$ 59			
<u>Reconciliation of Building and Construction</u>							
<u>Systems Adjusted EBITDA:</u>							
Segment operating profit	\$ 89	\$74	\$ 91	\$ 82			
Add:							
Provision for depreciation and amortization	14	14	18	16			
Adjusted EBITDA	\$103	\$88	\$109	\$ 98			
Adjustments:							
Pension/OPEB	2	2	2	3			
Further Adjusted EBITDA	\$105	\$90	\$111	\$101			

* Other special items include the following:

- for the nine months ended September 30, 2019, a charge for an ongoing environmental remediation matter referred to as Grasse River (\$25) and an allocation of ParentCo costs associated with the following matters: the planned separation of ParentCo (\$23), negotiation of a collective bargaining agreement with the United Steelworkers (\$9), a legal matter referred to as Grenfell Tower (\$3), and a company-wide strategy and portfolio review by management (\$3);
- for the nine months ended September 30, 2018, an allocation of ParentCo costs associated with a legal matter referred to as Grenfell Tower;
- for the year ended December 31, 2018, an allocation of ParentCo costs associated with both a legal matter referred to as Grenfell Tower (\$9) and a company-wide strategy and portfolio review by management (\$4); and
- for the year ended December 31, 2017, an allocation of ParentCo costs associated with the following matters: proxy, advisory, and governance-related (\$30), the separation of Alcoa Inc. (\$9), a legal matter referred to as Grenfell Tower (\$7), and ParentCo's Delaware reincorporation (\$2).

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The Unaudited Pro Forma Condensed Combined Financial Information presented below has been derived from Arconic Corporation's historical Combined Financial Statements included in this information statement. While the historical Combined Financial Statements reflect the past financial results of the Arconic Corporation Businesses, this pro forma information gives effect to the separation of that business into an independent, publicly traded company. The pro forma adjustments to reflect the distribution include:

- the separation of the assets (including the equity interests of certain subsidiaries) and liabilities related to the Arconic Corporation Businesses from ParentCo and the transfer of those assets (including the equity interests of certain subsidiaries) and liabilities to Arconic Corporation;
- the distribution of 100% of our issued and outstanding common stock by ParentCo in connection with the separation;
- the effect of our anticipated post-separation capital structure, including the incurrence of indebtedness of \$1,200 million and the distribution of approximately \$800 million of cash to ParentCo; and
- the impact of, and transactions contemplated by, the separation agreement, the tax matters agreement, the employee matters agreement, intellectual property license agreements, an agreement relating to the Davenport plant, metal supply agreements and real estate and office leases between us and ParentCo and the provisions contained therein.

The pro forma adjustments are based on available information and assumptions our management believes are reasonable; however, such adjustments are subject to change as the costs of operating as a standalone company are determined. In addition, such adjustments are estimates and may not prove to be accurate. The Unaudited Pro Forma Condensed Combined Financial Information has been derived from our historical Combined Financial Statements included in this information statement and includes certain adjustments to give effect to events that are (1) directly attributable to the distribution and related transaction agreements, (2) factually supportable, and (3) with respect to the statement of combined operations, expected to have a continuing impact on Arconic Corporation. Any change in costs or expenses associated with operating as a standalone company would constitute projected amounts based on estimates and, therefore, are not factually supportable; as such, the Unaudited Pro Forma Condensed Combined Financial Information has not been adjusted for any such estimated changes. Only costs that management has determined to be factually supportable and recurring are included as pro forma adjustments, including the items described above. Incremental costs and expenses associated with operating as a standalone company, which are not reflected in the Unaudited Pro Forma Condensed Combined Financial Information, are not practical to estimate as of the date of this filing.

The Unaudited Pro Forma Condensed Combined Statement of Operations for the fiscal year ended December 31, 2018 and the nine months ended September 30, 2019 has been prepared as though the distribution occurred on January 1, 2018. The Unaudited Pro Forma Condensed Combined Balance Sheet at September 30, 2019 has been prepared as though the distribution occurred on September 30, 2019. The Unaudited Pro Forma Condensed Combined Financial Information is for illustrative purposes only, and does not reflect what our financial position and results of operations would have been had the distribution occurred on the dates indicated and is not necessarily indicative of our future financial position and future results of operations.

The Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with our historical combined financial information, "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. The Unaudited Pro Forma Condensed Combined Financial Information constitutes forward-looking information and is subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this information statement.

Arconic Rolled Products Corporation
Unaudited Pro Forma Statement of Combined Operations
(in millions, except per-share amounts)

<u>For the nine months ended September 30, 2019</u>	<u>As Reported</u>	<u>Pro Forma Adjustments</u>		<u>Pro Forma</u>
Sales	\$ 5,569			\$5,569
Cost of goods sold (exclusive of expenses below)	4,810	(56)	(a)	4,754
Selling, general administrative, and other expenses	255	(33)	(a)(b)	222
Research and development expenses	34	(1)	(a)	33
Provision for depreciation and amortization	190			190
Restructuring and other charges	104			104
Operating income	176	90		266
Interest expense	86	(37)	(c)	49
Other (income) expenses, net	(4)	74	(a)	70
Income before income taxes	94	53		147
Provision for income taxes	55	11	(d)	66
Net income	39	42		81
Less: Net income attributable to noncontrolling interest	—			—
Net income attributable to Arconic Rolled Products Corporation	<u>\$ 39</u>	<u>42</u>		<u>\$ 81</u>
Earnings per share:				
Basic				\$ 0.71 (e)
Diluted				\$ 0.71 (e)
Weighted-average shares outstanding:				
Basic				112.7 (e)
Diluted				113.8 (e)

Arconic Rolled Products Corporation
Unaudited Pro Forma Statement of Combined Operations
(in millions, except per-share amounts)

<u>For the year ended December 31, 2018</u>	<u>As Reported</u>	<u>Pro Forma Adjustments</u>		<u>Pro Forma</u>
Sales	\$ 7,442			\$7,442
Cost of goods sold (exclusive of expenses below)	6,549	(73)	(a)	6,476
Selling, general administrative, and other expenses	288	(10)	(a)	278
Research and development expenses	63	(1)	(a)	62
Provision for depreciation and amortization	272			272
Restructuring and other charges	(104)			(104)
Operating income	374	84		458
Interest expense	129	(61)	(c)	68
Other expenses, net	4	93	(a)	97
Income before income taxes	241	52		293
Provision for income taxes	71	12	(d)	83
Net income	170	40		210
Less: Net income attributable to noncontrolling interest	—			—
Net income attributable to Arconic Rolled Products Corporation	\$ 170	40		\$ 210
Earnings per share:				
Basic				\$ 1.74 (e)
Diluted				\$ 1.72 (e)
Weighted-average shares outstanding:				
Basic				120.7 (e)
Diluted				122.1 (e)

Arconic Rolled Products Corporation
Unaudited Pro Forma Condensed Combined Balance Sheet
(in millions)

September 30, 2019	As Reported	Pro Forma Adjustments		Pro Forma
Assets				
Current assets:				
Cash and cash equivalents	\$ 47	353	(c)	\$ 400
Receivables from customers	436	386	(f)	822
Inventories	877			877
Other current assets	175			175
Total current assets	1,535	739		2,274
Properties, plants, and equipment, net	2,711			2,711
Other noncurrent assets	544	290	(c)(d)	834
Total assets	\$ 4,790	1,029		\$ 5,819
Liabilities				
Current liabilities:				
Accounts payable, trade	\$ 1,056			\$ 1,056
Environmental remediation	77	7	(g)	84
Other current liabilities	206	67	(a)(c)	273
Total current liabilities	1,339	74		1,413
Long-term debt	250	918	(c)	1,168
Accrued pension and other postretirement benefits	51	1,549	(a)	1,600
Environmental remediation	152	7	(g)	159
Other noncurrent liabilities	258	(103)	(d)	155
Total liabilities	2,050	2,445		4,495
Equity				
Common stock	—	1	(h)	1
Additional capital	—	2,468	(h)	2,468
Parent Company net investment	2,416	(2,416)	(i)	—
Accumulated other comprehensive income (loss)	310	(1,469)	(a)(d)	(1,159)
Sub-total equity	2,726	(1,416)		1,310
Noncontrolling interest	14			14
Total equity	2,740	(1,416)		1,324
Total liabilities and equity	\$ 4,790	1,029		\$ 5,819

Arconic Rolled Products Corporation
Notes to Unaudited Pro Forma Condensed Combined Financial Statements
(dollars in millions, except per share amounts)

- (a) In connection with the separation, a portion of certain U.S. defined benefit pension and other postretirement plan obligations will be transferred to Arconic Corporation. These ParentCo plans were accounted for on a multiemployer basis in Arconic Corporation's historical combined financial statements. Accordingly, no liability was recorded in Arconic Corporation's historical combined balance sheet to recognize the funded status of these plans. However, benefit expenses related to these plans attributable to Arconic Corporation Businesses were recorded in Arconic Corporation's historical statement of combined operations based primarily on pensionable compensation of active participants and estimated interest costs. Additionally, Arconic Corporation's historical statement of combined operations included an allocation of benefit expenses related to these plans for ParentCo corporate participants as well as for participants of closed and sold operations.

The pro forma adjustment in the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2019 reflects the funded status (current liability of \$63 and noncurrent liability of \$1,549) of the plan obligations that are expected to be transferred to Arconic Corporation, as well as the related amount (-\$1,903) to be recognized in accumulated other comprehensive income.

The pro forma adjustment in the Unaudited Pro Forma Statement of Combined Operations for both the nine months ended September 30, 2019 and the year ended December 31, 2018 reflects a net amount composed of (i) the removal of the allocation of benefit expenses (multiemployer plan accounting (see Note below)) related to these plans for ParentCo corporate participants, as well as for participants of closed and sold operations, (ii) the addition of estimated benefit expenses (defined benefit plan accounting – service cost and nonservice cost (see Note below)) related to these plans for expected Arconic Corporation corporate participants, as well as for certain participants of closed and sold operations, and (iii) a reclassification of a portion of benefit expenses related to these plans previously recognized under multiemployer accounting (see Note below) to nonservice cost under defined benefit plan accounting (see Note below) for participants associated with the Arconic Corporation Businesses (the total benefit expense under multiemployer plan accounting approximates the total benefit expense under defined benefit plan accounting). The following table details this net adjustment:

	For the nine months ended September 30, 2019					For the year ended December 31, 2018				
	COGS ⁽¹⁾	SG&A ⁽¹⁾	R&D ⁽¹⁾	Other expenses, net	Pretax income	COGS ⁽¹⁾	SG&A ⁽¹⁾	R&D ⁽¹⁾	Other expenses, net	Pretax income
Pro forma adjustments:										
Removal of corporate allocation	\$(10)	\$(10)	\$(1)	\$—	\$ 21	\$(14)	\$(11)	\$(2)	\$—	\$ 27
Addition of corporate expense	—	—	—	28	(28)	—	1	1	34	(36)
Reclassification of nonservice cost ⁽²⁾	(46)	—	—	46	—	(59)	—	—	59	—
	<u>\$(56)</u>	<u>\$(10)</u>	<u>\$(1)</u>	<u>\$74</u>	<u>\$ (7)</u>	<u>\$(73)</u>	<u>\$(10)</u>	<u>\$(1)</u>	<u>\$93</u>	<u>\$ (9)</u>

- (1) COGS = Cost of goods sold; SG&A = Selling, general administrative, and other expenses; R&D = Research and development expenses
- (2) This reclassification relates to the nonservice portion of benefit expense associated with the Arconic Corporation Businesses (i.e., does not include corporate). See the "Addition of corporate expense" line item in this table for the nonservice portion of benefit expense associated with corporate.

Note: Multiemployer plan accounting results in benefit expense being recorded entirely in operating income (COGS, SG&A, and R&D). Defined benefit plan accounting results in benefit expense being split between operating income (service cost) and nonoperating income (nonservice cost).

- (b) Reflects the removal of costs related to the separation incurred by ParentCo and partially allocated to Arconic Corporation's historical combined financial statements. These costs were primarily for legal, tax, accounting, and other professional fees, and will not continue to be incurred post-separation.

- (c) Arconic Corporation has commitments for \$1,200 in third-party indebtedness in connection with the capital structure to be established at the time of separation. Of this indebtedness amount, Arconic Corporation would retain approximately \$400 in cash and the remainder of the proceeds would be distributed to ParentCo. This indebtedness is comprised of \$600 in 6.125% (fixed rate) Senior Secured Second-Lien Notes due 2028 and a \$600 Senior Secured First-Lien Term B Loan Facility (variable rate and seven-year term). Additionally, Arconic Corporation will have access to a \$1,000 Senior Secured First-Lien Revolving Credit Facility (variable rate and five-year term), which is expected to be undrawn at the time of the completion of the separation. Upfront financing costs associated with these debt arrangements are estimated to be \$43 (\$26 is reflected as a reduction to long-term debt and \$17 is a noncurrent asset), which will be amortized to interest expense over the respective terms of the arrangements. Accordingly, the carrying value of the new third-party indebtedness is \$1,174, of which \$6 is classified as a current liability to reflect a mandatory 1% annual repayment provision of the Senior Secured First-Lien Term B Loan Facility.

Also, at separation, ParentCo is expected to remain the borrower associated with \$250 in Midwestern Disaster Area Revenue Bonds Series 2012 due 2042 (the “Davenport Bond”), the net proceeds of which were used to acquire, construct, reconstruct, and renovate certain facilities at Arconic Corporation’s rolling mill plant in Davenport, IA. Accordingly, the \$250 carrying value of the Davenport Bond, as well as the related accrued interest payable of \$2, has been removed from the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2019.

Additionally, a net adjustment to interest expense on the Unaudited Pro Forma Statement of Combined Operations for both the nine months ended September 30, 2019 and the year ended December 31, 2018 reflects a net amount composed of (i) the elimination of the allocation of the cost of ParentCo’s debt included in Arconic Corporation’s historical combined financial statements that will not be an obligation of Arconic Corporation following the separation, (ii) the elimination of the cost of the Davenport Bond included in Arconic Corporation’s historical combined financial statements that will not be an obligation of Arconic Corporation following the separation, and (iii) the inclusion of the costs of the new third-party indebtedness, which will be an obligation of Arconic Corporation following the separation. The following table details this net adjustment:

	For the nine months ended September 30, 2019			For the year ended December 31, 2018		
	Gross expense	Amount capitalized	Net expense	Gross expense	Amount capitalized	Net expense
As reported	\$ 95	\$ 9	\$ 86	\$ 138	\$ 9	\$ 129
Pro forma adjustments:						
Removal of cost allocation	(86)	—	(86)	(125)	—	(125)
Removal of Davenport Bond	(9)	—	(9)	(12)	—	(12)
New indebtedness	58	—	58	76	—	76
	(37)	—	(37)	(61)	—	(61)
Pro forma	\$ 58	\$ 9	\$ 49	\$ 77	\$ 9	\$ 68

The assumed variable interest rate with respect to the Senior Secured First-Lien Term B Loan Facility is 1-month LIBOR plus an applicable margin of 275 basis points and the assumed variable commitment fee related to the Senior Secured First-Lien Revolving Credit Facility for undrawn capacity is 0.35%. For purposes of the pro forma adjustment, management calculated the average of the daily 1-month LIBOR during the respective periods for both the nine months ended September 30, 2019 and the year ended December 31, 2018. A 0.125 percentage-point change to the assumed variable interest rate associated with the Senior Secured First-Lien Term B Loan Facility would change the estimated interest expense of the new third-party indebtedness by less than \$1 annually.

- (d) The Unaudited Pro Forma Statement of Combined Operations for both the nine months ended September 30, 2019 and the year ended December 31, 2018 reflect the income tax impact of the pretax income pro forma adjustments described in notes (a), (b), and (c) above, as applicable. Also, the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2019 reflects the

deferred income tax impact associated with the establishment of the liabilities described in note (a) above and note (g) below. As such pro forma adjustments are related to the U.S. jurisdiction, the applicable statutory income tax rate, including the 21% federal rate, was used to calculate the income tax impact. The effective income tax rate of Arconic Corporation could differ depending on activities subsequent to the separation.

- (e) The weighted-average shares outstanding of Arconic Corporation common stock used to compute basic and diluted earnings per common share is based on the weighted-average shares outstanding of ParentCo common stock for both the nine months ended September 30, 2019 and year ended December 31, 2018, adjusted for the distribution ratio of one share of Arconic Corporation common stock for every four shares of ParentCo common stock. The diluted earnings per common share gives effect to the potential dilution from common share equivalents related to stock-based awards granted to employees under ParentCo's stock-based compensation plan, which management believes is a reasonable approximation of the potential dilutive effect of stock-based awards related to employees of the Arconic Corporation Businesses for purposes of Arconic Corporation's pro forma diluted earnings per share.
- (f) Reflects an add back of Arconic Corporation's outstanding customer receivables sold to a bankruptcy-remote subsidiary of ParentCo in connection with ParentCo's accounts receivable securitization arrangement. Upon completion of the separation, Arconic Corporation will no longer sell its customer receivables to ParentCo and Arconic Corporation does not expect to enter into a similar arrangement of its own.
- (g) Reflects the addition of environmental remediation liabilities associated with certain former operating locations of ParentCo, including those related to retained obligations from operating locations previously divested, that will be assumed by Arconic Corporation in accordance with the terms of the separation and distribution agreement.
- (h) On the distribution date, Parent Company net investment in Arconic Corporation (after reflecting the balance sheet impact of the pro forma adjustments described in notes (a), (c), (d), (f), and (g) above) will be re-designated as Arconic Corporation shareholders' equity, which will be allocated between common stock and additional capital based on the number of outstanding shares of Arconic Corporation common stock at the record date (March 19, 2020). The number of such outstanding shares will be determined at a distribution ratio of one share of Arconic Corporation common stock for every four shares of ParentCo common stock. Arconic Corporation's common stock will have a par value of \$0.01 per share. Accordingly, this adjustment reflects the distribution ratio applied to ParentCo's outstanding shares of common stock (433,819,520) as of September 30, 2019.
- (i) Reflects a net adjustment related to the balance sheet impact of the pro forma adjustments described in notes (a), (c), (d), (f), (g), and (h) above.

BUSINESS

All amounts discussed in this section are in millions of U.S. dollars, unless otherwise indicated. This section discusses Arconic Corporation's business assuming the completion of all of the transactions described in this information statement, including the separation.

Our Company

Overview

Arconic Corporation is a global leader in manufacturing aluminum sheet, plate, extrusions and architectural products, serving primarily the ground transportation, aerospace, building and construction, industrial, and packaging end-markets. We were previously part of Alcoa Inc. (which was renamed Arconic Inc. in 2016), which created the modern aluminum industry more than 125 years ago. Our technical expertise, long-standing, collaborative customer relationships and history in the lightweight metals industry as an innovator positions us as a supplier of choice to “blue-chip” customers in high-growth markets that require value-added products with performance-critical applications. Our product portfolio is diverse and most of our products command premium pricing as compared to more commoditized fabricated aluminum products. We maintain a leadership position in our targeted markets through our global footprint of 46 manufacturing, sales and service facilities located across North America, Europe, the United Kingdom, Russia and Asia.

We operate through three reportable segments: Rolled Products, Extrusions, and BCS. We strive to make our portfolio of integrated facilities among the most operationally efficient in the industry. We are well positioned in attractive markets that exhibit trends favorable to our industry, and our long-term contracts with customers enhance the strength and stability of our business and our earnings. We will strive to generate strong returns through growth in operating profit, disciplined capital deployment, increasing cash flow and continued optimization of working capital levels. We believe our more than 125 years of manufacturing experience and our commitment to quality and innovation have put us in a leadership position among our primary competitors.

Our business focuses on producing rolled and extruded products used principally for the following five market segments: (i) ground transportation, (ii) aerospace, (iii) building and construction, (iv) industrial and (v) packaging. Our primary market segments present attractive characteristics, including (i) demand for products that command premium pricing due to technical requirements; (ii) stability through economic cycles due to portfolio diversity; (iii) favorable secular growth trends, such as the substitution of heavier materials with aluminum in the automotive market (“aluminum lightweighting”), strong passenger growth in the commercial aerospace market and population growth driving urbanization for increased demand in the building and construction industry; and (iv) favorable trade conditions in the United States resulting from the Department of Commerce’s ruling on anti-dumping and countervailing duties imposed on imported Chinese common alloy products. We have a leading position in the growing North American automotive aluminum sheet market, and we are a leading supplier of aluminum sheet and plate to the aerospace market. We supply industrial and commercial transportation products to customers around the world. Our BCS products carry recognized brand names and hold strong market positions in North America and Europe.

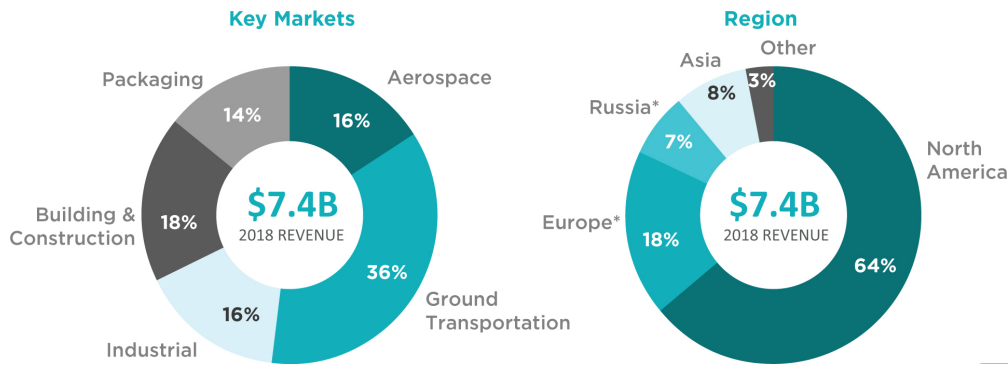
Our customer base includes market leading companies. A sampling of our top customers includes Ford, General Motors, FCA, Airbus, Boeing, Daimler, Paccar, Ball and CANPACK. We predominantly focus on high-value-added products that we believe we are particularly well-suited to developing and manufacturing for our customers due to our technical and R&D capabilities, our ability to supply materials in the volume customers need, our unique manufacturing capabilities and the complex qualification processes that we have passed and are required for many of our products. Our core products require ongoing close collaboration and, in many instances, joint development with our customers.

Prices for rolled products and extrusions are generally based on the price of metal plus a premium for adding value to the aluminum to produce a semi-finished product, resulting in a business model in which the underlying price of metal is contractually passed-through to customers, or hedged. The financial

performance of producers of rolled and extruded aluminum products, such as Arconic Corporation, is driven by the dynamics in the end markets that they serve, the degree of technical specification required for the products sold, the companies' relative positioning in those markets and the efficiency of their industrial operations.

For the year ended December 31, 2018, we shipped approximately 1,309 thousand metric tons of finished products and generated revenues of \$7.4 billion and operating income of \$374 million.

The following charts present our revenues by market segment and by geography for the year ended December 31, 2018:



* Sales of a portion of aluminum products from Arconic Corporation's plant in Russia were completed through the Company's international selling company located in Hungary. Accordingly such sales are included in Europe in the revenue chart by region.

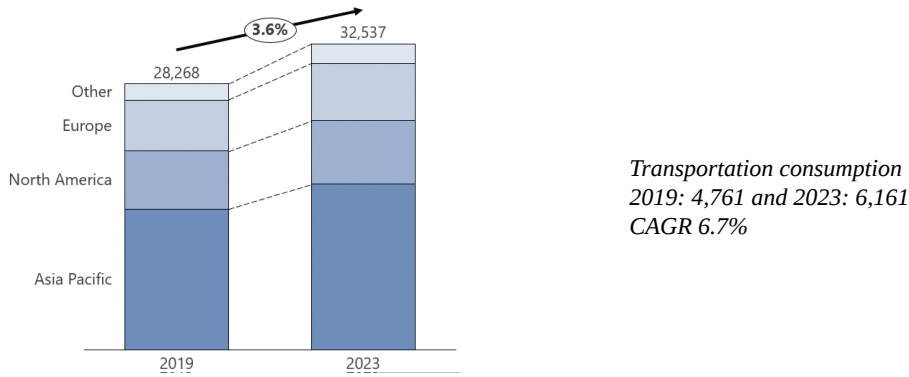
Our Strengths

We believe several key attributes add to the strength of our business: growing demand for high-strength, lightweight aluminum in our targeted markets; our leading positions in the markets we serve; our track record developing differentiated products backed by advanced expertise and technological capabilities; our collaborative and long-standing customer relationships; our global network of efficient facilities with a broad range of advanced manufacturing capabilities operated by a highly skilled workforce; and our healthy financial position, which positions us for future growth. Each of these attributes are described in more detail below.

Growing demand for high-strength, lightweight aluminum in our target markets.

Demand for aluminum and other lightweight products continues to grow at a steady pace. With unique properties that increase performance, improve efficiency and provide a lower carbon footprint throughout its life cycle, aluminum continues to draw demand from industries that require lightweight yet strong material. According to CRU International Limited, the projected annual growth rate from 2019 to 2023 of flat rolled aluminum products is 3.6%, and projected growth in the air and ground transportation market segment is 6.7%.

Projected Demand for Flat Rolled Products from 2019-2023 (in thousand metric tons)



Source: CRU International Limited

Asia Pacific includes: Japan, China, South East Asia and Middle East

Other includes: Africa, Australia, Central and South America

In the ground transportation market, even as vehicle production remains flat, we continue to benefit from growth in automotive aluminum applications, with automotive body sheet forecasted to grow at a 9% annual growth rate from 2019 through 2026 in North America. Acceleration of aluminum adoption and product penetration, noted by third-party research firm Ducker Worldwide in July 2017, continue to advance as automakers are increasingly selecting aluminum as the material of choice for vehicle design solutions that aid in meeting fuel consumption and greenhouse gas emissions regulations while delivering better performance, higher safety ratings and a lower carbon footprint than steel.

We continue to see interest in aluminum lightweighting from a growing customer base, and we currently have material on more than 60 programs with eight automotive original equipment manufacturers (“OEMs”), as well as many of their tier-one suppliers. We have significant forward revenue under contract across multiple OEMs. Our A951™ coating and bonding technology underpinned Ford’s design decision to go aluminum-intensive on the F-150 truck, which has since been expanded to Ford’s Super Duty, Navigator and Expedition vehicle platforms. In fact, all vehicles that have converted to aluminum-intensive structures have received 5-star safety ratings, better performance ratings, and increased fuel efficiency as a result of aluminum lightweighting. Additionally, in North America, demand for larger vehicles (small trucks and SUVs) — where the volume of aluminum use is greater — is increasing while demand for smaller vehicles is decreasing.

In the aerospace market, large commercial aircraft have an approximate seven-year backlog in their order book, driven by global population growth, increasing per capita incomes and higher penetration of air-travel. We have significant forward revenue under contract with major commercial aircraft OEMs or framers, such as Boeing, Airbus, Spirit AeroSystems and Embraer. In defense, spending under the current U.S. administration has been increasing and we have secured new contracts on multiple applications.

In the building and construction market, several secular trends — global warming, urbanization, and increased needs for personal security — are increasing demand for the products and solutions we provide, both in North America and in Europe. Population is expected to grow from 7.2 to 8 billion people by 2025, with more than 50% of population growth in urban areas that drive construction demand. With global energy demand expected to increase by more than 25% by 2040, energy efficiency is another strong market driver for our building and construction products and systems.

The industrial market in North America is closely tied to the U.S. GDP level, which indicates that the overall industrial flat rolled products segment is poised to grow 1% to 2% each year from 2020 to 2022. The common alloy sheet market, which is a significant portion of the total industrial products market, continues to be significantly influenced by imports of common alloys into the United States. With the implementation of anti-dumping and countervailing duties imposed on Chinese common alloy sheet during 2018, the

volume of imports from China has significantly decreased. Although there has been an increase of imports of common alloy into the United States from other countries as a result of the duties imposed on China, prices for common alloy sheet significantly improved in North America during the first half of 2019. We expect these duties to remain in place for at least the next five years.

In the packaging market, we are continuing to see positive trends in both demand and supply dynamics. As it relates to demand, trends are positive as a result of consumer preferences for more sustainable packaging options, driving a broad-based shift from plastic to aluminum. On the other hand, supply for aluminum packaging has tightened as more aluminum rolled products manufacturers redirect rolling mill capacity to supply the automotive end-market. As a result, manufacturers that continued to supply aluminum packaging are able to achieve more favorable pricing for packaging products relative to historical norms. Additionally, the packaging market can be expected to provide relatively steady demand, with resiliency evidenced by trends throughout past economic cycles.

Leading positions in our key markets.

In our core market segments — ground transportation, aerospace, building and construction, industrial and packaging — we have strong market positions and long-standing, collaborative relationships with customers. Within these attractive and diverse segments, we are particularly focused on product lines that require our expertise and advanced technical capabilities to produce efficiently.

In the ground transportation market, we captured a leading position in the North American automotive aluminum market when we invested a combined \$600 million in 2014 to expand our automotive rolling capacity in Davenport, Iowa and Alcoa, Tennessee, and we continue to maintain that position by expanding capabilities to meet demand. In February 2019, we announced a \$100 million investment in Tennessee to provide additional capacity to support automotive and industrial growth, and that capacity is expected to come online in late 2020. We have already secured customer commitments in support of this additional capacity in North America. Our position in this market segment also benefits from the natural characteristics of automotive aluminum sheet, which make importing of aluminum sheet more difficult as it hardens and strengthens with age and as a result is not as easily formed or stamped into parts as time progresses.

In the aerospace market, we have a growing position secured by long-term contracts, totaling more than \$4 billion over the next several years, with some of the biggest players in the industry, including Boeing, Airbus, Embraer, Mitsubishi Heavy Industries and Spirit AeroSystems. In July 2018, we announced that we signed our largest multi-year supply contract with Boeing to supply aluminum sheet and plate for all models produced by Boeing Commercial Airplanes. The agreement expanded on our collaboration with Boeing for wing skins on all of its metallic structure airplanes and included polished fuselage skins and wing ribs. In addition, Boeing awarded us new business for the supply of structural plate used in a variety of other applications, including wing ribs for carbon fiber platforms such as the 787 and 777X.

In the building and construction market, we are differentiated through scale, expertise and a broad range of building envelope products. We have strong market positions in North America and Europe as a supplier of well-known, leading brands with differentiated products and service offerings that we believe enable us to deliver industry-leading service and performance. In total, BCS has more than 270 active patent matters. These are spread across multiple technology areas including: doors, windows, fixed fenestrations and material interfaces/coatings. Our products, which are offered as systems and are localized to address functional and building code requirements, span the range of building end-use and building complexities, making us a go-to provider for architects, general contractors and fabricators.

In the industrial market, we have a strong position, particularly in North America. Our recent \$100 million investment in our Tennessee facility to expand our industrial and automotive capacity is aimed to capture favorable pricing in the North American market for industrial products as well as the anticipated resulting growth. With our diverse industrial portfolio, providing high quality mill finish product, we are positioned to capture opportunities in the industrial market segment.

In the packaging market, we have strong positions in the regions we serve. Our rolling mill in Samara, Russia, serves various markets with its wide range of capabilities, including production of a full range of canstock products, from coated end and tab stock to body stock. Packaging volumes have increased year

over year in Samara for the past five years, where demand for canstock is steadily increasing. To further differentiate among packaging suppliers in the region, Arconic Samara's flagship coil coating line product portfolio was recently expanded with the start of commercial production of black-lacquered end stock, along with coil coated with gold and clear lacquers. Arconic Corporation also supplies canstock to the packaging market in China from its plant in Qinhuangdao.

Track record developing differentiated products backed by advanced expertise and technological capabilities.

Built on a heritage of innovation and operational excellence, Arconic Corporation develops and produces quality materials and technologies efficiently for customers of lightweight metals. In each of the markets we serve, we collaborate with our customers to deliver solutions that meet performance-critical specifications and give our customers a competitive advantage in terms of meeting fuel efficiency, strength and safety requirements. We believe that our ability to produce tailored, high-value-added products fosters longer-term and synergistic relationships with a customer base that includes well-established, blue-chip companies. We regard our relationships with our customers as partnerships in which we work together to utilize our unique technological capabilities to develop customized solutions to meet evolving requirements. This includes developing products together through long-term partnerships.

We have made substantial investments to develop unique technological capabilities, which we believe provide us with a competitive advantage as a supplier of the high-value-added, specialty products that make up the majority of our product portfolio. The Arconic Technology Center, located in New Kensington, Pennsylvania, serves as the headquarters for our Research and Development efforts, and we also have R&D facilities in Norcross, Georgia; Merxheim, France; Vendargues, France; and Harderwijk, Netherlands. These facilities focus on innovation and have given us a leading position in the development of proprietary next-generation specialty alloys and manufacturing processes as evidenced by our robust intellectual property portfolio, which includes over 900 granted or pending patents. We also have a significant number of trade secrets, mostly regarding manufacturing processes and material compositions that give us important advantages in our markets. We continue to strive to improve those processes and generate new material compositions that provide additional benefits.

Recent examples of collaborative and industry redefining innovations include:

- Arconic Corporation's Very Thick Plate Stretcher (VTPS). No supplier in the industry can currently produce plate as wide or as thick as we can. With our 220" mill and the VTPS, we are able to supply the exterior of large metallic planes as well as the most challenging structural plate applications on both metallic and carbon fiber aircrafts. Combined with a new horizontal heat treat furnace in Davenport, Iowa, which is commissioning and operating in a limited capacity as we work through the rigorous qualification processes of our aerospace customers, Arconic Corporation will be able to offer expanded capabilities and capacity in thick plate products.
- Arconic 951 adhesive bonding technology. One of our most notable hallmark R&D achievements was the development of the breakthrough Arconic 951 adhesive bonding technology that is enabling the automotive industry's historic shift to aluminum-intensive vehicles. One of the first customers to utilize this technology was Ford, for its flagship vehicle, the F-150, which — since going aluminum-intensive in 2015 — has increased its lead as America's #1 best-selling vehicle, a position it has held for more than 40 years in a row.
- High strength aerospace and automotive alloys. We continue to work with automotive and aerospace customers to develop solutions with innovative aluminum and aluminum lithium alloys. Working with automotive customer FCA US LLC, for example, our engineers developed a new, highly formable aluminum to enable FCA to shed weight and boost performance of its 2018 Jeep Wrangler, one of the automaker's top selling vehicles.

Diverse, entrenched and collaborative customer relationships.

We have a diverse customer base that includes hundreds of companies that span our key market segments. A sampling of our top customers includes:

Key Markets	Key Customers
Ground Transportation	Ford, FCA, General Motors, Daimler, Paccar, Entrans/Heil
Aerospace	Boeing, Airbus, Spirit AeroSystems, Embraer
Building and Construction	Fabricators, installers, architects and developers around the world
Industrial	Ryerson, Thyssenkrupp MA, Reliance, Kloeckner, Champagne Metals
Packaging	Ball, CANPACK

The average length of our relationships with our top 20 customers exceeds 25 years, and in some cases goes back as far as the beginning of their existence, particularly with our aerospace, automotive and building and construction customers. We have long-term contracts with many of our major customers, and we have partnered with some of them for substantial investments that support new product launches, increased capacity or unique capabilities that solve key challenges. Approximately 57% of 2019 Global Rolled Products revenue is under long-term agreements, and less than 10% of 2019 Global Rolled Products revenue is subject to long-term agreements that are expected to be up for renewal in 2020 and 2021. In addition, we frequently collaborate with our customers to complete a rigorous process for qualifying our products, which requires substantial time and investment and imposes high costs for customers to switch suppliers.

Global network of efficient facilities with a broad range of capabilities operated by a highly skilled workforce.

We operate a network of strategically located facilities within close proximity to our customers and/or raw materials, which we believe allows us to compete effectively in our selected end-markets across numerous geographies. Our facilities, which in many cases have been in operation for decades and are continuously assessed for optimal efficiency, enable us to reliably produce a broad range of high-quality products. Our production lines are operated by a highly skilled workforce with decades of accumulated operational experience. We believe this collective knowledge base would be very difficult to replicate and is a key contributing factor in our ability to produce consistently high-quality products.

Our production sites feature industry-leading manufacturing capabilities with required industry qualifications that are, in our view, difficult for market outsiders to accomplish. We believe our portfolio of facilities provides us with a strong platform to retain and grow our global customer base.

Our capabilities include the development, alloying, and casting of standard and patented Arconic aluminum and aluminum-lithium alloys that provide superior mechanical properties using continuous heat treat and batch heat treat processes. We also have continuous cast capability, as well as hot and cold rolling of aluminum coil, sheet and plate products of different thicknesses and widths. We have the world's largest thick plate stretcher, which can stretch the thickest plate in the world, and we have state-of-the-art metallurgical laboratories.

Our processes include coil and sheet leveling, straightening, and trimming capabilities, indirect aluminum extrusion piercing press capabilities and non-destructive inspection and testing capabilities.

Healthy financial position.

We believe the following factors will contribute to our long-term financial stability and future growth:

- Our revenue diversification in terms of geography, customers and end-markets gives Arconic Corporation a healthy financial position.
- Approximately 50% of our revenue is under long-term agreements, which provides earnings visibility.

- Our contracts are typically structured to contractually pass-through movements in underlying metal price, which, combined with our hedging program, helps to insulate us from commodity price volatility and generate earnings stability.
- Profitability has improved due to targeted mix shift to more specialized, more engineered, higher margin products, as well as cost optimization initiatives.
- We manage our business through a disciplined capital allocation framework.
- Over the last two years, we have undertaken several cost cutting initiatives in a relentless pursuit of cost reduction, while consistently delivering productivity improvements through smart manufacturing (physical and digital automation), cast house optimization, lower procurement costs, and labor and equipment efficiency.
- Our improved capital efficiency is delivering higher returns on our existing asset base. Our disciplined capital allocation with priority on high-return uses driving return on net assets (RONA) expansion has built an attractive margin profile and we believe we are positioned for future profitable growth upside. Examples include the automotive and industrial expansions in Alcoa, Tennessee to seek to capture future market growth, as well as expanding capabilities in Davenport, Iowa to capture demand in aerospace.

Our Business Strategies

Our objective is to expand our leading position as the industry's supplier of choice for high-value-added, technologically advanced products for which we believe that we have a competitive advantage. Our strategy to achieve this objective has two primary pillars: (i) selective participation in attractive markets and (ii) continuing focus on capital efficiency and operational performance.

Selective Participation in Attractive Markets

Continue to target investment in high-return opportunities in our core market segments

We are focused on five strategic market segments (ground transportation, aerospace, building and construction, industrial and packaging) that we believe have attractive growth prospects for aluminum and a solid long-term outlook. These are also markets where we believe that we can differentiate ourselves through high-value-added products, strong customer relationships and R&D and advanced technical capabilities. We selectively pursue capital projects in response to specific volume requirements from long-term customer contracts, aiming for relatively short payback periods and good visibility into return on investment.

For example, in February 2019, in order to seek to capture the growing industrial and automotive aluminum demand in North America, we announced an investment of approximately \$100 million to expand our hot mill capability and add downstream equipment capabilities to manufacture industrial and automotive aluminum products in our Tennessee Operations facility near Knoxville, Tennessee. The project is already underway and is expected to be completed by the fourth quarter of 2020.

Focus on technologically advanced products that facilitate long-term relationships as a key supplier to our customers

Our product portfolio is predominantly focused on high-value-added products that we believe we are particularly well-suited to developing and manufacturing for our customers. These products tend to require close collaboration with our customers to develop tailored solutions, as well as significant effort and investment to adhere to rigorous qualification procedures, which enables us to foster long-term relationships with our customers. Our products typically command premium prices and are supplied to end-markets that we believe have highly attractive characteristics and long-term growth trends.

Focus on Capital Efficiency and Operational Performance

Pursuit of highly efficient operations through smart manufacturing

We believe that there are significant opportunities to improve our quality and to reduce our manufacturing costs by implementing smart manufacturing initiatives, which involve physical and digital

automation. We continually evaluate the processes and flowpaths of our operations in order to work to improve our production efficiency. Sharing best practices throughout our network enables us to apply advanced manufacturing techniques globally to improve existing equipment and processes. We aim to establish highly efficient operations and achieve cost reductions by standardizing manufacturing processes and the associated production elements where possible, while still allowing the flexibility to respond to local market demands and volatility.

To focus our efforts, we have launched a smart manufacturing program, sponsored at the executive level that is designed to optimize productivity of our plants with the goal of delivering value to customers through quality and efficiency.

To advance manufacturing improvements and optimize capital efficiency, Arconic Corporation has developed teams made up of cross-functional experts working on projects that provide an impact across the network. These teams each have a primary focus, seeking to improve efficiencies for optimal operational performance, as follows:

- Driving Operational Equipment Efficiency (OEE) on bottlenecked equipment, including cold mills, hot mills, annealing furnaces and finishing equipment.
- Maximizing internal ingot production, minimizing third party ingot purchase, and managing outside scrap sales to deliver the best solution for our North American network.
- Managing scrap charge solutions and driving scrap utilization in order to offset the need to purchase high cost primary alloy.
- Driving down transportation costs by combining routes, eliminating surcharges, and finding lower cost transportation solutions.
- Leveraging the excess internal process capabilities within the North American network to offset the need for expensive outside providers to perform key operations.
- Managing energy contracts, leveraging volume purchases, and implementing energy conservation activities.

Along with these initiatives, Arconic Corporation has standing teams working on overall equipment effectiveness, cast house capacity improvements, and reduction improvements in planned and un-planned scrap.

Our Portfolio

We manage our business operations through three segments: Rolled Products, Extrusions, and BCS. These segments contributed approximately 77%, 7% and 15%, respectively, of the 2018 revenues for the businesses that comprise Arconic Corporation.

Rolled Products

Rolled products are used in the production of finished goods ranging from airframes and automotive body panels to industrial plate and brazing sheet. Sheet and plate are used extensively in the transportation industries as well as in building and construction. They are also used for industrial applications such as tooling plate for the production of plastic products.

Arconic Corporation's Rolled Products segment produces a range of aluminum sheet and plate products for the following markets:

Ground Transportation — provides specialty aluminum sheet and plate products, including auto body sheet, structural reinforcement, proprietary heat exchanger products like multilayer brazing sheet, trailer and cab structures and sheet for fuel tanks.

Aerospace — supplies a wide range of highly differentiated sheet and plate products that meet strict quality requirements for aerospace and defense applications, including polished fuselage sheet, structural parts, aluminum-lithium stringers, wing skins and armored plate.

Industrial — supplies a diverse range of industrial solutions for applications that include mold and tooling plate for semiconductors; general engineering/machinery and injection molding applications; specialty finishes for appliances, cosmetic packaging, RVs and vehicle components; tread plate/sheet for tool box and flooring applications; and circles for cookware.

Packaging — serves the packaging market in Europe and Asia through regional facilities located in Russia and China. The packaging market includes a full range of can stock products, from coated end and tab stock to body stock.

Rolled Products — Competitive Conditions

Arconic Corporation's Rolled Products segment is one of the leaders in many of the aluminum flat rolled markets in which it participates, including ground transportation (including brazing sheet), aerospace, industrial and packaging markets. While Rolled Products participates in markets where Arconic Corporation believes it has a significant competitive advantage due to customer intimacy, advanced manufacturing capability, unique technology and/or differentiated products, in certain cases, our competitors are capable of making products similar to Arconic Corporation's products. We continuously work to maintain and enhance our competitive position through innovation: new alloys such as aluminum lithium aerospace alloys, differentiated products such as our 5-layer brazing products and break-through processes such as A951™ bonding technology.

Some of Arconic Corporation's Rolled Products markets are global and some are more regionally focused. Participation in these segments by competitors varies. For example, Novelis is the largest flat rolled products producer competing in automotive, but it does not participate in the aerospace market. On the other hand, Kaiser participates in aerospace, but does not participate in the automotive sheet market. Other competitors include Aleris, AMAG, Constellium, Hydro, Kobe, Nanshan, and UACJ.

Additionally, there are a number of new competitors emerging, particularly in China and other developing economies. Arconic Corporation expects that this competitive pressure will continue and increase in the future as customers seek to globalize their supply bases in order to reduce costs.

List of Major Competitors for Rolled Products:

- Aleris
- AMAG (Austria)
- Constellium (Netherlands)
- Granges (Sweden)
- Hydro (Norway)
- Kaiser Aluminum
- Kobe (Japan)
- Nanshan (China)
- Novelis
- UACJ (Japan)

Rolled Products Principal Facilities

<u>Country</u>	<u>Location</u>	<u>Products</u>
Brazil	Itapissuma ⁽¹⁾	Specialty Foil
China	Kunshan	Sheet and Plate
	Qinhuangdao ⁽²⁾	Sheet and Plate
Hungary	Székesfehérvár	Sheet and Plate/Slabs and Billets
Russia	Samara	Sheet and Plate/Extrusions and Forgings
United Kingdom	Birmingham	Plate
United States	Davenport, IA	Sheet and Plate
	Danville, IL	Sheet and Plate
	Hutchinson, KS	Sheet and Plate
	Lancaster, PA	Sheet and Plate
	Alcoa, TN	Sheet
	San Antonio, TX ⁽³⁾	Sheet

(1) On August 23, 2019, we reached an agreement to sell the aluminum rolling mill in Itapissuma, Brazil to Companhia Brasileira de Alumínio for approximately \$50 million in cash, subject to working capital and other adjustments. The transaction is expected to close by the first quarter of 2020, subject to regulatory approvals and customary closing conditions.

(2) Leased property or partially leased property.

(3) On October 18, 2019, we announced plans to curtail operations in San Antonio by year end 2019.

Extrusions

Arconic Corporation's Extrusions segment produces a range of extruded products, including aerospace shapes (wing stringer, floor beams, fuselage, cargo), automotive shapes (driveshafts, anti-lock brake housings, turbo charger), seamless tube, hollows, mortar fins and high strength rod and bar. With process and product technologies that include large and small extrusion presses, integrated cast houses, horizontal heat treat furnaces, vertical heat treat furnaces, annealing furnaces, induction billet heating and ultrasonic inspection capabilities, Arconic Corporation's Extrusions operating segment serves a broad range of customers in several of our core market segments, including the following:

Ground Transportation — provides aluminum extrusions for applications that include drive shafts for the automotive market and aluminum frame rails for the commercial transportation market.

Aerospace — supplies a wide range of applications for commercial and military airframes.

Industrial — supplies a diverse range of industrial solutions for applications that include rods and bars for building supplies and other industrial applications.

Arconic Corporation's Extrusions plants are strategically located in close proximity to key customers, which offers a competitive advantage for markets that require products within short lead times. It also fosters close collaboration with customers who work with us to develop solutions that drive performance, safety and efficiency in their end products.

Extrusions — Competitive Conditions

The Extrusions segment is a leader in many of the markets in which it participates, including aerospace, automotive (including driveshafts) and industrial markets. While Extrusions participates in markets where Arconic Corporation believes we have a significant competitive position due to customer intimacy, advanced manufacturing capability, unique technology and/or differentiated products, in certain

cases, our competitors are capable of making products similar to Arconic Corporation's products. We continuously work to maintain and enhance our competitive position through innovation: new alloys such as aluminum lithium aerospace alloys and differentiated products.

Some of Arconic Corporation's Extrusions markets are worldwide and some are more regionally focused. Participation in these segments by competitors varies. For example, UAC is the largest competitor in aerospace extrusions, but it does not participate in the drawn tubing market. On the other hand, Unna participates in drawn tubing, but they do not compete in extrusions. Other competitors include Kaiser, Constellium, Otto Fuchs, Taber, Ye Fong, and Impol.

Additionally, there are a number of other competitors emerging, particularly in China and other developing economies. We expect that this competitive pressure will continue and increase in the future as customers seek to globalize their supply bases in order to reduce costs.

List of Major Competitors for Extrusions:

- Constellium (France)
- Impol (Poland)
- Kaiser (USA)
- Otto Fuchs (Germany)
- Taber (USA)
- UAC (USA/Romania)
- Unna (Germany)
- Ye Fong (Taiwan)

Extrusions Principal Facilities

<u>Country</u>	<u>Location</u>	<u>Products</u>
Germany	Hannover ⁽¹⁾	Extrusions
United States	Massena, NY	Extrusions
	Lafayette, IN	Extrusions
	Halethorpe, MD ⁽¹⁾	Extrusions
	Chandler, AZ ⁽¹⁾	Extrusions

(1) Leased property or partially leased property.

Building and Construction Systems

Our BCS business manufactures differentiated products and building envelope solutions, including entrances, curtain walls, windows, composite panel and coil coated sheet. The business operates in two market segments: architectural systems, which carry the Kawneer[®] brand, and architectural products, which carry the Reynobond[®] and Reynolux[®] brands. The BCS business has competitive positions in both market segments, attributable to its strong brand recognition, high quality products and strong relationships through the building and construction value chain.

Architectural systems make up 70% of the business segment's revenue in 2018. As the inventor of the modern storefront more than 100 years ago, our Kawneer[®] branded architectural systems products include windows, doors and curtain walling. Kawneer is a premium brand, known for the breadth, depth and performance of its product portfolio and is a leading manufacturer of architectural systems in North America, with an established presence in Europe. Key customers of this market segment include fabricators and glazing subcontractors.

Architectural products make up 30% of the business segment's revenue. The Reynobond and Reynolux brands deliver innovative exterior and interior cladding and coil coated sheet solutions with end uses that include building façades, retail, sign and display, interior applications and various industrial applications. Reynobond is composite material that consists of an extruded core that is fused between two sheets of coil-coated aluminum and Reynolux is coil-coated aluminum sheet that can be sold in coil or flat-sheet form. Key customers include metal fabricators and installers.

With 27 total facilities, including 14 service centers and more than 3,300 employees, BCS differentiates itself through its global footprint and by offering a broad portfolio of building envelope products that span the range of building end-use and building complexities. Architects, general contractors and fabricators consider BCS a go-to provider of products that are offered as systems and are localized to address functional and building code requirements. We believe that our products and systems have a reputation for quality and reliability, with customer returns comprising less than 0.6% of revenue in 2018.

BCS — Competitive Conditions

In North America, Arconic Corporation's BCS segment primarily competes in the nonresidential building segment. In Europe, it competes in both the residential and the nonresidential building segments. Arconic Corporation's competitive advantage is based on strong brands, innovative products, customer intimacy and technical services.

In the architectural systems market, Arconic Corporation competes with regional competitors like Apogee, YKK, and Oldcastle in North America and Schüco, Hydro/SAPA and Reynaers in Europe. The competitive landscape in the architectural systems market has been relatively stable since the mid-2000s, with the major competitors in North America and Europe remaining constant, despite some industry consolidation in North America during the late 2000s.

The primary product categories in architectural products are aluminum composite material and coil coated sheet. The architectural products business is a more global market and is primarily served by subsidiaries of larger companies like Alpolic (Mitsubishi Corporation), Alucobond (Schweiter Technologies) and Novelis (Aditya Birla Group).

List of Major Competitors for Architectural Systems:

- North America — Apogee, Oldcastle and YKK
- Europe — Schüco (Germany), Hydro/SAPA (Norway), Reynaers (Belgium) and Corialis (Belgium)

List of Major Competitors for Architectural Products:

- Composite Material — Alucobond, Alucoil and Alpolic
- Coil Coated Sheet — Euramax, Novelis and Hydro

Building and Construction Systems Principal Facilities

<u>Country</u>	<u>Location</u>	<u>Products</u>
Canada	Lethbridge, Alberta	Architectural Products and Systems
France	Merxheim ⁽¹⁾	Architectural Products
United Kingdom	Runcorn	Architectural Products and Systems
United States	Springdale, AR	Architectural Products and Systems
	Visalia, CA	Architectural Products and Systems
	Eastman, GA	Architectural Products
	Bloomsburg, PA	Architectural Products and Systems
	Cranberry, PA	Architectural Products and Systems

(1) Leased property or partially leased property.

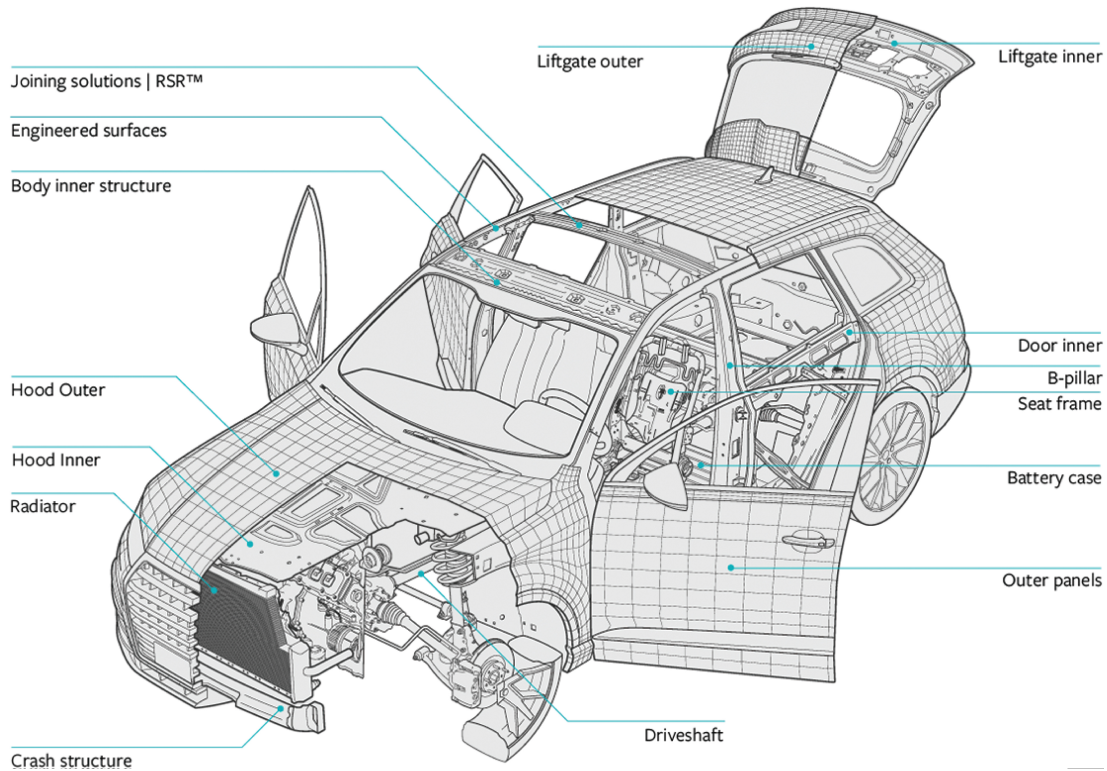
Principal facilities are listed, and do not include locations that serve as sales and administrative offices. In addition to the facilities listed above, BCS has 14 service centers. These centers perform light manufacturing, such as assembly and fabrication of certain products.

Our Market Segments***Ground Transportation***

In our ground transportation market segment, we produce and develop customized aluminum sheet and extruded products for all major automakers in North America as well as commercial trucks, tankers, rail cars and buses around the world. Approximately 36% of the Company's revenue for the year ended December 31, 2018 was for automotive and commercial transportation applications, which include aluminum sheet and extruded products, as well as brazing sheet.

We are a leading North American supplier of automotive aluminum sheet, which is one of the fastest growing markets for aluminum, with a 9% growth rate from 2019-2026, according to independent research firm Ducker Worldwide. We currently have material on more than 60 programs with the majority of global OEMs, as well as many of their tier-one suppliers. Our investment in technology has had a significant influence on the recent growth in this space for the aluminum industry overall. In fact, our A951™ coating and bonding technology underpinned Ford's design decision to go aluminum-intensive on its flagship vehicle, the F-150, which has been America's best-selling truck for more than 40 consecutive years. That decision was replicated on the Super Duty, Navigator and Expedition platforms, which are all now aluminum-intensive.

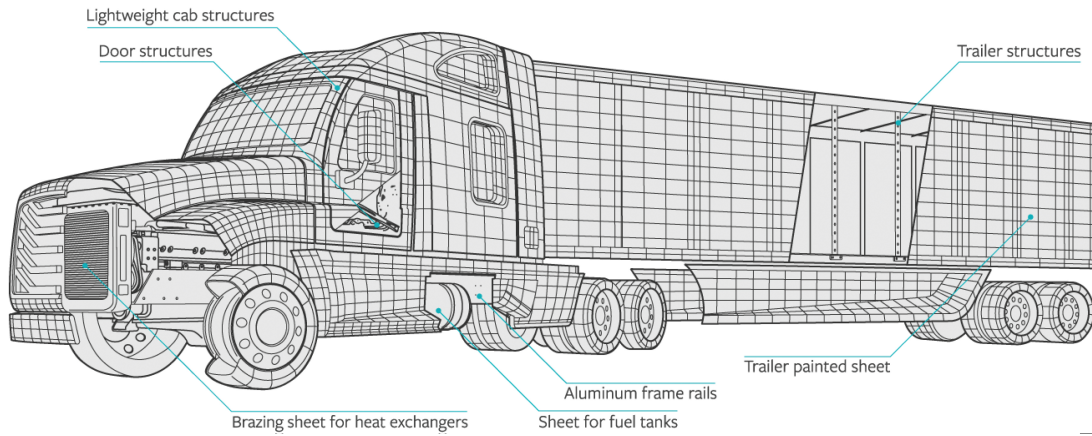
Participation in the Automotive Market Segment



Our automotive sheet revenue has grown by a factor of over six times in the past five years, from \$229 million in 2013 to \$1.4 billion in 2018. We have already captured over \$7 billion of long-term contracts with multiple automotive OEMs for vehicle production in 2020 through the life of those vehicle programs, some of which extend through 2026. Our recent investment of \$100 million in Tennessee will provide additional capacity in 2020 to support this growth. Our automotive sheet is currently supplied by plants located in Davenport, Iowa; Lancaster, Pennsylvania; Danville, Illinois; and Alcoa, Tennessee. We also supply aluminum extrusions to the automotive market, from our plants in Lafayette, Indiana; Massena, New York; and Hannover, Germany; and we supply brazing sheet from our plants in Lancaster, Pennsylvania; Székesfehérvár, Hungary; and Kunshan, China.

In the commercial transportation industry, we are a leading supplier of aluminum sheet and extrusions in North America and have been pursuing growth opportunities in Europe and Russia. Our major commercial transportation customers include Daimler, Paccar, Entrans/Heil, MAC Trailer and Wabash.

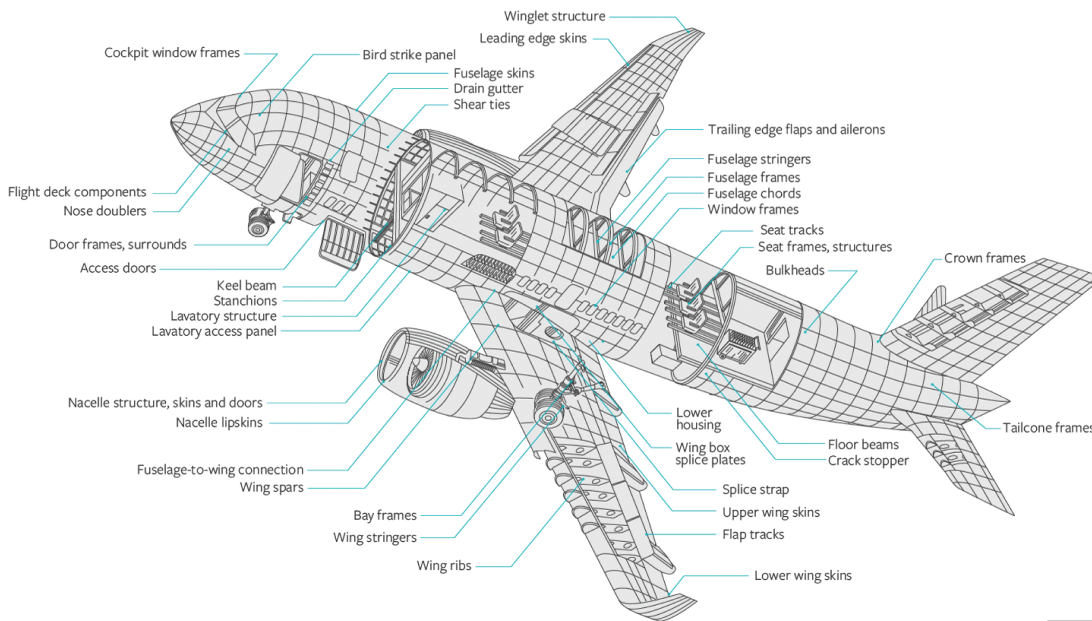
Participation in Commercial Transportation Applications



Aerospace

Our aerospace market segment has been a leader in the aerospace industry for decades. The Aerospace market segment accounted for 16% of our revenues for the year ended December 31, 2018. With its 220” rolling mill and a plate stretcher that can manufacture the thickest plate in the world, no other supplier in the industry can produce aluminum plate as wide or as thick as Arconic Corporation. This allows Arconic Corporation to provide the majority of the exterior of the plane, as well as the most challenging structural plate applications on the aircraft. In addition, no other supplier in the industry can offer the breadth of material offerings or material development as Arconic Corporation.

Participation Across Airframe Platforms



Recent long-term agreements are expanding our share with the leaders in aerospace frames, including our largest-ever long-term contract with Boeing announced in July 2018, which includes 100% of Boeing’s fuselage and wing skins. We also have long-term contracts with Airbus, Spirit AeroSystems and Embraer, along with Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Subaru Heavy Industries.

Recent investments allow us to provide more content on aircraft applications. Key differentiators for our aerospace market segment are alloy material development (7085 replacement — high strength 7xxx alloy, aluminum-lithium), the ability to manufacture a broad range of sheet with unique tempers and thermal capabilities, and both wide and heat treated, as well as the ability to produce the thickest and widest plate.

Our new horizontal heat treat line in Davenport, Iowa supports share gain in the same products with Airbus and retention of the Boeing wing share. We have similar capabilities in Kitts Green, United Kingdom, to support Airbus in Europe.

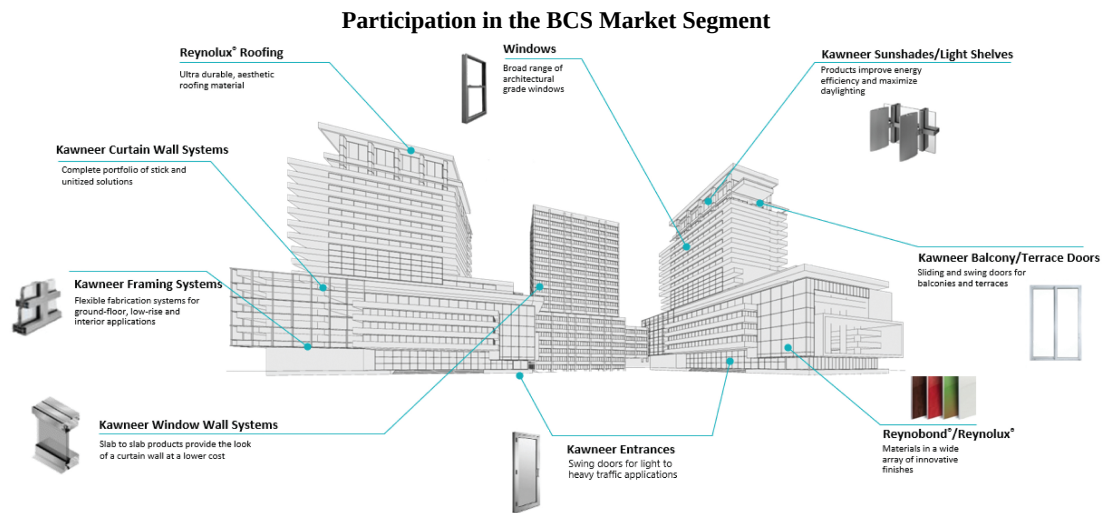
Ten of our manufacturing facilities serve our aerospace market segment. Our aerospace sheet and plate manufacturing facilities in Davenport, Iowa; Hutchinson, Kansas; Kitts Green, United Kingdom; and Samara, Russia, together offer the full spectrum of sheet and plate required by the aerospace industries (alloys, temper, dimensions, pre-machined) and have unique capabilities such as producing the widest plates required for some aerospace programs (civil and commercial). Our extrusions facilities in Lafayette, Indiana; Massena, New York; Chandler, Arizona; Halethorpe, Maryland and Hannover, Germany, produce components for aerospace customers. Downstream aluminum products for the aerospace market require relatively high levels of R&D investment and advanced technological capabilities, and therefore tend to command premium prices compared to more commoditized products. We work in close collaboration with our customers to develop highly engineered solutions to fulfill their specific requirements.

Aerospace products are typically subject to long qualification, development and supply lead times, and our contracts with our largest aerospace customers generally have a term of five years or longer, which provides us with volume and profitability visibility. In addition, demand for our aerospace products typically correlates directly with aircraft backlogs and build rates. As of January 2020, the passenger aircraft market continues to have a firm backlog estimated at seven years.

Building and Construction

Arconic Corporation operates in the building and construction markets in North America and Europe. In North America, Arconic Corporation sells architectural systems, composite material to the nonresidential building segment. In Europe, Arconic Corporation sells architectural systems in both the residential and the nonresidential building segments and sells sheet in the building and industrial segments. The BCS segment accounted for roughly 18% of our revenues for the year ended December 31, 2018.

With leading positions in North America and a strong foundation in Europe, Arconic Corporation is well positioned to take advantage of strong fundamentals in its target markets. Overall, the global building and construction market is expected to continue to grow as population growth and urbanization drive underlying demand for structures. At the same time, demand for higher performing building facades is driving the value of the building envelope to increase over time. Key performance drivers include energy efficiency, enhanced building security and improved acoustics.



Arconic Corporation invests in product innovation to deliver solutions offering increased thermal performance to meet evolving energy codes, hurricane impact products for buildings in extreme weather zones, and blast-resistant products to meet the needs of buildings with enhanced security requirements. The innovation in this segment is supported by more than 270 active patent matters, of which 230 are granted patents and the balance are pending applications.

Industrial

Our industrial market segment produces mold and tooling plate for semiconductors, general engineering/machinery and injection molding applications, specialty finishes for applications in appliances, cosmetic packaging, recreational vehicles and vehicle components, tread plate and sheet for tool box and flooring applications, plate circles for cookware and extrusions to distributors. Our industrial market segment accounted for 16% of revenue for the year ended December 31, 2018.

With a diverse industrial product portfolio in North America, we provide high quality mill finish product and have been expanding into the North American industrial market, displacing less profitable products. Our recently announced \$100 million Tennessee investment, which aims to capture automotive growth, is also targeting to capture growth opportunities in the industrial market in 2020. We are continuing to optimize our portfolio to replace Chinese imports impacted by the common alloy trade case in the United States, which placed duties ranging from 96% – 176% on approximately \$1.5 billion of Chinese common alloy imports. We expect these duties to remain in place for at least the next five years.

In North America, we supply industrial sheet and plate from our facilities in Alcoa, Tennessee; Lancaster, Pennsylvania; and Davenport, Iowa. For customers in Europe and Asia, we supply industrial sheet and plate from our plants in Székesfehérvár, Hungary; Qinhuangdao, China; Kitts Green, United Kingdom; and Samara, Russia.

Our major customers in the industrial market include key Service Centers partners (Ryerson, Thyssenkrupp MA, Reliance, Kloeckner, Champagne Metals) as well as end users (Airstream, Air Products, Applied Materials).

Packaging

Our packaging market segment is currently regionally focused, with operations in Bohai, China and Samara, Russia. We announced in August 2019 that our facility in Itapissuma, Brazil is under agreement to be sold to CBA. Including our Brazil operations, our packaging market segment accounted for 14% of revenues for the year ended December 31, 2018.

With highly efficient rolling mills operating in Russia and Asia, our packaging market segment has long-standing customer commitments for the supply of large volumes of can sheet and specialty packaging sheet. As with our other market segments, we collaborate with customers for innovations that meet the needs of consumers by developing new characteristics such as alternative coatings, distinctive sizes and variable thicknesses. Our major customers in the packaging space include Ball and CANPACK.

Major Product and Customer Revenues

Products that contributed 10% or more to combined revenues were as follows:

	For the Years Ended December 31,		
	2018	2017	2016
Flat-rolled aluminum	77%	75%	75%
Architectural aluminum systems	15%	16%	16%

Sales to Arconic Corporation's largest customer, Ford, accounted for 13% of our total revenue for 2018. These sales were made under various contracts relating to Ford vehicle programs, such as the F-150, F-250/350, Explorer and Navigator vehicles. The loss of sales to Ford under all of these contracts could have a material adverse effect on our business if such sales are not replaced by sales to other customers. No other customer accounted for 10% or more of our total revenue in 2018.

Sales and Marketing

Rolled Products and Extrusions

Arconic Corporation's Rolled Products group and Extrusions group have two primary sales channels for the segments in which we operate: direct sales to our customers and sales to distributors.

Direct Sales

Arconic Corporation's Rolled Products group and Extrusions group supply various segments all over the world through a direct sales force operating from individual facilities or sales offices. The direct sales channel typically serves very large, sophisticated customers and OEMs, but can also service medium and small size customers as well. Long-standing relationships are maintained with leading companies in industries using aluminum rolled and extruded products. Supply contracts for large global customers generally range from one to five years in length and historically, in segments such as aerospace, there has been a high degree of renewal business with these customers. As the manufacture of aluminum-intensive and higher content aluminum vehicles continues to grow, we continue to develop long-term relationships with the automotive OEMs. In some cases, the products Arconic Corporation supplies are proprietary in nature. Further, certain industries, such as automotive and aerospace, and their related customers require suppliers to complete a rigorous qualification process; the ability to obtain and maintain these qualifications is an important part of doing business in these segments. A customer's cost to switch and either find a new product or qualify a new supplier can be significant, so it is in both the customer's and the supplier's best interest to maintain these relationships.

Distributors

Arconic Corporation's Rolled Products group and Extrusions group also sell their products through third-party distributors. Customers of distributors are typically widely dispersed, and sales through this channel are usually highly fragmented. Distributors sell mostly commodity or less specialized products into many end-use segments in smaller quantities.

BCS

Arconic Corporation's BCS business supplies architectural façade systems and products principally in North America and Europe but also globally through both direct sales and distributors. Its typical customers are installers or fabricators who purchase product on a project-by-project basis. Long-standing relationships are maintained with its leading customers. BCS also maintains an e-commerce platform for numerous standard architectural products for use by its North American customers and offers standard architectural products for purchase in its service centers.

Sources and Availability of Raw Materials

Important raw materials used by Arconic Corporation are: alloying materials (including, but not limited to, copper, magnesium and zinc), aluminum scrap, coatings, electricity, lube oil, natural gas, packaging materials, primary aluminum (ingot, slab, billet, P1020, high purity), aluminum coil and resin. Generally, other materials are purchased from third-party suppliers under competitively priced supply contracts or bidding arrangements. We believe that the raw materials necessary to the Arconic Corporation Businesses are and will continue to be available.

Patents, Trade Secrets and Trademarks

We believe that our domestic and international patent, trade secret and trademark assets provide us with a significant competitive advantage. Our rights under our patents, as well as the products made and sold under them, are important to us as a whole. The patents owned by us generally concern metal alloys, particular products, manufacturing equipment or techniques. The Arconic Corporation business as a whole is not, however, materially dependent on any single patent, trade secret or trademark. As a result of product development and technological advancement, we continue to pursue patent protection in jurisdictions throughout the world. As of September 30, 2019, our worldwide patent portfolio consists of approximately 620 granted patents and 299 pending patent applications.

We also have a significant number of trade secrets, mostly regarding manufacturing processes and material compositions that give us important advantages in our markets. We continue to strive to improve those processes and generate new material compositions that provide additional benefits.

With respect to domestic and foreign trademarks, we have many that have significant recognition within the markets that are served. Examples include the name “Arconic” and the Arconic symbol for aluminum products, Kawneer for building panels, and Reynobond and Reynolux for architectural products. As of September 30, 2019, our worldwide trademark portfolio consists of approximately 889 registered trademarks and 274 pending trademark applications. Our rights under our trademarks are important to us as a whole and, to varying degrees, important to each business segment.

Research and Development

We engage in research and development programs that include process and product development, and basic and applied research. Throughout 2019, we continued working on new developments and leveraging new technologies. The Arconic Technology Center (ATC), located in New Kensington, Pennsylvania, serves as the headquarters for our Research and Development efforts, and we also have R&D facilities in Norcross, Georgia, Merxheim, France, Vendargues, France, and Harderwijk, Netherlands. These facilities focus on innovation and have given us a leading position in the development of proprietary next-generation specialty alloys and manufacturing processes as evidenced by our robust intellectual property portfolio. See “Our Company — Our Strengths — Track record developing differentiated products backed by advanced expertise and technological capabilities.”

Environmental Matters

Approved capital expenditures for new or expanded facilities for environmental control are \$8 million for 2019 and estimated expenditures for such purposes are \$17 million for 2020. Information relating to environmental matters is included in Note S to the Combined Financial Statements under the caption “Contingencies and Commitments — Environmental Matters.”

Employees

Total worldwide employment at the end of 2018 was approximately 15,300 employees in 18 countries. Many of these employees are represented by labor unions. We believe that relations with our employees and any applicable union representatives generally are good.

In the United States, approximately 4,200 employees are represented by various labor unions. The largest collective bargaining agreement is the master collective bargaining agreement between us and the United Steelworkers (“USW”). The USW master agreement covers approximately 3,400 employees at four U.S. locations. The current labor agreement expires on May 15, 2022. There are eight other collective bargaining agreements in the United States with varying expiration dates.

On a regional basis, there are agreements between Arconic Corporation and unions with varying expiration dates that cover employees in Europe, Russia, North America, South America, and Asia.

Legal Proceedings

In connection with the separation, Arconic Corporation will agree to assume and indemnify ParentCo against certain liabilities relating to Arconic Corporation’s businesses, including potential liabilities associated with the following legal proceedings, as discussed further in the section entitled “Certain Relationships and Related Party Transactions — Separation Agreement.”

Environmental

Information relating to legal proceedings involving environmental matters is included in Note S to the Combined Financial Statements under the caption “Contingencies and Commitments — Environmental Matters.”

Reynobond PE

All references to ParentCo in the matters described under this section Reynobond PE refer to Arconic Inc. only and do not include its subsidiaries, except as otherwise stated.

On June 13, 2017, the Grenfell Tower in London, U.K. caught fire resulting in fatalities, injuries and damage. A French subsidiary of ParentCo, Arconic Architectural Products SAS (AAP SAS), supplied a product, Reynobond PE, to its customer, a cladding system fabricator, which used the product as one component of the overall cladding system on Grenfell Tower. The fabricator supplied its portion of the cladding system to the façade installer, who then completed and installed the system under the direction of the general contractor. Neither ParentCo nor AAP SAS was involved in the design or installation of the system used at the Grenfell Tower, nor did it have a role in any other aspect of the building's refurbishment or original design. Regulatory investigations into the overall Grenfell Tower matter are being conducted, including a criminal investigation by the London Metropolitan Police Service (the "Police"), a Public Inquiry by the British government and a consumer protection inquiry by a French public authority. The Public Inquiry was announced by the U.K. Prime Minister on June 15, 2017 and subsequently was authorized to examine the circumstances leading up to and surrounding the Grenfell Tower fire in order to make findings of fact and recommendations to the U.K. Government on matters such as the design, construction, and modification of the building, the role of relevant public authorities and contractors, the implications of the fire for the adequacy and enforcement of relevant regulations, arrangements in place for handling emergencies, and the handling of concerns from residents, among other things. Hearings for Phase 1 of the Public Inquiry began on May 21, 2018 and concluded on December 12, 2018. Phase 2 hearings of the Public Inquiry will begin in early 2020, following which a final report will be written and subsequently published. AAP SAS is participating as a Core Participant in the Public Inquiry and is also cooperating with the ongoing parallel investigation by the Police. ParentCo no longer sells the PE product for architectural use on buildings. Given the preliminary nature of these investigations and the uncertainty of potential future litigation, ParentCo cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Behrens et al. v. Arconic Inc. et al. On June 6, 2019, 247 plaintiffs comprised of survivors and estates of decedents of the Grenfell Tower fire filed a complaint against "Arconic Inc., Alcoa Inc., and Arconic Architectural Products, LLC" (collectively, for purposes of the description of such proceeding, the "ParentCo Defendants"), as well as Saint-Gobain Corporation, d/b/a Celotex and Whirlpool Corporation, in the Court of Common Pleas of Philadelphia County. The complaint alleges claims under Pennsylvania state law for products liability and wrongful death related to the fire. In particular, the plaintiffs allege that the ParentCo Defendants knowingly supplied a dangerous product (Reynobond PE) for installation on the Grenfell Tower despite knowing that Reynobond PE was unfit for use above a certain height. The ParentCo Defendants removed the case to the United States District Court for the Eastern District of Pennsylvania on June 19, 2019. On August 29, 2019, the ParentCo Defendants moved to dismiss the complaint on the bases, among other things, that: (i) the case should be heard in the United Kingdom, not the United States; (ii) there is no jurisdiction over necessary parties; and (iii) Pennsylvania products liability law does not apply to manufacture and sale of product overseas. On December 23, 2019, the Court issued an order denying the motion to dismiss the complaint on bases (ii) and (iii) and suggesting a procedure for limited discovery followed by further briefing on those subjects. Discovery is ongoing on defendants' motion to have the case dismissed in favor of a UK forum. Given the preliminary nature of this matter and the uncertainty of litigation, the ParentCo Defendants cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Howard v. Arconic Inc. et al. A purported class action complaint related to the Grenfell Tower fire was filed on August 11, 2017 in the United States District Court for the Western District of Pennsylvania against ParentCo and Klaus Kleinfeld. A related purported class action complaint was filed in the United States District Court for the Western District of Pennsylvania on September 15, 2017, under the caption *Sullivan v. Arconic Inc. et al.*, against ParentCo, three former ParentCo executives, several current and former ParentCo directors, and banks that acted as underwriters for ParentCo's September 18, 2014 preferred stock offering (the "Preferred Offering"). The plaintiff in *Sullivan* had previously filed a purported class action against the same defendants on July 18, 2017 in the Southern District of New York and, on August 25, 2017, voluntarily dismissed that action without prejudice. On February 7, 2018, on

motion from certain putative class members, the court consolidated *Howard* and *Sullivan*, closed *Sullivan*, and appointed lead plaintiffs in the consolidated case. On April 9, 2018, the lead plaintiffs in the consolidated purported class action filed a consolidated amended complaint. The consolidated amended complaint alleged that the registration statement for the Preferred Offering contained false and misleading statements and omitted to state material information, including by allegedly failing to disclose material uncertainties and trends resulting from sales of Reynobond PE for unsafe uses and by allegedly expressing a belief that appropriate risk management and compliance programs had been adopted while concealing the risks posed by Reynobond PE sales. The consolidated amended complaint also alleged that between November 4, 2013 and June 23, 2017 ParentCo and Kleinfeld made false and misleading statements and failed to disclose material information about ParentCo's commitment to safety, business and financial prospects, and the risks of the Reynobond PE product, including in ParentCo's Form 10-Ks for the fiscal years ended December 31, 2013, 2014, 2015, and 2016, its Form 10-Qs and quarterly financial press releases from the fourth quarter of 2013 through the first quarter of 2017, its 2013, 2014, 2015, and 2016 Annual Reports, its 2016 Annual Highlights Report, and on its official website. The consolidated amended complaint sought, among other things, unspecified compensatory damages and an award of attorney and expert fees and expenses. On June 8, 2018, all defendants moved to dismiss the consolidated amended complaint for failure to state a claim. On June 21, 2019, the Court granted the defendants' motion to dismiss in full, dismissing the consolidated amended complaint in its entirety without prejudice. On July 23, 2019, the lead plaintiffs filed a second amended complaint. The second amended complaint alleges generally the same claims as the consolidated amended complaint with certain additional allegations, as well as claims that the risk factors set forth in the registration statement for the Preferred Offering were inadequate and that certain additional statements in the sources identified above were misleading. The second amended complaint seeks, among other things, unspecified compensatory damages and an award of attorney and expert fees and expenses. On September 11, 2019, all defendants moved to dismiss the second amended complaint. Plaintiffs' opposition to that motion was filed on November 1, 2019 and all defendants filed a reply brief on November 26, 2019. Given the preliminary nature of this matter and the uncertainty of litigation, ParentCo cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Raul v. Albaugh, et al. On June 22, 2018, a derivative complaint was filed nominally on behalf of ParentCo by a purported ParentCo stockholder against the then members of ParentCo's Board of Directors and Klaus Kleinfeld and Ken Giacobbe, naming ParentCo as a nominal defendant, in the United States District Court for the District of Delaware. The complaint raises similar allegations as the consolidated amended complaint and second amended complaint in *Howard*, as well as allegations that the defendants improperly authorized the sale of Reynobond PE for unsafe uses, and asserts claims under Section 14(a) of the Exchange Act and Delaware state law. On July 13, 2018, the parties filed a stipulation agreeing to stay this case until the final resolution of the *Howard* case, the Grenfell Tower Public Inquiry in London, and the investigation by the Police and on July 23, 2018, the Court approved the stay. Given the preliminary nature of this matter and the uncertainty of litigation, ParentCo cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

While ParentCo believes that these cases are without merit and intends to challenge them vigorously, there can be no assurances regarding the ultimate resolution of these matters.

Stockholder Demands. The ParentCo Board of Directors also received letters, purportedly sent on behalf of stockholders, reciting allegations similar to those made in the federal court lawsuits and demanding that the ParentCo Board authorize ParentCo to initiate litigation against members of management, the ParentCo Board, and others. The ParentCo Board of Directors appointed a Special Litigation Committee of the ParentCo Board to review, investigate, and make recommendations to the ParentCo Board regarding the appropriate course of action with respect to these stockholder demand letters. On May 22, 2019, the Special Litigation Committee, following completion of its investigation into the claims demanded in the demand letters, recommended to the ParentCo Board that it reject the demands to authorize commencement of litigation. On May 28, 2019, the ParentCo Board adopted the Special Litigation Committee's findings and recommendations and rejected the demands that it authorize commencement of actions to assert the claims set forth in the demand letters.

Other

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in conjunction with the audited Combined Financial Statements and corresponding notes and the Unaudited Pro Forma Condensed Combined Financial Information and corresponding notes included elsewhere in this information statement. This MD&A contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those projected or implied in the forward-looking statements. Please see "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" for a discussion of the uncertainties, risks, and assumptions associated with these statements.

All amounts are in millions of U.S. dollars, unless otherwise indicated.

Overview

The Separation

The Proposed Separation. On February 8, 2019, ParentCo announced that its Board of Directors approved a plan to separate into two standalone, publicly-traded companies. The spin-off company, Arconic Rolled Products Corporation ("Arconic Corporation" or the "Company"), will include the rolled aluminum products, aluminum extrusions, and architectural products operations of ParentCo, as well as the Latin America extrusions operations sold in April 2018 (collectively, the "Arconic Corporation Businesses"). The existing publicly traded company, ParentCo, will continue to own the engines, engineered structures, fastening systems, and forged wheels operations (collectively, the "Howmet Aerospace Businesses").

The separation will occur by means of a pro rata distribution by ParentCo of all the outstanding shares of common stock of Arconic Corporation. In conjunction with the consummation of the separation, ParentCo will change its name to Howmet Aerospace Inc. ("Howmet Aerospace") and Arconic Rolled Products Corporation will change its name to Arconic Corporation.

The separation, which is expected to be completed in the second quarter of 2020, is subject to a number of conditions, including, but not limited to: final approval by ParentCo's Board of Directors; receipt of an opinion of legal counsel regarding the qualification of the distribution, together with certain related transactions, as a "reorganization" within the meaning of Sections 355 and 368(a)(1)(D) of the Code (i.e., a transaction that is generally tax-free for U.S. federal income tax purposes); and the U.S. Securities and Exchange Commission (the "SEC") declaring effective the registration statement of which this information statement forms a part.

Arconic Corporation and Howmet Aerospace will enter into several agreements to implement the legal and structural separation between the two companies; govern the relationship between Arconic Corporation and Howmet Aerospace after the completion of the separation; and allocate between Arconic Corporation and Howmet Aerospace various assets, liabilities, and obligations, including, among other things, employee benefits, environmental liabilities, intellectual property, and tax-related assets and liabilities. One agreement in particular, the separation agreement, will identify the assets to be transferred, the liabilities to be assumed, and the contracts to be transferred to each of Arconic Corporation and Howmet Aerospace as part of the separation, and will provide for when and how these transfers and assumptions will occur.

ParentCo may, at any time and for any reason until the separation is complete, abandon the separation plan or modify its terms.

ParentCo will incur costs to evaluate, plan, and execute the separation, and Arconic Corporation will be allocated a pro rata portion of these costs based on segment revenue (see "— Overview — The Separation — Cost Allocations"). The allocated amounts will be included in Selling, general administrative, and other expenses on Arconic Corporation's Statement of Combined Operations.

Basis of Presentation. The Combined Financial Statements of Arconic Corporation are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, certain situations require management to make estimates based on judgments and

assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

The Combined Financial Statements of Arconic Corporation are prepared from ParentCo's historical accounting records and are presented on a standalone basis as if the Arconic Corporation Businesses have been conducted independently from ParentCo. Such Combined Financial Statements include the historical operations that are considered to comprise the Arconic Corporation Businesses, as well as certain assets and liabilities that have been historically held at ParentCo's corporate level but are specifically identifiable or otherwise attributable to Arconic Corporation.

Cost Allocations. The Combined Financial Statements of Arconic Corporation include general corporate expenses of ParentCo that were not historically charged to the Arconic Corporation Businesses for certain support functions that are provided on a centralized basis, such as expenses related to finance, audit, legal, information technology, human resources, communications, compliance, facilities, employee benefits and compensation, and research and development activities. These general corporate expenses are included on Arconic Corporation's Statement of Combined Operations within Cost of goods sold, Selling, general administrative and other expenses, and Research and development expenses. These expenses have been allocated to Arconic Corporation on the basis of direct usage when identifiable, with the remainder allocated based on the Arconic Corporation Businesses' segment revenue as a percentage of ParentCo's total segment revenue, as reported in the respective periods.

All external debt not directly attributable to Arconic Corporation has been excluded from the Company's Combined Balance Sheet. Financing costs related to these debt obligations have been allocated to Arconic Corporation and are included on the Company's Statement of Combined Operations within Interest expense. In general, the allocation was calculated as the capital invested by ParentCo in the Arconic Corporation Businesses to the total capital invested by ParentCo in all its businesses. For 2018, 2017, and the last two months of 2016, ParentCo's businesses were composed of the Arconic Corporation Businesses and the Howmet Aerospace Businesses. For the first ten months of 2016, ParentCo's businesses also included the Alcoa Corporation business, which was spun-off from ParentCo in the 2016 Separation Transaction; however, Alcoa Corporation did not assume any of ParentCo's corporate debt upon consummation of the 2016 Separation Transaction. Accordingly, for the periods subsequent to the 2016 Separation Transaction, Arconic Corporation was allocated a higher amount of interest expense due to the absence of the Alcoa Corporation business from the ratio.

The following table reflects the allocations described above:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cost of goods sold ⁽¹⁾	\$ 11	\$ 35	\$ 30
Selling, general administrative, and other expenses ⁽²⁾	56	120	141
Research and development expenses	24	28	33
Provision for depreciation and amortization	10	10	8
Restructuring and other charges ⁽³⁾	50	6	9
Interest expense	125	162	94
Other expenses (income), net ⁽⁴⁾	(12)	(285)	(11)

(1) For all periods presented, amount principally relates to an allocation of expenses for ParentCo's retained pension and other postretirement benefit obligations associated with closed and sold operations.

(2) In 2017, amount includes an allocation of \$30 in costs related to ParentCo's proxy, advisory, and governance-related matters. Also, in 2016, amount includes an allocation of \$68 in separation costs associated with the 2016 Separation Transaction.

(3) In 2018, amount includes an allocation of settlement and curtailment charges and benefits related to several actions taken (lump sum payments and benefit reductions) by ParentCo associated with pension and other postretirement benefit plans.

- (4) In 2017, amount includes an allocation of two gains related to ParentCo's investing and financing activities. Specifically, an allocation of \$182 associated with the sale of a portion of ParentCo's investment in Alcoa Corporation common stock and an allocation of \$87 related to an exchange of cash and the remaining portion of ParentCo's investment in Alcoa Corporation common stock to acquire a portion of ParentCo's outstanding debt. These amounts were allocated to Alcoa Corporation in preparing the accompanying Combined Financial Statements as the Company participates in ParentCo's centralized treasury function, which includes cash and debt management. As a result, Arconic Corporation benefitted from the cash received by ParentCo and/or the reduction of ParentCo debt, including the reduction in related interest cost, in the respective transactions.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs are reasonable.

Nevertheless, the Combined Financial Statements of Arconic Corporation may not include all of the actual expenses that would have been incurred and may not reflect the Company's combined results of operations, financial position, and cash flows had it been a standalone company during the periods presented. Actual costs that would have been incurred if Arconic Corporation had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between Arconic Corporation and ParentCo, including sales to the Howmet Aerospace Businesses, have been presented as related party transactions on Arconic Corporation's Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected on Arconic Corporation's Statement of Combined Cash Flows as a financing activity and on the Company's Combined Balance Sheet as Parent Company net investment.

Results of Operations

Earnings Summary

Net Income. Net income was \$170 in 2018 compared to \$209 in 2017. The decrease in results of \$39 was principally caused by the non-recurring nature of an allocation of two gains related to ParentCo's 2017 investing and financing activities, an allocation of a net charge associated with several actions taken by ParentCo related to employee retirement benefit plans, and unfavorable pricing and product mix. These negative impacts were mostly offset by a gain on the sale of the Texarkana (Texas) rolling mill, lower allocations of ParentCo's corporate overhead and financing costs, the absence of charges related to the divestiture of the Fusina (Italy) rolling mill and Latin America extrusions business, and higher volumes in the Rolled Products and Building and Construction Systems segments.

Net income was \$209 in 2017 compared with \$155 in 2016. The increase in results of \$54 was primarily due to an allocation of two gains related to ParentCo's 2017 investing and financing activities, higher volumes in the Rolled Products and Building and Construction Systems segments, a lower allocation of ParentCo's corporate overhead costs, and the absence of a charge related to a decision to permanently close the Tennessee can sheet facility. These positive impacts were mostly offset by charges related to the divestiture of the Fusina (Italy) rolling mill and Latin America extrusions business, a higher allocation of ParentCo's financing costs, and unfavorable pricing and product mix.

Sales. Sales in 2018 were \$7,442 compared with \$6,824 in 2017, an increase of \$618, or 9%. The improvement was largely attributable to volume growth in the Rolled Products and Building and Construction Systems segments and both higher aluminum prices and favorable product mix in the Rolled Products segment. These positive impacts were somewhat offset by lower sales of \$190 as a result of each of the following: the divestitures of both the Latin America Extrusions business (April 2018) and the rolling mill in Fusina, Italy (March 2017) and the ramp down of the North American packaging operations (completed in December 2018).

Sales in 2017 were \$6,824 compared with \$6,661 in 2016, an increase of \$163, or 2%. The increase was mainly the result of volume growth in the Rolled Products and Building and Construction Systems segments, partially offset by the ramp down and toll processing agreement relating to the North America

packaging business in Tennessee (Rolled Products segment), as well as the absence of sales of \$111 as a result of the divestiture of the rolling mill in Fusina, Italy (March 2017). Pursuant to the toll processing agreement that ParentCo entered into with Alcoa Corporation on October 31, 2016 in connection with the 2016 Separation Transaction, Arconic Corporation provides can body stock to Alcoa Corporation using aluminum supplied by Alcoa Corporation, resulting in the absence of metal sales in 2017 compared to 2016.

Cost of Goods Sold. COGS as a percentage of Sales was 88.0% in 2018 compared with 86.0% in 2017. The percentage was negatively impacted by higher aluminum prices, unfavorable aerospace product mix, and higher transportation costs. These negative impacts were partially offset by higher volumes in the Rolled Products and Building and Construction Systems segments and a favorable last in, first out (LIFO) inventory adjustment (difference of \$59).

COGS as a percentage of Sales was 86.0% in 2017 compared with 84.1% in 2016. The percentage was negatively impacted by net higher aluminum prices, a lower margin product mix, and an unfavorable LIFO inventory adjustment (difference of \$64). These negative impacts were mostly offset by higher volumes in the Rolled Products and Building and Construction Systems segments and net cost savings.

Selling, General Administrative, and Other Expenses. SG&A expenses were \$288, or 3.9% of Sales, in 2018 compared with \$361, or 5.3% of Sales, in 2017. The decline of \$73 was primarily the result of a lower allocation (decrease of \$64) of ParentCo's corporate overhead, which was mostly driven by overall cost reductions and the non-recurring nature of certain ParentCo costs in 2017 for proxy, advisory, and governance-related matters.

SG&A expenses were \$361, or 5.3% of Sales, in 2017 compared with \$396, or 5.9% of Sales, in 2016. The decrease of \$35 was primarily the result of a lower allocation (decrease of \$21) of ParentCo's corporate overhead. The lower allocation was mainly driven by a substantial decrease in the non-recurring nature of costs incurred by ParentCo in 2016 related to the 2016 Separation Transaction, as well as overall cost reductions, partially offset by certain costs incurred by ParentCo in 2017 for proxy, advisory, and governance-related matters and a higher ratio used to make the overall allocation (see "— Overview — The Separation — Cost Allocations").

Research and Development Expenses. R&D expenses were \$63 in 2018 compared with \$66 in 2017 and \$83 in 2016. The decrease in both periods was principally related to a lower allocation of ParentCo's expenses, which was driven by decreased spending.

Provision for Depreciation and Amortization. The provision for D&A was \$272 in 2018 compared with \$266 in 2017 and \$257 in 2016. The increase in both periods was primarily due to capital projects placed into service related to Arconic Corporation's Davenport (Iowa) (very thick plate stretcher related to aerospace expansion) and Tennessee (equipment upgrades and conversions to transition to automotive sheet and industrial applications from can sheet) rolling mills.

Restructuring and Other Charges. In 2018, Restructuring and other charges were a net benefit of \$104, which were comprised of the following components: a \$154 gain on the sale of the Texarkana (Texas) rolling mill and cast house; a \$50 charge for an allocation of ParentCo's corporate restructuring charges (see "— Overview — The Separation — Cost Allocations"); a \$2 charge for a post-closing adjustment related to the divestiture of the Latin America extrusions business; an \$8 net charge for other items; and a \$10 benefit for the reversal of several layoff reserves related to prior periods.

In 2017, Restructuring and other charges were \$133, which were comprised of the following components: a \$60 loss related to the divestiture of the Fusina (Italy) rolling mill; a \$41 impairment charge for the assets associated with the Latin America extrusions business as a result of signing a definitive sale agreement (completed sale in April 2018); a \$31 charge for layoff costs related to cost reduction initiatives, including the separation of approximately 400 employees (the majority of which related to the Rolled Products and Building and Construction Systems segments); a \$6 charge for an allocation of ParentCo's corporate restructuring charges (see "— Overview — The Separation — Cost Allocations"); a \$2 net benefit for other items; and a \$3 benefit for the reversal of several layoff reserves related to prior periods.

In 2016, Restructuring and other charges were \$67, which were comprised of the following components: a \$37 charge for exit costs related to a decision to permanently shut down the Tennessee can sheet facility; an \$11 charge for layoff costs, including the separation of approximately 300 employees (the

majority of which related to the Latin America extrusions business); a \$9 charge for an allocation of ParentCo's corporate restructuring charges (see "— Overview — The Separation — Cost Allocations"); a \$17 net charge for other items; and a \$7 benefit for the reversal of several layoff reserves related to prior periods.

See Note E to the Combined Financial Statements in the Index within this information statement for additional information.

Interest Expense. Interest expense was \$129 in 2018 compared with \$168 in 2017. The decrease of \$39, or 23%, was mostly the result of a lower allocation (decrease of \$37) of ParentCo's financing costs due to a lower average amount of ParentCo's outstanding debt in 2018 compared to 2017.

Interest expense was \$168 in 2017 compared with \$97 in 2016. The increase of \$71, or 73%, was mostly due to a higher allocation (increase of \$68) of ParentCo's financing costs, which was the result of a higher ratio used to make such allocation (see "— Overview — The Separation — Cost Allocations").

Other Expenses (Income), Net. Other expenses, net was \$4 in 2018 compared with Other income, net of \$287 in 2017. The change of \$291 was largely attributable to the non-recurring nature of an allocation (\$269) of two gains related to ParentCo's 2017 investing and financing activities (see below).

Other income, net was \$287 in 2017 compared with \$9 in 2016. The change of \$278 was largely attributable to an allocation of two gains related to ParentCo's investing and financing activities. Specifically, an allocation of \$182 associated with the sale of a portion of ParentCo's investment in Alcoa Corporation common stock and an allocation of \$87 related to an exchange of cash and the remaining portion of ParentCo's investment in Alcoa Corporation common stock to acquire a portion of ParentCo's outstanding debt. See "— Overview — The Separation — Cost Allocations" for an explanation of the allocation methodology of ParentCo activities for purposes of Arconic Corporation's Combined Financial Statements.

Income Taxes. Arconic Corporation's effective tax rate was 29.5% in 2018 compared with the U.S. federal statutory rate of 21%. The effective tax rate differs from the U.S. federal statutory rate primarily as a result of a \$15 charge related to an increase in valuation allowance attributable to non-U.S. jurisdictions, primarily in Brazil and China, and a \$6 charge for U.S. state taxes.

Arconic Corporation's effective tax rate was 16.7% in 2017 compared with the U.S. federal statutory rate of 35%. The effective tax rate differs from the U.S. federal statutory rate primarily as a result of a \$50 benefit related to the remeasurement of U.S. net deferred tax assets as a result of the federal tax rate reduction from 35% to 21% pursuant to the provision of the U.S. Tax Cuts and Jobs Act of 2017 (the "2017 Act"). In addition, the effective tax rate differs from the U.S. federal statutory rate as a result of a \$37 tax benefit related to the tax impact of corporate allocations, a \$37 charge related to an increase in valuation allowance attributable to non-U.S. jurisdictions, primarily in Brazil and China, an \$18 charge for an increase in unrecognized tax benefits recorded in Germany, a \$16 benefit for foreign income taxed in lower rate jurisdictions, a \$7 charge for U.S. state taxes, and a \$7 benefit related to intercompany transactions within Arconic Corporation and between Arconic Corporation and ParentCo.

Arconic Corporation's effective tax rate was 7.7% in 2016 compared with the U.S. federal statutory rate of 35%. The effective tax rate differs from the U.S. federal statutory rate primarily as a result of a \$17 tax benefit related to statutory tax rate and law changes, primarily attributable to a write-off of a deferred tax liability associated with foreign branch earnings in the United States. In addition, the effective tax rate differs from the U.S. federal statutory rate as a result of an \$11 charge related to an increase in valuation allowance attributable to non-U.S. jurisdictions, primarily in Brazil and China, a \$20 discrete tax benefit for the release of valuation allowances in Russia, a \$10 benefit for foreign income taxed in lower rate jurisdictions, and a \$9 benefit related to intercompany transactions within Arconic Corporation and between Arconic Corporation and ParentCo.

Segment Information

Arconic Corporation's operations consist of three reportable segments: Rolled Products, Extrusions, and Building and Construction Systems. Segment performance under Arconic Corporation's management reporting system is evaluated based on several factors; however, the primary measure of performance is Segment operating profit. Arconic Corporation calculates Segment operating profit as Total sales (third-party and intersegment) minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation and amortization. Segment operating profit may not be comparable to similarly titled measures of other companies.

Segment operating profit for all reportable segments totaled \$420 in 2018, \$500 in 2017, and \$534 in 2016. The following information provides Sales and Segment operating profit for each reportable segment for each of the three years in the period ended December 31, 2018. See Note D to the Combined Financial Statements in the Index within this information statement for additional information.

Rolled Products

	2018	2017	2016
Third-party sales*	\$5,731	\$5,125	\$4,996
Intersegment sales	15	15	9
Total sales	\$5,746	\$5,140	\$5,005
Segment operating profit	\$ 328	\$ 384	\$ 374
Third-party aluminum shipments (kmt)*	1,309	1,257	1,400

* In 2018, 2017, and 2016, third-party sales included \$145, \$133, and \$132, respectively, and third-party aluminum shipments included 60 kmt, 60 kmt, and 61 kmt, respectively, related to sales to ParentCo's Howmet Aerospace Businesses. These sales are deemed to be related-party sales and are presented as such on Arconic Corporation's Statement of Combined Operations.

Overview. The Rolled Products segment produces aluminum sheet and plate for a variety of end markets. Sheet and plate are sold directly to customers and through distributors related to the aerospace, automotive, commercial transportation, packaging, building and construction, and industrial products (mainly used in the production of machinery and equipment and consumer durables) end markets. A small portion of this segment also produces aseptic foil for the packaging end market. While the customer base for flat-rolled products is large, a significant amount of sales of sheet and plate is to a relatively small number of customers. Generally, the sales and costs and expenses of this segment are transacted in the local currency of the respective operations, which are the U.S. dollar and, to a lesser extent, each of the following: the Russian ruble, Chinese yuan, the euro, the British pound, and the Brazilian real.

On April 6, 2018, the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") announced new sanctions against Russian "oligarchs" and extended those sanctions to companies that are majority-owned or substantively controlled by those oligarchs. These sanctions block U.S. persons — both individuals and companies — from engaging in transactions with listed oligarchs and their companies. These sanctions originally extended to UC Rusal PLC ("Rusal"), which supplies primary aluminum to Arconic Corporation in Europe, the United States, and to the Company's Samara plant in Russia. The Company operated under a series of temporary licenses issued by OFAC until January 27, 2019 when OFAC removed Rusal from the list of sanctioned parties. The Company complies with and expects to continue to comply with all other aspects of these sanctions and does not anticipate any interruption in Samara's ability to operate normally.

In March 2017, Arconic Corporation completed the divestiture of its Fusina, Italy rolling mill. The rolling mill generated third-party sales of \$54 and \$165 in 2017 (through the date of divestiture) and 2016, respectively, and had 312 employees at the time of the divestiture. See "Results of Operations — Earnings Summary — Restructuring and Other charges."

On November 1, 2016, Arconic Corporation entered into a toll processing agreement with Alcoa Corporation for the tolling of metal for the Warrick, IN rolling mill which became a part of Alcoa Corporation upon the completion of the 2016 Separation Transaction. As part of this arrangement, Arconic Corporation provided a toll processing service to Alcoa Corporation to produce can sheet products at its facility in Tennessee through the end date of the contract, December 31, 2018. Alcoa Corporation supplied all required raw materials to Arconic Corporation, which processed the raw materials into finished can sheet coils ready for shipment to the end customer. Tolling revenue for 2018, 2017, and the two months ended December 31, 2016 was \$144, \$190, and \$37, respectively.

Sales. Third-party sales for the Rolled Products segment increased \$606, or 12%, in 2018 compared with 2017, primarily attributable to higher aluminum prices; higher volumes in the automotive, commercial transportation, and industrial end markets; and favorable product mix; partially offset by the absence of sales of \$54 from the rolling mill in Fusina, Italy (see above) and the ramp down of the North American packaging operations (completed in December 2018).

Third-party sales for this segment increased \$129, or 3%, in 2017 compared with 2016, primarily attributable to volume growth in the automotive end market and higher aluminum pricing, partially offset by the impact of \$362 associated with the ramp-down and toll processing agreement with Alcoa Corporation at the Company's North America packaging business in Tennessee, the absence of sales of \$111 from the rolling mill in Fusina, Italy (see above), aerospace customer inventory destocking and reduced build rates, and pricing pressures in the global packaging market.

Segment Operating Profit. Segment operating profit for the Rolled Products segment decreased \$56, or 15%, in 2018 compared with 2017, primarily driven by unfavorable aerospace wide-body production mix, higher aluminum prices, and higher transportation costs and scrap spreads, partially offset by higher automotive, commercial transportation, and industrial volumes.

Segment operating profit for this segment increased \$10, or 3%, in 2017 compared with 2016, primarily driven by net cost savings and increased automotive volumes, partially offset by lower aerospace volume from customer destocking and reduced build rates, continued pricing pressure on global packaging products, and higher aluminum prices.

Extrusions

	2018	2017	2016
Third-party sales*	\$546	\$518	\$551
Segment operating profit	\$ 1	\$ 34	\$ 74
Third-party aluminum shipments (kmt)*	59	59	57

* In 2018, 2017, and 2016, third-party sales included \$61, \$49, and \$47, respectively, and third-party aluminum shipments included 7 kmt, 6 kmt, and 6 kmt, respectively, related to sales to ParentCo's Howmet Aerospace Businesses. These sales are deemed to be related-party sales and are presented as such on Arconic Corporation's Statement of Combined Operations.

Overview. The Extrusions segment produces a range of extruded and machined parts for the aerospace, automotive, commercial transportation, and industrial products end markets. These products are sold directly to customers and through distributors. Generally, the sales and costs and expenses of this segment are transacted in the local currency of the respective operations, which are the U.S. dollar and, to a lesser extent, the euro.

Sales. Third-party sales for the Extrusions segment increased \$28, or 5%, in 2018 compared with 2017, primarily driven by higher aluminum prices and higher volumes in the automotive end market, partially offset by lower volumes in the aerospace and industrial end markets.

Third-party sales for this segment decreased \$33, or 6%, in 2017 compared with 2016, primarily driven by lower volumes in the aerospace and industrial end markets, partially offset by higher aluminum prices and higher volumes in the automotive end market.

Segment Operating Profit. Segment operating profit for the Extrusions segment declined \$33, or 97%, in 2018 compared with 2017, principally driven by operational challenges at one plant, higher aluminum prices, and lower volumes for aerospace and industrial products, partially offset by higher volumes for automotive products.

Segment operating profit for this segment decreased \$40, or 54%, in 2017 compared with 2016, principally driven by lower volumes for aerospace and industrial products and higher aluminum prices, partially offset by higher volumes for automotive products.

Building and Construction Systems

	2018	2017	2016
Third-party sales	\$1,140	\$1,066	\$1,011
Segment operating profit	\$ 91	\$ 82	\$ 86

Overview. The Building and Construction Systems segment manufactures products that are used in the non-residential building and construction end market. These products include integrated aluminum architectural systems and architectural extrusions, which are sold directly to customers and through distributors. Generally, the sales and costs and expenses of this segment are transacted in the local currency of the respective operations, which are the U.S. dollar and, to a lesser extent, each of the following: the euro, the British pound, and Canadian dollar.

Sales. Third-party sales for the Building and Construction Systems segment increased \$74, or 7%, in 2018 compared with 2017, primarily driven by higher volume related to the building and construction end market, increased product pricing, and favorable foreign currency movements due to a stronger euro and British pound.

Third-party sales for this segment increased \$55, or 5%, in 2017 compared with 2016, primarily driven by increased volume related to the building and construction end market and favorable pricing, mostly due to an increase in the LME aluminum price.

Segment Operating Profit. Segment operating profit for the Building and Construction Systems segment increased \$9, or 11%, in 2018 compared with 2017, principally driven by favorable product pricing and higher volume related to the building and construction end market, mostly offset by higher costs. The improved pricing was mainly the result of price increases partially offset by absorption of a portion of a higher LME aluminum price.

Segment operating profit for this segment decreased \$4, or 5%, in 2017 compared with 2016, principally driven by lower product pricing and unfavorable product mix, mostly offset by net cost savings. The lower pricing was mainly the result of the absorption of a portion of a higher LME aluminum price, somewhat offset by price increases.

Reconciliation of Total Segment Operating Profit to Combined Income before Income Taxes

	2018	2017	2016
Total segment operating profit	\$ 420	\$ 500	\$ 534
Unallocated amounts:			
Cost allocations ⁽¹⁾	(101)	(193)	(212)
Restructuring and other charges ⁽²⁾	104	(133)	(67)
Other	(49)	(42)	1
Combined operating income	\$ 374	\$ 132	\$ 256
Interest expense ⁽²⁾	(129)	(168)	(97)
Other (expenses) income, net ⁽²⁾	(4)	287	9
Combined income before income taxes	<u>\$ 241</u>	<u>\$ 251</u>	<u>\$ 168</u>

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- (1) Cost allocations are composed of an allocation of ParentCo's general administrative and other expenses related to operating its corporate headquarters and other global administrative facilities, as well as an allocation of ParentCo's research and development expenses associated with its corporate technical center. See "— Overview — The Separation — Cost Allocations."
 - (2) See same titled sections under "— Results of Operations — Earnings Summary" for a description of notable changes.

Environmental Matters

See the Environmental Matters section of Note S to the Combined Financial Statements in the Index within this information statement.

Liquidity and Capital Resources

Historically, ParentCo has provided capital, cash management, and other treasury services to Arconic Corporation. ParentCo will continue to provide these services to Arconic Corporation until the separation is consummated. Only cash amounts specifically attributable to Arconic Corporation were reflected in the Company's Combined Financial Statements. Transfers of cash, both to and from ParentCo's centralized cash management system, were reflected as a component of Parent Company net investment in the Combined Financial Statements of Arconic Corporation.

Arconic Corporation's primary future cash needs will be centered on operating activities, including working capital, as well as recurring and strategic capital expenditures. Following the separation, Arconic Corporation's capital structure and sources of liquidity will change significantly from its historical capital structure. Arconic Corporation will no longer participate in capital management with ParentCo; rather Arconic Corporation's ability to fund its cash needs will depend on its ongoing ability to generate and raise cash in the future. Although Arconic Corporation believes that its future cash from operations, together with its access to capital markets, will provide adequate resources to fund its operating and investing needs, our access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) Arconic Corporation's credit rating; (ii) the liquidity of the overall capital markets; and (iii) the current state of the economy. There can be no assurances that Arconic Corporation will continue to have access to capital markets on terms acceptable to it. See "Risk Factors" elsewhere in this information statement for further information.

ParentCo has an arrangement with several financial institutions to sell certain customer receivables without recourse on a revolving basis. The sale of such receivables is completed through the use of a bankruptcy-remote special-purpose entity, which is a consolidated subsidiary of ParentCo. In connection with this arrangement, certain of Arconic Corporation's customer receivables are sold on a revolving basis to this bankruptcy-remote subsidiary of ParentCo; these sales were reflected as a component of Parent Company net investment in Arconic Corporation's Combined Financial Statements.

In addition, ParentCo participates in several account payable settlement arrangements with certain vendors and third-party intermediaries. These 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 and ParentCo makes payment to the third-party intermediary on the date stipulated in accordance with the commercial terms negotiated with its vendors. In connection with these arrangements, certain of Arconic Corporation's accounts payable are settled, at the vendor's request, before the scheduled payment date; these settlements were reflected as a component of Parent Company net investment in Arconic Corporation's Combined Financial Statements.

Arconic Corporation may seek similar standalone arrangements regarding the potential sale of certain customer receivables and settlement of accounts payable upon the separation. However, there can be no assurance that Arconic Corporation will be able to establish such arrangements on terms acceptable to it.

Operating Activities

Cash provided from operations was \$503 in 2018 compared with \$182 in 2017 and \$618 in 2016.

In 2018, cash provided from operations was comprised primarily of a positive add-back for non-cash transactions in earnings of \$196, net income of \$170, and a favorable change in working capital of \$159.

In 2017, cash provided from operations was comprised principally of net income of \$209 and a positive add-back for non-cash transactions in earnings of \$194, partially offset by an unfavorable change in working capital of \$185.

In 2016, cash provided from operations was comprised mainly of a positive add-back for non-cash transactions in earnings of \$334, net income of \$155, and a favorable change in working capital of \$141.

Financing Activities

Cash used for financing activities was \$536 in 2018 compared with cash provided from financing activities of \$136 in 2017 and cash used for financing activities of \$278 in 2016. The amount in each period primarily reflects net cash activity between Arconic Corporation and ParentCo.

Investing Activities

Cash used for investing activities was \$10 in 2018 compared with \$250 in 2017 and \$350 in 2016.

The use of cash in 2018 reflects capital expenditures of \$317, including for a horizontal heat treat furnace at the Davenport, Iowa plant, mostly offset by proceeds of \$302 from the sale of the Texarkana, Texas rolling mill and cast house.

The use of cash in both 2017 and 2016 reflects capital expenditures in the amount of \$241 and \$350, respectively, including for the aerospace expansion (very thick plate stretcher and/or horizontal heat treat furnace) at the Davenport, Iowa plant.

Contractual Obligations and Off-Balance Sheet Arrangements

Following the separation, Arconic Corporation's capital structure and sources of liquidity will differ from its historical capital structure. Please refer to the "The Separation and Distribution," "Capitalization," and "Unaudited Pro Forma Condensed Combined Financial Statements" sections included elsewhere in this information statement for additional information regarding the capital structure of Arconic Corporation following the distribution.

Also, following the separation, Arconic Corporation will no longer participate in cash management and intercompany funding arrangements with ParentCo. Arconic Corporation's ability to fund its operating and capital needs will depend on the Company's ability to generate cash from operations and access capital markets. The following table and discussion summarize Arconic Corporation's contractual obligations as of December 31, 2018 that may have an impact on liquidity and cash flows in future periods.

Contractual Obligations. Arconic Corporation is required to make future payments under various contracts, including long-term purchase obligations, lease agreements, and financing arrangements. Arconic Corporation also has commitments to fund its pension plans, provide payments for other postretirement benefit plans, and fund capital projects. As of December 31, 2018, a summary of Arconic Corporation's

outstanding contractual obligations is as follows (these contractual obligations are grouped in the same manner as they are classified in the Statement of Combined Cash Flows in order to provide a better understanding of the nature of the obligations and to provide a basis for comparison to historical information):

	Total	2019	2020 – 2021	2022 – 2023	Thereafter
Operating activities:					
Raw material purchase obligations	\$ 324	\$316	\$ 8	\$—	\$ —
Energy-related purchase obligations	67	33	28	6	—
Other purchase obligations	19	4	7	6	2
Operating leases	158	34	50	31	43
Interest related to debt	285	12	24	24	225
Estimated minimum required pension funding	12	3	6	3	—
Other postretirement benefit payments	1	—	—	—	1
Layoff and other restructuring payments	4	4	—	—	—
Deferred revenue arrangements	18	12	6	—	—
Uncertain tax positions	18	—	—	—	18
Financing activities:					
Debt	250	—	—	—	250
Investing activities:					
Capital projects	207	155	52	—	—
Totals	<u>\$1,363</u>	<u>\$573</u>	<u>\$181</u>	<u>\$70</u>	<u>\$539</u>

Obligations for Operating Activities

Energy-related purchase obligations consist primarily of electricity and natural gas contracts with expiration dates ranging from one year to five years. Raw material purchase obligations consist mostly of aluminum with expiration dates ranging from less than one year to two years. Many of these purchase obligations contain variable pricing components, and, as a result, actual cash payments may differ from the estimates provided in the preceding table. Operating leases represent multi-year obligations for certain land and buildings, plant equipment, vehicles, and computer equipment.

Interest related to debt is based on a stated interest rate of 4.75% calculated on Arconic Corporation's lone outstanding debt obligation, which matures in 2042.

Estimated minimum required pension funding and postretirement benefit payments are based on actuarial estimates using current assumptions for, among others, discount rates, long-term rate of return on plan assets, rate of compensation increases, and/or health care cost trend rates. It is Arconic Corporation's policy to fund amounts for pension plans sufficient to meet the minimum requirements set forth in applicable country benefits laws and tax laws. Arconic Corporation has determined that it is not practicable to present pension funding and other postretirement benefit payments beyond 2023 and 2028, respectively.

In addition, in connection with the separation, the Shared Plans (see "— Critical Accounting Policies — Pension and Other Postretirement Benefits") are expected to be separated; Arconic Corporation will be the sponsor of new defined benefit pension and other postretirement benefit plans and assume the associated unfunded obligations. Estimates of future contributions and/or benefit payments related to such plans have yet to be determined. For additional information, please refer to the "Unaudited Pro Forma Condensed Combined Financial Statements" section included elsewhere in this information statement.

Layoff and other restructuring payments to be paid within one year relate to contract payments associated with closed and divested plants and severance costs.

Deferred revenue arrangements require Arconic Corporation to deliver sheet and plate to a certain customer over the specified contract period (through 2020). While this obligation is not expected to result in cash payments, it is included in the preceding table as Arconic Corporation would have such an obligation if the specified product deliveries could not be made.

Uncertain tax positions taken or expected to be taken on an income tax return may result in additional payments to tax authorities. As of December 31, 2018, no interest and penalties were accrued related to such positions. The total amount of uncertain tax positions is included in the “Thereafter” column as Arconic Corporation is not able to reasonably estimate the timing of potential future payments. If a tax authority agrees with the tax position taken or expected to be taken or the applicable statute of limitations expires, then additional payments will not be necessary.

Obligations for Financing Activities

The debt amount in the preceding table represents the principal amount of Arconic Corporation’s lone outstanding debt obligation, which matures in 2042.

In addition, in connection with the separation, Arconic Corporation has incurred and expects to incur certain indebtedness related to its initial capitalization structure, which has yet to be determined. Please refer to the “The Separation and Distribution,” “Capitalization,” and “Unaudited Pro Forma Condensed Combined Financial Statements” sections included elsewhere in this information statement for additional information regarding the capital structure of Arconic Corporation following the distribution.

Obligations for Investing Activities

Capital projects in the preceding table only include amounts approved by management as of December 31, 2018. Funding levels may vary in future years based on anticipated construction schedules of the projects. It is expected that significant expansion projects will be funded through various sources, including cash provided from operations. Total capital expenditures are anticipated to be approximately \$185 in 2019.

Off-Balance Sheet Arrangements. ParentCo has outstanding bank guarantees, on behalf of Arconic Corporation, related to, among others, tax matters and customs duties. The total amount committed under these guarantees, which expire at various dates between 2019 and 2026 was \$11 at December 31, 2018.

ParentCo has outstanding letters of credit, on behalf of Arconic Corporation, primarily related to environmental and lease obligations. The total amount committed under these letters of credit, which automatically renew or expire at various dates, mostly in 2019, was \$45 at December 31, 2018.

ParentCo has outstanding surety bonds, on behalf of Arconic Corporation, primarily related to customs duties and environmental-related matters. The total amount committed under these surety bonds, which expire at various dates, primarily in 2019, was \$9 at December 31, 2018.

Critical Accounting Policies and Estimates

The Combined Financial Statements of Arconic Corporation are prepared from ParentCo’s historical accounting records and are presented on a standalone basis as if the Arconic Corporation Businesses have been conducted independently from ParentCo. Such Combined Financial Statements include the historical operations that are considered to comprise the Arconic Corporation Businesses, as well as certain assets and liabilities that have been historically held at ParentCo’s corporate level but are specifically identifiable or otherwise attributable to Arconic Corporation.

The preparation of Arconic Corporation’s Combined Financial Statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates based on judgments and assumptions regarding uncertainties that affect the amounts reported in the Combined Financial Statements and disclosed in the Notes to the Combined Financial Statements. Areas that require such estimates include cost allocations (see “— Overview — The Separation — Cost Allocations”), the review of properties, plants, and equipment and goodwill for impairment, and accounting for each of the following: environmental and litigation matters; pension and other postretirement employee benefit obligations; stock-based compensation; and income taxes.

Management uses historical experience and all available information to make these estimates, and actual results may differ from those used to prepare Arconic Corporation’s Combined Financial Statements at any given time. Despite these inherent limitations, management believes that Management’s Discussion and Analysis of Financial Condition and Results of Operations and the Combined Financial Statements, including the Notes to the Combined Financial Statements, provide a meaningful and fair perspective of the Company.

A summary of Arconic Corporation's significant accounting policies is included in Note B to the Combined Financial Statements in the Index within this information statement. Management believes that the application of these policies on a consistent basis enables Arconic Corporation to provide the users of the Combined Financial Statements with useful and reliable information about Arconic Corporation's operating results and financial condition.

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

Goodwill. Goodwill is not amortized; instead, it is reviewed for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell, exit, or realign a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others, 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. The fair value that could be realized in an actual transaction may differ from that used to evaluate goodwill for impairment.

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. Beginning in April 2018, Arconic Corporation has three reporting units, the Rolled Products segment, the Extrusions segment, and the Building and Construction Systems segment, all of which contain goodwill. As of December 31, 2018, the carrying value of the goodwill for Rolled Products, Extrusions, and Building and Construction Systems was \$245, \$71, and \$69, respectively. Previously, Arconic Corporation had a fourth reporting unit, the Latin America Extrusions business, which was sold in April 2018. All goodwill (\$25) related to this reporting unit was impaired in 2015.

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 (greater 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 a quantitative impairment test (described below), otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the 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 quantitative impairment test.

Arconic Corporation determines annually, based on facts and circumstances, which of its reporting units will be subject to the qualitative assessment. For those reporting units where a qualitative assessment is either not performed or for which the conclusion is that an impairment is more likely than not, a quantitative impairment test will be performed. Arconic Corporation's policy is that a quantitative impairment test be performed for each reporting unit at least once during every three-year period.

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 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.

During the 2018 annual review of goodwill, management performed the qualitative assessment for the Extrusions reporting unit. Management concluded it was not more likely than not that the estimated fair value of this reporting unit was less than the carrying value. As such, no further analysis was required.

Under the quantitative impairment test, the evaluation of impairment involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. Arconic Corporation 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. Several significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including sales growth (volumes and pricing), production costs, capital spending, and discount rate. Certain of these assumptions may 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 WACC rate for the individual reporting units is estimated by management 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, Arconic Corporation would recognize an impairment charge equal to the excess of the reporting unit's carrying value over its fair value without exceeding the total amount of goodwill applicable to that reporting unit.

During the 2018 annual review of goodwill, management proceeded directly to the quantitative impairment test for the Rolled Products and Building and Construction Systems reporting units. The estimated fair value for both reporting units was substantially in excess of the respective carrying value, resulting in no impairment.

The annual review in 2017 and 2016 indicated that goodwill was not impaired for any of Arconic Corporation's reporting units and there were no triggering events that necessitated an impairment test for any of the reporting units.

Environmental Matters. Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, which will not contribute to future revenues, are expensed. Liabilities are recorded when remediation costs are probable and 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, which are recognized when probable and as agreements are reached with third parties. The estimates also include costs related to other potentially responsible parties to the extent that Arconic Corporation has reason to believe such parties will not fully pay their proportionate 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.

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, among others, 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. 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 reasonably possible, the matter is disclosed and no liability is recorded. With respect to unasserted claims or assessments, management must first determine the probability 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.

Pension and Other Postretirement Benefits. Certain employees attributable to Arconic Corporation operations participate in defined benefit pension and other postretirement benefit plans ("Shared Plans") sponsored by ParentCo, which also includes ParentCo participants. For purposes of these Combined Financial Statements, Arconic Corporation accounts for the portion of the Shared Plans related to its employees as multiemployer benefit plans. Accordingly, Arconic Corporation does not record an asset or

liability to recognize the funded status of the Shared Plans. However, the related expense recorded by Arconic Corporation is based primarily on pensionable compensation and estimated interest costs related to participants attributable to Arconic Corporation operations.

Certain ParentCo plans that are entirely attributable to employees of Arconic Corporation-related operations (“Direct Plans”) are accounted for as defined benefit pension and other postretirement benefit plans for purposes of the Combined Financial Statements. Accordingly, the funded and unfunded position of each Direct Plan is recorded in the Combined Balance Sheet. Actuarial gains and losses that have not yet been recognized in earnings are recorded in accumulated other comprehensive income net of taxes, until they are amortized as a component of net periodic benefit cost. The determination of benefit obligations and recognition of expenses related to the Direct Plans are dependent on various assumptions, including discount rates, long-term expected rates of return on plan assets, and future compensation increases. ParentCo’s management develops each assumption using relevant company experience in conjunction with market-related data for each individual location in which such plans exist.

The following table summarizes the total expenses recognized by Arconic Corporation related to the pension and other postretirement benefits described above:

Type of Plan	Type of Expense	Pension benefits			Other postretirement benefits		
		For the year ended December 31,			For the year ended December 31,		
		2018	2017	2016	2018	2017	2016
Direct Plans	Net periodic benefit cost*	\$ 5	\$ 5	\$ 5	\$—	\$—	\$—
Shared Plans	Multiemployer contribution expense	67	82	78	21	20	23
Shared Plans	Cost allocation	20	39	31	5	4	8
		<u>\$92</u>	<u>\$126</u>	<u>\$114</u>	<u>\$26</u>	<u>\$24</u>	<u>\$31</u>

* In each of 2018, 2017 and 2016, net periodic benefit cost for pension benefits was comprised of service cost of \$3 and non-service cost of \$2.

Stock-Based Compensation. Eligible employees attributable to Arconic Corporation operations participate in ParentCo’s stock-based compensation plans. Until consummation of the separation, these employees will continue to participate in ParentCo’s stock-based compensation plans and Arconic Corporation will record compensation expense based on the awards granted to relevant employees. ParentCo recognizes compensation expense for employee equity grants using the non-substantive vesting period approach, in which the expense is recognized ratably over the requisite service period based on the grant date fair value. The compensation expense recorded by Arconic Corporation, in all periods presented, includes the expense associated with employees historically attributable to Arconic Corporation operations, as well as the expense associated with the allocation of stock-based compensation expense for ParentCo’s corporate employees. The fair value of new stock options is estimated on the date of grant using a lattice-pricing model. The fair value of performance stock units containing a market condition is valued using a Monte Carlo valuation model. Determining the fair value at the grant date requires judgment, including estimates for the average risk-free interest rate, dividend yield, volatility, and exercise behavior. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time. In 2018, 2017, and 2016, Arconic Corporation recognized stock-based compensation expense of \$22 (\$17 after-tax), \$23 (\$15 after-tax), and \$26 (\$17 after-tax), respectively.

Income Taxes. Arconic Corporation’s operations have historically been included in the income tax filings of ParentCo. The provision for income taxes in Arconic Corporation’s Statement of Combined Operations is based on a separate return methodology 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 calculated as if Arconic Corporation was a standalone taxpayer filing hypothetical income tax returns where applicable. Any additional accrued tax liability or refund arising as a result of this approach is assumed to be immediately settled with ParentCo as a component of Parent Company net investment.

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 Arconic Corporation's assets and liabilities and are adjusted for changes in tax rates and tax laws when enacted. Deferred tax assets are reflected in the Combined Balance Sheet for net operating losses, credits or other attributes to the extent that such attributes are expected to transfer to Arconic Corporation upon the separation. Any difference from attributes generated in a hypothetical return on a separate return basis is adjusted as a component of Parent Company net investment.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50%) 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 Arconic Corporation's experience with similar operations. Existing favorable contracts and the ability to sell products 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 for the utilization of a deferred tax asset based on existing projections of income. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish 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 grant and lapse of tax holidays.

Arconic Corporation applies a tax law ordering approach when considering the need for a valuation allowance on net operating losses expected to offset Global Intangible Low Taxed Income (GILTI) income inclusions. Under this approach, reductions in cash tax savings are not considered as part of the valuation allowance assessment. Instead, future GILTI inclusions are considered a source of taxable income that support the realizability of deferred tax assets.

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 limitations has expired or the appropriate taxing authority has completed its 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.

Related Party Transactions

Transactions between the Arconic Corporation Businesses and the Howmet Aerospace Businesses have been presented as related party transactions on Arconic Corporation's Combined Financial Statements. In 2018, 2017, and 2016, sales to the Howmet Aerospace Businesses from the Arconic Corporation Businesses were \$206, \$182, and \$180, respectively.

Recently Adopted Accounting Guidance

See the Recently Adopted Accounting Guidance section of Note B to the Combined Financial Statements in the Index within this information statement.

Recently Issued Accounting Guidance

See the Recently Issued Accounting Guidance section of Note B to the Combined Financial Statements in the Index within this information statement.

Nine Months Ended September 30, 2019 and 2018

Results of Operations

Cost Allocations. The following table reflects allocations of certain ParentCo costs included in Arconic Corporation's unaudited Statement of Combined Operations for the nine months ended September 30, 2019 and 2018 that are relevant to the discussion below (see "Overview — The Separation — Cost Allocations"):

For the nine months ended September 30,	2019	2018
Cost of goods sold ⁽¹⁾	\$11	\$ 9
Selling, general administrative, and other expenses ⁽²⁾	80	49
Research and development expenses	8	18
Provision for depreciation and amortization	9	7
Restructuring and other charges	5	(3)
Interest expense	86	95
Other expenses (income), net	4	(4)

- (1) For all periods presented, amount principally relates to an allocation of expenses for ParentCo's retained pension and other postretirement benefit obligations associated with closed and sold operations.
- (2) In the 2019 nine-month period, amount includes costs incurred by ParentCo (\$44, of which \$23 was allocated to Arconic Corporation) associated with the proposed separation transaction (see "Overview — The Separation — The Proposed Separation").

Earnings Summary:

Net income. Net income was \$39 in the 2019 nine-month period compared to \$71 in the 2018 nine-month period. The decrease in results of \$32 was mainly driven by asset impairment charges and layoff costs, costs to transition a plant to a new product line, and an allocation of costs related to the proposed separation. These negative impacts were mostly offset by favorable product pricing and volume growth.

Sales. Sales decreased \$64, or 1%, in the 2019 nine-month period compared to the same period in 2018. The decline was principally due to lower aluminum prices, the absence of sales (\$151 combined) as a result of both the ramp down of Arconic Corporation's North American packaging operations (completed in December 2018) and the divestiture of the Latin America Extrusions business (April 2018); and unfavorable foreign currency movements. These negative impacts were mostly offset by volume growth related to the packaging (excluding North America), aerospace, and industrial end markets and favorable product pricing and mix in the Rolled Products segment.

Cost of goods sold (COGS). COGS as a percentage of Sales was 86.4% in the 2019 nine-month period compared with 87.9% in the 2018 nine-month period. The percentage was positively impacted by the previously mentioned favorable product pricing and volume growth, a favorable change in LIFO inventory accounting (\$73 — see below), and the absence of a charge for a physical inventory adjustment at an Extrusions plant (\$14). These positive impacts were partially offset by costs associated with the transition of Arconic Corporation's Tennessee plant to industrial products from packaging, a charge to increase an environmental reserve related to a U.S. Extrusions plant (\$25), and a charge, primarily for a one-time employee signing bonus, related to a collective bargaining agreement negotiation (\$9 — see below).

The positive change in LIFO inventory accounting was mostly related to a decrease in the price of aluminum at September 30, 2019 indexed to December 31, 2018 compared to an increase in the price of aluminum at September 30, 2018 indexed to December 31, 2017.

In June of 2019, Arconic Corporation and the United Steelworkers (USW) reached a tentative three-year labor agreement covering approximately 3,400 employees at four U.S. locations; the previous labor agreement expired on May 15, 2019. The tentative agreement was ratified on July 11, 2019.

Selling, general administrative, and other expenses (SG&A). SG&A expenses increased \$31, or 14%, in the 2019 nine-month period compared with the corresponding period in 2018. The increase was attributable to a higher allocation (increase of \$31) of ParentCo's corporate overhead, which was largely related to the following: costs incurred for the planned separation (\$44, of which \$23 was allocated to Arconic Corporation) and higher expenses for both executive compensation and estimated annual employee incentive compensation, all of which was somewhat offset by reductions in several other overhead costs. SG&A as a percentage of Sales increased from 4.0% in the 2018 nine-month period to 4.6% in the 2019 nine-month period.

Research and development expenses (R&D). R&D expenses decreased \$13, or 28%, in the 2019 nine-month period compared to the same period in 2018. The decline was primarily driven by a lower allocation (decrease of \$10) of ParentCo's expenses, which was caused by decreased spending.

Restructuring and other charges. Restructuring and other charges in the 2019 nine-month period were \$104, which were comprised of the following components: a \$59 impairment charge for the assets associated with an aluminum rolling mill in Brazil as a result of signing a definitive sale agreement (see "Results of Operations — Segment Information — Rolled Products"); a \$28 charge for layoff costs, including the separation of approximately 370 employees (virtually all of which related to the Rolled Products and Building and Construction Systems segments); a \$10 charge for the impairment of the carrying value of a trade name intangible asset; a \$5 charge for an allocation of ParentCo's corporate restructuring charges (see "Results of Operations — Cost Allocations"); and a \$2 net charge for other items.

Restructuring and other charges in the 2018 nine-month period were comprised of the following components: a \$7 net charge for miscellaneous items; a \$3 benefit for an allocation of ParentCo's corporate restructuring activity (see "Results of Operations — Cost Allocations"); and a \$4 benefit for the reversal of several layoff reserves related to prior periods.

See Note E to the unaudited Combined Financial Statements in the Index within this information statement for additional information.

Interest expense. Interest expense declined \$13, or 13%, in the 2019 nine-month period compared with the corresponding period in 2018. The decrease was principally related to a smaller allocation (decrease of \$9) of ParentCo's financing costs, which was largely due to a lower average amount of ParentCo's outstanding debt in the 2019 nine-month period compared to the 2018 nine-month period. An increase in the amount of interest capitalized (\$3) due to expansion projects at Arconic Corporation's Davenport (Iowa) and Tennessee facilities (see "Liquidity and Capital Resources — Investing Activities") also contributed to the referenced decline.

Other (income) expenses, net. Other income, net was \$4 in the 2019 nine-month period compared to Other expenses, net of \$9 in the 2018 nine-month period. The positive change of \$13 was mainly the result of net favorable foreign currency movements (\$16).

Provision for income taxes. The effective tax rate was 58.5% in the 2019 nine-month period and 31.7% in the 2018 nine-month period. See Note H to the unaudited Combined Financial Statements in the Index within this information statement for additional information.

Segment Information

Arconic Corporation produces aluminum sheet and plate products (Rolled Products segment) for Boeing 737 MAX airplanes. The temporary reduction in the production rate of the 737 MAX airplanes that was announced by Boeing in April 2019 did not have a significant impact on the Rolled Products segment's revenues or segment operating profit in the 2019 nine-month period. Additionally, Arconic Corporation does not expect a significant impact on this segment's revenue and segment operating profit for the remainder of 2019.

Rolled Products

	Nine months ended September 30,	
	2019	2018
Third-party sales*	\$4,294	\$4,333
Intersegment sales	20	12
Total sales	\$4,314	\$4,345
Segment operating profit	\$ 346	\$ 268
Third-party aluminum shipments (kmt)*	1,058	986

* In the 2019 and 2018 nine-month periods, third-party sales included \$101 and \$110, respectively, and third-party aluminum shipments included 49 kmt and 45 kmt, respectively, related to sales to ParentCo's Howmet Aerospace Businesses. These sales are deemed to be related-party sales and are presented as such on Arconic Corporation's Statement of Combined Operations.

In August 2019, Arconic Corporation reached an agreement to sell its aluminum rolling mill in Itapissuma, Brazil to Companhia Brasileira de Alumínio. This rolling mill produces specialty foil and sheet products and its operating results and assets and liabilities are included in the Rolled Products segment. The transaction is expected to close in early 2020, subject to regulatory approvals and customary closing conditions. See "Results of Operations — Earnings Summary — Restructuring and other charges" for additional information.

Third-party sales for the Rolled Products segment decreased \$39, or 1%, in the 2019 nine-month period compared to the same period in 2018. The decline was primarily due to lower aluminum prices (see below), the absence of sales (\$126) as a result of the ramp down of Arconic Corporation's North American packaging operations (completed in December 2018), and unfavorable foreign currency movements. These negative impacts were partially offset by higher volumes in the packaging (excluding North America), aerospace, and industrial products end markets and favorable product pricing and mix.

Segment operating profit for this segment increased \$78 in the 2019 nine-month period compared with the corresponding period in 2018. The improvement was largely attributable to favorable pricing adjustments on industrial products and commercial transportation products, the previously mentioned higher volumes, and net cost savings. These positive impacts were somewhat offset by Arconic Corporation's Tennessee plant's transition to industrial production from packaging production.

Changes in aluminum prices in the 2019 nine-month period compared to the same period in 2018 negatively impacted Third-party sales by approximately \$250 and positively impacted Segment operating profit by approximately \$5. Metal price is a pass-through to this segment's customers with limited exception (e.g., fixed-priced contracts, certain regional premiums). On average, the price of aluminum on the London Metal Exchange declined approximately 15% in the 2019 nine-month period compared with the corresponding period in 2018.

In the fourth quarter of 2019 compared to the fourth quarter of 2018, demand from the aerospace end market for commercial airframes is expected to increase, while the automotive end market is expected to decline. Also, demand in the North American commercial transportation end market is expected to decrease, while growth is anticipated in the industrial products end market with the transition of Arconic Corporation's Tennessee plant from packaging. Favorable pricing and net productivity improvements are also anticipated to continue.

Extrusions

	Nine months ended September 30,	
	2019	2018
Third-party sales*	\$420	\$409
Segment operating profit	\$ (29)	\$ 2
Third-party aluminum shipments (kmt)*	45	46

* In the 2019 and 2018 nine-month periods, third-party sales included \$41 and \$51, respectively, and third-party aluminum shipments included 5 kmt (both periods) related to sales to ParentCo's Howmet Aerospace Businesses. These sales are deemed to be related-party sales and are presented as such on Arconic Corporation's Statement of Combined Operations.

Third-party sales for the Extrusions segment increased \$11, or 3%, in the 2019 nine-month period compared to the same period in 2018. The improvement was principally the result of favorable product mix (mainly related to the automotive end market), somewhat offset by a 2% decrease in overall volume. The lower volume was primarily caused by decreased customer demand in the industrial products end market, mostly offset by demand growth in the aerospace end market.

Segment operating profit for this segment declined \$31 in the 2019 nine-month period compared with the corresponding period in 2018. The decrease was largely driven by higher operating costs, including labor, maintenance, and transportation. These negative impacts were partially offset by the absence of a charge for a physical inventory adjustment at one plant (\$14) and a favorable change in LIFO inventory accounting (\$10).

In the fourth quarter of 2019 compared to the fourth quarter of 2018, higher costs and lower volumes are expected, partially offset by favorable pricing.

Building and Construction Systems

	Nine months ended September 30,	
	2019	2018
Third-party sales	\$855	\$866
Segment operating profit	\$ 89	\$ 74

Third-party sales for the Building and Construction Systems segment decreased \$11, or 1%, in the 2019 nine-month period compared to the same period in 2018. The decline was mainly due to unfavorable foreign currency movements, principally driven by a weaker euro, and unfavorable aluminum pricing (see below). These negative impacts were partially offset by higher volume.

Segment operating profit for this segment increased \$15 in the 2019 nine-month period compared with the corresponding period in 2018, largely the result of net cost savings and higher volume.

Changes in aluminum prices in the 2019 nine-month period compared to the same period in 2018 negatively impacted Third-party sales by approximately \$15 and positively impacted Segment operating profit by approximately \$5. A limited amount of this segment's product sales is directly impacted by metal pricing, which is a pass-through to the related customers. On average, the price of aluminum on the London Metal Exchange declined approximately 15% in the 2019 nine-month period compared with the corresponding period in 2018.

In the fourth quarter of 2019, compared to the fourth quarter of 2018, net cost savings are expected.

Reconciliation of Total Segment Operating Profit to Combined Income before Income Taxes

For the nine-months ended September 30,	2019	2018
Total segment operating profit	\$ 406	\$344
Unallocated amounts:		
Cost allocations ⁽¹⁾	(108)	(83)
Restructuring and other charges ⁽²⁾	(104)	—
Other	(18)	(49)
Combined operating income	\$ 176	\$212
Interest expense ⁽²⁾	(86)	(99)
Other income (expenses), net ⁽²⁾	4	(9)
Combined income before income taxes	<u>\$ 94</u>	<u>\$104</u>

(1) Cost allocations are composed of an allocation of ParentCo's general administrative and other expenses related to operating its corporate headquarters and other global administrative facilities, as well as an allocation of ParentCo's research and development expenses associated with its corporate technical center. See — Overview — The Separation — Cost Allocations.

(2) See same titled sections under — Results of Operations — Earnings Summary for a description of notable changes.

Environmental Matters

See the Environmental Matters section of Note M to the unaudited Combined Financial Statements in the Index within this information statement.

Liquidity and Capital Resources**Operating Activities**

Cash provided from operations was \$145 in the 2019 nine-month period compared with \$306 in the 2018 nine-month period. In the 2019 nine-month period, cash provided from operations was comprised primarily of a positive add-back for non-cash transactions in earnings of \$353 and net income of \$39, partially offset by an unfavorable change in working capital of \$260. In the 2018 nine-month period, cash provided from operations was comprised principally of a positive add-back for non-cash transactions in earnings of \$221, net income of \$71, and a favorable change in working capital of \$31.

Financing Activities

Cash used for financing activities was \$68 in the 2019 nine-month period compared with \$126 in the 2018 nine-month period. The amount in each period primarily reflects net cash activity between Arconic Corporation and ParentCo.

Investing Activities

Cash used for investing activities was \$109 in the 2019 nine-month period compared with \$190 in the 2018 nine-month period. The use of cash in both the 2019 and 2018 nine-month periods reflects capital expenditures of \$120 and \$195, respectively, including for an approximately \$140 project at the Davenport (Iowa) plant and an approximately \$100 project at the Tennessee plant. At Davenport, Arconic Corporation installed a new horizontal heat treat furnace to capture growth in the aerospace and industrial products markets. This project began near the end of 2017 and was completed earlier in 2019 (furnace is in customer qualification stage). At Tennessee, Arconic Corporation is expanding its hot mill capability and adding downstream equipment capabilities to capture growth in the automotive and industrial products markets. This project began in early 2019 and is expected to be completed by the end of 2020.

Recently Adopted and Recently Issued Accounting Guidance

See Note B to the unaudited Combined Financial Statements in the Index within this information statement.

MANAGEMENT

Executive Officers Following the Distribution

The following table sets forth information as of February 7, 2020 regarding the individuals who are expected to serve as executive officers of Arconic Corporation following the distribution.

Name	Age	Position
Timothy D. Myers	54	Chief Executive Officer
Erick R. Asmussen	53	Chief Financial Officer
Mary Zik	48	Controller
Diana C. Toman	41	Chief Legal Officer

Timothy D. Myers will be the Chief Executive Officer of Arconic Corporation. From October 2017 until the separation, Mr. Myers was Executive Vice President and Group President, Global Rolled Products, which now includes the Extrusions and Building and Construction Systems businesses of ParentCo. From May 2016 to June 2019, he served as Executive Vice President and Group President of ParentCo's Transportation and Construction Solutions segment, which then comprised Arconic Wheel and Transportation Products and Building and Construction Systems and which segment was eliminated in the third quarter of 2019, with the Building and Construction Systems business then moved to the Global Rolled Products segment. Prior to that assignment, he was President of Alcoa Wheel and Transportation Products, from June 2009 to May 2016. Mr. Myers was Vice President and General Manager, Commercial Vehicle Wheels for the Alcoa Wheel Products business from January 2006 to June 2009. Mr. Myers joined ParentCo in 1991 as an automotive applications engineer in the Commercial Rolled Products Division, and held a series of engineering, marketing, sales and management positions with ParentCo since that time.

Erick R. Asmussen will be the Chief Financial Officer of Arconic Corporation. Mr. Asmussen previously served as Senior Vice President and Chief Financial Officer of Momentive Performance Materials Inc. from May 2015 to July 2019. Prior to joining Momentive, Mr. Asmussen served as Vice President and Chief Financial Officer of GrafTech International, Ltd. from September 2013 to May 2015. Mr. Asmussen joined GrafTech in 1999 and served in multiple leadership roles, including Vice President of Strategy, Planning and Corporate Development, Worldwide Controller, Tax Director and Treasurer. Prior to GrafTech, Mr. Asmussen worked in various financial positions with Corning Incorporated, AT&T Corporation, and Arthur Andersen LLP.

Mary Zik will be the Controller of Arconic Corporation. Ms. Zik has served as Assistant Controller for ParentCo since February 2017, responsible for establishing and maintaining financial accounting policies, overseeing the consolidation of ParentCo's financial results and financial reporting and compliance with the SEC. Previously, Ms. Zik was Director of Financial Transactions and Policy for ParentCo. Ms. Zik joined ParentCo in 2000, prior to the 2016 Separation Transaction, and has held several positions of increasing responsibility across various Controllershship functions including corporate consolidations, external reporting, financial policy and reporting, and financial planning and analysis. Prior to joining ParentCo, she worked at PricewaterhouseCoopers LLP for five years.

Diana C. Toman will be the Chief Legal Officer of Arconic Corporation. From November 2015 to July 2019, Ms. Toman served as Senior Vice President, General Counsel and Corporate Secretary for Compass Minerals International, Inc. From March 2010 to October 2015, Ms. Toman served in multiple leadership roles at General Cable Corporation, including as Vice President, Strategy and General Counsel, Asia Pacific & Africa, and Vice President, Assistant General Counsel and Assistant Secretary. Prior to joining General Cable, Ms. Toman held legal positions at Gardner Denver, Inc. from October 2006 to February 2010 and Waddell & Reed Financial, Inc. from August 2003 to October 2006. She began her career as an attorney with the law firm of Levy & Craig, P.C.

DIRECTORS

Board of Directors Following the Distribution

The following table sets forth information as of February 7, 2020 regarding those persons who are expected to serve on Arconic Corporation's Board of Directors following completion of the distribution and until their respective successors are duly elected and qualified. Arconic Corporation's amended and restated certificate of incorporation will provide that directors will be elected annually.

Name	Age	Position
Frederick "Fritz" A. Henderson	61	Chairman
Timothy D. Myers	54	Director and Chief Executive Officer
William F. Austen	61	Director
Christopher L. Ayers	53	Director
Margaret "Peg" S. Billson	58	Director
Austin G. Camporin	37	Director
Jacques Croisetiere	65	Director
Elmer L. Doty	65	Director
Carol S. Eicher	61	Director
E. Stanley O'Neal	68	Director
Jeffrey Stafeil	50	Director

Frederick "Fritz" A. Henderson

Age: 61

Other Current Public Directorships: Adient plc; Horizon Global Corporation; Marriott International Inc.

Career Highlights and Qualifications: Mr. Henderson served as the Interim Chief Executive Officer of Adient plc from June 2018 to September 2018. Previously, Mr. Henderson served as Chairman and Chief Executive Officer of Suncoke Energy, Inc. from December 2010 to December 2017 and as Chairman and Chief Executive Officer of Suncoke Energy Partners GP LLC from January 2013 to December 2017. Mr. Henderson served as Senior Vice President of Sunoco, Inc. from September 2010 until the completion of Suncoke Energy, Inc.'s initial public offering and separation from Sunoco in July 2011. Prior to joining the leadership of Suncoke and Sunoco, Mr. Henderson held a number of senior management positions at General Motors from 1984 to 2009, including President and Chief Executive Officer from March 2009 to December 2009.

Other Current Affiliations: Mr. Henderson is a Trustee of the Alfred P. Sloan Foundation and a Principal at the Hawksbill Group, a business advisory and consulting firm.

Previous Directorships: Mr. Henderson served as a director of Compuware Corporation.

Attributes and Skills: Mr. Henderson has proven business acumen, having served as the chief executive officer for both a large, publicly-traded global automotive company as well as a key supplier of manufactured product and energy to the steel industry. His expertise in these industries and management experience brings valuable insight to the Board.

Timothy D. Myers

Age: 54

Career Highlights and Qualifications: Mr. Myers will be the Chief Executive Officer of Arconic Corporation. From October 2017 until the separation, Mr. Myers was Executive Vice President and Group President, Global Rolled Products, which now includes the Extrusions and Building and Construction Systems businesses, of ParentCo. From May 2016 to June 2019, he served as Executive Vice President and Group President of ParentCo's Transportation and Construction Solutions segment, which then comprised

Arconic Wheel and Transportation Products and Building and Construction Systems and which segment was eliminated in the third quarter of 2019, with the Building and Construction Systems business then moved to the Global Rolled Products segment. Prior to that assignment, he was President of Alcoa Wheel and Transportation Products, from June 2009 to May 2016. Mr. Myers was Vice President and General Manager, Commercial Vehicle Wheels for the Alcoa Wheel Products business from January 2006 to June 2009. Mr. Myers joined ParentCo in 1991 as an automotive applications engineer in the Commercial Rolled Products Division, and held a series of engineering, marketing, sales and management positions with ParentCo since that time.

Attributes and Skills: As the only current management representative on the Board, Mr. Myers' leadership of, and extensive experience and familiarity with, Arconic Corporation's business provides the Board with invaluable insight into the Company's operations and strategic direction. His range of operational and other roles at ParentCo has given him an in-depth and well-rounded understanding of the Company and its customers.

William F. Austen

Age: 61

Other Current Public Directorships: Tennant Company.

Career Highlights and Qualifications: Mr. Austen retired in June 2019 as the President, Chief Executive Officer and member of the Board of Directors for Bemis Company, Inc., a global flexible packaging company, where he had served since August 2014. From 2004 to August 2014, Mr. Austen served in various leadership roles at Bemis Company, including as Executive Vice President and Chief Operating Officer, Group President and Vice President, Operations. Mr. Austen also served as President and Chief Executive Officer of Morgan Adhesive Company from 2000 to 2004. From 1980 to 2000, Mr. Austen held various positions with General Electric Company, culminating in General Manager of the Switch Gear Business.

Other Current Affiliations: Mr. Austen is a director of the SUNY Maritime Foundation, Inc.

Previous Directorships: Mr. Austen served as a director of Bemis Company, Inc.

Attributes and Skills: Mr. Austen brings a broad strategic perspective with experience in business strategy, mergers, acquisitions and business integration. He is a talented leader in global manufacturing and operations and his experience will assist Arconic Corporation in pursuing its strategic plans as an independent publicly-traded company.

Christopher L. Ayers

Age: 53

Other Current Public Directorships: Universal Stainless & Alloy Products, Inc.

Career Highlights and Qualifications: Mr. Ayers served as the President and Chief Executive Officer of WireCo WorldGroup, Inc., a leading producer of specialty steel wire ropes and high performance synthetic ropes from July 2013 through January 2017. Prior to WireCo, from May 2011 to May 2013, Mr. Ayers served as Executive Vice President of Alcoa Inc. and President of Alcoa's Global Primary Products Group. Mr. Ayers joined Alcoa in February 2010 as the Chief Operating Officer of the Company's Cast, Forged and Extruded Products businesses. From 1999 to 2008, Mr. Ayers held several executive positions at Precision Castparts Corporation (PCC), a manufacturer of metal components and products. In 2006, he was appointed PCC Executive Vice President and President of the PCC Forging Division. Mr. Ayers began his career at Pratt & Whitney, the aircraft engine division of United Technologies Corporation.

Other Current Affiliations: Mr. Ayers has served as a director of privately-held Samuel, Son & Co., Limited since 2018.

Attributes and Skills: Mr. Ayers' management and executive experience in the specialty materials industry, with a strong focus on aerospace markets, offers valuable strategic and operational insights.

Margaret “Peg” S. Billson

Age: 58

Other Current Public Directorships: CAE, Inc.

Career Highlights and Qualifications: Ms. Billson served as President and CEO of BBA Aviation, plc’s Global Engine Services Division from 2013 to 2016. Ms. Billson joined BBA Aviation in 2009 as President of BBA Aviation Legacy Support. During her seven-year tenure with BBA Aviation, Ms. Billson’s responsibilities included running a portfolio of internationally based companies delivering new production, spare and repaired parts to the aviation industry. Prior to BBA Aviation, Ms. Billson was the President/ General Manager of the Airplane Division and Chief Operation Officer of Eclipse Aviation. Ms. Billson previously held a number of leadership roles at Honeywell International Inc., including as Vice President and General Manager of Airframe Systems and Aircraft Landing Systems, and in various key leadership positions in engineering, product support and program management at McDonnell Douglas Corporation. Ms. Billson has also served as a consultant for the Gerson Lehman Group and for the Carlyle Group.

Other Current Affiliations: Ms. Billson serves on advisory boards for Global Aviation and Basin Holdings.

Previous Directorships: Ms. Billson served as a director of Skywest, Inc.

Attributes and Skills: Ms. Billson is a seasoned executive with 35 years of experience leading technology-rich multi-national companies and organizations and also has direct experience with aviation applications. She brings a strong set of cross-functional experiences and valuable perspective to the Board.

Austin G. Camporin

Age: 37

Career Highlights and Qualifications: Mr. Camporin is a Portfolio Manager at Elliott Management Corporation, a New York-based investment fund with \$40 billion in assets under management. He joined Elliott in 2009, focusing primarily upon public equity and credit opportunities. Prior to joining Elliott, Mr. Camporin began his career at J.P. Morgan in 2004, first as a high-yield credit analyst and then in 2007 moving to the proprietary trading group.

Other Current Affiliations: Mr. Camporin is a member of the board of directors of Acosta, Inc. and cxLoyalty Group Holdings, co-president and founder of the Good Shepherd of Darien Foundation and co-founder of A Second Chance for Ziva dog rescue.

Attributes and Skills: Mr. Camporin’s experience in financial markets analyzing private and public companies, with a strong focus on the rolled products and aluminum markets as well as the automotive sector, offers valuable industry-specific knowledge to the Board.

Jacques Croisietiere

Age: 65

Career Highlights and Qualifications: Mr. Croisietiere was the Senior Executive Vice President and Chief Financial Officer of Bacardi Limited from August 2009 until his retirement in December 2012. From 2007 until April 2009 he was Executive Vice-President, Chief Financial Officer and Chief Strategy Officer of Rohm and Haas Company and had additional operating responsibilities for the Salt and Powder Coatings businesses, as well as the Procurement, Corporate Business Development and Strategic Planning groups. Mr. Croisietiere was elected Chief Financial Officer of Rohm and Haas in April 2003. Before that he was Rohm and Haas’s European Region Director and responsible for the worldwide activities of its Ion Exchange Resins and Inorganic and Specialty Solutions businesses.

Previous Directorships: Mr. Croisietiere served as a director at Versum Materials, Inc.

Attributes and Skills: Mr. Croisietiere brings to the Board significant operating and financial expertise with a deep understanding of financial markets, corporate finance, accounting and controls, and investor relations. As a former Chief Financial Officer and Chief Strategy Officer of multinational corporations, he has extensive experience in international operations and strategy.

Elmer L. Doty

Age: 65

Career Highlights and Qualifications: Mr. Doty served as President and Chief Operating Officer of ParentCo from February 2019 to August 2019. Previously, Mr. Doty was an Operating Executive at The Carlyle Group LP, a multinational private equity, alternative asset management and financial services corporation, where he previously held a similar position in 2012. From December 2012 to February 2016, Mr. Doty was President and Chief Executive Officer of Accudyne Industries LLC, a provider of precision-engineered flow control systems and industrial compressors. Mr. Doty also was the President and Chief Executive Officer of Vought Aircraft Industries, Inc. from 2006 until its acquisition in 2010 by Triumph Group, a leader in manufacturing and overhauling aerospace structures, systems and components. He then served as the President of Triumph Aerostructures — Vought Aircraft Division. Prior to Vought, Mr. Doty was Executive Vice President and General Manager of the Land Systems Division of United Defense Industries, Inc. (now BAE Systems). Earlier in his career, Mr. Doty held executive positions at both General Electric Company and FMC Corporation.

Previous Directorships: Mr. Doty was a director of Vought Aircraft Industries, Inc. and Triumph Group, Inc.

Attributes and Skills: Building on his broad aerospace experience, including serving as a CEO and business executive with several industry leaders, Mr. Doty has a deep knowledge of the aerospace and defense markets and strong relationships with key customers. This experience enables him to make a valuable contribution to the Board's considerations of investments and other portfolio matters.

Carol S. Eicher

Age: 61

Other Current Public Directorships: Tennant Company; Advanced Emissions Solutions.

Career Highlights and Qualifications: Ms. Eicher's career spans thirty years of manufacturing, commercial and executive leadership in the chemicals industry. Ms. Eicher served as the President and Chief Executive Officer of Innocor, Inc. from May 2014 to July 2017 and as a non-executive board chairman of Innocor, Inc. from August 2017 to April 2018. Prior to Innocor, Inc., Ms. Eicher held various positions at The Dow Chemical Company, including Business President for Coatings and Construction at Dow Chemical from 2009 to 2013, was an executive officer and business leader at Rohm and Haas Company from 2000 to 2009, held various senior management positions with Ashland Chemical Company, a division of Ashland Inc., from 1992 to 1999, and held numerous manufacturing and technology leadership roles at E.I. DuPont de Nemours and Company from 1979 to 1992.

Other Current Affiliations: In addition to her public company board memberships, Ms. Eicher serves on the boards of Aurora Plastics, Hexion Holdings Corporation and Opera Philadelphia. She also serves as Treasurer of the Board of Directors of the Fairmount Park Conservancy and Secretary of the Board of Trustees of York College of Pennsylvania.

Previous Directorships: Ms. Eicher was a director of A Schulman Company.

Attributes and Skills: Ms. Eicher's leadership experience at complex manufacturing companies brings to the Board proven business acumen, management experience and industry expertise.

E. Stanley O'Neal

Age: 68

Other Current Public Directorships: Clearway Energy, Inc.; Element Solutions Inc. (formerly Platform Specialty Products Corporation).

Career Highlights and Qualifications: Mr. O'Neal served as Chairman of the Board and Chief Executive Officer of Merrill Lynch & Co., Inc. until October 2007. He became Chief Executive Officer of Merrill Lynch in 2002 and was elected Chairman of the Board in 2003. Mr. O'Neal was employed with Merrill Lynch for 21 years, serving as President and Chief Operating Officer from July 2001 to December 2002;

President of U.S. Private Client from February 2000 to July 2001; Chief Financial Officer from 1998 to 2000; and Executive Vice President and Co-head of Global Markets and Investment Banking from 1997 to 1998. Before joining Merrill Lynch, Mr. O’Neal was employed at General Motors Corporation where he held a number of financial positions of increasing responsibility.

Previous Directorships: Mr. O’Neal was a director of General Motors Corporation from 2001 to 2006, chairman of the board of Merrill Lynch & Co., Inc. from 2003 to 2007, and a director of American Beacon Advisors, Inc. (investment advisor registered with the Securities and Exchange Commission) from 2009 to September 2012. In addition to his prior public company board memberships, Mr. O’Neal previously served on the board of the Memorial Sloan-Kettering Cancer Center, and was a member of the Council on Foreign Relations, the Center for Strategic and International Studies and the Economic Club of New York.

Attributes and Skills: Mr. O’Neal’s extensive leadership, executive and investment banking experience and financial expertise provide the Board with valuable insight and perspective.

Jeffrey Stafeil

Age: 50

Career Highlights and Qualifications: Mr. Stafeil has been Executive Vice President and Chief Financial Officer of Adient plc, leading all of Adient’s financial activities including treasury, tax and audit as well as information technology, since April 2016. Prior to Adient, Mr. Stafeil served as Executive Vice President and Chief Financial Officer at Visteon Corporation from 2012 to March 2016 and has additionally held a series of domestic and international executive finance roles within the automotive sector. Mr. Stafeil also held management positions at Booz Allen Hamilton, Peterson Consulting and Ernst & Young.

Other Current Affiliations: Mr. Stafeil is a member of the board of trustees for the Autism Alliance of Michigan.

Previous Directorships: Mr. Stafeil was a director of Mentor Graphics and Metaldyne Performance Group, where he was chairman of the audit committee.

Attributes and Skills: Over the course of his career, Mr. Stafeil has developed extensive operational leadership and financial management experience within publicly-traded automotive supplier companies. His experience in the automotive industry and his background in risk management through his board service is an important asset to Arconic Corporation.

Director Independence

Our Corporate Governance Guidelines will provide that the Board recognize that independence depends not only on directors’ individual relationships, but also on the directors’ overall attitude. Providing objective, independent judgment will be at the core of the Board’s oversight function. Under Arconic Corporation’s Director Independence Standards, which will conform to the corporate governance listing standards of the NYSE, a director will not be considered “independent” unless the Board affirmatively determines that the director has no material relationship with Arconic Corporation or any subsidiary in the consolidated group. The Director Independence Standards will comprise a list of all categories of material relationships affecting the determination of a director’s independence. Any relationship that falls below a threshold set forth in the Director Independence Standards, or is not otherwise listed in the Director Independence Standards, and is not required to be disclosed under Item 404(a) of SEC Regulation S-K, will be deemed to be an immaterial relationship.

The Board is expected to affirmatively determine that all the directors are independent except Elmer L. Doty and Timothy D. Myers. In the course of its determination regarding independence, the Board is expected not to find any material relationships between Arconic Corporation and any of the directors, other than Elmer L. Doty’s past employment as President and Chief Operating Officer of ParentCo and Timothy D. Myers’ employment as Chief Executive Officer of Arconic Corporation.

Committees of the Board

There will be four standing committees of the Board. The Board is expected to adopt written charters for each committee, which will be available on our website.

Each of the Audit, Compensation and Benefits, Finance and Governance and Nominating Committees are expected to be composed solely of directors who have been determined by the Board of Directors to be independent in accordance with SEC regulations, NYSE listing standards and the Company's Director Independence Standards (including the heightened independence standards for members of the Audit and Compensation and Benefits Committees).

The following table sets forth the committees of the Board of Directors and the expected membership and chairpersons of the committees as of the completion of the distribution:

	Audit	Compensation and Benefits	Finance	Governance and Nominating
William F. Austen*	✓	Chair	✓	
Christopher L. Ayers*	✓		✓	
Margaret "Peg" S. Billson*		✓		
Austin G. Camporin*			✓	
Jacques Croisetiere*	Chair		Chair	
Elmer L. Doty				
Carol S. Eicher*				✓
Frederick "Fritz" A. Henderson*				✓
Timothy D. Myers				
E. Stanley O'Neal*		✓		Chair
Jeffrey Stafeil*	✓		✓	

* Independent Director

The following table sets forth the expected responsibilities of the committees of the Board:

COMMITTEE	RESPONSIBILITIES
Audit Committee	<ul style="list-style-type: none"> • Oversees the integrity of the financial statements and internal controls, including review of the scope and the results of the audits of the internal and independent auditors • Appoints the independent auditors and evaluates their independence and performance • Reviews the organization, performance and adequacy of the internal audit function • Pre-approves all audit, audit-related, tax and other services to be provided by the independent auditors • Oversees Arconic Corporation’s compliance with legal, ethical and regulatory requirements • Reviews employee retirement plan assets and liabilities • Discusses with management and the auditors the policies with respect to risk assessment and risk management, including major financial risk exposures

Each member of the Audit Committee is expected to be financially literate, and the Board of Directors is expected to determine that at least one member qualifies as an “audit committee financial expert” under applicable SEC rules.

Compensation and Benefits Committee	<ul style="list-style-type: none"> • Establishes the Chief Executive Officer’s compensation for Board ratification, based upon an evaluation of performance in light of approved goals and objectives • Reviews and approves the compensation of Arconic Corporation’s officers • Oversees the implementation and administration of Arconic Corporation’s compensation and benefits plans, including pension, savings, incentive compensation and equity-based plans • Reviews and approves general compensation and benefit policies • Approves the Compensation Discussion and Analysis for inclusion in the proxy statement • Has the sole authority to retain and terminate a compensation consultant, as well as to approve the consultant’s fees and other terms of engagement
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The Compensation and Benefits Committee will be able to form and delegate its authority to subcommittees, including subcommittees of management when appropriate. Executive officers will not determine the amount or form of executive or director compensation, although the Chief Executive Officer will provide recommendations to the Compensation and Benefits Committee regarding compensation changes and incentive compensation for executive officers other than himself or herself. For more information on the responsibilities and activities of the committee, including its processes for determining executive compensation, see the section entitled “Executive Compensation.”

Finance Committee	<p>Reviews and provides advice and counsel to the Board regarding Arconic Corporation’s:</p> <ul style="list-style-type: none"> • capital structure; • financing transactions; • capital expenditures and capital plan; • acquisitions and divestitures; • share repurchase and dividend programs; • policies relating to interest rate, commodity and currency hedging; and • employee retirement plan performance and funding.
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Governance and Nominating Committee

- Identifies individuals qualified to become Board members and recommends them to the full Board for consideration, including evaluating all potential candidates, whether initially recommended by management, other Board members or stockholders
- Reviews and makes recommendations to the Board regarding the appropriate structure and operations of the Board and Board committees
- Makes recommendations to the Board regarding Board committee assignments
- Develops and annually reviews corporate governance guidelines for the Company, and oversees other corporate governance matters
- Reviews related person transactions
- Oversees an annual performance review of the Board, Board committees and individual director nominees
- Periodically reviews and makes recommendations to the Board regarding director compensation

How We Make Pay Decisions and Assess Our Programs

During our fiscal year ended December 31, 2018, Arconic Corporation was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who currently serve as our executive officers were made by ParentCo, as described in the section of this information statement entitled “Executive Compensation.”

Corporate Governance***Corporate Governance Materials Available on Arconic Corporation’s Website***

The following documents, as well as additional corporate governance information and materials, will be available on our website at www.arconic.com/investors:

- Amended and Restated Certificate of Incorporation
- Amended and Restated Bylaws
- Board Confidentiality Policy
- Corporate Governance Guidelines
- Director Independence Standards
- Anti-Corruption Policy
- Business Conduct Policies
- Code of Ethics for the CEO, CFO and Other Financial Professionals
- Hiring Members (or Former Members) of Independent Public Auditors
- Human Rights Policy
- Insider Trading Policy
- Political Contributions
- Related Person Transaction Approval Policy

In addition, the following documents will be available on our website at www.arconic.com/investors:

- Charters of each of our Board committees

Copies of these documents will also be available in print form at no charge by sending a request to Arconic Corporation, Corporate Secretary’s Office, 201 Isabella Street, Pittsburgh, PA 15212.

The Arconic Corporation website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.

Board Leadership Structure

Upon the completion of the separation, the Board's leadership structure is expected to be comprised of a separate Chairman of the Board and Chief Executive Officer; the Board is expected to conclude that the separation of the roles of Chairman and Chief Executive Officer best serves the interests of stockholders and Arconic Corporation because it allows our Chief Executive Officer to focus on operating and managing the Company, while our Chairman can focus on the leadership of the Board. Thereafter, the Board will exercise its judgment under the circumstances at the time to evaluate the leadership structure that the Board believes will provide effective leadership, oversight and direction, while optimizing the functioning of both the Board and management and facilitating effective communication between the two.

Board, Committee and Director Evaluations

The Board of Directors will annually assess the effectiveness of the full Board, the operations of its committees and the contributions of director nominees. The Governance and Nominating Committee will oversee the evaluation of the Board as a whole and its committees, as well as individual evaluations of those directors who are being considered for possible re-nomination to the Board.

Nominating Board Candidates — Procedures and Director Qualifications

Stockholder Recommendations for Director Nominees

Any stockholder wishing to recommend a candidate for director should submit the recommendation in writing to our principal executive offices: Arconic Corporation, Governance and Nominating Committee, c/o Corporate Secretary's Office, 201 Isabella Street, Pittsburgh, PA 15212. The written submission should comply with all requirements set forth in Arconic Corporation's amended and restated certificate of incorporation and amended and restated bylaws. The committee will consider all candidates recommended by stockholders in compliance with the foregoing procedures and who satisfy the minimum qualifications for director nominees and Board member attributes.

Stockholder Nominations

Arconic Corporation's amended and restated certificate of incorporation and amended and restated bylaws will provide that any stockholder entitled to vote at an annual meeting of stockholders may nominate one or more director candidates for election at that annual meeting by following certain prescribed procedures. The stockholder must provide to Arconic Corporation's Corporate Secretary timely written notice of the stockholder's intent to make such a nomination or nominations. In order to be timely, the stockholder must provide such written notice not earlier than the 120th day and not later than the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. The notice must contain all of the information required in Arconic Corporation's amended and restated certificate of incorporation and amended and restated bylaws. Any such notice must be sent to our principal executive offices: Arconic Corporation, Corporate Secretary's Office, 201 Isabella Street, Pittsburgh, PA 15212.

Minimum Qualifications for Director Nominees and Board Member Attributes

The Governance and Nominating Committee is expected to adopt the following Criteria for Identification, Evaluation and Selection of Directors:

1. Directors must have demonstrated the highest ethical behavior and must be committed to Arconic Corporation's values.
2. Directors must be committed to seeking and balancing the legitimate long-term interests of all of Arconic Corporation's stockholders, as well as its other stakeholders, including its customers, employees and the communities where Arconic Corporation has an impact. Directors must not be beholden primarily to any special interest group or constituency.
3. It is the objective of the Board that all non-management directors be independent. In addition, no director should have, or appear to have, a conflict of interest that would impair that director's ability to make decisions consistently in a fair and balanced manner.
4. Directors must be independent in thought and judgment. They must each have the ability to speak out on difficult subjects; to ask tough questions and demand accurate, honest answers; to constructively challenge management; and at the same time, act as an effective member of the team, engendering by his or her attitude an atmosphere of collegiality and trust.
5. Each director must have demonstrated excellence in his or her area and must be able to deal effectively with crises and to provide advice and counsel to the Chief Executive Officer and his or her peers.
6. Directors should have proven business acumen, serving or having served as a chief executive officer, or other senior leadership role, in a significant, complex organization; or serving or having served in a significant policy-making or leadership position in a well-respected, nationally or internationally recognized educational institution, not-for-profit organization or governmental entity; or having achieved a widely recognized position of leadership in the director's field of endeavor which adds substantial value to the oversight of material issues related to Arconic Corporation's business.
7. Directors must be committed to understanding Arconic Corporation and its industry; to regularly preparing for, attending and actively participating in meetings of the Board and its committees; and to ensuring that existing and future individual commitments will not materially interfere with the director's obligations to Arconic Corporation. The number of other board memberships, in light of the demands of a director nominee's principal occupation, should be considered, as well as travel demands for meeting attendance.
8. Directors must understand the legal responsibilities of board service and fiduciary obligations. All members of the Board should be financially literate and have a sound understanding of business strategy, business environment, corporate governance and board operations. At least one member of the Board must satisfy the requirements of an "audit committee financial expert."
9. Directors must be self-confident and willing and able to assume leadership and collaborative roles as needed. They need to demonstrate maturity, valuing Board and team performance over individual performance and respect for others and their views.
10. New director nominees should be able and committed to serve as a member of the Board for an extended period of time.
11. While the diversity, the variety of experiences and viewpoints represented on the Board should always be considered, a director nominee should not be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the committee will focus on any special skills, expertise or background that would complement the existing Board, recognizing that Arconic Corporation's businesses and operations are diverse and global in nature.
12. Directors should have reputations, both personal and professional, consistent with Arconic Corporation's image and reputation.

Minimum Qualifications for Director Nominees and Board Member Attributes

The Governance and Nominating Committee will make a preliminary review of a prospective director candidate's background, career experience and qualifications based on available information or information provided by an independent search firm, which will identify or provide an assessment of a candidate, or by a stockholder nominating or suggesting a candidate. If a consensus is reached by the committee that a particular candidate would likely contribute positively to the Board's mix of skills and experiences, and a Board vacancy exists or is likely to occur, the candidate will be contacted to confirm his or her interest and willingness to serve. The committee will conduct interviews and may invite other Board members or senior Arconic Corporation executives to interview the candidate to assess the candidate's overall qualifications. The committee will consider the candidate against the criteria it has adopted in the context of the Board's then current composition and the needs of the Board and its committees.

At the conclusion of this process, the committee will report the results of its review to the full Board. The report will include a recommendation as to whether the candidate should be nominated for election to the Board. This procedure will be the same for all candidates, including director candidates identified by stockholders.

The Governance and Nominating Committee may retain from time to time the services of a search firm that specializes in identifying and evaluating director candidates. Services provided by the search firm may include identifying potential director candidates meeting criteria established by the committee, verifying information about the prospective candidate's credentials, and obtaining a preliminary indication of interest and willingness to serve as a Board member.

The Board's Role in Risk Oversight

The Board of Directors will be actively engaged in overseeing and reviewing Arconic Corporation's strategic direction and objectives, taking into account, among other considerations, Arconic Corporation's risk profile and exposures. It will be management's responsibility to manage risk and bring to the Board's attention the most material risks to Arconic Corporation. The Board will have oversight responsibility of the processes established to report and monitor material risks applicable to Arconic Corporation. The Board will annually review Arconic Corporation's enterprise risk management and receive regular updates on risk exposures.

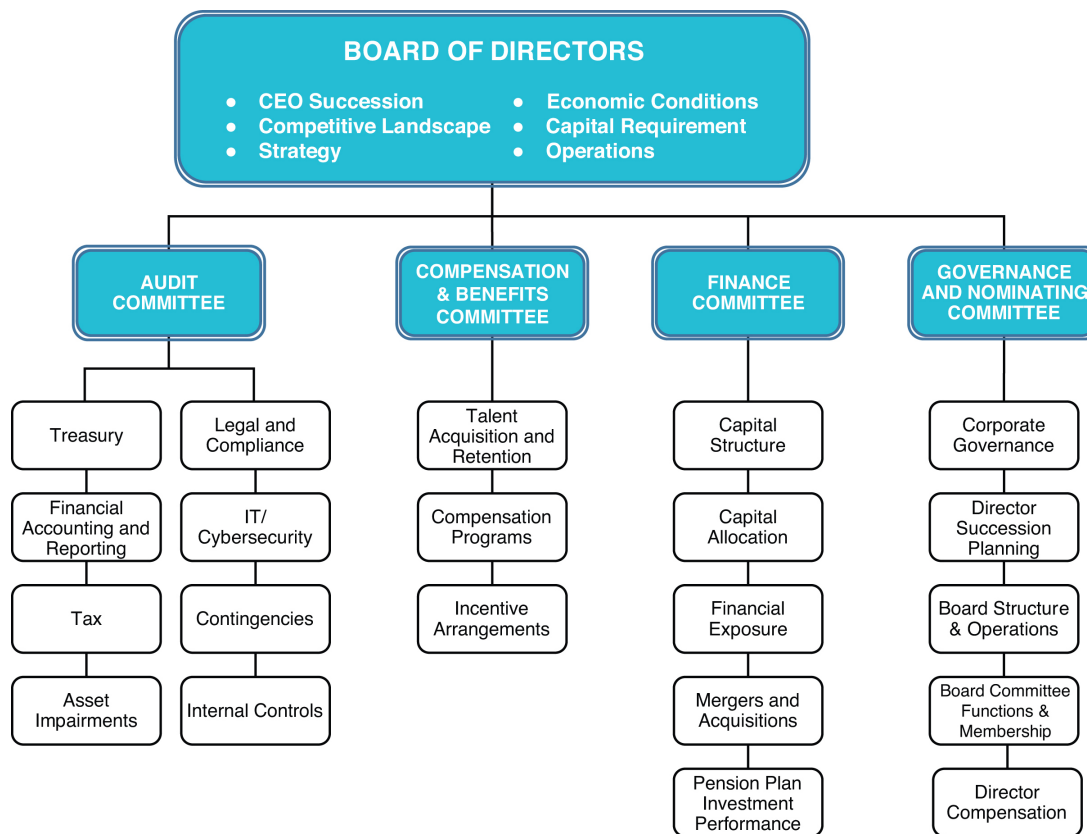
The Board as a whole will have responsibility for risk oversight, including succession planning relating to the Chief Executive Officer and risks relating to the competitive landscape, strategy, economic conditions, capital requirements, and operations of Arconic Corporation. The committees of the Board will also oversee Arconic Corporation's risk profile and exposures relating to matters within the scope of their authority. The Board will regularly receive detailed reports from the committees regarding risk oversight in their areas of responsibility.

The Audit Committee will regularly review treasury risks (including those relating to cash generation, liquidity, insurance, credit, debt, interest rates and foreign currency exchange rates), financial accounting and reporting risks, legal and compliance risks, pension asset and liability risks, and risks relating to information technology including cybersecurity, tax matters, asset impairments, contingencies, and internal controls.

The Compensation and Benefits Committee will consider risks related to the attraction and retention of talent, and the design of compensation programs and incentive arrangements.

The Finance Committee will review and provide advice to the Board regarding financial matters, including Arconic Corporation's capital structure, capital allocation, financial exposures, capital plan, significant transactions such as acquisitions and divestitures, and the investment performance and funding of Arconic Corporation's retirement plans, and the risks relating to such matters.

The Governance and Nominating Committee will consider risks related to corporate governance, and oversee succession planning for the Board of Directors, the structure and function of the Board, and the appropriate assignment of directors to the Board committees for risk oversight and other areas of responsibilities.



Communications with Directors and Business Conduct Policies and Code of Ethics

The Board of Directors will be committed to meaningful engagement with Arconic Corporation stockholders and will welcome input and suggestions. Stockholders and other interested parties wishing to contact the Chairman will be able to do so by sending a written communication to the attention of the Chairman c/o Arconic Corporation, Corporate Secretary's Office, 201 Isabella Street, Pittsburgh, PA 15212. To communicate issues or complaints regarding questionable accounting, internal accounting controls or auditing matters, stockholders will be able to send a written communication to the Audit Committee c/o Arconic Corporation, Corporate Secretary's Office, 201 Isabella Street, Pittsburgh, PA 15212. Alternatively, you will be able to place an anonymous, confidential, toll free call in the United States to Arconic Corporation's Integrity Line at (844) 916-1280. For a listing of Integrity Line telephone numbers outside the United States, you will be able to go to our website at www.arconic.com.

Communications addressed to the Board or to a Board member will be distributed to the Board or to any individual director or directors as appropriate, depending upon the facts and circumstances outlined in the communication.

The Board of Directors is expected to ask the Corporate Secretary's Office to submit to the Board all communications received, excluding only those items that are not related to Board duties and responsibilities, such as junk mail and mass mailings; product complaints and product inquiries; new product or technology suggestions; job inquiries and resumes; advertisements or solicitations; and surveys.

Arconic Corporation's Business Conduct Policies will apply equally to the directors and to all officers and employees of Arconic Corporation, as well as those of our controlled subsidiaries, affiliates and joint ventures. The directors and employees in positions to make discretionary decisions will be surveyed annually regarding their compliance with the policies.

Arconic Corporation will also have a Code of Ethics applicable to the CEO, CFO and other financial professionals, including the principal accounting officer, and those subject to it will be surveyed annually for compliance with it. Only the Audit Committee will be able to amend or grant waivers from the provisions of Arconic Corporation's Code of Ethics, and any such amendments or waivers will be posted promptly at www.arconic.com/investors.

Procedures for Approval of Related Persons Transactions

Arconic Corporation will have a written Related Person Transaction Approval Policy regarding the review, approval and ratification of transactions between Arconic Corporation and related persons. The policy will apply to any transaction in which Arconic Corporation or an Arconic Corporation subsidiary is a participant, the amount involved exceeds \$120,000 and a related person has a direct or indirect material interest. A related person will mean any director or executive officer of Arconic Corporation, any nominee for director, any stockholder known to Arconic Corporation to be the beneficial owner of more than 5% of any class of Arconic Corporation's voting securities, and any immediate family member of any such person.

Under this policy, reviews will be conducted by management to determine which transactions or relationships should be referred to the Governance and Nominating Committee for consideration. The Governance and Nominating Committee will then review the material facts and circumstances regarding a transaction and determine whether to approve, ratify, revise or reject a related person transaction, or to refer it to the full Board or another committee of the Board for consideration. Arconic Corporation's Related Person Transaction Approval Policy will operate in conjunction with other aspects of Arconic Corporation's compliance program, including its Business Conduct Policies, which will require that all directors, officers and employees have a duty to be free from the influence of any conflict of interest when they represent Arconic Corporation in negotiations or make recommendations with respect to dealings with third parties, or otherwise carry out their duties with respect to Arconic Corporation.

The Board is expected to consider the following types of potential related person transactions and pre-approve them under Arconic Corporation's Related Person Transaction Approval Policy as not presenting material conflicts of interest:

- (i) employment of Arconic Corporation executive officers (except employment of an Arconic Corporation executive officer that is an immediate family member of another Arconic Corporation executive officer, director, or nominee for director) as long as the Compensation and Benefits Committee has approved the executive officers' compensation;
- (ii) director compensation that the Board has approved;
- (iii) any transaction with another entity in which the aggregate amount involved does not exceed the greater of \$1,000,000 or 2% of the other entity's total annual revenues, if a related person's interest arises only from:
 - (a) such person's position as an employee or executive officer of the other entity; or
 - (b) such person's position as a director of the other entity; or
 - (c) the ownership by such person, together with his or her immediate family members, of less than a 10% equity interest in the aggregate in the other entity (other than a partnership); or
 - (d) both such position as a director and ownership as described in (b) and (c) above; or
 - (e) such person's position as a limited partner in a partnership in which the person, together with his or her immediate family members, have an interest of less than 10%;
- (iv) charitable contributions in which a related person's only relationship is as an employee (other than an executive officer), or a director or trustee, if the aggregate amount involved does not exceed the greater of \$250,000 or 2% of the charitable organization's total annual receipts;
- (v) transactions, such as the receipt of dividends, in which all stockholders receive proportional benefits;
- (vi) transactions involving competitive bids;

- (vii) transactions involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; and
- (viii) transactions with a related person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

As discussed above, Arconic Corporation is currently part of ParentCo and not an independent company, and its compensation committee has not yet been formed. This Compensation Discussion and Analysis describes the historical compensation practices of ParentCo and outlines certain aspects of Arconic Corporation's anticipated compensation structure for its executive officers following the separation. After the separation, Arconic Corporation's executive compensation programs, policies, and practices for its executive officers will be subject to the review and approval of Arconic Corporation's Compensation and Benefits Committee.

The individuals who have been selected prior to February 7, 2020 to serve as Arconic Corporation's executive officers are listed below.

1. Timothy D. Myers is expected to serve as Arconic Corporation's Chief Executive Officer commencing upon the separation. Mr. Myers will continue to hold his current role of Executive Vice President and Group President, Global Rolled Products and Transportation and Construction Solutions until the separation.
2. Erick R. Asmussen is expected to serve as Chief Financial Officer of Arconic Corporation commencing upon the separation.
3. Diana C. Toman is expected to serve as Chief Legal Officer of Arconic Corporation commencing upon the separation.
4. Mary Zik is expected to serve as Arconic Corporation's Controller, commencing upon the separation. Ms. Zik will continue to hold her current role of Assistant Controller until the separation.

Of this group of executive officers, only Mr. Myers was a "named executive officer" (a term that refers to the group of executive officers including the principal executive officer, principal financial officer and three other most highly compensated executive officers) of the Arconic Corporation Businesses in 2019. In 2020, Mr. Myers and Mr. Asmussen will each be named executive officers of Arconic Corporation by virtue of their positions. The remaining named executive officers of Arconic Corporation for 2020 will be determined at a future date in accordance with applicable SEC rules.

Key Compensation Practices

ParentCo is committed to executive compensation practices that drive performance, mitigate risk and align the interests of its leadership team with the interests of its stockholders. Below is a summary of ParentCo's best practices in 2019.

What ParentCo Does

1. **Pay for Performance:** ParentCo links compensation to measured performance in key areas. ParentCo's strategic priorities are reflected in its metrics at the corporate, group and individual levels.
2. **Cancellation of Unvested Equity Awards Upon Termination of Employment:** Unvested ParentCo equity awards are generally forfeited upon termination of employment, other than in connection with disability, death or change in control, or if retirement-eligible.
3. **Robust Stock Ownership Guidelines:** ParentCo officers and directors are subject to stock ownership guidelines to align their interests with stockholder interests.
4. **Double-Trigger Change in Control Provisions:** ParentCo equity awards for ParentCo named executive officers generally require a "double-trigger" of both a change in control and termination of employment for vesting acceleration benefits to apply.

5. **Active Engagement with Investors:** ParentCo engages with investors throughout the year to obtain insights that guide ParentCo's executive compensation programs.
6. **Independent Compensation Consultant:** The ParentCo Compensation and Benefits Committee retains a compensation consultant, who is independent and without conflicts of interest with ParentCo.
7. **Conservative Risk Profile:** ParentCo generally applies varied performance measures in incentive programs to mitigate risk that executives will be motivated to pursue results with respect to any one performance measure to the detriment of ParentCo as a whole.
8. **Claw-Back Policy:** Both ParentCo's annual cash incentive compensation plan and its stock incentive plan contain "claw-back" provisions providing for reimbursement of incentive compensation from ParentCo named executive officers in certain circumstances.

What ParentCo Does Not Do

1. **No Guaranteed Bonuses:** ParentCo's annual incentive compensation plan is performance-based and does not include any minimum payment levels.
2. **No Parachute Tax Gross-Ups:** ParentCo's Change in Control Severance Plan provides that no excise or other tax gross-ups will be paid.
3. **No Short Sales, Derivative Transactions or Hedging:** ParentCo does not allow short sales or derivative or speculative transactions in, or hedging of, ParentCo securities by its directors, officers or employees. Directors and certain officers are also prohibited from pledging ParentCo securities as collateral.
4. **No Dividends on Unvested Equity Awards:** ParentCo does not pay dividends on unvested equity awards but accrues dividend equivalents that only vest when and if the award vests.
5. **No Share Recycling or Option Repricing:** ParentCo equity plans prohibit share recycling, the adding back of shares tendered in payment of the exercise price of a stock option award or withheld to pay taxes, and repricing underwater stock options.
6. **No Significant Perquisites:** ParentCo limits the perquisites it pays to its named executive officers to those that serve reasonable business purposes.

Compensation Philosophy and Design

ParentCo's executive compensation philosophy to provide pay for performance and stockholder alignment underlies its 2019 compensation structure, which is designed based on four guiding principles. We expect that these principles will initially guide Arconic Corporation's executive compensation structure following the separation.

1. Make equity long-term incentive ("LTI") compensation the most significant portion of total compensation for senior executives and managers.
2. Choose annual incentive compensation ("IC") metrics and LTI metrics that focus management's actions on achieving the greatest positive impact on ParentCo's financial performance and that include a means to assess and motivate performance relative to peers.
3. Set annual IC and LTI targets that challenge management to achieve continuous improvement in performance and deliver long-term growth.
4. Target total compensation at median of market, while using annual IC and LTI compensation to motivate performance and to attract and retain exceptional talent.

ParentCo's 2019 Executive Compensation Design Relies on a Diversified Mix of Pay Elements

Compensation Type	Guiding Principle
Base Salary	Target total direct compensation, including salary, at median of market to provide competitive pay
Short-Term Annual Incentive Compensation	<p>Choose annual IC weighted metrics that focus management's actions on achieving greatest positive impact on ParentCo's financial performance and that include a means to assess and motivate performance relative to peers</p> <p>Set annual IC targets that challenge management to achieve continuous improvement as part of an overall strategy to deliver long-term growth</p> <p>Take into account individual performance that may include non-financial measures of the success of ParentCo</p>
Long-Term Incentive Compensation	<p>Make LTI equity the most significant portion of total compensation for senior executives and managers</p> <p>Set LTI target grant levels in line with median among industry peers that are competitive to attract, retain and motivate executives and factor in individual performance and future potential for long-term retention</p> <p>In prior years, ParentCo has granted a portion of each ParentCo named executive officer's LTI awards as performance-based restricted share units, choosing performance metrics that focus management's actions on achieving the greatest positive impact on ParentCo's financial performance and that include a means to assess and motivate performance relative to peers and setting targets that challenge management to achieve continuous improvement in performance and deliver long-term growth. However, in anticipation of the separation and given the difficulty of continuing to measure multi-year performance goals after the separation, 100% of the full value LTI awards granted to ParentCo named executive officers in 2019 (other than the ParentCo chief executive officer, who received certain performance-based restricted share units in connection with the extension of his employment agreement) are in the form of time-based vesting restricted share units.</p>

Executive Compensation Decision-Making Process in 2019

Included below is a description of the ParentCo Compensation and Benefits Committee's executive compensation decision-making process in 2019. We expect that the Arconic Corporation Compensation and Benefits Committee will initially follow a similar process following the separation.

Use of Independent Compensation Consultant

The ParentCo Compensation and Benefits Committee has authority under its charter to retain its own advisors, including compensation consultants. In 2019, the ParentCo Compensation and Benefits Committee directly retained Pay Governance LLC, which is independent and without conflicts of interest with ParentCo. Pay Governance provided advice, as requested by the ParentCo Compensation and Benefits Committee, on the amount and form of certain executive compensation components, including, among other things, executive compensation best practices, insights concerning SEC and say-on-pay policies, analysis and review of ParentCo's compensation plans for executives and advice on setting the ParentCo chief executive officer's compensation. ParentCo uses survey data from Willis Towers Watson to help

evaluate whether ParentCo's compensation programs are competitive with the market. This data is not customized based on parameters developed by Willis Towers Watson. Willis Towers Watson does not provide any advice or recommendations to the ParentCo Compensation and Benefits Committee on the amount or form of executive or director compensation.

Use of Peer Groups and Tally Sheets

The ParentCo Compensation and Benefits Committee generally uses peer group data to determine the target compensation levels of ParentCo's named executive officers. ParentCo aims, subject to certain exceptions, to set target annual direct compensation of each of its named executive officers at the median of the applicable peer group. In making annual compensation decisions, the ParentCo Compensation and Benefits Committee also reviews tally sheets that summarize various elements of historic and current compensation for each ParentCo named executive officer. This information includes compensation opportunity, actual compensation realized, and wealth accumulation. ParentCo has found that the tally sheets help to synthesize the various components of ParentCo's compensation programs in making decisions.

In anticipation of the separation, the ParentCo Compensation and Benefits Committee has approved an initial chief executive officer compensation peer group for Arconic Corporation consisting of the following companies from the capital goods and auto parts industries with median 2018 revenue of \$7.2 billion.

Alcoa Corp.	Spirit AeroSystems
U.S. Steel	TransDigm Group
Reliance Steel & Aluminum	Triumph Group
AK Steel Holding	Oshkosh
Commercial Metals	Terex Corp.
Allegheny Technologies	AGCO Corp.
Olin Corp.	Stanley Black & Decker
The Chemours Co.	Dover Corp.
Ball Corp.	Flowserve Corp.

The ParentCo Compensation and Benefits Committee has also approved an initial compensation peer group for named executive officers of Arconic Corporation other than the chief executive officer of the companies listed below, which are heavily weighted towards industrials with revenues between \$3 billion and \$15 billion.

Harris	AMETEK	Worthington Industries
L3 Technologies	General Cable	Xylem
Rockwell Collins	TE Connectivity	CSX
SAIC	Ameren	Norfolk Southern
Spirit AeroSystems	AVANGRID	Agilent Technologies
Textron	CMS Energy	Boston Scientific
Triumph Group	Eversource Energy	Zimmer Biomet
Air Products and Chemicals	PPL	Alcoa
Axalta Coating Systems	UGI	Allegheny Technologies
Chemours Company	Vistra Energy	Commercial Metals
Eastman Chemical	WEC Energy Group	Newmont Mining
Ecolab	Williams Companies	Peabody Energy
Mosaic	Ball	United States Steel
Praxair	Crown Holdings	CVR Energy
Westlake Chemical	Fortive Corporation	DCP Midstream

EMCOR Group	Goodyear Tire & Rubber	EnLink Midstream
Jacobs Engineering	Greif	Occidental Petroleum
Fortune Brands Home & Security	Ingersoll Rand	ONEOK
Masco	Owens Corning	BorgWarner
Newell Brands	Parker Hannifin	Cooper Standard Automotive
Polaris Industries	Rockwell Automation	Dana
Sonoco Products	Snap-on Inc.	Harley-Davidson
Avery Dennison	Stanley Black & Decker	Oshkosh
Berry Plastics	Terex	Tenneco
Clorox	Timken	Trinity Industries
PVH Corp.	Vulcan Materials	

It is intended that the data from these peer groups will be considered in establishing executive compensation targets and to ensure that Arconic Corporation provides and maintains compensation levels in line with the market, including similar companies, and to attract, retain and motivate employees.

Compensation Risk Profile

ParentCo evaluates the risk profile of its compensation programs when establishing policies and approving plan design. These evaluations have noted numerous factors that effectively manage or mitigate compensation risk, including the following:

1. A balance of corporate and business unit weighting in incentive compensation programs;
2. A balanced mix between short-term and long-term incentives;
3. Caps on incentives;
4. Use of multiple performance measures in the annual cash incentive compensation plan and the equity LTI plan;
5. Discretion retained by the ParentCo Compensation and Benefits Committee to adjust awards;
6. Stock ownership guidelines requiring holding substantial equity in ParentCo until retirement;
7. Claw-back policies applicable to all forms of incentive compensation;
8. Anti-hedging provisions in ParentCo's Insider Trading Policy; and
9. Restricting stock options to 20% of the value of equity awards to senior officers.

In addition, (i) no business unit has a compensation structure significantly different from that of other units or that deviates significantly from ParentCo's overall risk and reward structure; (ii) unlike financial institutions involved in the financial crisis, where leverage exceeded capital by many multiples, ParentCo has a conservative leverage policy; and (iii) compensation incentives are not based on the results of speculative trading. In 1994, the ParentCo Board of Directors adopted resolutions creating the Strategic Risk Management Committee with oversight of hedging and derivative risks and a mandate to use such instruments to manage risk and not for speculative purposes. As a result of these evaluations, ParentCo has determined that it is not reasonably likely that risks arising from its compensation and benefit plans would have a material adverse effect on ParentCo.

Tax Deductibility and our Incentive Compensation Plans

Section 162(m) of the Internal Revenue Code, as amended by the Tax Cuts and Jobs Act of 2017, restricts deductibility for federal income tax purposes of annual individual compensation in excess of \$1 million paid to covered executive officers. Prior to the enactment of the Tax Cuts and Jobs Act of 2017, Section 162(m)'s deductibility limitation was subject to an exception for compensation that meets the requirements of "qualified performance-based compensation." However, effective for tax years beginning after 2017, this exception has been eliminated, subject to limited transition relief that applies to certain

written binding contracts which were in effect on November 2, 2017. Accordingly, for 2018 and later years, compensation in excess of \$1 million paid to ParentCo's named executive officers generally will not be deductible and no assurances can be given that compensation payable under certain of ParentCo's compensation programs which were intended to qualify for the performance-based exception will in fact be deductible.

As a general matter, while the ParentCo Compensation and Benefits Committee considers tax deductibility as one of several relevant factors in determining executive compensation, it retains the flexibility to approve compensation that is not deductible by ParentCo for federal income tax purposes. Further, the ParentCo Compensation and Benefits Committee believes that a significant portion of the ParentCo's named executive officer compensation should continue to be tied to ParentCo's performance, notwithstanding the elimination of the qualified performance-based compensation exception under Section 162(m).

Arconic Corporation Executive Compensation Program

We expect that the Arconic Corporation Compensation and Benefits Committee will annually review the compensation of the Arconic Corporation executive officers. The Arconic Corporation Compensation and Benefits Committee will use its business judgment and may take into account numerous factors in determining the compensation of Arconic Corporation executive officers, including:

1. Market positioning based on peer group data;
2. Individual, group, and corporate performance;
3. Complexity and importance of the role and responsibilities;
4. Aggressiveness of targets;
5. Contributions that positively impact Arconic Corporation's future performance;
5. Unanticipated events impacting target achievement;
6. Retention of key individuals in a competitive talent market; and
8. Leadership and growth potential.

Base Salary

The table below sets forth the annual base salary expected to be in effect for each Arconic Corporation named executive officer as of the separation.

Arconic Corporation Named Executive Officer	Base Salary
Timothy D. Myers, Chief Executive Officer	\$850,000

Annual Cash Incentive Compensation

Arconic Corporation is expected to establish an annual cash incentive program, which, similar to that of ParentCo, will be designed to reward the achievement of operational and financial performance goals established by the Arconic Corporation Compensation and Benefits Committee. Each Arconic Corporation named executive officer will be assigned an annual incentive compensation opportunity expressed as a percentage of base salary. The table below sets forth the annual incentive compensation opportunity expected to be in effect for each Arconic Corporation named executive officer as of the separation.

Arconic Corporation Named Executive Officer	Annual Incentive Compensation Opportunity
Timothy D. Myers, Chief Executive Officer	125% of base salary

To encourage Arconic Corporation named executive officers to focus on achievement of annual operational and financial performance, annual incentive compensation awards for 2020 are expected to be based on Arconic Corporation's performance with respect to specified measures and an individual performance evaluation, each as determined by the Arconic Corporation Compensation and Benefits Committee.

Performance targets are expected to be established by the Arconic Corporation Compensation and Benefits Committee in the first quarter of each year (or, in the case of 2020, by the ParentCo Compensation and Benefits Committee) and will be based on expected performance in accordance with Arconic Corporation's approved business plan for the year. The components and weightings of the performance measures will be reviewed and determined annually by the Arconic Corporation Compensation and Benefits Committee to reflect Arconic Corporation strategy. The Arconic Corporation Compensation and Benefits Committee may also consider an evaluation of the individual performance for each executive officer and may adjust the formulaic bonus calculation based on its evaluation. The performance goals and relative weightings are expected to reflect the Arconic Corporation Compensation and Benefits Committee's objective of ensuring that a substantial amount of each Arconic Corporation named executive officer's total compensation is tied to applicable overall performance.

In 2019, Mr. Myers participated in ParentCo's annual cash incentive compensation program, with a target bonus opportunity equal to 100% of his base salary. The actual bonus payable to Mr. Myers in respect of 2019 is \$861,500, representing a payout level of 150% of target based on the actual level of achievement of business performance goals relating to Adjusted Operating Income and Controllable Free Cash Flow and Mr. Myers's individual performance, each as determined by the ParentCo Compensation and Benefits Committee.

Annual LTI Awards

We expect that Arconic Corporation's long-term equity incentive plan will be designed to retain key executives and align the interests of its executives with the achievement of sustainable long-term growth and performance. For 2020, annual LTI awards for the Arconic Corporation named executive officers will be approved by the ParentCo Compensation and Benefits Committee prior to the separation. Such awards will initially be denominated by reference to ParentCo shares but will convert upon the separation into awards denominated by reference to Arconic Corporation shares. See "The Separation and Distribution — Treatment of Equity-Based Compensation." The 2020 LTI awards will be a mixture of time-based and performance-based awards, as described in the table below. It is expected that 2020 performance-based restricted share units granted to Arconic Corporation named executive officers will have performance-based vesting conditions measured over a three-year performance period based on Arconic Corporation's revenue, EBITDA margin, and return on net assets, with TSR multiplier based on Arconic Corporation's TSR percentile ranking relative to its peer group.

Arconic Corporation Named Executive Officer	Grant Date Value of 2020 Time-Based Annual LTI Award	Grant Date Value of 2020 Performance-Based Annual LTI Award (at Target)
Timothy D. Myers, Chief Executive Officer	\$1,720,000 ⁽¹⁾	\$ 2,580,000 ⁽²⁾

(1) Consists of restricted share units vesting in equal annual installments over three years.

(2) Consists of performance-based restricted share units vesting over a three-year performance period as described above.

In 2019, Mr. Myers received an annual ParentCo equity award consisting entirely of RSUs with a target grant date value of \$1,200,000. The RSUs cliff vest on the third anniversary of the grant date. The award of performance-based RSUs previously granted to Mr. Myers in respect of the performance period 2017-2019 was earned at 78.3% of target based on the actual level of achievement of the applicable performance goals relating to revenue, EBITDA margin, and return on net assets and the application of the TSR modifier.

In light of the separation, the ParentCo Compensation and Benefits Committee shortened the performance period for the performance-based RSUs previously granted to Mr. Myers in 2018 from three years (covering 2018-2020) to two years (covering 2018-2019). This award was earned at 97.5% of target based on the actual level of achievement of the applicable performance goals relating to revenue, EBITDA margin, and return on assets and the application of the TSR modifier, but remains subject to the original service-based vesting requirements.

Certain Executive Compensation Policies

Included below is a description of certain executive compensation policies that applied to ParentCo named executive officers in 2019. We expect that Arconic Corporation named executive officers will initially be subject to the same policies.

Compliance with Stock Ownership Guidelines

ParentCo's stock ownership requirements further align the interests of management with those of its stockholders by requiring executives to hold substantial equity in ParentCo until retirement. ParentCo's stock ownership guidelines require that the ParentCo chief executive officer retain equity equal in value to six times his base salary and that each of the other continuing ParentCo named executive officers retain equity equal in value to three times salary. Unlike many of its peers, ParentCo does not count any unvested or unexercised options, restricted share units, performance-based restricted share units or any stock appreciation rights towards compliance. Its guidelines reinforce management's focus on long-term stockholder value and commitment to ParentCo. Until the stock ownership requirements are met, each named executive officer is required to retain until retirement 50% of shares acquired upon vesting of restricted share units (including performance-based restricted shares units) or upon exercise of stock options, after deducting shares used to pay for the option exercise price and taxes.

No Short Sales, Derivative or Speculative Transactions, Hedging, or Pledging of ParentCo Securities

Short sales of ParentCo securities (a sale of securities which are not then owned) and derivative or speculative transactions in ParentCo securities by our directors, officers and employees are prohibited. No director, officer or employee or any designee of such director, officer or employee is permitted to purchase or use financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to hedge or offset any decrease in the market value of ParentCo securities. Directors and officers subject to Section 16 of the Exchange Act are prohibited from holding ParentCo securities in margin accounts, pledging ParentCo securities as collateral, or maintaining an automatic rebalance feature in savings plans, deferred compensation plans or deferred fee plans.

Arconic Corporation Compensation Plans and Agreements

Overview

In connection with the separation, Arconic Corporation generally expects to adopt compensation and benefit plans, including deferred compensation, retirement plans and supplemental retirement plans, that are similar to those in effect at Arconic Corporation before the separation. It is expected that Arconic Corporation will also adopt an annual bonus plan, executive severance plan, and change in control severance plan, each as described below, and an equity-based compensation plan (see "Arconic Corporation 2020 Stock Incentive Plan").

Offer Letters with Arconic Corporation Named Executive Officers

Employment Letter Agreement with Chief Executive Officer. ParentCo entered into an employment letter agreement on January 13, 2020 with Mr. Myers, in connection with his appointment as the Chief Executive Officer of Arconic Corporation effective upon the separation. Until the separation, Mr. Myers will continue to serve as Executive Vice President and Group President, Arconic Global Rolled Products, Extrusions and Building and Construction Systems. The effectiveness of the letter agreement is contingent upon the occurrence of the separation no later than July 31, 2020 (as such date may be extended by mutual agreement of Mr. Myers and ParentCo).

The letter agreement provides for an annual compensation package consisting of a base salary of \$850,000, a target annual bonus award of 125% of base salary, and eligibility for annual equity compensation awards. Pursuant to the letter agreement, Mr. Myers' 2020 annual equity award grants will consist of (i) a restricted share unit award with a grant date value of \$1,720,000, which will vest on the third anniversary of the grant date, subject to Mr. Myers' continued employment through such date, and (ii) a performance-based restricted share unit award with a grant date value (at target) of \$2,580,000, which will

be subject to performance goals applicable to Arconic Corporation, as well as Mr. Myers' continued employment through the third anniversary of the grant date. The letter agreement also provides for certain relocation benefits in connection with Mr. Myers' required relocation to the Pittsburgh, Pennsylvania metropolitan area no later than September 30, 2020.

Pursuant to the letter agreement, Mr. Myers will be designated as a Tier I participant in our Executive Severance Plan and the Change in Control Severance Plan.

Concurrently with signing the employment letter agreement, Mr. Myers agreed to execute a confidentiality, developments, non-competition and non-solicitation agreement with ParentCo, which includes, among other things, a perpetual confidentiality covenant and one-year post-termination non-competition and employee and customer non-solicitation covenants.

The employment letter agreement and confidentiality, developments, non-competition and non-solicitation agreement with Mr. Myers will be assigned to Arconic Corporation effective upon the separation.

Employment Letter Agreement with Chief Financial Officer. ParentCo entered into an employment letter agreement on January 29, 2020 with Mr. Asmussen, in connection with his appointment as Executive Vice President and Chief Financial Officer of Arconic Corporation effective upon the separation. Until the separation, Mr. Asmussen will serve as Executive Vice President and Chief Financial Officer Designate of Arconic Corporation. The effectiveness of the letter agreement is contingent upon Mr. Asmussen's availability to commence employment no later than February 17, 2020.

The letter agreement provides for an annual compensation package consisting of a base salary of \$530,000, a target annual bonus award of 85% of base salary, and eligibility for annual equity compensation awards. Pursuant to the letter agreement, Mr. Asmussen's 2020 annual equity award grants will consist of (i) a restricted share unit award with a grant date value of \$380,000, which will vest on the third anniversary of the grant date, subject to Mr. Asmussen's continued employment through such date and (ii) a performance-based restricted share unit award with a grant date value (at target) of \$570,000, which will be subject to performance goals applicable to Arconic Corporation, as well as Mr. Asmussen's continued employment through the third anniversary of the grant date. The letter agreement also provides for certain relocation benefits in connection with Mr. Asmussen's required relocation to the Pittsburgh, Pennsylvania metropolitan area no later than September 30, 2020.

Pursuant to the letter agreement, Mr. Asmussen will be designated as a Tier II participant in our Executive Severance Plan and the Change in Control Severance Plan. In the event the separation has not occurred by July 31, 2020, either Mr. Asmussen or ParentCo may terminate Mr. Asmussen's employment without notice at any time during the 30-day period commencing on August 1, 2020, in which case he will receive a severance payment equal to the sum of his annual base salary and target bonus in lieu of benefits under a severance plan.

Concurrently with signing the employment letter agreement, Mr. Asmussen agreed to execute a confidentiality, developments, non-competition and non-solicitation agreement with ParentCo, which includes, among other things, a perpetual confidentiality covenant and one-year post-termination non-competition and employee and customer non-solicitation covenants.

The employment letter agreement and confidentiality, developments, non-competition and non-solicitation agreement with Mr. Asmussen will be assigned to Arconic Corporation effective upon the separation.

Arconic Corporation Annual Bonus Plan

Arconic Corporation maintains the Arconic Corporation 2020 Annual Cash Incentive Plan (the "Cash Incentive Plan"). The first performance period under the Cash Incentive Plan commenced on January 1, 2020 and the Cash Incentive Plan will remain in effect for successive fiscal years until terminated by the Arconic Corporation Compensation and Benefits Committee in its sole discretion.

Pursuant to the Cash Incentive Plan, each Arconic Corporation named executive officer will be eligible for a discretionary annual cash incentive award payable based on the achievement of pre-established performance goals determined by the Arconic Corporation Compensation and Benefits Committee, including company and/or individual performance goals. In each case, based on one or more performance measures specified in the Cash Incentive Plan.

Payment of annual cash incentive awards under the Cash Incentive Plan is generally contingent on the named executive officer's continued employment with Arconic Corporation through the applicable payment date, subject to certain exceptions, including that the named executive officer will remain eligible for an award under the Cash Incentive Plan following an involuntary termination of employment that occurs after the officer has been employed by Arconic Corporation for a continuous period of not less than six months in a plan year.

Arconic Corporation Executive Severance Plan

It is expected that Arconic Corporation will adopt an Arconic Corporation Executive Severance Plan, and that all of the Arconic Corporation named executive officers will be eligible to participate in the Arconic Corporation Executive Severance Plan. The plan will provide that, upon a termination of employment without cause and subject to execution and non-revocation of a general release of legal claims against Arconic Corporation, the applicable named executive officer will receive a cash severance payment equal to one year of base salary and one year of target annual cash incentive (one and one half years for the Arconic Corporation chief executive officer), continued health care benefits for a twelve-month period (eighteen months for the Arconic Corporation chief executive officer), and twelve additional months (eighteen months for the Arconic Corporation chief executive officer) of retirement plan accrual calculated as described in the plan.

Arconic Corporation Change in Control Severance Plan

It is expected that Arconic Corporation will adopt an Arconic Corporation Change in Control Severance Plan, and that all of the Arconic Corporation named executive officers will be eligible to participate in the Arconic Corporation Change in Control Severance Plan. The plan will be designed to serve stockholders by assuring that Arconic Corporation will have the continued dedication of the covered executives, notwithstanding the possibility, threat or occurrence of a change in control. The protections provided by the plan will be intended to encourage the executives to provide their full attention and dedication to Arconic Corporation in the event of any threatened or pending change in control, which can result in significant distraction by virtue of the personal uncertainties and risks that executives frequently face under such circumstances. Severance benefits under the Change in Control Severance Plan will be provided upon a termination of employment without cause or resignation by the executive for good reason, in either case within two years after a change in control of Arconic Corporation.

Upon a qualifying termination, the severance benefits under the Change in Control Severance Plan will include: (i) a cash payment equal to two times annual salary plus target annual cash incentive compensation (two and one half times for the Arconic Corporation chief executive officer), (ii) a cash payment equal to the target annual cash incentive compensation amount prorated through the severance date, (iii) continuation of health care benefits for two years (or thirty months for the Arconic Corporation chief executive officer), (iv) two additional years of applicable pension credit and company savings plan contributions, and (v) six months of outplacement benefits. There will be no excise tax gross-up provision under the plan.

Executive Compensation Tables

2019 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-Qualified Deferred Compensation	All Other Compensation (\$)	Total (\$)
							Earnings (\$)		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Timothy D. Myers ⁽¹⁾ Chief Executive Officer	2019	\$574,333	\$0	\$1,200,001	\$0	\$861,500	\$657,119	\$58,705	\$3,351,658
	2018	\$542,500	\$0	\$1,056,189	\$264,036	\$233,818	\$0	\$57,120	\$2,153,663
	2017	\$436,250	\$0	\$949,308	\$228,052	\$396,356	\$516,994	\$19,333	\$2,546,293

NOTES:

- Mr. Myers currently serves as Executive Vice President and Group President, Global Rolled Products, Extrusions and Building and Construction Systems. Summary Compensation Table data reflects compensation for the positions in which Mr. Myers served at ParentCo in 2019. Mr. Myers will become Chief Executive Officer of Arconic Corporation effective upon the separation.

Column (i) — All Other Compensation.**Company Contributions to Savings Plans.**

Name	Company Matching Contribution		3% Retirement Contribution		Total Company Contribution
	Savings Plan	Def. Comp. Plan	Savings Plan ¹	Def. Comp. Plan	
Timothy D. Myers	\$16,800	\$17,660	\$8,400	\$15,844	\$58,705

2019 Grants of Plan-Based Awards

Name	Grant Dates	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			All Other Stock Awards: Number of Shares of Stock or Units ⁽²⁾ (#)	2019 Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)		
(a)	(b)	(c)	(d)	(e)	(i)	(l)
Timothy D. Myers	2/28/2019	\$287,167	\$574,333	\$1,723,000	64,900	\$1,200,001

- The amounts reported in the Estimated Future Payouts Under Non-Equity Incentive Plan Awards columns represent the potential amounts for annual cash incentive compensation for 2019. Actual amounts earned by our named executive officers are reflected in the 2019 Summary Compensation Table.

- Time-vested restricted share unit awards granted under the 2013 ParentCo Stock Incentive Plan, as Amended and Restated.

2019 Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (Exercisable) (#)	Number of Securities Underlying Unexercised Options (Unexercisable) (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Timothy D. Myers									
Stock Awards ¹						132,780	4,085,641	—	—
Time-Vested Options ²	12,144	12,143	—	\$21.13	1/13/2027				
	8,990	17,980	—	\$30.22	1/19/2028				

- (1) Stock awards in column (g) include time-vested restricted share unit awards. Stock awards in column (i) include unearned performance-based restricted share unit awards at the target level. Stock awards are in the form of restricted share units that ordinarily vest three years from the date of grant, generally subject to continued employment and are paid in common stock when they vest.
- (2) Time-vested options include stock options granted on the annual grant date when the ParentCo's Compensation and Benefits Committee met in January. Options have a term of ten years and vest ratably over three years (1/3 each year), generally subject to continued employment.

2019 Option Exercises and Stock Vested

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
(a)	(b)	(c)	(d)	(e)
Timothy D. Myers	31,502	\$192,134	18,487	\$315,943

2019 Pension Benefits

Name ⁽¹⁾	Plan Name(s)	Years of Credited Service	Present Value of Accumulated Benefits	Payments During Last Fiscal Year
Timothy D. Myers	ParentCo Retirement Plan	26.52	\$1,213,338	
	Excess Benefits Plan C		\$1,661,316	
	Total		\$2,874,654	N/A

Valuation and Assumptions: For a discussion of the valuation method and assumptions applied in quantifying the present value of the accumulated benefit, please refer to the following sections in ParentCo's upcoming Annual Report on Form 10-K for the year ended December 31, 2019: "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Pension and Other Postretirement Benefits" and Note G to the Consolidated Financial Statements.

Qualified Defined Benefit Plan. In 2019, Mr. Myers participated in the ParentCo Retirement Plan. The ParentCo Retirement Plan is a funded, tax-qualified, non-contributory defined benefit pension plan

that covers a majority of U.S. salaried employees. Benefits under the plan are based upon years of service and final average earnings as of March 31, 2018. Final average earnings include salary plus 100% of annual cash incentive compensation, and are calculated using the average of the highest five of the last ten years of earnings. The amount of annual compensation that may be taken into account under the ParentCo Retirement Plan is subject to a limit imposed by the U.S. tax code, which was \$275,000 for 2018 when pension accruals were frozen (see “ParentCo Retirement Savings Plan” section below). The base benefit payable at age 65 is 1.1% of final average earnings up to the Social Security covered compensation limit plus 1.475% of final average earnings above the Social Security covered compensation limit, times years of service. Final average earnings and service after April 1, 2018 are no longer reflected as the company has moved all future benefits to the ParentCo Retirement Savings Plan. Benefits are payable as a single life annuity, a reduced 50% joint and survivor annuity, a reduced 75% joint and survivor annuity, or a single lump sum payment after termination of employment.

Nonqualified Defined Benefit Plans. Mr. Myers participates in ParentCo’s Excess Benefits Plan C. This plan is a nonqualified plan which provides for benefits taking into account compensation that exceeds the limits on compensation imposed by the U.S. tax code. The benefit formula is identical to the ParentCo Retirement Plan formula. Benefits under the nonqualified plan are payable as a reduced 50% joint and survivor annuity if the executive is married. Otherwise, the benefit is payable as a single life annuity.

ParentCo Retirement Savings Plan. For U.S. salaried employees, ParentCo makes an Employer Retirement Income Contribution (ERIC) in an amount equal to 3% of salary and annual incentive eligible for contribution to the ParentCo Retirement Savings Plan. This benefit was previously provided to employees hired after March 1, 2006 as a pension contribution in lieu of a defined benefit pension plan. However, following the freeze of pension accruals effective April 1, 2018, all salaried employees are now eligible. In addition to the 3% ERIC contributions, Mr. Myers was eligible for 3% transition contribution to the ParentCo Retirement Savings Plan from April 1, 2018 through December 31, 2018, as were all other employees impacted by the freeze of pension accruals. In addition, all U.S. salaried employees, including named executive officers, are eligible to receive a company matching contribution of 100% up to the first 6% of deferred salary. In 2019, ParentCo matching contribution amount was \$16,800 for Mr. Myers. This amount is included in the column “All Other Compensation” in the “2019 Summary Compensation Table” above.

2019 Nonqualified Deferred Compensation

Name	Executive Contributions in 2019 (\$)	Registrant Contributions in 2019 (\$)	Aggregate Earnings in 2019 (\$)	Aggregate Withdrawals Distributions (\$)	Aggregate Balance at 12/31/2019 FYE (\$)
(a)	(b)	(c)	(d)	(e)	(f)
			\$272,235 E		
Timothy D. Myers	\$17,660	\$33,505	\$ 2,169 D	—	\$680,629

E — Earnings

D — Dividends on ParentCo common stock or share equivalents

The investment options under ParentCo’s nonqualified Deferred Compensation Plan are the same choices available to all salaried employees under the ParentCo Retirement Savings Plan and the named executive officers do not receive preferential earnings on their investments. Named executive officers may defer up to 25% of their salaries in total to the ParentCo Retirement Savings Plan and Deferred Compensation Plan and up to 100% of their annual cash incentive compensation to the Deferred Compensation Plan.

ParentCo contributes matching contributions on employee base salary deferrals that exceed the limits on compensation imposed by the U.S. tax code. In 2019, ParentCo matching contribution amount was \$17,660 for Mr. Myers.

In addition, when the U.S. tax code limits Employer Retirement Income Contributions (“ERIC”) are reached, the ERIC and transition contributions are made into the ParentCo Deferred Compensation Plan. In 2019, ParentCo contributed \$15,845 for Mr. Myers.

These amounts are included in the column “All Other Compensation” in the “2019 Summary Compensation Table” included above.

All nonqualified pension and deferred compensation obligations are general unsecured liabilities of ParentCo until paid. Upon termination of employment, deferred compensation will be paid in cash as a lump sum or in up to ten annual installments, depending on the individual’s election, account balance and retirement eligibility.

Potential Payments upon Termination or Change in Control

Executive Severance Plan. Mr. Myers was eligible for ParentCo’s Executive Severance Plan during 2019. The plan provides that, upon a termination of employment without cause and subject to execution and non-revocation of a general release of legal claims against ParentCo, Mr. Myers would receive a cash severance payment equal to one year of base salary and one year of target annual cash incentive, continued health care benefits for a period of twelve months, and twelve additional months of retirement accrual calculated as described in the plan.

The following table shows the severance payments and benefits that would have been payable to Mr. Myers under the ParentCo Executive Severance Plan upon a termination without cause on December 31, 2019.

Name	Estimated Net Present Value of Cash Severance Payments	Estimated Net Present Value of Two Years Additional Retirement Accrual	Estimated net present value of continued active health care benefits	Total
Timothy D. Myers	\$1,138,237	\$ 1,377,103	\$41,664	\$2,557,004

Change in Control Severance Plan. Mr. Myers was eligible for ParentCo’s Change in Control Severance Plan during 2019. The plan is designed to serve stockholders by assuring that ParentCo will have the continued dedication of the covered executives, notwithstanding the possibility, threat or occurrence of a change in control. These protections are intended to encourage the executives’ full attention and dedication to ParentCo in the event of any threatened or pending change in control, which can result in significant distraction by virtue of the personal uncertainties and risks that executives frequently face under such circumstances. Severance benefits under the Change in Control Severance Plan are provided upon a termination of employment without cause or resignation by the executive for good reason, in either case within two years after a change in control of ParentCo.

Upon a qualifying termination, the severance benefits under the Change in Control Severance Plan for Mr. Myers are: (i) a cash payment equal to two times annual salary plus target annual cash incentive compensation, (ii) a cash payment equal to the target annual cash incentive compensation amount prorated through the severance date, (iii) continuation of health care benefits for two years, (iv) two additional years of applicable pension credit and company savings plan contributions, and (v) six months of outplacement benefits. There is no excise tax gross-up provision under the Plan.

The terms of the 2013 ParentCo Stock Incentive Plan, as Amended and Restated, provide that unvested equity awards, including awards held by the continuing named executive officers, do not immediately vest upon a change in control if a replacement award is provided. However, the replacement award will vest immediately if, within a two-year period following a change in control, a plan participant is terminated without cause or leaves for good reason. Performance-based stock awards will be converted to time-vested stock awards upon a change in control under the following terms: (i) if 50% or more of the performance period has been completed as of the date on which the change in control has occurred, then the number of shares or the value of the award will be based on actual performance completed as of the date of the change in control; or (ii) if less than 50% of the performance period has been completed as of the date on which the change in control has occurred, then the number of shares or the value of the award will be based on the target number or value.

The following table shows the severance payments and benefits that would have been payable under the ParentCo Change in Control Severance Plan if both a change in control and a termination without cause or resignation for good reason occurred on December 31, 2019, under the terms of the plan as in effect on

such date, as well as the estimated net present value of unvested equity awards that would have become vested upon such termination or resignation. Equity award values are estimated using ParentCo's closing stock price on December 30, 2019, which was \$30.77 per share.

Change in Control Severance Benefits

Name	Estimated net present value of change in control severance and benefits
Timothy D. Myers	\$ 6,092,905

Retirement Benefits. If Mr. Myers had voluntarily terminated employment as of December 31, 2019, it is estimated that his pension would have paid an annual annuity of \$207,407 starting at age 62.

DIRECTOR COMPENSATION

The Arconic Corporation director compensation program will be subject to the review and approval of the Arconic Corporation Board of Directors or a committee thereof after the separation. Director compensation for the period prior to any change approved by the Arconic Corporation Board of Directors or a committee thereof will be as described below.

Treatment of outstanding ParentCo equity-based compensation awards held by Arconic Corporation non-employee directors in connection with the separation is described under “The Separation and Distribution — Treatment of Equity-Based Compensation.”

Compensation for non-employee directors of Arconic Corporation will be a mix of cash and equity-based compensation. Mr. Myers, who will serve as an employee director following the separation, will not receive any additional compensation for his service as a member of the Board of Directors of Arconic Corporation.

Annual Compensation

The table below describes the components of compensation for non-employee directors:

Compensation Element	Amount
Annual Cash Retainer	\$120,000
Annual Equity Award (Restricted Share Units Granted Following Each Annual Meeting of Stockholders)	\$150,000
Other Annual Fees	
• Lead Director Fee	\$ 30,000
• Audit Committee Chair Fee (includes Audit Committee Member Fee)	\$ 20,000
• Compensation and Benefits Committee Chair Fee	\$ 15,000
• Other Committee Chair Fee	\$ 15,000
Per Meeting Fee for Meetings in Excess of Regularly Scheduled Meetings	\$ 1,200 ¹

- (1) A fee of \$1,200 is paid to a non-employee director for each Board of Director or committee meeting attended by the director in excess of five special Board of Director or committee meetings during the applicable calendar year and applies only to non-regularly scheduled meetings in excess of a two-hour duration.

Stock Ownership Guideline

Within a period of six years from the date of a non-employee director’s initial appointment as a member of the Board of Directors of Arconic Corporation, such non-employee director is required to attain ownership of at least \$750,000 in Arconic Corporation’s common stock and must maintain such ownership until retirement from the Arconic Corporation Board of Directors.

Director Compensation Limit

Under Arconic Corporation’s Non-Employee Director Compensation Policy, the sum of the grant date value of all equity awards granted and all cash compensation paid by Arconic Corporation to each non-employee director as compensation for services as a non-employee director shall not exceed \$750,000 in any calendar year.

ARCONIC CORPORATION 2020 STOCK INCENTIVE PLAN

Prior to the separation, Arconic Corporation will adopt the Arconic Corporation 2020 Stock Incentive Plan (the “2020 Plan”). ParentCo., as our sole stockholder, will approve the 2020 Plan prior to the separation, and the 2020 Plan will become effective as of the date of the separation (the “Plan Effective Date”). The Arconic Corporation equity-based compensation awards into which certain outstanding ParentCo equity-based compensation awards are converted upon the separation (see “The Separation and Distribution — Treatment of Equity-Based Compensation”) will be issued pursuant to the 2020 Plan (such awards, the “Converted Awards”).

The following description is a summary of certain terms of the 2020 Plan, filed as Exhibit 10.1 to the registration statement on Form 10 of which this information statement is a part. This summary is qualified in its entirety by reference to the full text of the 2020 Plan.

Purpose of the 2020 Plan

The purpose of the 2020 Plan is to encourage participants to acquire a proprietary interest in the long-term growth and financial success of Arconic Corporation and to further link the interests of such individuals to the long-term interests of stockholders. The 2020 Plan authorizes the plan administrator, which will generally be the Compensation and Benefits Committee of Arconic Corporation’s Board of Directors, to grant stock-based awards to employees of Arconic Corporation and its subsidiaries. The 2020 Plan also authorizes the Board of Directors, upon the recommendation of the Governance and Nominating Committee of the Board, to make stock-based awards to non-employee directors.

Authorized Shares and Fungible Equity Pool

The maximum aggregate number of shares of our common stock authorized to be granted under the 2020 Plan will be 8,500,000 shares, subject to adjustment as described below under “*Adjustment Provision.*”

Shares subject to the Converted Awards will reduce the shares authorized for issuance under the 2020 Plan. Shares subject to awards under the 2020 Plan (including Converted Awards) that are forfeited, cancelled or expired will become available for issuance thereunder. Shares tendered in payment of the purchase price of a stock option or other award or withheld to pay taxes may not be added back to the available pool of shares authorized under the 2020 Plan, nor may shares purchased using option proceeds or not issued upon settlement of a stock appreciation right.

Administration of the 2020 Plan

Under the 2020 Plan, the Arconic Corporation Compensation and Benefits Committee, which will be composed of non-employee directors, has authority to grant awards to employees of Arconic Corporation and its subsidiaries, and the full Board of Directors has authority to grant awards to non-employee directors upon the recommendation of the Governance and Nominating Committee. Arconic Corporation’s Board of Directors also may assume responsibilities otherwise assigned to the Arconic Corporation Compensation and Benefits Committee.

The Arconic Corporation Compensation and Benefits Committee has the authority, subject to the terms of the 2020 Plan, to select employees to whom it will grant awards, to determine the types of awards and the number of shares covered, to set the terms and conditions of the awards, to cancel or suspend awards and to modify outstanding awards. The Arconic Corporation Compensation and Benefits Committee also has authority to interpret the 2020 Plan, to establish, amend and rescind rules applicable to the 2020 Plan or awards under the 2020 Plan, to approve the terms and provisions of any agreements relating to 2020 Plan awards, to determine whether any corporate transaction, such as a spin-off or joint venture, will result in a participant’s termination of service, to make adjustments in performance award criteria or in the terms and conditions of other awards in recognition of unusual or nonrecurring events affecting Arconic Corporation or its financial statements or changes in applicable laws, regulations or accounting principles and to make all determinations relating to awards under the 2020 Plan. The Arconic Corporation Board of Directors has similar authority with respect to awards to non-employee directors.

The 2020 Plan permits delegation of certain authority to executive officers in limited instances to make, cancel or suspend awards to employees who are not Arconic Corporation directors or executive officers, and the Arconic Corporation Compensation and Benefits Committee may delegate other of its administrative powers to the extent not prohibited by applicable laws.

Eligibility

All employees of Arconic Corporation and its subsidiaries and all non-employee directors of Arconic Corporation are eligible to be selected as participants.

Term

No award may be granted under the 2020 Plan after the 10th anniversary of the Plan Effective Date.

Shares Issuable for Awards

Shares of Arconic Corporation common stock issuable under the 2020 Plan may come from authorized but unissued shares, treasury shares, shares purchased on the open market or otherwise or any combination of the foregoing.

Types of Awards

The following types of awards may be granted under the 2020 Plan:

Nonqualified stock options;

Stock appreciation rights;

Restricted shares;

Restricted share units; and

Other forms of awards authorized by the 2020 Plan.

These forms of awards may have a performance feature under which the award is not earned unless performance goals are achieved.

The Converted Awards that will be granted under the 2020 Plan may be in the form of nonqualified stock options or restricted share units, including restricted share units that are performance-based awards.

Minimum Vesting Requirements

The 2020 Plan mandates a minimum one-year vesting period for all awards granted thereunder, except that up to 5% of the shares available for grant as of the Plan Effective Date may be made subject to awards that do not have such a minimum vesting requirement. The minimum vesting requirement does not apply to Converted Awards, substitute awards, or to awards granted to non-employee directors which vest on the earlier of the one-year anniversary of the date of grant and the next annual meeting of Arconic Corporation's stockholders (provided such next annual meeting is at least 50 weeks after the immediately preceding year's annual meeting). The minimum vesting requirement does not prevent Arconic Corporation from granting awards that contain rights to accelerated vesting on a termination of employment or service or otherwise accelerating vesting, as provided in the 2020 Plan, and does not limit the ability to make adjustments upon a capitalization event.

Stock Option Awards

Under the 2020 Plan, stock option awards entitle a participant to purchase shares of Arconic Corporation common stock during the option term at a fixed price that may not be less than the fair market value of Arconic Corporation's common stock on the date of grant, except in connection with an adjustment upon a capitalization event or as provided for Converted Awards or substitute awards (see "*Adjustment Provision*" and "*Substitute Awards*" below). The maximum term of stock options granted is ten years. The Arconic Corporation Compensation and Benefits Committee has discretion to cap the amount of gain that may be obtained in the exercise of the stock option. The option price must be paid in

full by the participant upon exercise of the option, in cash, shares or other consideration having a fair market value equal to the option price or by a combination of cash, shares or other consideration specified by the Arconic Corporation Compensation and Benefits Committee.

Stock Appreciation Rights

A stock appreciation right (“SAR”) entitles the holder to receive, on exercise, the excess of the fair market value of the shares on the exercise date (or, if the Arconic Corporation Compensation and Benefits Committee so determines, as of any time during a specified period before the exercise date) over the SAR grant price. The SAR grant price is set by the Arconic Corporation Compensation and Benefits Committee and may not be less than the fair market value of Arconic Corporation’s common stock on the date of grant, except in connection with an adjustment upon a capitalization event or as provided for Converted Awards or substitute awards. The Arconic Corporation Compensation and Benefits Committee may grant SAR awards as stand-alone awards or in combination with a related stock option award under the 2020 Plan. Payment by Arconic Corporation upon exercise will be in cash, stock or other property or any combination of cash, stock or other property as the Arconic Corporation Compensation and Benefits Committee may determine. The Arconic Corporation Compensation and Benefits Committee has discretion to cap the amount of gain that may be obtained in the exercise of a stock appreciation right. The maximum term of stock appreciation rights is ten years, or if granted in tandem with an option, the expiration date of the option.

Restricted Shares

A restricted share is a share issued with such contingencies or restrictions as the Arconic Corporation Compensation and Benefits Committee may impose. Until the conditions or contingencies are satisfied or lapse, the stock is subject to forfeiture. A recipient of a restricted share award has the right to vote the shares and receive dividends on them unless the Arconic Corporation Compensation and Benefits Committee determines otherwise. If the participant ceases to be an employee before the end of the contingency period, the award is forfeited, subject to such exceptions as authorized by the Arconic Corporation Compensation and Benefits Committee.

Restricted Share Units

A restricted share unit is an award of a right to receive, in cash or shares, as the Arconic Corporation Compensation and Benefits Committee may determine, the fair market value of one share of Company common stock, on such terms and conditions as the Arconic Corporation Compensation and Benefits Committee may determine.

Other Awards

Other awards of shares and other awards that are valued in whole or in part by reference to, or are otherwise based on, shares or other property may be granted to eligible individuals, subject to such terms and conditions as approved by the Arconic Corporation Compensation and Benefits Committee.

Performance Awards

A performance award may be in any form of award permitted under the 2020 Plan. The Arconic Corporation Compensation and Benefits Committee may select periods of at least one year during which performance criteria chosen by the Arconic Corporation Compensation and Benefits Committee are measured for the purpose of determining the extent to which a performance award has been earned. This minimum performance period does not apply to Converted Awards. The Arconic Corporation Compensation and Benefits Committee decides whether the performance levels have been achieved, what amount of the award will be paid and the form of payment, which may be cash, stock or other property or any combination thereof.

Unless otherwise determined by the Arconic Corporation Compensation and Benefits Committee, performance awards (other than options or stock appreciation rights) granted to Arconic Corporation’s executive officers will be subject to achievement of company and/or individual performance goals

established within the first 25% of the performance period, as well as to potential downward, but not upward, adjustment of the amount payable on vesting, and will not be subject to any waiver of the achievement of the performance goals. Except as otherwise determined by the Arconic Corporation Compensation and Benefits Committee, the annual limits on performance awards per executive officer are: 750,000 shares if the award is in the form of restricted shares or restricted share units; 2,500,000 shares if the award is in the form of stock options or stock appreciation rights; and \$15,000,000 in value if the award is paid in property other than shares. Converted Awards are disregarded for purposes of applying these limits.

Dividends and Dividend Equivalents

No dividends or dividend equivalents may be paid on stock options or stock appreciation rights. Dividend equivalents may not be paid on any unvested restricted share units but will be accrued and paid only if and when the restricted share units vest. No dividends or dividend equivalents may be paid on unearned performance-based restricted share units. In no event will any other award under the 2020 Plan provide for the participant's receipt of dividends or dividend equivalents in any form prior to the vesting of such award or applicable portion of such award.

Substitute Awards

The Arconic Corporation Compensation and Benefits Committee may grant awards to employees of companies acquired by Arconic Corporation or a subsidiary in exchange or substitution for, or upon assumption of, outstanding stock-based awards issued by the acquired company. Shares covered by substitute awards will not reduce the number of shares otherwise available for award under the 2020 Plan.

Stock Option and SAR Repricing Prohibited

The 2020 Plan prohibits repricing of stock options or stock appreciation rights without stockholder approval. Repricing means the cancellation of an option or stock appreciation right in exchange for cash or other awards at a time when the exercise price of such option or stock appreciation right is higher than the fair market value of a share of Arconic Corporation's stock, the grant of a new stock option or stock appreciation right with a lower exercise price than the original option or stock appreciation right, or the amendment of an outstanding award to reduce the exercise price. The grant of a Converted Award or substitute award (as described above) is not a repricing, nor is an adjustment upon a capitalization event.

Non-Employee Director Compensation Limit

Notwithstanding any other provision in the 2020 Plan or in any Company policy regarding non-employee director compensation, the maximum amount of total compensation payable to an Arconic Corporation non-employee director for services in a calendar year may not exceed \$750,000, calculated as the sum of (i) the grant date fair value (determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718) of all awards payable in shares and the maximum cash value of any other award granted under the 2020 Plan, plus (ii) cash compensation in the form of Board and committee retainers and meeting or similar fees.

Adjustment Provision

The 2020 Plan defines certain transactions with our stockholders, not involving our receipt of consideration, that affect the shares or the share price of Arconic Corporation's common stock as "equity restructurings" (e.g., a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend). In the event that an equity restructuring occurs, the Arconic Corporation Compensation and Benefits Committee will adjust the terms of the 2020 Plan and each outstanding award as it deems equitable to reflect the equity restructuring, which may include (i) adjusting the number and type of securities subject to each outstanding award and/or adjusting the number of shares available under the 2020 Plan or the individual award limitations; (ii) adjusting the terms and conditions of (including the grant or exercise price), and the performance targets or other criteria included in, outstanding awards; and (iii) granting new awards or making cash payments to participants. Such adjustments will be nondiscretionary, although the Arconic Corporation Compensation and Benefits Committee will determine whether an adjustment is equitable.

Other types of transactions may also affect Arconic Corporation's common stock, such as a dividend or other distribution, reorganization, merger or other changes in corporate structure. In the event that there is such a transaction, which is not an equity restructuring, or in the case of other unusual or nonrecurring transactions or events or changes in applicable laws, regulations or accounting principles, the Arconic Corporation Compensation and Benefits Committee will determine, in its discretion, whether any adjustment to the 2020 Plan and/or to any outstanding awards is appropriate to prevent any dilution or enlargement of benefits under the 2020 Plan or to facilitate such transactions or events or give effect to such changes in laws, regulations or principles.

Consideration for Awards

Unless otherwise determined by the Arconic Corporation Compensation and Benefits Committee, and except as required to pay the exercise price of stock options, recipients of awards are not required to make any payment or provide consideration other than rendering of services.

Transferability of Awards

Awards may be transferred by laws of descent and distribution or to a guardian or legal representative or, unless otherwise provided by the Arconic Corporation Compensation and Benefits Committee or limited by applicable laws, to family members or a trust for family members; provided however, that awards may not be transferred to a third party for value or consideration.

Change in Control Provisions

The definition of change in control generally provides that if one of the following events has occurred, a change in control of Arconic Corporation will have happened: (i) the acquisition by an individual, entity or group of 30% or more of Arconic Corporation's common stock or the combined voting power of all voting securities of Arconic Corporation, subject to certain exceptions, (ii) individuals who, as of the Plan Effective Date, constituted the Board of Directors (the "Incumbent Board") ceasing for any reason to constitute at least a majority of the Board of Directors, subject to certain exceptions providing, in general, that directors joining the Board of Directors after the Plan Effective Date whose election or nomination is approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board will be considered members of the Incumbent Board, (iii) the consummation of certain corporate transactions involving Arconic Corporation, and (iv) approval by the stockholders of Arconic Corporation of a plan of complete liquidation or dissolution of Arconic Corporation.

The 2020 Plan provides for double-trigger equity vesting in the event of a change in control. If outstanding awards under the 2020 Plan are replaced by the acquirer or related entity in a change in control of Arconic Corporation, those replacement awards will not immediately vest on a "single trigger" basis, but would accelerate only if the participant is terminated without cause or quits for good reason (as those terms are defined in the Arconic Corporation Change in Control Severance Plan) within 24 months following the change in control.

Clawback

The 2020 Plan contains a clawback feature reflecting the policy adopted by Arconic Corporation and further authorizes Arconic Corporation to recover from participants awards or payments as may be required under any Company recoupment policy then in effect or any recoupment requirement imposed by applicable laws, including pursuant to the Dodd-Frank Act. In addition, the 2020 Plan authorizes cancellation of awards if a participant engages in certain specified conduct that is injurious to Arconic Corporation or any subsidiary or if cancellation is necessary to comply with applicable laws or due to the inability or impracticability of Arconic Corporation to obtain or maintain approval from any regulatory body whose approval is necessary to lawfully grant awards or issue or sell shares under the 2020 Plan.

Amendment and Termination of the 2020 Plan

The Arconic Corporation Board of Directors may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time, except that it may not amend the 2020 Plan without stockholder approval if such approval would be required pursuant to applicable law or the requirements of the New York Stock Exchange or such other stock exchange on which the shares trade. The Arconic Corporation Board or Compensation and Benefits Committee generally may not amend the 2020 Plan or the terms of any award previously granted without the consent of the affected participant, if such action would materially impair the rights of such participant under any outstanding award.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with ParentCo

Following the separation and distribution, Arconic Corporation and Howmet Aerospace will each operate separately, each as an independent public company. In connection with the separation, Arconic Corporation will enter into a separation agreement with ParentCo to effect the separation and to provide a framework for Arconic Corporation's relationship with Howmet Aerospace after the separation and will enter into certain other agreements, including a tax matters agreement, an employee matters agreement, intellectual property license agreements, an agreement relating to the Davenport plant, metal supply agreements and real estate and office leases. These agreements will provide for the allocation between Arconic Corporation and Howmet Aerospace of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of ParentCo and its subsidiaries attributable to periods prior to, at and after the separation and will govern the relationship between Arconic Corporation and Howmet Aerospace subsequent to the completion of the separation.

The material agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of these agreements set forth below are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

Separation Agreement

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be transferred to each of Arconic Corporation and Howmet Aerospace as part of the separation of ParentCo into two independent companies, and will provide for when and how these transfers and assumptions will occur. In particular, the separation agreement will provide that, among other things, subject to the terms and conditions contained therein:

- certain assets related to the Arconic Corporation Businesses, which we refer to as the "Arconic Corporation Assets," will be retained by or transferred to Arconic Corporation or one of its subsidiaries, including:
 - equity interests in certain ParentCo subsidiaries that hold assets relating to the Arconic Corporation Businesses;
 - the Arconic Corporation brands, certain other trade names and trademarks, and certain other intellectual property (including patents, know-how and trade secrets), software, information and technology used in the Arconic Corporation Businesses or related to the Arconic Corporation Assets, the Arconic Corporation Liabilities (as defined below) or the Arconic Corporation Businesses;
 - facilities related to the Arconic Corporation Businesses;
 - contracts (or portions thereof) that relate to the Arconic Corporation Businesses;
 - rights and assets expressly allocated to Arconic Corporation pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation;
 - permits that primarily relate to the Arconic Corporation Businesses; and
 - other assets that are included in Arconic Corporation's pro forma balance sheet, such as the pension assets included in Arconic Corporation's Unaudited Pro Forma Condensed Combined Financial Information, which appear in the section entitled "Unaudited Pro Forma Condensed Combined Financial Information";

- certain liabilities related to the Arconic Corporation Businesses or the Arconic Corporation Assets, which we refer to as the “Arconic Corporation Liabilities,” will be retained by or transferred to Arconic Corporation. Subject to limited exceptions, liabilities that relate primarily to the Arconic Corporation Businesses, including liabilities of various legal entities that will be subsidiaries of Arconic Corporation following the separation, will be Arconic Corporation Liabilities; and
- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the Arconic Corporation Assets and the Arconic Corporation Liabilities (such assets and liabilities, other than the Arconic Corporation Assets and the Arconic Corporation Liabilities, we refer to as the “Howmet Aerospace Assets” and “Howmet Aerospace Liabilities,” respectively) will be retained by or transferred to Howmet Aerospace.

Except as expressly set forth in the separation agreement or any ancillary agreement, neither of Arconic Corporation nor ParentCo will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either of Arconic Corporation or ParentCo, or as to the legal sufficiency of any document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an “as is,” “where is” basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals are not obtained, or that any requirements of law, agreements, security interests or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement will provide that in the event that the transfer of certain assets and liabilities (or a portion thereof) to Arconic Corporation or Howmet Aerospace, as applicable, does not occur prior to the separation, then until such assets or liabilities (or a portion thereof) are able to be transferred, Arconic Corporation or Howmet Aerospace, as applicable, will hold such assets on behalf and for the benefit of the transferee and will pay, perform and discharge such liabilities, for which the transferee will reimburse Arconic Corporation or Howmet Aerospace, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities.

The Distribution

The separation agreement will also govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, ParentCo will distribute to its stockholders that hold ParentCo common stock as of the record date for the distribution all of the issued and outstanding shares of Arconic Corporation common stock on a pro rata basis. Stockholders will receive cash in lieu of any fractional shares.

Conditions to the Distribution

The separation agreement will provide that the distribution is subject to satisfaction (or waiver by ParentCo in its sole and absolute discretion) of certain conditions. These conditions are described under “The Separation and Distribution — Conditions to the Distribution.” ParentCo will have the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent that it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio.

Claims

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation agreement will provide that Arconic Corporation and its affiliates will release and discharge Howmet Aerospace and its affiliates from all liabilities assumed by Arconic Corporation as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to the Arconic Corporation Businesses, except as expressly set forth in the separation agreement. Howmet Aerospace and its affiliates will release and discharge Arconic Corporation and its affiliates from all liabilities retained by Howmet Aerospace and its affiliates as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to the Arconic Corporation Businesses, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include the separation agreement and the other agreements described under “Certain Relationships and Related Party Transactions.”

Indemnification

In the separation agreement, Arconic Corporation will agree to indemnify, defend and hold harmless Howmet Aerospace, each of Howmet Aerospace’s affiliates, and each of Howmet Aerospace’s affiliates’ directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the Arconic Corporation Liabilities;
- Arconic Corporation’s failure or the failure of any other person to pay, perform or otherwise promptly discharge any of the Arconic Corporation Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- except to the extent relating to a Howmet Aerospace Liability, any guarantee, indemnification or contribution obligation for the benefit of Arconic Corporation by Howmet Aerospace that survives the distribution;
- any breach by Arconic Corporation of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement or omission or alleged omission of material fact in the Form 10 or in this information statement (as amended or supplemented), except for any such statements or omissions made explicitly in Howmet Aerospace’s name.

Howmet Aerospace will agree to indemnify, defend and hold harmless Arconic Corporation, each of Arconic Corporation’s affiliates and each of Arconic Corporation’s affiliates’ directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the Howmet Aerospace Liabilities;
- the failure of Howmet Aerospace or any other person to pay, perform or otherwise promptly discharge any of the Howmet Aerospace Liabilities in accordance with their respective terms whether prior to, at or after the distribution;
- except to the extent relating to an Arconic Corporation Liability, any guarantee, indemnification or contribution obligation for the benefit of Howmet Aerospace by Arconic Corporation that survives the distribution;
- any breach by Howmet Aerospace of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement or omission or alleged omission of a material fact made explicitly in Howmet Aerospace’s name in the Form 10 or in this information statement (as amended or supplemented).

The separation agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Indemnification with respect to taxes, and the procedures related thereto, will be governed by the tax matters agreement.

Insurance

The separation agreement will provide for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and set forth procedures for the administration of insured claims and related matters.

Further Assurances

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, Arconic Corporation and ParentCo will agree in the separation agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

Dispute Resolution

The separation agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between Arconic Corporation and Howmet Aerospace related to the separation or distribution and that are unable to be resolved through good faith discussions between Arconic Corporation and Howmet Aerospace. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to executives of the parties in dispute. If such efforts are not successful, one of the parties in dispute may submit the dispute, controversy or claim to nonbinding mediation or, if such nonbinding mediation is not successful, binding alternative dispute resolution, subject to the provisions of the separation agreement.

Expenses

Except as expressly set forth in the separation agreement or in any ancillary agreement, ParentCo will be responsible for all costs and expenses incurred in connection with the separation incurred prior to the distribution date, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation. Except as expressly set forth in the separation agreement or in any ancillary agreement, or as otherwise agreed in writing by Arconic Corporation and Howmet Aerospace, all costs and expenses incurred in connection with the separation after the distribution will also be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation agreement will include ParentCo's name change to "Howmet Aerospace Inc.", Howmet Aerospace's right to continue to use the "Arconic" name and related trademark for limited purposes for a limited period following the distribution, licenses for Arconic Corporation and Howmet Aerospace to certain patents and trade secrets owned by the other company at the separation, access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Amendment and Termination

The separation agreement will provide that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole and absolute discretion of the ParentCo Board of Directors without the approval of any person, including Arconic Corporation or ParentCo stockholders. In the event of a termination of the separation agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other parties or any other person. After the distribution date, the separation agreement may not be amended or terminated, except by an agreement in writing signed by both Arconic Corporation and Howmet Aerospace.

Tax Matters Agreement

In connection with the separation, Arconic Corporation and ParentCo will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to taxes (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters).

The tax matters agreement will provide special rules that allocate tax liabilities in the event the distribution, together with certain related transactions, fails to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Under the tax matters agreement, each party will be responsible for any taxes and related amounts imposed on Howmet Aerospace or Arconic Corporation as a result of the failure to so qualify, to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant representations or covenants made by that party in the tax matters agreement.

In addition, the tax matters agreement will impose certain restrictions on Arconic Corporation and its subsidiaries during the two-year period following the distribution that will be intended to prevent the distribution, together with certain related transactions, from failing to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Specifically, during such period, except in specific circumstances, Arconic Corporation and its subsidiaries will be prohibited from: (1) ceasing to conduct certain businesses; (2) entering into certain transactions or series of transactions pursuant to which all or a portion of the shares of Arconic Corporation common stock (or stock of certain of its subsidiaries) would be acquired or all or a portion of certain assets of Arconic Corporation and its subsidiaries would be acquired; (3) liquidating, merging or consolidating with any other person; (4) issuing equity securities beyond certain thresholds; (5) repurchasing Arconic Corporation stock (or stock of certain of its subsidiaries) other than in certain open-market transactions; (6) amending its certificate of incorporation to affect its stockholders' voting rights or (7) taking or failing to take any other action that would cause the distribution, together with certain related transactions, to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code.

Employee Matters Agreement

Arconic Corporation and ParentCo will enter into an employee matters agreement in connection with the separation to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs, and other related matters. The employee matters agreement will govern certain compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of each company.

The employee matters agreement will provide that, unless otherwise specified, each party will be responsible for liabilities associated with current and former employees of such party and its subsidiaries and certain other former employees classified as former employees of such party for purposes of post-separation compensation and benefit matters.

The employee matters agreement will also govern the terms of equity-based awards granted by ParentCo prior to the separation. See "The Separation and Distribution — Treatment of Equity-Based Compensation."

Intellectual Property License Agreements

In connection with the separation, Arconic Corporation and ParentCo will enter into an Arconic Corporation to Howmet Aerospace Patent, Know-How, and Trade Secret License Agreement, a Howmet Aerospace to Arconic Corporation Patent, Know-How, and Trade Secret License Agreement, an Arconic Corporation to Howmet Aerospace Trademark License Agreement, and a Howmet Aerospace to Arconic Corporation Trademark License Agreement, which we refer to, collectively, as the "intellectual property license agreements."

Under the intellectual property license agreements, certain Arconic Corporation businesses will have ongoing rights to use a name and mark of ParentCo for a 10-year period following the separation, and certain Howmet Aerospace businesses will have rights to use the “Arconic” name and mark for a one-year (or less) period following the separation, in each case for limited purposes.

The intellectual property license agreements will also govern patents that were developed jointly and will continue to be used by both Howmet Aerospace and Arconic Corporation, as well as shared know-how. The intellectual property license agreements will provide for a license of these patents and know-how from Howmet Aerospace or Arconic Corporation, as applicable, to the other on a perpetual, royalty-free, non-exclusive basis, subject to certain limitations primarily directed to the technology areas of each company.

Either party may terminate the license with respect to any trademark under the intellectual property license agreements upon an uncured material breach of the other party with respect to such trademark that remains uncured, after at least 120 days.

Davenport Plant Agreement

In connection with the separation, Arconic Corporation and its subsidiary, Arconic Davenport LLC, and ParentCo will enter into a Second Supplemental Tax and Project Certificate and Agreement (the “Davenport Plant Agreement”) in connection with the transfer to Arconic Davenport LLC of ParentCo’s aluminum rolled products plant located in Davenport, Iowa (the “Davenport Plant”).

Following the separation, ParentCo will continue as the borrower under the Loan Agreement, dated as of August 14, 2012, between ParentCo and Iowa Finance Authority (together with certain related agreements, the “Davenport Loan Documents”) relating to the Midwestern Disaster Area Revenue Bonds (Alcoa Inc. Project) Series 2012 in the aggregate principal amount of \$250,000,000 (the “Davenport Bonds”). Certain obligations under the terms of the Davenport Loan Documents relate to the Davenport Plant, and pursuant to the Davenport Plant Agreement, ParentCo will delegate to Arconic Corporation and Arconic Davenport LLC responsibility for operating a project located at the Davenport Plant involving the acquisition, construction, reconstruction and/or renovation of nonresidential real property (and related improvements) to be used to produce aluminum for the automotive market (the “Project”) in a manner and location consistent with the terms of the Davenport Loan Documents. The Davenport Plant Agreement will further provide that Arconic Corporation and Arconic Davenport LLC will (i) undertake certain notification, recordkeeping and cooperation obligations relating to the Project, and (ii) indemnify ParentCo against losses arising from, among other things, their actions or omissions with respect to the Project or their violation of any Davenport Loan Documents.

Metal Supply Agreements

In connection with the separation, Arconic Corporation and ParentCo will enter into two agreements for the supply of billet, plate, extruded aluminum, and related tolling and cutting services (the “metal supply agreements”) pursuant to which Arconic Corporation or certain of its subsidiaries will supply Howmet Aerospace or certain of its subsidiaries with aluminum for use in its businesses in the United States and Hungary. Each metal supply agreement will set forth the general terms and conditions of the overall supply arrangement, with an initial term of five years, as well as pricing, quantity, quality, delivery, liability and other terms with respect to the supply of a particular item. Each agreement will be generally based on the form of agreement currently used by the Arconic Corporation Businesses with third-party customers for metal supply arrangements or the purchase of such materials by ParentCo from third party suppliers. Notwithstanding the metal supply agreements, Howmet Aerospace will have the right to purchase metal from other suppliers.

Real Estate/Site Arrangements

In connection with the separation, Arconic Corporation and ParentCo will have joint ownership of the real estate at the manufacturing facilities located in Székesfehérvár, Hungary (the “Kofem site”), pursuant to a legal demerger and a land use agreement. The site is currently shared with other third party tenants. Arconic Corporation and ParentCo will enter into agreements for shared common facilities (the “site

services agreements”) pursuant to which Howmet Aerospace or certain of its subsidiaries will provide engineering, maintenance, utilities, security, lab and other services at the Kofem site to Arconic Corporation or certain of its subsidiaries. Each service agreement will have an initial term of one to five years, with automatic renewals provided certain conditions are met, except that utility services will have an indefinite period in accordance with Hungarian law. Each site services agreement will be generally based on the form of agreement currently used by ParentCo with other third parties at the Kofem site.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of material U.S. federal income tax consequences of the distribution to “U.S. holders” (as defined below) of ParentCo common stock. This summary is based on the Code, U.S. Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, in each case as in effect and available as of the date of this information statement and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. Any such change or interpretation could affect the accuracy of the statements and conclusions set forth in this document. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below.

This discussion applies only to U.S. holders of shares of ParentCo common stock who hold such shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion proceeds on the basis that the separation and the distribution, together with certain related transactions, were or will be consummated in accordance with the separation agreement and the other agreements related to the separation and as described in this information statement. This discussion is for general information only and is not tax advice. It does not address all aspects of U.S. federal income taxation that may be relevant to particular holders of ParentCo common stock in light of their particular circumstances nor does it address tax considerations applicable to holders that are or may be subject to special treatment under the U.S. federal income tax laws, such as, without limitation:

- dealers or traders in securities or currencies;
- tax-exempt entities or organizations;
- cooperatives;
- banks, trusts, financial institutions or insurance companies;
- holders who acquired ParentCo common stock pursuant to the exercise of employee stock options or otherwise as compensation;
- holders who own, or are deemed to own, at least five percent or more, by voting power or value, of ParentCo common stock;
- persons owning ParentCo common stock as part of a position in a straddle or as part of a hedging, conversion, synthetic security, integrated investment, constructive sale transaction or other risk reduction or integrated transaction for U.S. federal income tax purposes;
- certain former citizens or long-term residents of the United States;
- holders that are not U.S. holders;
- S corporations, personal holding companies, mutual funds, regulated investment companies or real estate investment trusts;
- holders who elect to apply a mark-to-market method of accounting;
- holders required to accelerate the recognition of any item of gross income as a result of such income being recognized on an applicable financial statement;
- holders whose functional currency is not the U.S. dollar;
- holders who are subject to alternative minimum tax; or
- partnerships (including entities or arrangements treated as partnerships for U.S. federal income tax purposes) or other pass-through entities, or investors therein.

This discussion does not address the U.S. federal income tax consequences to holders of ParentCo common stock who do not hold such stock as capital assets. Moreover, this discussion does not address any state, local or non-U.S. tax consequences or any estate, gift or other non-income tax consequences, or any considerations under U.S. federal laws other than those pertaining to the U.S. federal income tax. This discussion also does not address any tax consequences arising under the unearned Medicare contribution

tax pursuant to the Health Care and Education Reconciliation Act of 2010 or with respect to the Foreign Account Tax Compliance Act of 2010 (including the Treasury Regulations promulgated thereunder and any intergovernmental agreements entered in connection therewith and any laws, regulations or practices adopted in connection with any such agreement).

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds ParentCo common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Holders of ParentCo common stock that are partnerships and partners in such partnerships should consult their own tax advisors as to the tax consequences of the distribution.

For purposes of this discussion, a “U.S. holder” is a beneficial owner of ParentCo common stock that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or (2) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED HEREIN.

It is a condition to the distribution that ParentCo receive an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 355 and 368(a)(1)(D) of the Code. The opinion of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of Arconic Corporation and ParentCo (including those relating to the past and future conduct of Arconic Corporation and ParentCo). If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if Arconic Corporation or ParentCo breaches any of its respective representations or covenants contained in the separation agreement and certain other agreements and documents or in any documents relating to the opinion of counsel, such opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt by ParentCo of the opinion of counsel, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, representations, assumptions, statements or undertakings upon which the opinion of counsel was based is false or has been violated, or that the distribution and/or certain related transactions should be taxable for other reasons, including as a result of certain transactions occurring after the distribution. In addition, an opinion of counsel represents the judgment of such counsel and is not binding on the IRS or any court and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by ParentCo of the opinion of counsel, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or

that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, ParentCo, Arconic Corporation and ParentCo stockholders could be subject to significant U.S. federal income tax liability or tax indemnification obligations. Please refer to “— Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable” below.

Material U.S. Federal Income Tax Consequences if the Distribution, Together with Certain Related Transactions, Qualifies as a Transaction That is Generally Tax-Free Under Sections 355 and 368(a)(1)(D) of the Code.

If the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, the U.S. federal income tax consequences of the distribution are as follows:

- no gain or loss will be recognized by, and no amount will be includible in the income of ParentCo as a result of the distribution;
- no gain or loss will be recognized by (and no amount will be includible in the income of) U.S. holders upon the receipt of Arconic Corporation common stock in the distribution, except with respect to any cash received in lieu of fractional shares of Arconic Corporation common stock (as described below);
- the aggregate tax basis in the ParentCo common stock and the Arconic Corporation common stock received in the distribution (including any fractional share interest in Arconic Corporation common stock for which cash is received) in the hands of each U.S. holder immediately after the distribution will equal the aggregate basis of ParentCo common stock held by such U.S. holder immediately before the distribution, allocated between the ParentCo common stock and the Arconic Corporation common stock (including any fractional share interest in Arconic Corporation common stock for which cash is received) in proportion to the relative fair market value of each at the time of the distribution; and
- a U.S. holder’s holding period in the Arconic Corporation common stock received in the distribution (including any fractional share interest in Arconic Corporation common stock for which cash is received) will generally include the holding period of ParentCo common stock with respect to which the distribution is made.

A U.S. holder who receives cash in lieu of a fractional share of Arconic Corporation common stock in the distribution will be treated as having received such fractional share in the distribution and then sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and such U.S. holder’s adjusted tax basis in such fractional share. Such gain or loss will be long-term capital gain or loss if the U.S. holder’s holding period for its ParentCo common stock exceeds one year at the time of distribution.

If a U.S. holder of ParentCo common stock holds different blocks of ParentCo common stock (generally shares of ParentCo common stock purchased or acquired on different dates or at different prices), such holder should consult its tax advisor regarding the determination of the basis and holding period of shares of Arconic Corporation common stock received in the distribution in respect of particular blocks of ParentCo common stock.

Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable.

As discussed above, notwithstanding receipt by ParentCo of an opinion of counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, some or all of the consequences described above would not apply, and ParentCo, Arconic Corporation and ParentCo stockholders could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of ParentCo or Arconic Corporation could cause the distribution and certain related transactions to not qualify for tax-free treatment for U.S. federal income tax purposes. Depending on the circumstances, Arconic Corporation may be required to indemnify ParentCo for taxes (and certain related losses) resulting from the distribution and certain related transactions not qualifying as tax-free.

If the distribution fails to qualify as a tax-free transaction for U.S. federal income tax purposes, in general, ParentCo would recognize taxable gain as if it had sold the Arconic Corporation common stock in a taxable sale for its fair market value (unless ParentCo and Arconic Corporation jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (1) the ParentCo group would recognize taxable gain as if Arconic Corporation had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of the Arconic Corporation common stock and the assumption of all Arconic Corporation's liabilities and (2) Arconic Corporation would obtain a related step up in the basis of its assets), and ParentCo stockholders who receive Arconic Corporation common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Even if the distribution were to otherwise qualify as generally tax-free under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to ParentCo under Section 355(e) of the Code if the distribution were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in ParentCo or Arconic Corporation. For this purpose, any acquisitions of ParentCo or Arconic Corporation shares within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although ParentCo or Arconic Corporation may be able to rebut that presumption depending on the circumstances.

In connection with the distribution, Arconic Corporation and ParentCo will enter into a tax matters agreement pursuant to which Arconic Corporation will be responsible for certain liabilities and obligations following the distribution. In general, under the terms of the tax matters agreement, if the distribution, together with certain related transactions, were to fail to qualify as generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code (including as a result of Section 355(e) of the Code) or if certain related transactions were to fail to qualify for their intended tax treatment under applicable law and if such failure were the result of actions taken after the distribution by ParentCo or Arconic Corporation, the party responsible for such failure will be responsible for all taxes imposed on ParentCo or Arconic Corporation to the extent such taxes result from such actions. However, if such failure was the result of any acquisition of Arconic Corporation shares or assets, or of any of Arconic Corporation's representations, statements or undertakings contained in separation agreement and certain other agreements and documents or in any documents relating to the opinion of counsel being incorrect, incomplete or breached, Arconic Corporation generally will be responsible for all taxes imposed as a result of such acquisition or breach. For a discussion of the tax matters agreement, see "Certain Relationships and Related Person Transactions — Tax Matters Agreement." Arconic Corporation's indemnification obligations to ParentCo under the tax matters agreement are not expected to be limited in amount or subject to any cap. If Arconic Corporation is required to pay any taxes or indemnify ParentCo and its subsidiaries and their respective officers and directors under the circumstances set forth in the tax matters agreement, Arconic Corporation may be subject to substantial liabilities.

Backup Withholding and Information Reporting.

Payments of cash to U.S. holders of ParentCo common stock in lieu of fractional shares of Arconic Corporation common stock may be subject to information reporting and backup withholding (currently, at a rate of 24%), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE FOREGOING DISCUSSION DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OF OTHER JURISDICTIONS OR THAT MAY APPLY TO PARTICULAR HOLDERS OR CATEGORIES OF HOLDERS. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE

PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.

DESCRIPTION OF MATERIAL INDEBTEDNESS

In connection with the separation and distribution, Arconic Corporation has entered into or expects to enter into the material debt agreements described below.

Senior Credit Facilities

We expect to enter into the Senior Credit Facilities (as defined below) pursuant to a credit agreement with a syndicate of lenders named therein and JPMorgan Chase Bank, N.A., as administrative agent.

We expect the credit agreement will provide for (i) the Term Loan B Facility (the “Term Facility”) in an aggregate principal amount of \$600 million and (ii) the Revolving Credit Facility in an aggregate principal amount of \$1 billion (the “Revolving Credit Facility” and together with the Term Facility, the “Senior Credit Facilities”). Letters of credit will be available for issuance under the credit agreement on terms and conditions customary for financings of this kind, which issuances will reduce availability under the Revolving Credit Facility. We can provide no assurance that the conditions precedent to the availability of the Senior Credit Facilities will be satisfied on the distribution date or any other time or that the Senior Credit Facilities will be available to us to finance, in part, the separation and distribution.

We expect to use the Term Facility to finance, in part, a distribution of cash to ParentCo in connection with the separation and distribution, subject to the satisfaction of certain closing conditions customary for financings of this type and the payment of certain upfront fees and/or original issue discount in respect of the Senior Credit Facilities. A portion of the Revolving Credit Facility will be available to be drawn for working capital and other general corporate purposes on the effective date of the Senior Credit Facilities. After the effective date, the letters of credit and Revolving Credit Facility will be available for working capital and other general corporate purposes from time to time prior to the final maturity of the Revolving Credit Facility.

Maturity

We expect that the Revolving Credit Facility will mature five years after the effective date of the Senior Credit Facilities, with certain extension rights in the discretion of each lender. We expect that the Term Facility will mature seven years after the effective date of the Senior Credit Facilities, with certain extension rights in the discretion of each lender.

Interest Rate and Fees

The Senior Credit Facilities are expected to be subject to an interest rate, at our option, of either (a) base rate (“ABR”) determined by reference to the highest of (1) the rate of interest last quoted by *The Wall Street Journal* as the “prime rate” in the United States, (2) the greater of the federal funds effective rate and the overnight bank funding rate, plus 0.5% and (3) the one-month adjusted LIBOR rate, plus 1% per annum or (b) an adjusted LIBOR rate (which shall not be less than zero). We expect the applicable margin for the Revolving Credit Facility will vary based on our leverage ratio. Accordingly, the interest rates for the Senior Credit Facilities will fluctuate during the term of the credit agreement based on changes in the ABR, LIBOR or future changes in our leverage ratio. We expect that interest payments with respect to the Term Facility will be required either on a quarterly basis (for ABR loans) or at the end of each interest period (for LIBOR based loans) or, if the duration of the applicable interest period exceeds three months, then every three months.

In addition to paying interest on outstanding borrowings under the Revolving Credit Facility, we will be required to pay applicable lenders a quarterly commitment fee based on the unused portion of the Revolving Credit Facility, which will also be determined by our leverage ratio.

We will be obligated to make quarterly principal payments throughout the term of the Term Facility according to the amortization provisions in the Senior Credit Facilities, as such payments may be reduced from time to time in accordance with the terms of the Senior Credit Facilities as a result of the application of loan prepayments made by us, if any, prior to the scheduled date of payment thereof.

Prepayments

We expect the Senior Credit Facilities to include voluntary prepayment provisions, which will allow us to voluntarily prepay borrowings under the Senior Credit Facilities without premium or penalty, subject to a 1.00% prepayment premium in connection with any repricing transaction with respect to the Term Facility in the first six months after the effective date of the Senior Credit Facilities and customary “breakage” costs with respect to LIBOR based loans. We anticipate that the Senior Credit Facilities will also permit us to reduce the commitments under the Revolving Credit Facility, in whole or in part, in each case, subject to certain minimum amounts and increments.

We expect the Senior Credit Facilities to also contain certain mandatory prepayment provisions relating to (i) the incurrence of certain types of indebtedness, (ii) receipt of net cash proceeds from certain non-ordinary course asset sales or other dispositions of property or (iii) starting with the fiscal year ending on December 31, 2021, 50% of excess cash flow on an annual basis (with step-downs to 25% and 0% subject to compliance with certain leverage ratios), in each case subject to terms and conditions customary for financings of this kind.

Credit Parties; Guarantees and Security

The Company will be the borrower under the Senior Credit Facilities. Additional subsidiaries of ours may be added as borrowers and guarantors of the Senior Credit Facilities from time to time on the terms and conditions set forth in the Senior Credit Facilities. The obligations under the Senior Credit Facilities will be guaranteed by certain of our existing and future direct and indirect wholly owned material subsidiaries organized under the laws of the United States, any state thereof or the District of Columbia, subject to certain exceptions set forth in the Senior Credit Facilities (the Company and the guarantors collectively, the “Loan Parties”). All obligations of the Company and the guarantors of the Senior Credit Facilities will be secured by, subject to certain exceptions (including a limitation of pledges of voting equity interests in certain foreign subsidiaries to 65% and certain thresholds with respect to real property), a first priority lien on substantially all assets of the Loan Parties. The foregoing guarantees and collateral will also benefit and secure, on a *pari passu* basis, obligations of certain members of the Company and its restricted subsidiaries under certain swap contracts, cash management arrangements, commercial obligations and supply chain financing arrangements with lenders under the Senior Credit Facilities or their affiliates.

Representations and Warranties

We expect the Senior Credit Facilities to contain certain representations and warranties (subject to certain agreed qualifications), including, among others, (i) status, binding obligations, non-conflict with other obligations, power and authority and validity, (ii) solvency, taxation and litigation matters, (iii) financial statements and reports, (iv) property ownership, (v) investment company status, (vi) government approvals, (vii) environmental matters and (viii) compliance with sanctions and anti-corruption laws.

Certain Covenants

We expect the Senior Credit Facilities to contain certain affirmative and negative covenants customary for financings of this type that, among other things, limit our and our subsidiaries’ ability to incur additional indebtedness or liens, to dispose of assets, to make certain fundamental changes, to enter into restrictive agreements, to make certain investments, loans, advances, guarantees and acquisitions, to prepay certain indebtedness and to pay dividends, to make other distributions or redemptions/repurchases, in respect of our and our subsidiaries’ equity interests, to engage in transactions with affiliates and to amend certain material documents.

In addition, we expect the Senior Credit Facilities will also contain financial covenants requiring the maintenance of a consolidated total leverage ratio of not greater than 2.50 to 1.00 (with a step-down to 2.25 after the first full fiscal year) and a consolidated interest coverage ratio of not less than 3.00 to 1.00.

Events of Default

We expect the Senior Credit Facilities will contain customary events of default, including with respect to a failure to make payments under the Senior Credit Facilities, cross-default, certain bankruptcy and insolvency events and customary change of control events.

Senior Secured Second-Priority Notes

On February 7, 2020, Arconic Corporation completed an offering of \$600 million aggregate principal amount of Arconic Corporation's 6.125% Senior Secured Second-Lien Notes due 2028 (the "notes"). The notes and related guarantees have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The notes were issued pursuant to an indenture, dated February 7, 2020 (the "Indenture"), among the Arconic Corporation, the guarantors from time to time party thereto, U.S. Bank National Association, as trustee (the "Trustee"), U.S. Bank National Association, as collateral agent, and U.S. Bank National Association, as registrar, paying agent and authenticating agent.

Concurrently with the closing of the notes, Arconic Corporation deposited (i) the net proceeds from the offering of notes and (ii) an additional amount of cash sufficient to fund the redemption of the notes at the maximum possible Special Mandatory Redemption Price (as described below) and to pay all regularly scheduled interest on the notes to, but excluding, the latest possible redemption date for the Special Mandatory Redemption (as defined below). The net proceeds from the sale of the notes will be used by Arconic Corporation, together with borrowings under the Senior Credit Facilities, (i) to distribute cash to ParentCo in connection with the separation and distribution and (ii) for general corporate purposes. The proceeds from the notes offering will be held in escrow until satisfaction of certain conditions precedent set forth in the Escrow Agreement (as defined below). If (1) the separation and distribution have not been completed on or before August 1, 2020 (the "Outside Date") or the other conditions for the release of escrow have not been satisfied by such date or (2) prior to the Outside Date, Arconic Corporation has delivered to the Trustee and SunTrust Bank (the "Escrow Agent") an officer's certificate stating that the separation and distribution have been abandoned or that the conditions for the release of escrow will not be satisfied, then Arconic Corporation will redeem (the "Special Mandatory Redemption") the notes at a redemption price (the "Special Mandatory Redemption Price") equal to (a) 100% of the principal amount of the notes if on or prior to June 6, 2020 or (b) 101% of the principal amount of the notes if after June 6, 2020, in each case, plus the accrued and unpaid interest to, but excluding, the redemption date.

Notes Guarantees

Prior to the escrow release date, the notes will not be guaranteed. From and after the escrow release date, the notes will be guaranteed on a senior secured second-priority basis by each of our wholly owned domestic subsidiaries that are guarantors under the Senior Credit Facilities (the "guarantors") and the notes and the related guarantees will be secured on a second-priority basis by liens on the assets of Arconic Corporation and the guarantors that secure the obligations under the Senior Credit Facilities on a first-priority basis, subject to the Intercreditor Agreement (as defined below). Each of the guarantors will be released from their note guarantees upon the occurrence of certain events, including the release of such guarantor from its obligations as guarantor under the Senior Credit Facilities.

Maturity and Interest Payments

The notes mature on February 15, 2028. Interest on the notes accrues at 6.125% per annum and will be paid semi-annually, in arrears, on February 15 and August 15 of each year, commencing on August 15, 2020.

Intercreditor Agreement

Pursuant to an intercreditor agreement (the "Intercreditor Agreement") between the administrative agent for the Senior Credit Facilities as the first-priority collateral agent, the notes collateral agent as the second-priority collateral agent, Arconic Corporation and the guarantors, the liens securing the notes will be expressly made junior in priority to all liens that secure the Senior Credit Facilities and all future first-priority lien debt of Arconic Corporation and the guarantors. Consequently, the second-priority liens securing the notes may not be enforced at any time when any obligations with respect to first-priority lien indebtedness are outstanding, subject to certain limited exceptions. In certain circumstances, a release of the liens securing the first-priority indebtedness will automatically trigger a release of the second-priority liens securing the notes on the same collateral. The holders of first-priority lien debt will receive all proceeds from any realization on the collateral until all obligations secured by the first-priority liens are paid and discharged.

Redemption

On and after February 15, 2023, Arconic Corporation may redeem all or a portion of the notes at the redemption prices (expressed in percentages of principal amount on the redemption date) set forth under the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. At any time prior to such date, Arconic Corporation may redeem all or a portion of the notes at the “make-whole” redemption prices set forth under the Indenture. Additionally, at any time prior to February 15, 2023, Arconic Corporation may, on one or more occasions, redeem up to 40% of the aggregate principal amount of the notes at a redemption price equal to 106.125% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, with the net cash proceeds of certain equity offerings.

Certain Covenants

The Indenture limits Arconic Corporation’s and its restricted subsidiaries’ ability to, among other things, make investments, loans, advances, guarantees and acquisitions; incur or guarantee additional debt and issue certain disqualified equity interests and preferred stock; make certain restricted payments, including a limit on dividends on equity securities or payments to redeem, repurchase or retire equity securities or other indebtedness; dispose of assets; create liens on assets to secure debt; engage in transactions with affiliates; enter into certain restrictive agreements; and consolidate, merge, sell or otherwise dispose of all or substantially all of their assets. These covenants are subject to a number of limitations and exceptions.

Additionally, upon certain events constituting a change of control under the Indenture, Arconic Corporation will be required to make an offer to repurchase the notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

Further, if Arconic Corporation or its restricted subsidiaries sell assets, under certain circumstances and subject to certain conditions, Arconic Corporation will be required to use any excess net proceeds of such sale above \$100 million to offer to purchase outstanding notes at a purchase price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture or the agreements governing such first priority obligations or other second priority obligations.

The Indenture also provides for customary events of default, which, if any of them occurs, may cause the principal of, premium, if any, interest and any other monetary obligations on all the then-outstanding notes issued under the Indenture to become, or to be declared, due and payable. Events of default (subject in certain cases to customary grace and cure periods), include, among others, default in payment of principal or premium on the notes, default for 30 days or more in the payment of interest on the notes, failure to perform or comply with certain obligations, covenants or agreements contained in the Indenture or the notes, default under certain other indebtedness, failure to pay certain final judgments, failure of certain guarantees to be enforceable, failure to comply with, or any breach of, any material provision of the Escrow Agreement, failure to pay or cause to be paid the Special Mandatory Redemption on the date that is five business days after notice of the Special Mandatory Redemption is delivered by Arconic Corporation, certain events of bankruptcy or insolvency and failure of certain security interests to be valid, subject to certain limitations and exceptions.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the separation and distribution, all of the outstanding shares of Arconic Corporation common stock will be owned beneficially and of record by ParentCo. Following the separation and distribution, Arconic Corporation expects to have outstanding an aggregate of approximately 108,604,051 shares of common stock based upon approximately 434,416,204 shares of ParentCo common stock issued and outstanding on January 31, 2020, excluding treasury shares, assuming no exercise of ParentCo options and applying the distribution ratio.

Stock Ownership of Certain Beneficial Owners

The following table shows all holders known to Arconic Corporation that are expected to be beneficial owners of more than 5% of the outstanding shares of Arconic Corporation common stock immediately following the completion of the distribution, based on information available as of February 6, 2020 and based upon the assumption that, for every four shares of ParentCo common stock held by such persons, they will receive one share of Arconic Corporation common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	11,529,889 ⁽¹⁾	10.17%
Elliott Investment Management L.P. 40 West 57th Street New York, NY 10019	10,391,414 ⁽²⁾	9.6%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	8,479,035 ⁽³⁾	7.8%
Orbis Investment Management Limited Orbis House 25 Front Street Hamilton, Bermuda HM11	7,221,179 ⁽⁴⁾	6.65%
Orbis Investment Management (U.S.), L.P. 600 Montgomery Street, Suite 3800 San Francisco, CA 94111		
First Pacific Advisors, LP J. Richard Atwood Steven T. Romick 11601 Wilshire Blvd., Suite 1200 Los Angeles, CA 90025	6,547,112 ⁽⁵⁾	6.03%

- (1) As of March 29, 2019, as reported in a Schedule 13G amendment dated April 8, 2019, The Vanguard Group, an investment adviser, reported that it had sole power to vote 503,765 shares of ParentCo common stock, shared power to vote 106,439 shares of ParentCo common stock, sole power to dispose of 45,517,911 shares of ParentCo common stock, and shared power to dispose of 601,646 shares of ParentCo common stock.
- (2) As of January 1, 2020, as reported in a Schedule 13D amendment dated January 13, 2020, Elliott Investment Management L.P. had shared power to vote and dispose of 41,565,658 shares of ParentCo common stock. In addition, Elliott International, L.P. and Elliott Associates L.P. collectively had economic exposure comparable to approximately 4.1% of the shares of ParentCo common stock outstanding pursuant to certain derivative agreements disclosed in the Schedule 13D amendment.
- (3) As of December 31, 2019, as reported in a Schedule 13G amendment dated February 5, 2020, BlackRock, Inc., a parent holding company, reported that it had sole power to vote 29,896,429 shares of ParentCo common stock and sole power to dispose of 33,916,141 shares of ParentCo common stock, and no shared voting or dispositive power.

- (4) As of December 31, 2018, as reported in a Schedule 13G amendment dated February 13, 2019, Orbis Investment Management Limited and Orbis Investment Management (U.S.), L.P. reported that they may be deemed to constitute a “group” for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and as such they had sole power to vote 28,884,716 shares of ParentCo common stock, sole power to dispose of 28,884,716 shares of ParentCo common stock, and no shared voting or dispositive power.
- (5) As of December 31, 2018, as reported in a Schedule 13G amendment dated February 11, 2019, First Pacific Advisors, LP (“FPA”), an investment adviser, and J. Richard Atwood and Steven T. Romick, each a controlling person of FPA, reported that they had shared power to vote 26,188,451 shares of ParentCo common stock, shared power to dispose of 26,188,451 shares of ParentCo common stock, and no sole voting or dispositive power.

Stock Ownership of Directors and Executive Officers

The following table shows the ownership of Arconic Corporation common stock, deferred share units and deferred restricted share units expected to be beneficially owned by our current directors, named executive officers, and our directors and current executive officers as a group immediately following the completion of the distribution, based on information available as of February 6, 2020 and based on the assumption that, for every four shares of ParentCo common stock held by such persons, they will receive one share of Arconic Corporation common stock. None of these individuals, or the group as a whole, would be expected to beneficially own more than 1% of our common stock immediately following the completion of the distribution. Each person listed in the following table had sole voting and investment power of the shares shown, except as noted in the footnotes below.

Name of Beneficial Owner	Shares of Common Stock ⁽¹⁾	Deferred Share Units ⁽²⁾	Deferred Restricted Share Units ⁽³⁾	Total
Directors				
William F. Austen	—	—	—	—
Christopher L. Ayers	1,875	7,310	—	9,185
Margaret “Peg” S. Billson	—	—	—	—
Austin G. Camporin	—	—	—	—
Jacques Croisetiere	—	—	—	—
Elmer L. Doty ⁽⁴⁾	17,670	4,321	—	21,991
Carol S. Eicher	—	—	—	—
Frederick “Fritz” A. Henderson	—	—	—	—
E. Stanley O’Neal	—	10,418	11,717	22,135
Jeffrey Stafeil	—	—	—	—
Executive Officers				
Erick R. Asmussen	—	—	—	—
Timothy D. Myers*	27,922	5,139	24,744	57,805
Diana C. Toman	—	—	—	—
Mary Zik	1,624	—	2,820	4,444
All directors and executive officers as a group (14 persons)	49,091	27,188	39,281	115,560

* Also serves as a director.

- (1) This column shows beneficial ownership of Arconic Corporation common stock as calculated under SEC rules. Unless otherwise noted, each director and named executive officer has sole voting and investment power over the shares of Arconic Corporation common stock reported. None of the shares

are subject to pledge. This column includes shares held of record, shares held by a bank, broker or nominee for the person's account, shares held through family trust arrangements, and for executive officers, share equivalent units held in the Arconic Corporation Retirement Savings Plan, which confer voting rights through the plan trustee with respect to shares of Arconic Corporation common stock. This column also includes shares of Arconic Corporation common stock that may be acquired under employee stock options that are exercisable as of February 6, 2020 or will become exercisable within 60 days after February 6, 2020 as follows: Mr. Myers (10,566); and Ms. Zik (1,624); and all executive officers as a group (12,190). No awards of stock options have been made to non-employee directors.

- (2) This column lists (i) for executive officers, deferred share equivalent units held under the Arconic Corporation Deferred Compensation Plan, and (ii) for directors, deferred share equivalent units held under the Arconic Corporation Deferred Fee Plan for Directors. Each deferred share equivalent unit tracks the economic performance of one share of Arconic Corporation common stock and is fully vested upon grant, but does not have voting rights. Upon a holder's separation from Arconic Corporation, the deferred share units are settled in cash at a value equivalent to the then-prevailing market value of our common stock.
- (3) This column lists deferred restricted share units issued under the Arconic Corporation 2020 Stock Incentive Plan. Each deferred restricted share unit is an undertaking by Arconic Corporation to issue to the recipient one share of Arconic Corporation common stock upon settlement. The annual deferred restricted share units to directors vest on the first anniversary of the grant date, or, if earlier, the date of the next subsequent annual meeting of stockholders following the grant date, subject to continued service through the vesting date (however, accelerated vesting provisions apply for certain termination scenarios, such as death and change in control, and pro rata vesting provisions apply in the event of a director's termination of service for any other reason). Deferred restricted share units granted in lieu of cash compensation pursuant to a director's deferral election are fully vested at grant.
- (4) Includes 1,500 shares held by a revocable trust of which Mr. Doty and his spouse are trustees and beneficiaries.

DESCRIPTION OF ARCONIC CORPORATION CAPITAL STOCK

Arconic Corporation's certificate of incorporation and bylaws will be amended and restated prior to the distribution. The following briefly summarizes the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and amended and restated bylaws. These summaries do not describe every aspect of these securities and documents and are subject to all the provisions of our amended and restated certificate of incorporation or amended and restated bylaws that will be in effect at the time of the distribution, and are qualified in their entirety by reference to these documents, which you should read (along with the applicable provisions of Delaware law) for complete information on our capital stock as of the time of the distribution. The amended and restated certificate of incorporation and amended and restated bylaws, each in a form expected to be in effect at the time of the distribution, are included as exhibits to Arconic Corporation's registration statement on Form 10, of which this information statement forms a part. We will include our amended and restated certificate of incorporation and amended and restated bylaws, as in effect at the time of the distribution, in a Current Report on Form 8-K filed with the SEC. The following also summarizes certain relevant provisions of the DGCL. Since the terms of the DGCL are more detailed than the general information provided below, you should read the actual provisions of the DGCL for complete information.

General

Arconic Corporation's authorized capital stock will consist of 150,000,000 shares of common stock, par value \$0.01 per share, and 10,000,000 shares of preferred stock, par value \$0.01 per share.

Immediately following the distribution, we expect that approximately 108,604,051 shares of our common stock will be issued and outstanding (based on 434,416,204 shares of ParentCo common stock outstanding as of January 31, 2020), all of which will be fully paid and nonassessable, and that no shares of our preferred stock will be issued and outstanding.

Arconic Corporation's common stock is expected to be listed on the NYSE under the symbol "ARNC".

Dividend Rights

Holders of Arconic Corporation common stock will be entitled to receive dividends as declared by Arconic Corporation's Board of Directors. However, no dividend will be declared or paid on the Arconic Corporation common stock until Arconic Corporation has paid (or declared and set aside funds for payment of) all dividends that have accrued on all classes of outstanding preferred stock, if any.

Voting Rights

Holders of Arconic Corporation common stock will be entitled to one vote per share.

Liquidation Rights

Upon any liquidation, dissolution or winding up of Arconic Corporation, whether voluntary or involuntary, after payments to creditors and holders of preferred stock of amounts to which they are then entitled under the terms of any classes or series of preferred stock and Arconic Corporation's amended and restated certificate of incorporation, plus any accrued dividends, Arconic Corporation's remaining assets will be divided among holders of Arconic Corporation common stock. Under the amended and restated certificate of incorporation, the consolidation or merger of Arconic Corporation with or into any other corporation or corporations or share exchange or division involving Arconic Corporation in pursuance of applicable statutes providing for the consolidation, merger, share exchange or division shall not be deemed a liquidation, dissolution or winding up of Arconic Corporation.

Preemptive or Other Subscription Rights

Holders of Arconic Corporation common stock will not have any preemptive right to subscribe for any securities of Arconic Corporation.

Conversion and Other Rights

No conversion, redemption or sinking fund provisions will apply to the Arconic Corporation common stock, and the Arconic Corporation common stock will not be liable to further call or assessment by Arconic Corporation.

Other Matters

Limitation of Liability

Delaware law permits a corporation to adopt a provision in its certificate of incorporation eliminating or limiting, with exceptions, the monetary liability of a director to the corporation or its stockholders for breach of the director's fiduciary duties. Arconic Corporation's amended and restated certificate of incorporation will include provisions that eliminate the liability of directors to Arconic Corporation or its stockholders for monetary damages for a breach of fiduciary duties as directors to the fullest extent permitted by Delaware law. Under Delaware law, such a provision may not eliminate or limit a director's monetary liability for: (i) breaches of the director's duty of loyalty to the corporation or its stockholders; (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violation of law; (iii) the payment of unlawful dividends or stock repurchases or redemptions; or (iv) transactions in which the director received an improper personal benefit.

Anti-Takeover Effects

Certain provisions of Delaware law and Arconic Corporation's amended and restated certificate of incorporation and amended and restated bylaws may have certain anti-takeover effects and may delay, defer or prevent a change in control of Arconic Corporation.

Under Section 203 of the DGCL, a Delaware corporation is generally prohibited from engaging in a "business combination" with an "interested stockholder" for three years following the time that such person or entity becomes an interested stockholder, unless (i) prior to the time that such stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the outstanding voting stock, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares (A) owned by persons who are directors and also officers and (B) in employee stock plans in which employee participants do not have the right to determine confidentially whether shares subject to the plan will be tendered in a tender or exchange offer, or (iii) at or following the time that such stockholder become an interested stockholder, the board of directors and two-thirds of the shares (other than owned by the interested stockholder) approve the transaction. A corporation may "opt out" of Section 203 of the DGCL in its certificate of incorporation. Arconic Corporation will not "opt out" of, and will be subject to, Section 203 of the DGCL.

In addition, Arconic Corporation's amended and restated certificate of incorporation and amended and restated bylaws will contain provisions which:

- provide that the Board of Directors may authorize the issuance from time to time of shares of preferred stock and in general may fix the designations, powers, rights, preferences, qualifications, limitations and restrictions thereof;
- establish advance notice requirements for stockholders to nominate candidates for election as directors or present other business for consideration at meetings of stockholders; and
- pursuant to Section 115 of the DGCL, provide that the sole and exclusive forum for certain "internal corporate claims" will be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware).

The above provisions of Arconic Corporation's amended and restated certificate of incorporation and amended and restated bylaws may have certain anti-takeover effects.

Listing

We intend to apply to have our shares of common stock listed on the NYSE under the symbol “ARNC.”

Sale of Unregistered Securities

On August 14, 2019, Arconic Corporation issued 1,000 shares of its common stock to ParentCo pursuant to Section 4(a)(2) of the Securities Act. We did not register the issuance of the issued shares under the Securities Act because such issuance did not constitute a public offering.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for our common stock will be Computershare.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Arconic Corporation and Arconic Corporation common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement include the material terms of such contract or other document. However, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the Internet website maintained by the SEC at www.sec.gov. **Information contained on or connected to any website referenced in this information statement is not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

As a result of the distribution, Arconic Corporation will become subject to the information and reporting requirements of the Exchange Act, and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our common stock with annual reports containing combined financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of Arconic Inc.

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of the rolled aluminum products, aluminum extrusions, architectural products, and Latin America extrusions operations of Arconic Inc. (collectively, “Arconic Rolled Products Corporation” or the “Company”) as of December 31, 2018 and December 31, 2017, and the related statements of combined operations, of combined comprehensive income (loss), of combined cash flows, and of changes in combined equity for each of the three years in the period ended December 31, 2018, including the related notes (collectively referred to as the “combined financial statements”). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and December 31, 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s combined financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these combined financial statements in accordance with the standards of the PCAOB and 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 of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the combined financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania

October 30, 2019

We have served as the Company’s auditor since 2019.

Arconic Rolled Products Corporation
Statement of Combined Operations
(in millions)

For the year ended December 31,	2018	2017	2016
Sales to unrelated parties	\$7,236	\$6,642	\$6,481
Sales to related parties (A)	206	182	180
Total Sales (C and D)	7,442	6,824	6,661
Cost of goods sold (exclusive of expenses below)	6,549	5,866	5,602
Selling, general administrative, and other expenses	288	361	396
Research and development expenses	63	66	83
Provision for depreciation and amortization	272	266	257
Restructuring and other charges (E)	(104)	133	67
Operating income	374	132	256
Interest expense (F)	129	168	97
Other expenses (income), net (G)	4	(287)	(9)
Income before income taxes	241	251	168
Provision for income taxes (I)	71	42	13
Net income	170	209	155
Less: Net income attributable to noncontrolling interests	—	—	—
Net income attributable to Arconic Rolled Products Corporation	\$ 170	\$ 209	\$ 155

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

Arconic Rolled Products Corporation
Statement of Combined Comprehensive Income (Loss)
(in millions)

For the year ended December 31,	Arconic Rolled Products Corporation			Noncontrolling interests			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Net income	\$ 170	\$ 209	\$155	\$—	\$—	\$—	\$ 170	\$ 209	\$155
Other comprehensive (loss) income, net of tax (K):									
Change in unrecognized net actuarial loss and prior service cost related to pension and other postretirement benefits	4	(4)	(4)	—	—	—	4	(4)	(4)
Foreign currency translation adjustments	(164)	(214)	334	—	2	(1)	(164)	(212)	333
Total Other comprehensive (loss) income, net of tax	(160)	(218)	330	—	2	(1)	(160)	(216)	329
Comprehensive income (loss)	\$ 10	\$ (9)	\$485	\$—	\$ 2	\$ (1)	\$ 10	\$ (7)	\$484

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

Arconic Rolled Products Corporation
Combined Balance Sheet
(in millions)

December 31,	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 81	\$ 126
Receivables from customers, less allowances of \$2 in 2018 and \$5 in 2017(A)	408	423
Other receivables	127	123
Inventories (L)	818	804
Prepaid expenses and other current assets	42	64
Total current assets	1,476	1,540
Properties, plants, and equipment, net (M)	2,861	2,861
Goodwill (N)	385	394
Deferred income taxes (I)	15	26
Other noncurrent assets	58	81
Total assets	<u>\$4,795</u>	<u>\$4,902</u>
Liabilities		
Current liabilities:		
Accounts payable, trade	\$1,165	\$ 958
Accrued compensation and retirement costs	66	74
Taxes, including income taxes	37	51
Environmental remediation (S)	69	30
Other current liabilities	56	77
Total current liabilities	1,393	1,190
Long-term debt (O)	250	250
Deferred income taxes (I)	82	92
Accrued pension and other postretirement benefits (H)	55	59
Environmental remediation (S)	170	236
Other noncurrent liabilities and deferred credits (P)	168	68
Total liabilities	2,118	1,895
Contingencies and commitments (S)		
Equity		
Parent Company net investment (A)	2,415	2,584
Accumulated other comprehensive income (K)	250	410
Sub-total equity	2,665	2,994
Noncontrolling interests	12	13
Total equity	2,677	3,007
Total liabilities and equity	<u>\$4,795</u>	<u>\$4,902</u>

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

Arconic Rolled Products Corporation
Statement of Combined Cash Flows
(in millions)

For the year ended December 31,	2018	2017	2016
Operating Activities			
Net income	\$ 170	\$ 209	\$ 155
Adjustments to reconcile net income to cash provided from operations:			
Depreciation and amortization	272	266	257
Deferred income taxes (I)	(4)	29	(31)
Restructuring and other charges (E)	(104)	133	67
Net loss (gain) from investing activities — asset sales (G)	4	(267)	3
Net periodic pension benefit cost (H)	5	5	5
Stock-based compensation (J)	22	30	26
Other	1	(2)	7
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:			
(Increase) in receivables	(24)	(32)	(7)
(Increase) in inventories	(51)	(137)	(25)
Decrease (Increase) in prepaid expenses and other current assets	24	(4)	(8)
Increase in accounts payable, trade	247	71	190
(Decrease) in accrued expenses	(38)	(51)	(21)
Increase (Decrease) in taxes, including income taxes	1	(32)	12
Pension contributions (H)	(4)	(4)	(2)
(Increase) in noncurrent assets	(2)	(14)	(19)
(Decrease) Increase in noncurrent liabilities	(16)	(18)	9
Cash provided from operations	<u>503</u>	<u>182</u>	<u>618</u>
Financing Activities			
Net transfers (to) from Parent Company	(531)	148	(292)
Contributions from noncontrolling interests	—	—	11
Distributions to noncontrolling interests	—	(14)	—
Other	(5)	2	3
Cash (used for) provided from financing activities	<u>(536)</u>	<u>136</u>	<u>(278)</u>
Investing Activities			
Capital expenditures	(317)	(241)	(350)
Proceeds from the sale of assets and businesses (R)	307	(9)	—
Cash used for investing activities	<u>(10)</u>	<u>(250)</u>	<u>(350)</u>
Effect of exchange rate changes on cash and cash equivalents and restricted cash			
	(2)	4	(3)
Net change in cash and cash equivalents and restricted cash (B)	(45)	72	(13)
Cash and cash equivalents and restricted cash at beginning of year (B)	126	54	67
Cash and cash equivalents and restricted cash at end of year (B)	<u>\$ 81</u>	<u>\$ 126</u>	<u>\$ 54</u>

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

Arconic Rolled Products Corporation
Statement of Changes in Combined Equity
(in millions)

	Parent Company net investment	Accumulated other comprehensive income	Noncontrolling interests	Total equity
Balance at December 31, 2015	\$ 2,645	\$ 298	\$ 13	\$2,956
Net income	155	—	—	155
Other comprehensive income (loss) (K)	—	330	(1)	329
Change in ParentCo contribution	(623)	—	—	(623)
Contributions	—	—	11	11
Other	—	—	2	2
Balance at December 31, 2016	<u>\$ 2,177</u>	<u>\$ 628</u>	<u>\$ 25</u>	<u>\$2,830</u>
Net income	209	—	—	209
Other comprehensive (loss) income (K)	—	(218)	2	(216)
Change in ParentCo contribution	198	—	—	198
Distributions	—	—	(14)	(14)
Balance at December 31, 2017	<u>\$ 2,584</u>	<u>\$ 410</u>	<u>\$ 13</u>	<u>\$3,007</u>
Net income	170	—	—	170
Other comprehensive loss (K)	—	(160)	—	(160)
Change in ParentCo contribution	(339)	—	—	(339)
Other	—	—	(1)	(1)
Balance at December 31, 2018	<u>\$ 2,415</u>	<u>\$ 250</u>	<u>\$ 12</u>	<u>\$2,677</u>

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

Arconic Rolled Products Corporation
Notes to the Combined Financial Statements
(dollars in millions)

A. The Proposed Separation and Basis of Presentation

References in these Notes to (i) “ParentCo” refer to Arconic Inc., a Delaware corporation, and its consolidated subsidiaries, and (ii) “2016 Separation Transaction” refer to the separation of Alcoa Inc. a Pennsylvania corporation, into two standalone, publicly traded companies, Arconic Inc. and Alcoa Corporation on November 1, 2016.

The Proposed Separation. On February 8, 2019, ParentCo announced that its Board of Directors approved a plan to separate into two standalone, publicly-traded companies (the “Separation”). The spin-off company, Arconic Rolled Products Corporation (“Arconic Corporation” or the “Company”), will include the rolled aluminum products, aluminum extrusions, and architectural products operations of ParentCo, as well as the Latin America extrusions operations sold in April 2018 (see Note R), (collectively, the “Arconic Corporation Businesses”). The existing publicly traded company, ParentCo, will continue to own the engines, engineered structures, fastening systems, and forged wheels operations (collectively, the “Howmet Aerospace Businesses”).

The Separation will occur by means of a pro rata distribution by ParentCo of all of the outstanding shares of common stock of Arconic Corporation. In conjunction with the consummation of the Separation, ParentCo will change its name to Howmet Aerospace Inc. (“Howmet Aerospace”) and Arconic Rolled Products Corporation will change its name to Arconic Corporation.

The Separation, which is expected to be completed in the second quarter of 2020, is subject to a number of conditions, including, but not limited to: final approval by ParentCo’s Board of Directors; receipt of an opinion of legal counsel regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 335 and 368(a)(1)(D) of the U.S. Internal Revenue Code (i.e., a transaction that is generally tax-free for U.S. federal income tax purposes); and the U.S. Securities and Exchange Commission (the “SEC”) declaring effective the registration statement of which these Combined Financial Statements form a part.

Arconic Corporation and Howmet Aerospace will enter into several agreements to implement the legal and structural separation between the two companies; govern the relationship between Arconic Corporation and Howmet Aerospace after the completion of the Separation; and allocate between Arconic Corporation and Howmet Aerospace various assets, liabilities, and obligations, including, among other things, employee benefits, environmental liabilities, intellectual property, and tax-related assets and liabilities. One agreement in particular, the Separation and Distribution Agreement, will identify the assets to be transferred, the liabilities to be assumed, and the contracts to be transferred to each of Arconic Corporation and Howmet Aerospace as part of the Separation, and will provide for when and how these transfers and assumptions will occur.

ParentCo may, at any time and for any reason until the Separation is complete, abandon the separation plan or modify its terms.

ParentCo will incur costs to evaluate, plan, and execute the Separation, and Arconic Corporation will be allocated a pro rata portion of these costs based on segment revenue (see Cost Allocations below). The allocated amounts will be included in Selling, general administrative, and other expenses on Arconic Corporation’s Statement of Combined Operations.

Basis of Presentation. The Combined Financial Statements of Arconic Corporation are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, certain situations require management to make estimates based on judgments and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

Principles of Combination. The Combined Financial Statements of Arconic Corporation are prepared from ParentCo's historical accounting records and are presented on a standalone basis as if the Arconic Corporation Businesses have been conducted independently from ParentCo. Such Combined Financial Statements include the historical operations that are considered to comprise the Arconic Corporation Businesses, as well as certain assets and liabilities that have been historically held at ParentCo's corporate level but are specifically identifiable or otherwise attributable to Arconic Corporation. ParentCo's net investment in these operations is reflected as Parent Company net investment on the accompanying Combined Financial Statements. All significant transactions and accounts within Arconic Corporation have been eliminated. All significant intercompany transactions between ParentCo and Arconic Corporation are included within Parent Company net investment on the accompanying Combined Financial Statements.

Cost Allocations. The Combined Financial Statements of Arconic Corporation include general corporate expenses of ParentCo that were not historically charged to the Arconic Corporation Businesses for certain support functions that are provided on a centralized basis, such as expenses related to finance, audit, legal, information technology, human resources, communications, compliance, facilities, employee benefits and compensation, and research and development activities. These general corporate expenses are included on the accompanying Statement of Combined Operations within Cost of goods sold, Selling, general administrative and other expenses, and Research and development expenses. These expenses have been allocated to Arconic Corporation on the basis of direct usage when identifiable, with the remainder allocated based on the Arconic Corporation Businesses' segment revenue as a percentage of ParentCo's total segment revenue, as reported in the respective periods.

All external debt not directly attributable to Arconic Corporation has been excluded from the accompanying Combined Balance Sheet. Financing costs related to these debt obligations have been allocated to Arconic Corporation and are included on the accompanying Statement of Combined Operations within Interest expense. In general, the allocation was calculated as the capital invested by ParentCo in the Arconic Corporation Businesses to the total capital invested by ParentCo in all its businesses. For 2018, 2017, and the last two months of 2016, ParentCo's businesses were composed of the Arconic Corporation Businesses and the Howmet Aerospace Businesses. For the first ten months of 2016, ParentCo's businesses also included the Alcoa Corporation business, which was spun-off from ParentCo in the 2016 Separation Transaction; however, Alcoa Corporation did not assume any of ParentCo's corporate debt upon consummation of the 2016 Separation Transaction. Accordingly, for the periods subsequent to the 2016 Separation Transaction, Arconic Corporation was allocated a higher amount of interest expense due to the absence of the Alcoa Corporation business from the ratio.

The following table reflects the allocations described above:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cost of goods sold ⁽¹⁾	\$ 11	\$ 35	\$ 30
Selling, general administrative, and other expenses ⁽²⁾	56	120	141
Research and development expenses	24	28	33
Provision for depreciation and amortization	10	10	8
Restructuring and other charges (E) ⁽³⁾	50	6	9
Interest expense (F)	125	162	94
Other expenses (income), net (G) ⁽⁴⁾	(12)	(285)	(11)

(1) For all periods presented, amount principally relates to an allocation of expenses for ParentCo's retained pension and other postretirement benefit obligations associated with closed and sold operations.

(2) In 2017, amount includes an allocation of \$30 in costs related to ParentCo's proxy, advisory, and governance-related matters. Also, in 2016, amount includes an allocation of \$68 in separation costs associated with the 2016 Separation Transaction.

- (3) In 2018, amount includes an allocation of settlement and curtailment charges and benefits related to several actions taken (lump sum payments and benefit reductions) by ParentCo associated with pension and other postretirement benefit plans.
- (4) In 2017, amount includes an allocation of two gains related to ParentCo's investing and financing activities. Specifically, an allocation of \$182 associated with the sale of a portion of ParentCo's investment in Alcoa Corporation common stock and an allocation of \$87 related to an exchange of cash and the remaining portion of ParentCo's investment in Alcoa Corporation common stock to acquire a portion of ParentCo's outstanding debt. These amounts were allocated to Alcoa Corporation in preparing the accompanying Combined Financial Statements as the Company participates in ParentCo's centralized treasury function, which includes cash and debt management. As a result, Arconic Corporation benefitted from the cash received by ParentCo and/or the reduction of ParentCo debt, including the reduction in related interest cost, in the respective transactions.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs are reasonable.

Nevertheless, the Combined Financial Statements of Arconic Corporation may not include all of the actual expenses that would have been incurred and may not reflect Arconic Corporation's combined results of operations, financial position, and cash flows had it been a standalone company during the periods presented. Actual costs that would have been incurred if Arconic Corporation had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between Arconic Corporation and ParentCo, including sales to the Howmet Aerospace Businesses, have been presented as related party transactions in these Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected on the accompanying Statement of Combined Cash Flows as a financing activity and on the accompanying Combined Balance Sheet as Parent Company net investment.

Cash management. Cash is managed centrally with certain net earnings reinvested locally and working capital requirements met from existing liquid funds. Accordingly, the cash and cash equivalents held by ParentCo at the corporate level were not attributed to Arconic Corporation for any of the periods presented. Only cash amounts specifically attributable to Arconic Corporation are reflected in the accompanying Combined Balance Sheet. Transfers of cash, both to and from ParentCo's centralized cash management system, are reflected as a component of Parent Company net investment on the accompanying Combined Balance Sheet and as a financing activity on the accompanying Statement of Combined Cash Flows.

ParentCo has an arrangement with several financial institutions to sell certain customer receivables without recourse on a revolving basis. The sale of such receivables is completed through the use of a bankruptcy-remote special-purpose entity, which is a consolidated subsidiary of ParentCo. In connection with this arrangement, certain of Arconic Corporation's customer receivables are sold on a revolving basis to this bankruptcy-remote subsidiary of ParentCo; these sales are reflected as a component of Parent Company net investment on the accompanying Combined Balance Sheet. As of December 31, 2018 and 2017, the amount of Arconic Corporation's outstanding customer receivables sold to ParentCo's subsidiary was \$291 and \$267, respectively.

ParentCo participates in several account payable settlement arrangements with certain vendors and third-party intermediaries. These 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 and ParentCo makes payment to the third-party intermediary on the date stipulated in accordance with the commercial terms negotiated with its vendors. In connection with these arrangements, certain of Arconic Corporation's accounts payable are settled, at the vendor's request, before the scheduled payment date; these settlements are reflected as a component of Parent Company net investment on the accompanying Combined Balance Sheet. As of December 31, 2018 and 2017, the amount of Arconic Corporation's accounts payables settled under such arrangements that have yet to be extinguished between ParentCo and third-party intermediaries was \$1 and \$2, respectively.

Related Party Transactions. Transactions between the Arconic Corporation Businesses and the Howmet Aerospace Businesses have been presented as related party transactions on the accompanying Combined Financial Statements. In 2018, 2017, and 2016, sales to the Howmet Aerospace Businesses from the Arconic Corporation Businesses were \$206, \$182, and \$180, respectively.

B. Summary of Significant Accounting Policies

Cash Equivalents. Cash equivalents are highly liquid investments purchased with an original maturity of three months or less. The cash and cash equivalents held by ParentCo at the corporate level were not attributed to Arconic Corporation for any periods presented. Only cash amounts specifically attributable to Arconic Corporation were reflected in the Combined Balance Sheet.

Inventory Valuation. Inventories are carried at the lower of cost and net realizable value, with cost for virtually all U.S. inventories determined under the last-in, first-out (LIFO) method. The cost of other inventories is determined under a combination of the first-in, first-out (FIFO) and average-cost methods.

Properties, Plants, and Equipment. Properties, plants, and equipment are recorded at cost. Also, interest related to the construction of qualifying assets is capitalized as part of the construction costs. Depreciation is recorded principally on the straight-line method at rates based on the estimated useful lives of the assets. The following table details the weighted-average useful lives of structures and machinery and equipment by reporting segment (numbers in years):

	Structures	Machinery and equipment
Rolled Products	31	21
Extrusions	32	19
Building and Construction Systems	24	18

Repairs and maintenance are charged to expense as incurred. Gains or losses from the sale of asset groups are generally recorded in Restructuring and other charges while gains and losses from the sale of individual assets are recorded in Other expenses (income), net.

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

Goodwill. Goodwill is not amortized; instead, it is reviewed for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell, exit, or realign a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others, 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. The fair value that could be realized in an actual transaction may differ from that used to evaluate goodwill for impairment.

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. Beginning in April 2018, Arconic Corporation has three reporting units, the Rolled Products segment, the Extrusions segment, and the Building and Construction Systems segment, all of which contain goodwill. As of December 31, 2018, the carrying value of the goodwill for Rolled Products, Extrusions, and Building and Construction Systems was \$245, \$71, and \$69, respectively. Previously, Arconic Corporation had a fourth reporting unit, the Latin America Extrusions business, which was sold in April 2018. All goodwill (\$25) related to this reporting unit was impaired in 2015.

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 (greater 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 a quantitative impairment test (described below), otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the 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 quantitative impairment test.

Arconic Corporation determines annually, based on facts and circumstances, which of its reporting units will be subject to the qualitative assessment. For those reporting units where a qualitative assessment is either not performed or for which the conclusion is that an impairment is more likely than not, a quantitative impairment test will be performed. Arconic Corporation's policy is that a quantitative impairment test be performed for each reporting unit at least once during every three-year period.

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 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.

During the 2018 annual review of goodwill, management performed the qualitative assessment for the Extrusions reporting unit. Management concluded it was not more likely than not that the estimated fair value of this reporting unit was less than the carrying value. As such, no further analysis was required.

Under the quantitative impairment test, the evaluation of impairment involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. Arconic Corporation 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. Several significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including sales growth (volumes and pricing), production costs, capital spending, and discount rate. Certain of these assumptions may 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 WACC rate for the individual reporting units is estimated by management 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, Arconic Corporation would recognize an impairment charge equal to the excess of the reporting unit's carrying value over its fair value without exceeding the total amount of goodwill applicable to that reporting unit.

During the 2018 annual review of goodwill, management proceeded directly to the quantitative impairment test for the Rolled Products and Building and Construction Systems reporting units. The estimated fair value for both reporting units was substantially in excess of the respective carrying value, resulting in no impairment.

The annual review in 2017 and 2016 indicated that goodwill was not impaired for any of Arconic Corporation's reporting units and there were no triggering events that necessitated an impairment test for any of the reporting units.

Other Intangible Assets. Intangible assets with finite useful lives are amortized generally on a straight-line basis over the periods benefited. The following table details the weighted-average useful lives of software and other intangible assets by reporting segment (numbers in years):

	Software	Other intangible assets
Rolled Products	5	9
Extrusions	4	10
Building and Construction Systems	4	16

Environmental Matters. Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, which will not contribute to future revenues, are expensed. Liabilities are recorded when remediation costs are probable and 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, which are recognized when probable and as agreements are reached with third parties. The estimates also include costs related to other potentially responsible parties to the extent that Arconic Corporation has reason to believe such parties will not fully pay their proportionate 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.

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, among others, 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. 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 reasonably possible, the matter is disclosed and no liability is recorded. With respect to unasserted claims or assessments, management must first determine the probability 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.

Revenue Recognition. Arconic Corporation's contracts with customers are comprised of acknowledged purchase orders incorporating the Company's standard terms and conditions, or for larger customers, may also generally include terms under negotiated multi-year agreements. These contracts with customers typically consist of the manufacture of products which represent single performance obligations that are satisfied upon transfer of control of the product to the customer. Arconic Corporation produces aluminum sheet and plate; extruded, machined, and formed shapes; integrated aluminum structural systems; and architectural extrusions. Transfer of control is assessed based on alternative use of the products produced and Arconic Corporation's enforceable right to payment for performance to date under the contract terms. Transfer of control and revenue recognition generally occur upon shipment or delivery of the product, which is when title, ownership, and risk of loss pass to the customer and is based on the applicable shipping terms. The shipping terms vary across all businesses and depend on the product, the country of origin, and the type of transportation (truck, train, or vessel).

In certain circumstances, Arconic Corporation receives advanced payments from its customers for product to be delivered in future periods. These advanced payments are recorded as deferred revenue until the product is delivered and title and risk of loss have passed to the customer in accordance with the terms of the contract. Deferred revenue is included in Other current liabilities and Other noncurrent liabilities and deferred credits on the Combined Balance Sheet.

Stock-Based Compensation. Eligible employees attributable to Arconic Corporation operations participate in ParentCo's stock-based compensation plans. Until consummation of the Separation, these employees will continue to participate in ParentCo's stock-based compensation plans and Arconic Corporation will record compensation expense based on the awards granted to relevant employees. ParentCo recognizes compensation expense for employee equity grants using the non-substantive vesting period approach, in which the expense is recognized ratably over the requisite service period based on the

grant date fair value. The compensation expense recorded by Arconic Corporation, in all periods presented, includes the expense associated with employees historically attributable to Arconic Corporation operations, as well as the expense associated with the allocation of stock-based compensation expense for ParentCo's corporate employees. The fair value of new stock options is estimated on the date of grant using a lattice-pricing model. The fair value of performance stock units containing a market condition is valued using a Monte Carlo valuation model. Determining the fair value at the grant date requires judgment, including estimates for the average risk-free interest rate, dividend yield, volatility, and exercise behavior. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time.

Pensions and Other Postretirement Benefits. Certain employees attributable to Arconic Corporation operations participate in defined benefit pension and other postretirement benefit plans ("Shared Plans") sponsored by ParentCo, which also includes ParentCo participants. For purposes of these Combined Financial Statements, Arconic Corporation accounts for the portion of the Shared Plans related to its employees as multiemployer benefit plans. Accordingly, Arconic Corporation does not record an asset or liability to recognize the funded status of the Shared Plans. However, the related expense recorded by the Company is based primarily on pensionable compensation and estimated interest costs related to participants attributable to Arconic Corporation operations.

Certain ParentCo plans that are entirely attributable to employees of Arconic Corporation-related operations ("Direct Plans") are accounted for as defined benefit pension and other postretirement benefit plans for purposes of the Combined Financial Statements. Accordingly, the funded and unfunded position of each Direct Plan is recorded in the Combined Balance Sheet. Actuarial gains and losses that have not yet been recognized in earnings are recorded in accumulated other comprehensive income net of taxes, until they are amortized as a component of net periodic benefit cost. The determination of benefit obligations and recognition of expenses related to the Direct Plans are dependent on various assumptions, including discount rates, long-term expected rates of return on plan assets, and future compensation increases. ParentCo's management develops each assumption using relevant company experience in conjunction with market-related data for each individual location in which such plans exist.

Income Taxes. Arconic Corporation's operations have historically been included in the income tax filings of ParentCo. The provision for income taxes in Arconic Corporation's Statement of Combined Operations is based on a separate return methodology 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 calculated as if Arconic Corporation was a standalone taxpayer filing hypothetical income tax returns where applicable. Any additional accrued tax liability or refund arising as a result of this approach is assumed to be immediately settled with ParentCo as a component of Parent Company net investment. 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 Arconic Corporation's assets and liabilities and are adjusted for changes in tax rates and tax laws when enacted. Deferred tax assets are reflected in the Combined Balance Sheet for net operating losses, credits or other attributes to the extent that such attributes are expected to transfer to Arconic Corporation upon the Separation. Any difference from attributes generated in a hypothetical return on a separate return basis is adjusted as a component of Parent Company net investment.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50%) 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 Arconic Corporation's experience with similar operations. Existing favorable contracts and the ability to sell products 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 for the utilization of a deferred tax asset based on existing projections of income. Deferred tax assets for which no valuation allowance is

recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish 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 grant and lapse of tax holidays.

Arconic Corporation applies a tax law ordering approach when considering the need for a valuation allowance on net operating losses expected to offset Global Intangible Low Taxed Income (GILTI) income inclusions. Under this approach, reductions in cash tax savings are not considered as part of the valuation allowance assessment. Instead, future GILTI inclusions are considered a source of taxable income that support the realizability of deferred tax assets.

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 limitations has expired or the appropriate taxing authority has completed its 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.

Foreign Currency. The local currency is the functional currency for Arconic Corporation's significant operations outside the United States, except for certain operations in Canada and Russia, where the U.S. dollar is used as the functional currency. The determination of the functional currency for Arconic Corporation's operations is made based on the appropriate economic and management indicators.

Recently Adopted Accounting Guidance. 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 became effective for Arconic Corporation on January 1, 2018. Arconic Corporation adopted this new guidance using the modified retrospective transition approach applied to those contracts that were not completed as of January 1, 2018. There was no cumulative effect adjustment to the opening balance of Parent Company net investment in the accompanying Combined Balance Sheet, as the adoption did not result in a change to Arconic Corporation's timing of revenue recognition, which continues to be at a point in time (see Revenue Recognition above).

In August 2016, the FASB issued changes to the classification of certain cash receipts and cash payments within the statement of cash flows. The guidance identifies eight specific cash flow items and the sections where they must be presented within the statement of cash flows. These changes became effective for Arconic Corporation on January 1, 2018. The adoption of this guidance had no impact on the Combined Financial Statements.

In November 2016, the FASB issued changes to the classification of cash and cash equivalents within the statement of cash flow. Restricted cash and cash equivalents will be included within the cash and cash equivalents line on the cash flow statement and a reconciliation must be prepared to the statement of financial position. Transfers between restricted cash and cash and cash equivalents will no longer be presented as cash flow activities in the Statement of Combined Cash Flows and for material balances of restricted cash and cash equivalents, Arconic Corporation will disclose information regarding the nature of the restrictions. These changes became effective for Arconic Corporation on January 1, 2018 and have been applied retrospectively. The adoption of this guidance did not have a material impact on the Statement of Combined Cash Flows.

In March 2017, the FASB issued changes to the presentation of net periodic pension cost and net periodic postretirement benefit cost. The new guidance requires registrants to present the service cost component of net periodic benefit cost in the same income statement line item or items as other employee compensation costs arising from services rendered during the period. Also, only the service cost component will be eligible for asset capitalization. Entities will present the other components of net periodic benefit cost separately from the service cost component, and, the line item or items used in the income statement to present the other components of net periodic benefit cost must be disclosed. These changes became effective for Arconic Corporation on January 1, 2018 and were adopted retrospectively for the presentation of the service cost component and the other components of net periodic benefit cost in the Statement of Combined Operations, and prospectively for the asset capitalization of the service cost component of net periodic benefit cost. Arconic Corporation recorded the service related net periodic benefit cost within Cost of goods sold, Selling, general administrative, and other expenses and Research and development expenses and recorded the non-service related net periodic benefit cost (except for the curtailment cost which was recorded in Restructuring and other charges) separately from service cost in Other expenses (income), net within the Statement of Combined Operations. The impact of the retrospective adoption of this guidance was an immaterial change to Operating income, and no impact to Net income, for 2017 and 2016.

In May 2017, the FASB issued clarification to guidance on the modification accounting criteria for share-based payment awards. The new guidance requires entities to apply modification accounting unless three specific criteria are met. The three criteria are (i) the fair value of the award is the same before and after the modification, (ii) the vesting conditions are the same before and after the modification and (iii) the classification as a debt or equity award is the same before and after the modification. These changes became effective for Arconic Corporation on January 1, 2018 and were applied prospectively to new awards modified after adoption. The adoption of this guidance did not have a material impact on the Combined Financial Statements.

In February 2018, the FASB issued guidance that allows an optional reclassification from Accumulated other comprehensive income to Parent Company net investment for stranded tax effects resulting from the Tax Cuts and Jobs Act enacted on December 22, 2017. Stranded tax effects were created when U.S. deferred taxes, originally established in Other comprehensive income at 35%, were revalued to 21% as a component of income tax expense. Arconic Corporation elected to early adopt this provision in 2018. The adoption of this guidance had no impact on the Combined Financial Statements.

In August 2018, the FASB issued guidance which requires cloud computing arrangement implementation costs to be accounted for in accordance with the software stage model, regardless of whether the cloud computing arrangement contains a license. Arconic Corporation subsequently adopted this guidance in 2018. The adoption of this guidance did not have a material impact on the Combined Financial Statements.

On January 1, 2017, Arconic Corporation early adopted guidance issued by the FASB to the assessment of goodwill for impairment as it relates to the quantitative test. Prior to this guidance, there were two steps when performing a quantitative impairment test. The first step required an entity to compare the current fair value of a reporting unit to its carrying value. In the event the reporting unit's estimated fair value was less than its carrying value, an entity performed the second step, which was to compare the carrying amount of the reporting unit's goodwill with the implied fair value of that goodwill. 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 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 exceeded its implied fair value, an impairment loss equal to such excess was recognized. This guidance eliminates the second step of the quantitative impairment test. Accordingly, an entity would recognize an impairment of goodwill for a reporting unit, if under what was previously referred to as the first step, the estimated fair value of the reporting unit is less than the carrying value. The impairment would be equal to the excess of the reporting unit's carrying value over its fair value not to exceed the total amount of goodwill assigned to that reporting unit. The adoption of this guidance had no immediate impact on the Combined Financial Statements; however, this guidance will need to be considered each time the Company performs an assessment of goodwill for impairment under the quantitative test (see Goodwill above).

Recently Issued Accounting Guidance. In February 2016, the FASB issued changes to the accounting and presentation of leases. These changes require lessees to recognize a right of use asset and lease liability on the balance sheet for all leases with terms longer than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize a right of use asset and lease liability. Also, when measuring assets and liabilities arising from a lease, optional payments should be included only if the lessee is reasonably certain to exercise an option to extend the lease, exercise a purchase option, or not exercise an option to terminate the lease. As originally released, the standards update required application at the beginning of the earliest comparative period presented at the time of adoption. However, in July 2018, the FASB provided entities the option to instead apply the provisions of the new lease guidance at the effective date, without adjusting the comparative periods presented. Arconic Corporation will apply the provisions of the new lease guidance at the effective date, without adjusting the comparative periods presented. These changes become effective for Arconic Corporation on January 1, 2019.

As of December 31, 2018, Arconic Corporation's operating lease portfolio is primarily comprised of land and buildings, plant equipment, vehicles, and computer equipment. A cross-functional implementation team has determined the scope of arrangements that will be subject to this standard and continues to assess the impact to Arconic Corporation's systems, processes, and internal controls. Arconic Corporation has contracted with a third-party vendor to implement a software solution. Concurrently, Arconic Corporation has been compiling and uploading lease data into the software solution to account for leases under the new standard. Management has completed its evaluation of the impact of these changes on the Combined Balance Sheet, which will require right of use assets and lease liabilities be recorded for operating leases. Arconic Corporation has determined the impact of adoption on January 1, 2019 will result in a right of use asset and total lease liability related to operating leases of approximately \$160, while the accounting for capital leases will remain unchanged. Additionally, Arconic Corporation will reclassify cash proceeds of \$119 from Other noncurrent liabilities and deferred credits to Parent Company net investment reflecting the cumulative effect of an accounting change related to the sale-leaseback of the Texarkana, Texas cast house (see Note R). The adoption is not expected to have a material impact on the Statement of Combined Operations or Statement of Combined Cash Flows.

In June 2016, the FASB added a new impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. The CECL model applies to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments. The CECL model does not have a minimum threshold for recognition of impairment losses and entities will need to measure expected credit losses on assets that have a low risk of loss. These changes become effective for Arconic Corporation on January 1, 2020. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements.

In August 2017, the FASB issued guidance that will make more financial and nonfinancial hedging strategies eligible for hedge accounting. It also amends the presentation and disclosure requirements and changes how companies assess effectiveness. It is intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. These changes become effective for Arconic Corporation on January 1, 2019. For cash flow and net investment hedges existing at the date of adoption, Arconic Corporation will apply a cumulative-effect adjustment related to eliminating the separate measurement of ineffectiveness to Accumulated other comprehensive income with a corresponding adjustment to the opening balance of Parent Company net investment as of the beginning of the fiscal year in which the amendment is adopted. The amended presentation and disclosure guidance are required only prospectively. Arconic Corporation has engaged a third-party consultant to assist with a review of the Company's risk management and hedging strategies, with any changes to be implemented in conjunction with the adoption of the new guidance. Under the new guidance, management expects to utilize cash flow hedge accounting of its variable priced purchases and sales. Management determined that the adoption of this guidance will not have a material impact on the Combined Financial Statements.

In August 2018, the FASB issued guidance that impacts disclosures for defined benefit pension plans and other postretirement benefit plans. These changes become effective for Arconic Corporation's annual report for the year ending December 31, 2020, with early adoption permitted. Management has determined that the adoption of this guidance will not have a material impact on the Combined Financial Statements.

C. Revenue from Contracts with Customers

The following table disaggregates revenue by major end market served. Differences between segment totals and combined Arconic Corporation are in Corporate.

For the year ended December 31,	Rolled Products	Extrusions	Building and Construction Systems	Total Segments
2018				
Ground Transportation	\$2,585	\$107	\$ —	\$2,692
Building and Construction	217	—	1,140	1,357
Aerospace	895	285	—	1,180
Industrial Products	994	104	—	1,098
Packaging	1,005	—	—	1,005
Other	35	50	—	85
Total end-market revenue	<u>\$5,731</u>	<u>\$546</u>	<u>\$1,140</u>	<u>\$7,417</u>
2017				
Ground Transportation	\$2,110	\$ 92	\$ —	\$2,202
Building and Construction	204	—	1,065	1,269
Aerospace	887	273	—	1,160
Industrial Products	894	123	—	1,017
Packaging	995	—	—	995
Other	35	30	1	66
Total end-market revenue	<u>\$5,125</u>	<u>\$518</u>	<u>\$1,066</u>	<u>\$6,709</u>
2016				
Ground Transportation	\$1,683	\$ 81	\$ —	\$1,764
Building and Construction	200	—	1,010	1,210
Aerospace	944	309	—	1,253
Industrial Products	820	136	—	956
Packaging	1,328	—	—	1,328
Other	21	25	1	47
Total end-market revenue	<u>\$4,996</u>	<u>\$551</u>	<u>\$1,011</u>	<u>\$6,558</u>

D. Segment and Related Information

Segment Information

Arconic Corporation has three operating and reportable segments, which are organized by product on a global basis: Rolled Products, Extrusions, and Building and Construction Systems (see segment descriptions below). The chief operating decision maker function regularly reviews the financial information of these three segments to assess performance and allocate resources.

Segment performance under Arconic Corporation's management reporting system is evaluated based on several factors; however, the primary measure of performance is Segment operating profit. Arconic Corporation calculates Segment operating profit as Total sales (third-party and intersegment) minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation and amortization. Segment operating profit may not be comparable to similarly titled measures of other companies.

Segment assets include, among others, customer receivables (third-party and intersegment), inventories (including the impact of LIFO accounting), and properties, plants, and equipment, net.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies (see Note B). Transactions among segments are established based on negotiation among the parties.

The following are detailed descriptions of Arconic Corporation's reportable segments:

Rolled Products. This segment produces aluminum sheet and plate for a variety of end markets. Sheet and plate are sold directly to customers and through distributors related to the aerospace, automotive, commercial transportation, packaging, building and construction, and industrial products (mainly used in the production of machinery and equipment and consumer durables) end markets. A small portion of this segment also produces aseptic foil for the packaging end market. While the customer base for flat-rolled products is large, a significant amount of sales of sheet and plate is to a relatively small number of customers.

Extrusions. This segment produces a range of extruded and machined parts for the aerospace, automotive, commercial transportation, and industrial products end markets. These products are sold directly to customers and through distributors.

Building and Construction Systems. This segment manufactures products that are used in the non-residential building and construction end market. These products include integrated aluminum architectural systems and architectural extrusions, which are sold directly to customers and through distributors.

The operating results and assets of Arconic Corporation's reportable segments were as follows (differences between segment totals and Arconic Corporation's combined totals for line items not reconciled are in Corporate):

	Rolled Products	Extrusions	Building and Construction Systems	Total
2018				
Sales:				
Third-party sales – unrelated party	\$5,586	\$485	\$1,140	\$7,211
Third-party sales – related party	145	61	—	206
Intersegment sales	15	3	—	18
Total sales	<u>\$5,746</u>	<u>\$549</u>	<u>\$1,140</u>	<u>\$7,435</u>
Segment operating profit	\$ 328	\$ 1	\$ 91	\$ 420
Supplemental information:				
Provision for depreciation and amortization	\$ 212	\$ 23	\$ 18	\$ 253
Restructuring and other charges	(156)	—	(3)	(159)
2017				
Sales:				
Third-party sales – unrelated party	\$4,992	\$469	\$1,066	\$6,527
Third-party sales – related party	133	49	—	182
Intersegment sales	15	2	1	18
Total sales	<u>\$5,140</u>	<u>\$520</u>	<u>\$1,067</u>	<u>\$6,727</u>
Segment operating profit	\$ 384	\$ 34	\$ 82	\$ 500
Supplemental information:				
Provision for depreciation and amortization	\$ 205	\$ 22	\$ 16	\$ 243
Restructuring and other charges	73	—	11	84

	Rollo Products	Extrusions	Building and Construction Systems	Total
2016				
Sales:				
Third-party sales – unrelated party	\$4,864	\$504	\$1,010	\$6,378
Third-party sales – related party	132	47	1	180
Intersegment sales	9	2	—	11
Total sales	<u>\$5,005</u>	<u>\$553</u>	<u>\$1,011</u>	<u>\$6,569</u>
Segment operating profit	\$ 374	\$ 74	\$ 86	\$ 534
Supplemental information:				
Provision for depreciation and amortization	\$ 201	\$ 20	\$ 16	\$ 237
Restructuring and other charges	40	1	—	41
2018				
Assets:				
Segment assets	\$3,627	\$490	\$ 469	\$4,586
Supplemental information:				
Capital expenditures	255	32	21	308
Goodwill	245	71	69	385
2017				
Assets:				
Segment assets	\$3,667	\$462	\$ 475	\$4,604
Supplemental information:				
Capital expenditures	178	28	25	231
Goodwill	252	71	71	394

The following tables reconcile certain segment information to combined totals:

For the year ended December 31,	2018	2017	2016
Sales:			
Total segment sales	\$7,435	\$6,727	\$6,569
Elimination of intersegment sales	(18)	(18)	(11)
Other*	25	115	103
Combined sales	<u>\$7,442</u>	<u>\$6,824</u>	<u>\$6,661</u>

* For all periods presented, the Other amount represents third-party sales generated by the Latin America extrusions business, which was sold in April 2018 (see Note R).

For the year ended December 31,	2018	2017	2016
Income before income taxes:			
Total segment operating profit	\$ 420	\$ 500	\$ 534
Unallocated amounts:			
Cost allocations (A)	(101)	(193)	(212)
Restructuring and other charges (E)	104	(133)	(67)
Other	(49)	(42)	1
Combined operating income	\$ 374	\$ 132	\$ 256
Interest expense (F)	(129)	(168)	(97)
Other (expenses) income, net (G)	(4)	287	9
Combined income before income taxes	<u>\$ 241</u>	<u>\$ 251</u>	<u>\$ 168</u>

December 31,	2018	2017
Assets:		
Total segment assets	\$4,586	\$4,604
Unallocated amounts:		
Cash and cash equivalents	81	126
Corporate fixed assets, net	102	103
Deferred income taxes (I)	15	26
Other	11	43
Combined assets	<u>\$4,795</u>	<u>\$4,902</u>

Product Information

Sales by major product grouping were as follows:

For the year ended December 31,	2018	2017	2016
Sales:			
Flat-rolled aluminum	5,700	5,097	4,985
Architectural aluminum systems	1,152	1,113	1,055
Extrusions	559	584	609
Other	31	30	12
	<u>\$7,442</u>	<u>\$6,824</u>	<u>\$6,661</u>

Customer Information

In 2018 and 2017, Arconic Corporation generated more than 10% of its combined sales from one customer, Ford Motor Company. These sales amounted to \$983 and \$816 in 2018 and 2017, respectively, and were included in the Rolled Products segment.

Geographic Area Information

Geographic information for sales was as follows (based upon the country where the point of sale occurred):

For the year ended December 31,	2018	2017	2016
Sales:			
United States	\$4,713	\$4,146	\$4,120
Hungary*	675	608	497
Russia*	553	500	433

For the year ended December 31,	2018	2017	2016
China	487	486	484
France	328	293	275
Other	686	791	852
	<u>\$7,442</u>	<u>\$6,824</u>	<u>\$6,661</u>

- * In all periods presented, sales of a portion of aluminum products from Arconic Corporation's plant in Russia were completed through the Company's international selling company located in Hungary.

Geographic information for long-lived assets was as follows (based upon the physical location of the assets):

December 31,	2018	2017
Long-lived assets:		
United States	\$2,028	\$1,960
China	274	301
Russia	253	276
Hungary	112	117
Other	194	207
	<u>\$2,861</u>	<u>\$2,861</u>

E. Restructuring and Other Charges

Restructuring and other charges for each year in the three-year period ended December 31, 2018 were comprised of the following:

	2018	2017	2016
Net (gain) loss on divestitures of assets and businesses (R)	\$(152)	\$ 60	\$ —
Asset impairments	4	43	27
Layoff costs	1	31	18
Other*	53	2	29
Reversals of previously recorded layoff costs	(10)	(3)	(7)
Restructuring and other charges	<u>\$(104)</u>	<u>\$133</u>	<u>\$ 67</u>

- * In 2018, 2017, and 2016. Other includes \$50, \$6, and \$9, respectively, related to the allocation of ParentCo's corporate restructuring charges to Arconic Corporation (see Cost Allocations in Note A).

Layoff costs were recorded based on approved detailed action plans submitted by the operating locations that specified positions to be eliminated, benefits to be paid under existing severance plans, union contracts or statutory requirements, and the expected timetable for completion of the plans.

2018 Actions. In 2018, Arconic Corporation recorded a net benefit of \$104 in Restructuring and other charges, which were comprised of the following components: a \$154 gain on the sale of the Texarkana (Texas) rolling mill and cast house (see Note R); a \$50 charge for an allocation of ParentCo's corporate restructuring charges (see Cost Allocations in Note A); a \$2 charge for a post-closing adjustment related to the divestiture of the Latin America extrusions business (see Note R); an \$8 net charge for other items; and a \$10 benefit for the reversal of several layoff reserves related to prior periods.

2017 Actions. In 2017, Arconic Corporation recorded Restructuring and other charges of \$133, which were comprised of the following components: a \$60 loss related to the divestiture of the Fusina (Italy) rolling mill (see Note R); a \$41 impairment charge for the assets associated with the Latin America extrusions business as a result of signing a definitive sale agreement (completed sale in April 2018 — see Note R); a \$31 charge for layoff costs related to cost reduction initiatives, including the separation of

approximately 400 employees (the majority of which related to the Rolled Products and Building and Construction Systems segments); a \$6 charge for an allocation of ParentCo's corporate restructuring charges (see Cost Allocations in Note A); a \$2 net benefit for other items; and a \$3 benefit for the reversal of several layoff reserves related to prior periods.

As of December 31, 2018, the employee separations associated with 2017 restructuring programs were essentially complete. In 2018 and 2017, cash payments of \$11 and \$13 respectively, were made against layoff reserves related to 2017 restructuring programs.

2016 Actions. In 2016, Arconic Corporation recorded Restructuring and other charges of \$67, which were comprised of the following components: a \$37 charge for exit costs related to a decision to permanently shut down a can sheet facility (see below); an \$11 charge for layoff costs, including the separation of approximately 300 employees (the majority of which related to the Latin America extrusions business); a \$9 charge for an allocation of ParentCo's corporate restructuring charges (see Cost Allocations in Note A); a \$17 net charge for other items; and a \$7 benefit for the reversal of several layoff reserves related to prior periods.

In 2016, management approved the shutdown and demolition of the can sheet facility in Tennessee upon completion of the Toll Processing and Services Agreement with Alcoa Corporation (ended on December 31, 2018). Costs related to this action included \$21 in asset impairments, \$7 for the separation of approximately 145 employees, \$4 in asset retirement obligations, \$3 in environmental remediation, and \$2 in other exit costs. The costs related to asset retirement obligations and environmental remediation were triggered by the decision to permanently shut down and demolish this facility.

As of March 31, 2018, the employee separations associated with 2016 restructuring programs were essentially complete. In 2018, 2017, and 2016, cash payments of \$1, \$4, and \$6, respectively, were made against layoff reserves related to 2016 restructuring programs.

Activity and reserve balances for restructuring charges were as follows:

	<u>Layoff costs</u>	<u>Other costs</u>	<u>Total</u>
Reserve balances at December 31, 2015	\$ 8	\$ 9	\$ 17
2016			
Cash payments	(10)	(12)	(22)
Restructuring charges	18	14	32
Other ⁽¹⁾	(4)	(7)	(11)
Reserve balances at December 31, 2016	12	4	16
2017			
Cash payments	(18)	(2)	(20)
Restructuring charges	31	1	32
Other ⁽¹⁾	(3)	(1)	(4)
Reserve balances at December 31, 2017	22	2	24
2018			
Cash payments	(12)	(1)	(13)
Restructuring charges	1	1	2
Other ⁽¹⁾	(10)	1	(9)
Reserve balances at December 31, 2018 ⁽²⁾	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 4</u>

- (1) Other includes reversals of previously recorded restructuring charges and the effects of foreign currency translation. In 2016, Other for Other costs also included a reclassification of \$4 and \$3 in asset retirement and environmental remediation obligations, respectively, as these liabilities were included in Arconic Corporation's separate reserves for asset retirement obligations and environmental remediation.

- (2) The remaining reserves are expected to be paid in cash during 2019.

F. Interest Cost Components

For the year ended December 31,	2018	2017	2016
Amount charged to expense	\$129	\$168	\$ 97
Amount capitalized	9	8	10
	<u>\$138</u>	<u>\$176</u>	<u>\$107</u>

In 2018, 2017, and 2016, total interest costs include an allocation of ParentCo's financing costs of \$125, \$162, and \$94, respectively (see Cost Allocations in Note A).

G. Other Expenses (Income), Net

For the year ended December 31,	2018	2017	2016
Interest income	\$(13)	\$ (10)	\$(6)
Foreign currency losses (gains), net	17	1	(1)
Net loss (gain) from asset sales	4	(267)	3
Other, net	(4)	(11)	(5)
	<u>\$ 4</u>	<u>\$(287)</u>	<u>\$(9)</u>

In 2017, Net loss (gain) from asset sales included an allocation of two gains related to ParentCo's investing and financing activities. Specifically, an allocation of \$182 associated with the sale of a portion of ParentCo's investment in Alcoa Corporation common stock and an allocation of \$87 related to an exchange of cash and the remaining portion of ParentCo's investment in Alcoa Corporation common stock to acquire a portion of ParentCo's outstanding debt. See Cost Allocations in Note A for an explanation of the allocation methodology of ParentCo activities for purposes of these Combined Financial Statements.

H. Pension and Other Postretirement Benefits

Defined Benefit Plans

Certain Arconic Corporation employees participate in ParentCo-sponsored defined benefit pension plans ("Shared Pension Plans") and health care and life insurance postretirement benefit plans ("Shared OPEB Plans," and, together with the Shared Pension Plans, the "Shared Plans"), which include ParentCo corporate and Howmet Aerospace participants as well as eligible U.S. retired employees and certain retirees from foreign locations.

Pension benefits under the Shared Pension Plans generally depend on 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. Most salaried and non-bargaining hourly U.S. employees hired after March 1, 2006 participate in a defined contribution plan instead of a defined benefit plan. Additionally, effective April 1, 2018, benefit accruals for future service and compensation under all ParentCo's qualified and non-qualified defined benefit pension plans for salaried and non-bargaining hourly U.S. employees ceased. Furthermore, effective February 1, 2019, benefit accruals for future service and compensation under ParentCo's defined benefit pension plans for all employees in the United Kingdom will cease.

Generally, ParentCo's health care plans are unfunded and pay a percentage of medical expenses, reduced by deductibles and other coverage. Life benefits are generally provided by insurance contracts. ParentCo retains the right, subject to existing agreements, to change or eliminate these benefits. All salaried and certain non-bargaining hourly U.S. employees hired after January 1, 2002 and certain bargaining hourly U.S. employees hired after July 1, 2010 are not eligible for postretirement health care benefits. Additionally, all salaried and certain hourly U.S. employees that retire on or after April 1, 2008 are not eligible for postretirement life insurance benefits. Furthermore, effective December 31, 2018, ParentCo terminated all pre-Medicare medical, prescription drug, and vision coverage for current and future salaried and non-bargained hourly U.S. employees and retirees of ParentCo and its subsidiaries.

Arconic Corporation accounts for the portion of the Shared Plans related to its employees as multiemployer benefit plans. Accordingly, Arconic Corporation does not record an asset or liability to recognize the funded status of the Shared Plans. However, the related pension and other postretirement benefit expenses attributable to Arconic Corporation are based primarily on pensionable compensation of active Arconic Corporation participants and estimated interest costs, respectively.

The accompanying Combined Financial Statements also include an allocation of pension and other postretirement benefit expenses for the Shared Plans attributable to ParentCo corporate participants as well as to closed and sold operations (see Cost Allocations in Note A).

Certain ParentCo plans that are specific only to Arconic Corporation employees (“Direct Plans”) are accounted for as defined benefit pension and other postretirement plans in the accompanying Combined Financial Statements. Accordingly, the funded status of each Direct Plan is recorded in the accompanying Combined Balance Sheet. Actuarial gains and losses that have not yet been recognized in earnings are recorded in Accumulated other comprehensive income until they are amortized as a component of net periodic benefit cost. The determination of benefit obligations and recognition of expenses related to Direct Plans are dependent on various assumptions, including discount rates, long-term expected rates of return on plan assets, and future compensation increases. Management develops each assumption using relevant company experience in conjunction with market-related data for each of the plans.

The following table summarizes the total expenses recognized by Arconic Corporation related to the pension and other postretirement benefits described above:

Type of Plan	Type of Expense	Pension benefits			Other postretirement benefits		
		For the year ended December 31,			For the year ended December 31,		
		2018	2017	2016	2018	2017	2016
Direct Plans	Net periodic benefit cost	\$ 5	\$ 5	\$ 5	\$ —	\$ —	\$ —
Shared Plans	Multiemployer contribution	67	82	78	21	20	23
Shared Plans	Cost allocation	20	39	31	5	4	8
		<u>\$92</u>	<u>\$126</u>	<u>\$114</u>	<u>\$ 26</u>	<u>\$ 24</u>	<u>\$ 31</u>

The funded status of Arconic Corporation's Direct Plans, all of which are non-U.S. plans, are measured as of December 31 each calendar year. All the information that follows is applicable only to the pension benefit plans classified as Direct Plans (as of both December 31, 2018 and 2017, the accumulated benefit obligation for other postretirement benefit plans classified as Direct Plans was \$2, which was presented as a noncurrent liability on the accompanying Combined Balance Sheet):

Obligations and Funded Status

December 31,	Pension benefits	
	2018	2017
Change in benefit obligation		
Benefit obligation at beginning of year	\$134	\$115
Service cost	3	3
Interest cost	4	4
Actuarial (gains) losses	(5)	6
Benefits paid	(7)	(5)
Foreign currency translation impact	(7)	11
Benefit obligation at end of year	<u>\$122</u>	<u>\$134</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 79	\$ 68
Actual return on plan assets	(3)	6
Employer contributions	4	4
Benefits paid	(5)	(4)
Foreign currency translation impact	(5)	5
Fair value of plan assets at end of year	<u>\$ 70</u>	<u>\$ 79</u>
Funded status	<u>\$ (52)</u>	<u>\$ (55)</u>
Amounts recognized in the Combined Balance Sheet consist of:		
Noncurrent assets	\$ 2	\$ 3
Current liabilities	(1)	(1)
Noncurrent liabilities	(53)	(57)
Net amount recognized	<u>\$ (52)</u>	<u>\$ (55)</u>
Amounts recognized in Accumulated Other Comprehensive Income consist of:		
Net actuarial loss, before tax effect	\$ 45	\$ 51
Other changes in plan assets and benefit obligations recognized in Other Comprehensive Loss consist of:		
Net actuarial (gain) loss	\$ (3)	\$ 8
Amortization of accumulated net actuarial loss	(3)	(3)
Total, before tax effect	<u>\$ (6)</u>	<u>\$ 5</u>

Pension Plan Benefit Obligations

	<u>Pension benefits</u>	
	<u>2018</u>	<u>2017</u>
The projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans was as follows:		
Projected benefit obligation	\$122	\$134
Accumulated benefit obligation	115	130
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	104	114
Fair value of plan assets	50	56
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	98	106
Fair value of plan assets	50	56

Components of Net Periodic Benefit Cost

<u>For the year ended December 31,</u>	<u>Pension benefits</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service cost	\$ 3	\$ 3	\$ 3
Interest cost	4	4	3
Expected return on plan assets	(5)	(5)	(4)
Recognized net actuarial loss ⁽¹⁾	3	3	3
Net periodic benefit cost ⁽²⁾	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>

- (1) In 2019, the Company expects to recognize \$3 in net periodic benefit cost for the amortization of the accumulated net actuarial loss.
- (2) Service cost was included within Cost of goods sold and all other cost components were included in Other expenses (income), net on the accompanying Statement of Combined Operations.

Assumptions

Weighted average assumptions used to determine benefit obligations and net periodic benefit cost for pension benefit plans were as follows:

	<u>Benefit obligations</u>		<u>Net periodic benefit cost</u>		
	<u>December 31,</u>		<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Discount rate	3.12%	2.94%	2.94%	3.26%	3.31%
Rate of compensation increase	3.42	3.33	3.33	3.31	3.27
Expected long-term rate of return on plan assets	—	—	6.72	6.76	6.79

Plan Assets

Arconic Corporation's pension plan investment policy and weighted average asset allocations at December 31, 2018 and 2017, by asset class, were as follows:

Asset class	Policy range	Plan assets at December 31,	
		2018	2017
Equities	20 – 50%	40%	42%
Fixed income	20 – 50%	40	40
Other investments	15 – 30%	20	18
Total		<u>100%</u>	<u>100%</u>

The principal objectives underlying the investment of the pension plan assets are to ensure that Arconic Corporation can properly fund benefit obligations as they become due under a broad range of potential economic and financial scenarios, maximize the long-term investment return with an acceptable level of risk based on such obligations, and broadly diversify investments across and within various asset classes to protect asset values against adverse movements. The use of derivative instruments is permitted where appropriate and necessary for achieving diversification across the balance of the asset portfolio (no such instruments were included in plan assets as of December 31, 2018 and 2017). Investment practices comply with the requirements of applicable country laws and regulations.

Except for \$4 as of both December 31, 2018 and 2017, all pension plan assets are valued at their net asset value, which refers to the net asset value of an investment on a per share basis (or its equivalent) as a practical expedient. The following table presents the value of pension plan assets by major investment category:

December 31,	2018	2017
Equity securities ⁽¹⁾	\$28	\$33
Fixed income:		
Intermediate and long duration government/credit ⁽²⁾	\$23	\$26
Other	1	2
	<u>\$24</u>	<u>\$28</u>
Other investments ⁽³⁾ :		
Real estate	\$ 7	\$ 9
Other	7	5
	<u>\$14</u>	<u>\$14</u>
Net asset value sub-total	\$66	\$75
Other fixed income	4	4
Total	<u>\$70</u>	<u>\$79</u>

(1) Equity securities consist of the plans' share of commingled funds that are invested in the stock of publicly-traded companies.

(2) Intermediate and long duration government/credit securities consist of institutional funds that are invested in provincial bonds.

(3) Other investments consist of both institutional funds that are invested in global real estate and a relative value multi-strategy hedge fund.

Funding and Cash Flows

It is Arconic Corporation's policy to fund amounts for pension plans sufficient to meet the minimum requirements set forth in applicable country employee benefit and tax regulations. From time to time,

Arconic Corporation (through ParentCo) may contribute additional amounts as deemed appropriate. In each of 2018 and 2017, cash contributions to Arconic Corporation's pension plans were \$4. The minimum required contribution to Arconic Corporation's pension plans in 2019 is estimated to be \$3. Annual benefit payments expected to be paid to pension plan participants are \$5 in each of 2019, 2020, 2021, and 2022; \$6 in 2023; and a combined \$29 in 2024 through 2029.

Defined Contribution Plans

Arconic Corporation employees participate in ParentCo-sponsored savings and investment plans in the United States and certain other countries. In the United States, Arconic Corporation employees may contribute a portion of their compensation to the plans, and ParentCo matches a specified percentage of these contributions in equivalent form of the investments elected by the employee. Also, ParentCo makes contributions to a retirement savings account based on a percentage of eligible compensation for certain U.S. employees hired after March 1, 2006 that are not able to participate in ParentCo's defined benefit pension plans. Arconic Corporation's expenses (contributions) related to all defined contribution plans were \$37 in 2018, \$28 in 2017, and \$27 in 2016. The 2018 amount includes an increase in such expenses related to certain employees who no longer are accruing benefits (as of April 1, 2018) under ParentCo's U.S. defined benefit pension plans (see Defined Benefit Plans above).

I. Income Taxes

The components of income from continuing operations before income taxes were as follows:

For the year ended December 31,	2018	2017	2016
United States	\$171	\$264	\$ 86
Foreign	70	(13)	82
	\$241	\$251	\$168

The provision for income taxes consisted of the following:

For the year ended December 31,	2018	2017	2016
Current:			
Federal	\$ 47	\$ (7)	\$ 19
Foreign	20	17	21
State and local	8	3	4
	75	13	44
Deferred:			
Federal	(13)	(1)	(7)
Foreign	9	28	(24)
State and local	—	2	—
	(4)	29	(31)
Total	\$ 71	\$42	\$ 13

A reconciliation of the U.S. federal statutory rate to Arconic Corporation's effective tax rate was as follows:

For the year ended December 31,	2018	2017	2016
U.S. federal statutory rate	21.0%	35.0%	35.0%
Taxes on foreign operations	0.8	(6.2)	(5.9)
Net income/loss related to intercompany amounts capitalized	0.4	(2.9)	(5.1)
U.S. state and local taxes	2.1	1.9	1.0
Permanent differences on restructuring and other charges and asset disposals	—	(12.1)	(1.2)
Statutory tax rate and law changes*	—	(19.9)	(9.8)
Changes in valuation allowances	6.3	14.7	(4.9)
Changes in uncertain tax positions	—	7.0	(0.1)
Tax holidays	(1.1)	(0.6)	(1.2)
Other	—	(0.2)	(0.1)
Effective tax rate	29.5%	16.7%	7.7%

* In December 2017, a \$50 tax benefit was recorded with respect to the enactment of the Tax Cuts and Jobs Act of 2017 (the "2017 Act"). In December 2016, the United States enacted tax law changes, which resulted in the remeasurement of certain deferred tax liabilities recorded by Arconic Corporation.

On December 22, 2017, the 2017 Act was signed into law, making significant changes to the Internal Revenue Code. Changes included, but were not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the previously non-taxed post-1986 foreign earnings and profits of certain U.S.-owned foreign corporations as of December 31, 2017. The full impact of the 2017 Act was accounted for in the tax provision and related income tax account balances for the year ended and as of December 31, 2017, as described below.

Arconic Corporation calculated the impact of the 2017 Act's tax rate reduction and one-time transition tax in the Company's 2017 year-end income tax provision in accordance with the Company's understanding of the 2017 Act and guidance available and, as a result, recorded a \$50 benefit in December 2017, the period in which the legislation was enacted.

As a result of the 2017 Act, the previously non-taxed post-1986 foreign earnings and profits (calculated based on U.S. tax principles) of certain U.S.-owned foreign corporations was subjected to U.S. tax under the one-time transition tax provisions. The 2017 Act also created a new requirement that certain income earned by foreign subsidiaries, GILTI, must be included in the gross income of the U.S. shareholder. The 2017 Act also established the Base Erosion and Anti-Abuse Tax (BEAT) and foreign-derived intangible income (FDII).

Arconic Corporation does not anticipate a GILTI inclusion for 2018 as it has been determined that foreign operations attributable to the Company are generating losses subject to GILTI, and therefore, does not expect additional tax expense to be incurred associated with GILTI. In addition, for 2018 Arconic Corporation does not anticipate there to be an impact for BEAT and FDII. In December 2017, Arconic Corporation made a final, accounting policy election to treat taxes due from future inclusions in U.S. taxable income related to GILTI as a current period expense when incurred.

Arconic Corporation considered the impact of the 2017 Act's one-time transition tax in the Company's 2017 year-end income tax provision in accordance with the Company's understanding of the 2017 Act and guidance available as of December 31, 2017. Based on calculations pursuant to the 2017 Act, Arconic Corporation recorded no tax expense in connection with the one-time transition tax during the year ended December 31, 2017 as the Company is in an overall deficit with respect to accumulated post-1986 earnings and profits. The full impact of the 2017 Act was accounted for in the tax provision and related income tax account balances for the year ended December 31, 2017.

The components of net deferred tax assets and liabilities were as follows:

December 31,	2018		2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Depreciation	\$ 23	\$185	\$ 24	\$194
Employee benefits	33	—	35	—
Loss provisions	61	—	79	—
Deferred income/expense	7	3	2	3
Tax loss carryforwards	109	—	98	—
Other	6	11	9	13
	<u>\$ 239</u>	<u>\$199</u>	<u>\$ 247</u>	<u>\$210</u>
Valuation allowance	(107)	—	(103)	—
	<u>\$ 132</u>	<u>\$199</u>	<u>\$ 144</u>	<u>\$210</u>

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

December 31, 2018	Expires within 10 years	Expires within 11 – 12 years	No Expiration ⁽¹⁾	Other ⁽²⁾	Total
Tax loss carryforwards	\$ 52	\$ 5	\$ 52	\$ —	\$ 109
Other	—	—	16	114	130
Valuation allowance	(52)	(1)	(54)	—	(107)
	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ 14</u>	<u>\$114</u>	<u>\$ 132</u>

- (1) Deferred tax assets with no expiration may still have annual limitations on utilization.
- (2) Other represents deferred tax assets whose expiration is dependent upon the reversal of the underlying temporary difference. A substantial amount of Other relates to (i) 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, (ii) fixed assets which are deductible for tax purposes according to tax depreciation methodologies, (iii) and accruals and reserves, which are typically deductible for tax purposes during the period payments are made, which can vary depending on the nature of the item.

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

The following table details the changes in the valuation allowance:

December 31,	2018	2017	2016
Balance at beginning of year	\$103	\$ 88	\$100
Establishment of new allowances ⁽¹⁾	—	3	8
Net change to existing allowances ⁽²⁾	7	7	3
Release of allowances ⁽³⁾	—	—	(19)
Foreign currency translation	(3)	5	(4)
Balance at end of year	<u>\$107</u>	<u>\$103</u>	<u>\$ 88</u>

- (1) This line item reflects valuation allowances initially established as a result of a change in management's judgment regarding the realizability of deferred tax assets.

- (2) This line item reflects movements in previously established valuation allowances, which increase or decrease as the related deferred tax assets increase or decrease. Such movements occur as a result of remeasurement due to a tax rate change and changes in the underlying attributes of the deferred tax assets, including expiration of the attribute and reversal of the temporary difference that gave rise to the deferred tax assets.
- (3) In 2016, Arconic Corporation recognized discrete income tax benefits related to the release of valuation allowances on certain net deferred tax assets in Russia. After weighing all available evidence, management determined that it was more likely than not that the net income tax benefits associated with the underlying deferred tax assets would be realizable based on historical cumulative income and projected taxable income.

Foreign U.S. GAAP earnings that have not otherwise been subject to U.S. tax will generally be exempt from future U.S. tax under the 2017 Act when distributed. Such distributions, as well as distributions of previously taxed foreign earnings, could potentially be subject to U.S. state tax in certain states, and foreign withholding taxes. Foreign currency gains/losses related to the translation of previously taxed earnings from functional currency to U.S. dollars could also be subject to U.S. tax when distributed. At this time, Arconic Corporation has no plans to distribute such earnings in the foreseeable future. If such earnings were to be distributed, Arconic Corporation would expect the potential U.S. state tax and withholding tax impacts to be immaterial and the potential deferred tax liability associated with future foreign currency gains to be impracticable to determine.

A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) was as follows:

December 31,	2018	2017	2016
Balance at beginning of year	\$23	\$—	\$ 1
Additions for tax positions of the current year	—	23	—
Reductions for tax positions of prior years	(4)	—	—
Expiration of the statute of limitations	—	—	(1)
Foreign currency translation	(1)	—	—
Balance at end of year	<u>\$18</u>	<u>\$23</u>	<u>\$—</u>

The effect of unrecognized tax benefits, if recorded, that would impact the annual effective tax rate for 2018 and 2017 would be 7% and 9%, respectively, of pre-tax book income. Arconic Corporation does not anticipate that changes in its unrecognized tax benefits will have a material impact on the Statement of Combined Operations during 2019.

It is Arconic Corporation's policy to recognize interest and penalties related to income taxes as a component of the Provision for income taxes on the accompanying Statement of Combined Operations. Arconic Corporation did not recognize any interest or penalties in 2018, 2017, and 2016. As of December 31, 2018 and 2017, no interest and penalties were accrued.

J. Stock-Based Compensation

ParentCo has a stock-based compensation plan under which stock options and stock units are generally granted in January each calendar year to eligible employees. Until consummation of the Separation, employees of the Arconic Corporation Businesses will continue to participate in ParentCo's stock-based compensation plan. Stock options are granted at the closing market price of ParentCo's common stock on the date of grant and typically grade-vest over a three-year service period (1/3 each year) with a ten-year contractual term. In 2018, there were stock options granted that cliff-vest over a four-year service period. Stock units typically cliff-vest on the third anniversary of the award grant date. As part of ParentCo's stock-based compensation plan design, individuals who are retirement-eligible have a six-month requisite service period in the year of grant.

Certain of the stock unit grants also include either performance and market conditions (2018 and 2017) or a performance condition (2016). The final number of such stock units earned is dependent on ParentCo's achievement of certain targets over a three-year measurement period for the 2018 and 2017

grants and a one-year measurement period for each of the three tranches of the 2016 grants. The performance condition for the applicable stock units is based on ParentCo's achievement of sales and profitability targets calculated from January 1 of the grant year through December 31 of the third year in the service period for 2018 and 2017 grants and from January 1 of the issuance year through December 31 of that same year for 2016 grants. For those 2018 and 2017 stock unit grants that also contain a market condition, the number of units earned will be scaled by a total shareholder return ("TSR") multiplier, which depends upon ParentCo's relative three-year (January 1 of the grant year through December 31 of the third year in the service period) performance against the TSRs of a group of peer companies.

In 2018, 2017, and 2016, Arconic Corporation recognized stock-based compensation expense of \$22 (\$17 after-tax), \$23 (\$15 after-tax), and \$26 (\$17 after-tax), respectively, of which a minimum of approximately 80% was related to stock units in each period. No stock-based compensation expense was capitalized in 2018, 2017, or 2016. The stock-based compensation expense recorded by Arconic Corporation was comprised of two components: (i) the expense associated with employees of the Arconic Corporation Businesses, and (ii) an allocation of expense related to ParentCo corporate employees (see Cost Allocations in Note A). In 2018, 2017, and 2016, this allocation was \$12, \$19, and \$15, respectively, of Arconic Corporation's recognized stock-based compensation expense. Also, in 2017, Arconic Corporation's recognized stock-based compensation expense includes a benefit of \$7 (\$6 through allocation) for certain executive pre-vest stock award cancellations. This benefit was recorded in Restructuring and other charges (see Note E) on the accompanying Statement of Combined Operations.

Stock-based compensation expense is based on the grant date fair value of the applicable equity grant. For stock units with no market condition, the fair value was equivalent to the closing market price of ParentCo's common stock on the date of grant. For stock units with a market condition, the fair value was estimated on the date of grant using a Monte Carlo simulation model, which generated a result of \$20.25 and \$21.99 per unit in 2018 and 2017, respectively. To estimate the fair value of a stock unit, the Monte Carlo simulation model uses certain assumptions, including a risk-free interest rate and volatility, to estimate the probability of satisfying market conditions. The risk-free interest rate (2.7% in 2018 and 1.5% in 2017) was based on a yield curve of interest rates at the time of the grant based on the remaining performance period. Because of limited historical information due to the 2016 Separation Transaction, volatility (32.0% in 2018 and 38.0% in 2017) was estimated using implied volatility and the representative price return approach, which uses price returns of comparable companies to develop a correlation assumption. For stock options, the fair value was estimated on the date of grant using a lattice-pricing model, which generated a result of \$9.79 (\$10.99 for four-year cliff options), \$6.26, and \$4.78 per option in 2018, 2017, and 2016, respectively. The lattice-pricing model uses several assumptions to estimate the fair value of a stock option, including a risk-free interest rate, dividend yield, volatility, annual forfeiture rate, exercise behavior, and contractual life.

The following describes in detail the assumptions ParentCo used to estimate the fair value of stock options granted in 2018 (the assumptions used to estimate the fair value of stock options granted in 2017 and 2016 were not materially different, except as noted). The risk-free interest rate (2.5%) was based on a yield curve of interest rates at the time of the grant over the contractual life of the option. The dividend yield (0.9%) was based on a one-year average. Volatility (34.0% for 2018, 38.1% for 2017, and 44.5% in 2016) was based on comparable companies (2018 and 2017) or historical volatilities (2016) and implied volatilities (all three years) over the term of the option. ParentCo utilized historical option forfeiture data to estimate annual pre- and post-vesting forfeitures (6%). Exercise behavior (61%) was based on a weighted average exercise ratio (exercise patterns for grants issued over the number of years in the contractual option term) of an option's intrinsic value resulting from historical employee exercise behavior. Based upon the other assumptions used in the determination of the fair value, the life of an option (6.0 years (7.3 years for four-year cliff options)) was an output of the lattice-pricing model.

The activity for stock options and stock units related to employees of the Arconic Corporation Businesses (i.e. does not include awards related to ParentCo corporate employees) during 2018 was as follows:

	Stock options		Stock units	
	Number of options	Weighted average exercise price	Number of units	Weighted average FMV per unit
Outstanding, January 1, 2018	1,743,703	\$23.94	1,257,500	\$21.47
Granted	99,680	28.94	397,500	27.22
Exercised	(166,389)	17.48	—	—
Converted	—	—	(222,191)	34.53
Expired or forfeited	(62,789)	24.13	(59,387)	19.27
Performance share adjustment	—	—	(36,883)	18.79
Other	115	23.12	43,183	21.04
Outstanding, December 31, 2018	<u>1,614,320</u>	<u>24.93</u>	<u>1,379,722</u>	<u>21.18</u>

As of December 31, 2018, the 1,614,320 outstanding options had a weighted average remaining contractual life of 4.7 years and an immaterial total intrinsic value. Additionally, 1,242,041 of the total outstanding stock options were fully vested and exercisable and had a weighted average remaining contractual life of 3.8 years and a weighted average exercise price of \$26.04 as of December 31, 2018. In 2018, 2017, and 2016, cash received from stock option exercises was \$3, \$8, and \$1, respectively. The total intrinsic value of stock options exercised during 2018 and 2017 was \$1 and \$2, respectively (2016 was immaterial).

At December 31, 2018, there was \$10 (pre-tax) of combined unrecognized compensation expense related to non-vested grants of both stock options and stock units. This expense is expected to be recognized over a weighted average period of 1.7 years.

K. Accumulated Other Comprehensive Income

The following table details the activity of the two components that comprise Accumulated other comprehensive income for Arconic Corporation (such activity for noncontrolling interests was immaterial for all periods presented):

	2018	2017	2016
Pension and other postretirement benefits (H)			
Balance at beginning of period	\$ (36)	\$ (32)	\$ (28)
Other comprehensive income (loss):			
Unrecognized net actuarial loss and prior service cost	1	(8)	(7)
Tax benefit	<u>1</u>	<u>2</u>	<u>1</u>
Total Other comprehensive income (loss) before reclassifications, net of tax	<u>2</u>	<u>(6)</u>	<u>(6)</u>
Amortization of net actuarial loss and prior service cost ⁽¹⁾	3	3	3
Tax expense ⁽²⁾	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Total amount reclassified from Accumulated other comprehensive loss, net of tax ⁽⁴⁾	<u>2</u>	<u>2</u>	<u>2</u>
Total Other comprehensive income (loss)	<u>4</u>	<u>(4)</u>	<u>(4)</u>
Balance at end of period	<u>\$ (32)</u>	<u>\$ (36)</u>	<u>\$ (32)</u>
Foreign currency translation			
Balance at beginning of period	\$446	\$660	\$326

	2018	2017	2016
Other comprehensive (loss) income ⁽³⁾	(164)	(214)	334
Balance at end of period	\$ 282	\$ 446	\$660
Total balance at end of period	\$ 250	\$ 410	\$628

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- (1) These amounts were included in the non-service component of net periodic benefit cost for pension and other postretirement benefits (see Note H).
 - (2) These amounts were included in Provision for income taxes on the accompanying Statement of Combined Operations.
 - (3) In all periods presented, there were no tax impacts related to rate changes and no amounts were reclassified to earnings.
 - (4) 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 Statement of Combined Operations in the line items indicated in footnotes 1 through 3.

L. Inventories

December 31,	2018	2017
Finished goods	\$ 235	\$ 238
Work-in-process	812	760
Purchased raw materials	79	91
Operating supplies	65	65
	1,191	1,154
LIFO reserve	(373)	(350)
	<u>\$ 818</u>	<u>\$ 804</u>

At December 31, 2018 and 2017, the portion of Inventories subject to the LIFO inventory accounting method was \$800, or 67%, and \$720, or 62%, respectively, of total inventories before LIFO adjustments. Reductions in LIFO inventory quantities caused partial liquidations of the lower cost LIFO inventory base resulting in the recognition of immaterial income amounts in 2018, 2017, and 2016.

M. Properties, Plants, and Equipment, Net

December 31,	2018	2017
Land and land rights	\$ 27	\$ 30
Structures:		
Rolled Products	1,068	1,090
Extrusions	152	152
Building and Construction Systems	96	99
Other	24	45
	<u>1,340</u>	<u>1,386</u>
Machinery and equipment:		
Rolled Products	4,629	4,641
Extrusions	537	493
Building and Construction Systems	191	182
Other	164	214
	<u>5,521</u>	<u>5,530</u>
	6,888	6,946
Less: accumulated depreciation and amortization	4,341	4,333
	2,547	2,613
Construction work-in-progress	314	248
	<u>\$2,861</u>	<u>\$2,861</u>

N. Goodwill and Other Intangible Assets

The following table details the changes in the carrying amount of goodwill:

	Rolled Products	Extrusions	Building and Construction Systems	Other*	Total
Balances at December 31, 2016					
Goodwill	\$241	\$71	\$ 95	\$ 25	\$432
Accumulated impairment losses	—	—	(28)	(25)	(53)
Goodwill, net	241	71	67	—	379
Translation	11	—	4	—	15
Balances at December 31, 2017					
Goodwill	252	71	99	25	447
Accumulated impairment losses	—	—	(28)	(25)	(53)
Goodwill, net	252	71	71	—	394
Translation	(7)	—	(2)	—	(9)
Balances at December 31, 2018					
Goodwill	245	71	97	—	413
Accumulated impairment losses	—	—	(28)	—	(28)
Goodwill, net	<u>\$245</u>	<u>\$71</u>	<u>\$ 69</u>	<u>\$ —</u>	<u>\$385</u>

* Other represents activity related to Arconic Corporation's Latin America extrusions business, which is reflected in Corporate. Arconic Corporation sold this business in April 2018 (see Note R).

Other intangible assets, which are included in Other noncurrent assets on the accompanying Combined Balance Sheet, were as follows:

December 31, 2018	Gross carrying amount	Accumulated amortization	Net carrying amount
Computer software	\$194	\$(172)	\$22
Patents and licenses	28	(28)	—
Other	34	(14)	20
Total other intangible assets	<u>\$256</u>	<u>\$(214)</u>	<u>\$42</u>
December 31, 2017	Gross carrying amount	Accumulated amortization	Net carrying amount
Computer software	\$227	\$(189)	\$38
Patents and licenses	28	(28)	—
Other	34	(11)	23
Total other intangible assets	<u>\$289</u>	<u>\$(228)</u>	<u>\$61</u>

Computer software consists primarily of software costs associated with an enterprise business solution within Arconic Corporation to drive common systems among all businesses.

Amortization expense related to the intangible assets in the tables above for the years ended December 31, 2018, 2017, and 2016 was \$18, \$16, and \$15, respectively, and is expected to be in the range of approximately \$15 to \$20 annually from 2019 to 2023.

O. Debt

In August 2012, ParentCo and the Iowa Finance Authority entered into a loan agreement for the proceeds from the issuance of \$250 in Midwestern Disaster Area Revenue Bonds Series 2012 due 2042 (the "Bonds"). The Bonds were issued by the Iowa Finance Authority pursuant to the Heartland Disaster Tax Relief Act of 2008 for the purpose of financing all or part of the cost of acquiring, constructing, reconstructing, and renovating certain facilities at Arconic Corporation's rolling mill plant in Davenport, IA. The loan proceeds could only be used for this purpose and, therefore, were initially classified as restricted cash, which was released as funds were expended on the project (completed in 2014). Interest on the Bonds is at a rate of 4.75% per annum and is paid semi-annually in February and August, which commenced February 2013. ParentCo has the option through the loan agreement to redeem the Bonds, as a whole or in part, on or after August 1, 2022, on at least 30 days, but not more than 60 days, prior notice to the holders of the Bonds at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest, if any, to the redemption date.

P. Other Noncurrent Liabilities and Deferred Credits

December 31,	2018	2017
Sale-leaseback financing obligation	\$119	\$—
Accrued compensation and retirement costs	38	42
Other	11	26
	<u>\$168</u>	<u>\$68</u>

The sale-leaseback financing obligation represents the cash received from the sale of the Texarkana, Texas cast house and was accounted for as a deferred gain due to continuing involvement (see 2018 Divestitures in Note R).

Q. Cash Flow Information

Cash paid for interest and income taxes was as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Interest, net of amount capitalized*	\$120	\$146	\$88
Income taxes, net of amount refunded	\$ 24	\$ 37	\$10

* Amount includes cash paid by ParentCo related to interest expense allocated to Alcoa Corporation (see Cost Allocations in Note A).

R. Acquisitions and Divestitures

2018 Divestitures. In April 2018, Arconic Corporation completed the sale of its Latin America extrusions business to a subsidiary of Hydro Extruded Solutions AS for \$2, following the settlement of post-closing and other adjustments in December 2018. As a result of entering into the agreement to sell the Latin America extrusions business in December 2017, a charge of \$41 was recognized in Restructuring and other charges (see Note E) on the accompanying Statement of Combined Operations related to the non-cash impairment of the net book value of the business. Additionally, in 2018, a charge of \$2 related to a post-closing adjustment was recognized in Restructuring and other charges (see Note E) on the accompanying Statement of Combined Operations. This transaction is no longer subject to any post-closing adjustments. The Latin America extrusions business generated sales of \$25, \$115, and \$103 in 2018 (through the date of divestiture), 2017, and 2016 respectively, and had 612 employees at the time of the divestiture.

In October 2018, Arconic Corporation sold its Texarkana, Texas rolling mill and cast house, which had a combined net book value of \$63, to Ta Chen International, Inc. for \$302 in cash, subject to post-closing adjustments, plus additional contingent consideration of up to \$50. The contingent consideration relates to the achievement of various milestones associated with operationalizing the rolling mill equipment within 36 months of the transaction closing date. The Texarkana rolling mill facility had previously been idle since late 2009. In early 2016, Arconic Corporation restarted the Texarkana cast house to meet demand for aluminum slab. While owned by Arconic Corporation, the operating results and assets and liabilities of the business were included in the Rolled Products segment. As part of the sale agreement, Arconic Corporation will continue to produce aluminum slab at the facility for a period of 18 months through a lease back of the cast house building and equipment, after which time Ta Chen will perform toll processing of metal for Arconic Corporation for a period of six months. Arconic Corporation will supply Ta Chen with cold-rolled aluminum coil during this 24-month period.

The sale of the rolling mill and cast house was accounted for separately. In 2018, a gain on the sale of the rolling mill of \$154, including the fair value of contingent consideration of \$5, was recorded in Restructuring and other charges (see Note E) on the accompanying Statement of Combined Operations. Arconic Corporation will reevaluate its estimate of the amount of contingent consideration to which it will be entitled at the end of each reporting period and recognize any changes thereto in the Statement of Combined Operations. Arconic Corporation has continuing involvement related to the lease back of the cast house, and, therefore, deferred the gain associated with the cast house in 2018. As a result, Arconic Corporation continues to treat the cast house building and equipment that it sold to Ta Chen as owned and, therefore, reflected these assets in its accompanying Combined Balance Sheet and will continue depreciating them over their remaining useful life. Additionally, Arconic Corporation recorded the cash proceeds associated with the sale of the cast house assets as a noncurrent liability in its accompanying Combined Balance Sheet which included a deferred gain of \$95. Arconic Corporation adopted the new lease accounting standard (see Recently Issued Accounting Guidance in Note B) on January 1, 2019, under which Arconic Corporation's continuing involvement no longer requires deferral of the cast house gain. As such, the deferred gain on the sale of the cast house was treated as a cumulative effect of an accounting change within equity on January 1, 2019.

2017 Divestitures. In March 2017, Arconic Corporation completed the divestiture of its Fusina, Italy rolling mill to Slim Aluminum. This transaction resulted in a \$60 loss, which was recorded in Restructuring and other charges (see Note E) on the accompanying Statement of Combined Operations. As part of the transaction, Arconic Corporation injected \$10 of cash into the business and provided a third-party guarantee with a fair value of \$5 related to Slim Aluminum's environmental remediation. This transaction is no longer subject to any post-closing adjustments. While owned by Arconic Corporation, the operating results and assets and liabilities of the Fusina rolling mill were included in the Rolled Products segment. The rolling mill generated sales of \$54 and \$165 in 2017 (through the date of divestiture) and 2016, respectively, and had 312 employees at the time of the divestiture.

S. Contingencies and Commitments

The matters described within this section are those of ParentCo that are associated directly or indirectly with the Arconic Corporation Businesses. For those matters where the outcome remains uncertain, the ultimate allocation of any potential future costs between Arconic Corporation and Howmet Aerospace will be addressed in the Separation and Distribution Agreement.

Contingencies

Environmental Matters. ParentCo participates in environmental assessments and cleanups at several locations. These include owned or operating facilities and adjoining properties, previously owned or operating facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites.

A liability is recorded for environmental remediation when a cleanup program becomes probable and the costs can be reasonably estimated. As assessments and cleanups proceed, the liability is adjusted based on progress made in determining the extent of remedial actions and related costs. The liability can change substantially due to factors such as, among others, the nature and extent of contamination, changes in remedial requirements, and technological changes.

Arconic Corporation's remediation reserve balance was \$239 and \$266 (of which \$69 and \$30, respectively, was classified as a current liability) at December 31, 2018 and 2017, respectively, and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated for current and certain former Arconic Corporation operating locations. In 2018, Arconic Corporation experienced higher expenditures with the start of construction related to the Grasse River project (see Massena West, NY below). Arconic Corporation expects that trend to continue for 2019 as reflected by the increase in the current portion of the reserve. Payments related to remediation expenses applied against the reserve were \$27 in 2018 and \$20 in 2017, which include expenditures currently mandated, as well as those not required by any regulatory authority or third party.

The following description provides details regarding the current status of one reserve, which represents the majority of the Company's total remediation reserve balance, related to a current Arconic Corporation site.

Massena West, NY — Arconic Corporation has an ongoing remediation project related to the Grasse River, which is adjacent to Arconic Corporation's Massena plant site. Many years ago, it was determined that sediments and fish in the river contain varying levels of polychlorinated biphenyls (PCBs). The project, which was selected by the U.S. Environmental Protection Agency (EPA) in a Record of Decision issued in April 2013, is aimed at capping PCB contaminated sediments with concentration in excess of one part per million in the main channel of the river and dredging PCB contaminated sediments in the near-shore areas where total PCBs exceed one part per million. At December 31, 2018 and 2017, the reserve balance associated with this matter was \$198 and \$215, respectively. Arconic Corporation completed the final design phase of the project, which was approved by the EPA in March 2019. Following the EPA's approval, the actual remediation fieldwork commenced. The majority of the expenditures related to the project are expected to occur between 2019 and 2022.

In June 2019, Arconic Corporation increased the reserve balance by \$25 due to changes required in the EPA-approved remedial design and post-construction monitoring. These changes were necessary due to several items, the majority of which relate to navigation issues identified by a local seaway development

company. Accordingly, the EPA requested an addendum to the final remedial design be submitted to address these issues. The proposed remedy is to dredge certain of the sediments originally identified for capping in the affected areas of the Grasse River, resulting in incremental project costs. As the project progresses, further changes to the reserve may be required due to factors such as, among others, additional changes in remedial requirements, increased site restoration costs, and incremental ongoing operation and maintenance costs.

Litigation.

All references to ParentCo in the matters described under this section Litigation refer to Arconic Inc. only and do not include its subsidiaries, except as otherwise stated.

Reynobond PE — On June 13, 2017, the Grenfell Tower in London, U.K. caught fire resulting in fatalities, injuries, and damage. A French subsidiary of ParentCo, Arconic Architectural Products SAS (AAP SAS), supplied a product, Reynobond PE, to its customer, a cladding system fabricator, which used the product as one component of the overall cladding system on Grenfell Tower. The fabricator supplied its portion of the cladding system to the façade installer, who then completed and installed the system under the direction of the general contractor. Neither ParentCo nor AAP SAS was involved in the design or installation of the system used at the Grenfell Tower, nor did it have a role in any other aspect of the building’s refurbishment or original design. Regulatory investigations into the overall Grenfell Tower matter are being conducted, including a criminal investigation by the London Metropolitan Police Service (the “Police”), a Public Inquiry by the British government, and a consumer protection inquiry by a French public authority. The Public Inquiry was announced by the U.K. Prime Minister on June 15, 2017 and subsequently was authorized to examine the circumstances leading up to and surrounding the Grenfell Tower fire in order to make findings of fact and recommendations to the U.K. Government on matters such as the design, construction, and modification of the building, the role of relevant public authorities and contractors, the implications of the fire for the adequacy and enforcement of relevant regulations, arrangements in place for handling emergencies, and the handling of concerns from residents, among other things. Hearings for Phase 1 of the Public Inquiry began on May 21, 2018 and concluded on December 12, 2018. Phase 2 hearings of the Public Inquiry are expected to begin in early 2020, following which a final report will be written and subsequently published. AAP SAS is participating as a Core Participant in the Public Inquiry and is also cooperating with the ongoing parallel investigation by the Police. ParentCo no longer sells the PE product for architectural use on buildings. Given the preliminary nature of these investigations and the uncertainty of potential future litigation, ParentCo cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Behrens et al. v. Arconic Inc. et al. On June 6, 2019, 247 plaintiffs comprised of survivors and estates of decedents of the Grenfell Tower fire filed a complaint against “Arconic Inc., Alcoa Inc., and Arconic Architectural Products, LLC” (collectively, for purposes of the description of such proceeding, the “ParentCo Defendants”), as well as Saint-Gobain Corporation, d/b/a Celotex and Whirlpool Corporation, in the Court of Common Pleas of Philadelphia County. The complaint alleges claims under Pennsylvania state law for products liability and wrongful death related to the fire. In particular, the plaintiffs allege that the ParentCo Defendants knowingly supplied a dangerous product (Reynobond PE) for installation on the Grenfell Tower despite knowing that Reynobond PE was unfit for use above a certain height. The ParentCo Defendants removed the case to the United States District Court for the Eastern District of Pennsylvania on June 19, 2019. On August 29, 2019, the ParentCo Defendants moved to dismiss the complaint on the bases, among other things, that: (i) the case should be heard in the United Kingdom, not the United States; (ii) there is no jurisdiction over necessary parties; and (iii) Pennsylvania products liability law does not apply to manufacture and sale of product overseas. Given the preliminary nature of this matter and the uncertainty of litigation, the ParentCo Defendants cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Howard v. Arconic Inc. et al. A purported class action complaint related to the Grenfell Tower fire was filed on August 11, 2017 in the United States District Court for the Western District of Pennsylvania against ParentCo and Klaus Kleinfeld. A related purported class action complaint was filed in the United States District Court for the Western District of Pennsylvania on August 25, 2017, under the caption

Sullivan v. Arconic Inc. et al., against ParentCo, two former ParentCo executives, several current and former ParentCo directors, and banks that acted as underwriters for ParentCo's September 18, 2014 preferred stock offering (the "Preferred Offering"). The plaintiff in *Sullivan* had previously filed a purported class action against the same defendants on July 18, 2017 in the Southern District of New York and, on August 25, 2017, voluntarily dismissed that action without prejudice. On February 7, 2018, on motion from certain putative class members, the court consolidated *Howard* and *Sullivan*, closed *Sullivan*, and appointed lead plaintiffs in the consolidated case. On April 9, 2018, the lead plaintiffs in the consolidated purported class action filed a consolidated amended complaint. The consolidated amended complaint alleged that the registration statement for the Preferred Offering contained false and misleading statements and omitted to state material information, including by allegedly failing to disclose material uncertainties and trends resulting from sales of Reynobond PE for unsafe uses and by allegedly expressing a belief that appropriate risk management and compliance programs had been adopted while concealing the risks posed by Reynobond PE sales. The consolidated amended complaint also alleged that between November 4, 2013 and June 23, 2017 ParentCo and Kleinfeld made false and misleading statements and failed to disclose material information about ParentCo's commitment to safety, business and financial prospects, and the risks of the Reynobond PE product, including in ParentCo's Form 10-Ks for the fiscal years ended December 31, 2013, 2014, 2015, and 2016, its Form 10-Qs and quarterly financial press releases from the fourth quarter of 2013 through the first quarter of 2017, its 2013, 2014, 2015, and 2016 Annual Reports, its 2016 Annual Highlights Report, and on its official website. The consolidated amended complaint sought, among other things, unspecified compensatory damages and an award of attorney and expert fees and expenses. On June 8, 2018, all defendants moved to dismiss the consolidated amended complaint for failure to state a claim. On June 21, 2019, the Court granted the defendants' motion to dismiss in full, dismissing the consolidated amended complaint in its entirety without prejudice. On July 23, 2019, the lead plaintiffs filed a second amended complaint. The second amended complaint alleges generally the same claims as the consolidated amended complaint with certain additional allegations, as well as claims that the risk factors set forth in the registration statement for the Preferred Offering were inadequate and that certain additional statements in the sources identified above were misleading. The second amended complaint seeks, among other things, unspecified compensatory damages and an award of attorney and expert fees and expenses. On September 11, 2019, all defendants moved to dismiss the second amended complaint. Plaintiffs' opposition to that motion is due by November 1, 2019. Given the preliminary nature of this matter and the uncertainty of litigation, ParentCo cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Raul v. Albaugh, et al. On June 22, 2018, a derivative complaint was filed nominally on behalf of ParentCo by a purported ParentCo stockholder against the then members of ParentCo's Board of Directors and Klaus Kleinfeld and Ken Giacobbe, naming ParentCo as a nominal defendant, in the United States District Court for the District of Delaware. The complaint raises similar allegations as the consolidated amended complaint and second amended complaint in *Howard*, as well as allegations that the defendants improperly authorized the sale of Reynobond PE for unsafe uses, and asserts claims under Section 14(a) of the Securities Exchange Act of 1934, as amended, and Delaware state law. On July 13, 2018, the parties filed a stipulation agreeing to stay this case until the final resolution of the *Howard* case, the Grenfell Tower Public Inquiry in London, and the investigation by the Police and on July 23, 2018, the Court approved the stay. Given the preliminary nature of this matter and the uncertainty of litigation, ParentCo cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

While ParentCo believes that these cases are without merit and intends to challenge them vigorously, there can be no assurances regarding the ultimate resolution of these matters.

Stockholder Demands. The ParentCo Board of Directors also received letters, purportedly sent on behalf of stockholders, reciting allegations similar to those made in the federal court lawsuits and demanding that the ParentCo Board authorize ParentCo to initiate litigation against members of management, the ParentCo Board, and others. The ParentCo Board of Directors appointed a Special Litigation Committee of the ParentCo Board to review, investigate, and make recommendations to the ParentCo Board regarding the appropriate course of action with respect to these stockholder demand letters. On May 22, 2019, the Special Litigation Committee, following completion of its investigation into the claims demanded in the demand letters, recommended to the ParentCo Board that it reject the demands

to authorize commencement of litigation. On May 28, 2019, the ParentCo Board adopted the Special Litigation Committee's findings and recommendations and rejected the demands that it authorize commencement of actions to assert the claims set forth in the demand letters.

General. In addition to the matters described above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against ParentCo or Arconic Corporation, including those pertaining to environmental, product liability, safety and health, employment, tax, and antitrust matters. While the amounts claimed in these other matters may be substantial, the ultimate liability is not readily determinable because of the considerable uncertainties that exist. Accordingly, it is possible that Arconic Corporation's liquidity or results of operations in a reporting period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the results of operations, financial position or cash flows of Arconic Corporation.

Commitments

Purchase Obligations. ParentCo has entered into purchase commitments, on behalf of Arconic Corporation, for raw materials, energy, and other goods and services, which total \$353 in 2019, \$36 in 2020, \$7 in 2021, \$7 in 2022, \$5 in 2023, and \$2 thereafter as of December 31, 2018.

Operating Leases. Certain land and buildings, plant equipment, vehicles, and computer equipment are under operating lease agreements. Total expense for all leases was \$52 in 2018, \$48 in 2017, and \$50 in 2016. As of December 31, 2018, minimum annual payments under long-term operating leases are \$34 in 2019, \$28 in 2020, \$22 in 2021, \$17 in 2022, \$14 in 2023, and \$43 thereafter.

Guarantees. ParentCo has outstanding bank guarantees, on behalf of Arconic Corporation, related to, among others, tax matters and customs duties. The total amount committed under these guarantees, which expire at various dates between 2019 and 2026 was \$11 at December 31, 2018.

Letters of Credit. ParentCo has outstanding letters of credit, on behalf of Arconic Corporation, primarily related to environmental and lease obligations. The total amount committed under these letters of credit, which automatically renew or expire at various dates, mostly in 2019, was \$45 at December 31, 2018.

Surety Bonds. ParentCo has outstanding surety bonds, on behalf of Arconic Corporation, primarily related to customs duties and environmental-related matters. The total amount committed under these surety bonds, which expire at various dates, primarily in 2019, was \$9 at December 31, 2018.

T. Subsequent Events

Management evaluated all activity of Arconic Corporation through October 30, 2019 (the date on which the Combined Financial Statements were issued) and concluded that no subsequent events have occurred that would require recognition in the Combined Financial Statements or disclosure in the Notes to the Combined Financial Statements, except as described below.

In the first half of 2019, Arconic Corporation received EPA approval of the final design for an environmental remediation project, and, subsequently, increased the related remediation reserve to address post-approval challenges (see Massena West, NY within Environmental Matters under Contingencies in Note S).

Also in the first half of 2019, several events occurred related to ParentCo's Reynobond PE matter, including the filing of a new complaint (see Reynobond PE within Litigation under Contingencies in Note S).

In August 2019, Arconic Corporation reached an agreement to sell its aluminum rolling mill in Itapissuma, Brazil to Companhia Brasileira de Alumínio for approximately \$50 in cash, subject to working capital and other adjustments. The transaction is expected to close in early 2020, subject to regulatory approvals and customary closing conditions. As a result of the agreement, Arconic Corporation expects to recognize a restructuring-related charge of approximately \$40 to \$50 (pretax) in 2019, primarily related to the non-cash impairment of the net book value of this business.

Arconic Rolled Products Corporation
Statement of Combined Operations (unaudited)
(in millions)

For the nine months ended September 30,	2019	2018
Sales to unrelated parties	\$5,427	\$5,472
Sales to related parties (A)	142	161
Total Sales (C and D)	5,569	5,633
Cost of goods sold (exclusive of expenses below)	4,810	4,952
Selling, general administrative, and other expenses	255	224
Research and development expenses	34	47
Provision for depreciation and amortization	190	198
Restructuring and other charges (E)	104	—
Operating income	176	212
Interest expense	86	99
Other (income) expenses, net (F)	(4)	9
Income before income taxes	94	104
Provision for income taxes (H)	55	33
Net income	39	71
Less: Net income attributable to noncontrolling interest	—	—
Net income attributable to Arconic Rolled Products Corporation	\$ 39	\$ 71

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

Arconic Rolled Products Corporation
Statement of Combined Comprehensive Income (unaudited)
(in millions)

For the nine months ended September 30,	Arconic Rolled Products Corporation		Noncontrolling interest		Total	
	2019	2018	2019	2018	2019	2018
Net income	\$39	\$ 71	\$—	\$—	\$39	\$ 71
Other comprehensive income (loss), net of tax (I):						
Change in unrecognized net actuarial loss and prior service cost related to pension and other postretirement benefits	1	6	—	—	1	6
Foreign currency translation adjustments	59	(10)	—	—	59	(10)
Total Other comprehensive income (loss), net of tax	60	(4)	—	—	60	(4)
Comprehensive income	<u>\$99</u>	<u>\$ 67</u>	<u>\$—</u>	<u>\$—</u>	<u>\$99</u>	<u>\$ 67</u>

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

Arconic Rolled Products Corporation
Combined Balance Sheet (unaudited)
(in millions)

	September 30, 2019 Pro Forma (Note A)	September 30, 2019	December 31, 2018
Assets			
Current assets:			
Cash and cash equivalents	\$ 47	\$ 47	\$ 81
Receivables from customers, less allowances of \$3 in 2019 and \$2 in 2018	436	436	408
Other receivables	126	126	127
Inventories (J)	877	877	818
Prepaid expenses and other current assets	49	49	42
Total current assets	<u>1,535</u>	<u>1,535</u>	<u>1,476</u>
Properties, plants, and equipment	7,131	7,131	7,202
Less: Accumulated depreciation and amortization	4,420	4,420	4,341
Properties, plants, and equipment, net	<u>2,711</u>	<u>2,711</u>	<u>2,861</u>
Goodwill	380	380	385
Operating lease right-of-use assets (K)	127	127	—
Deferred income taxes	2	2	15
Other noncurrent assets	35	35	58
Total assets	<u>\$4,790</u>	<u>\$4,790</u>	<u>\$4,795</u>
Liabilities			
Current liabilities:			
Accounts payable, trade	\$1,056	\$1,056	\$1,165
Accrued compensation and retirement costs	74	74	66
Taxes, including income taxes	38	38	37
Environmental remediation (M)	77	77	69
Operating lease liabilities (K)	31	31	—
Distribution payable to ParentCo (A)	804	—	—
Other current liabilities	63	63	56
Total current liabilities	<u>2,143</u>	<u>1,339</u>	<u>1,393</u>
Long-term debt	250	250	250
Deferred income taxes	113	113	82
Accrued pension and other postretirement benefits	51	51	55
Environmental remediation (M)	152	152	170
Operating lease liabilities (K)	97	97	—
Other noncurrent liabilities and deferred credits (B)	48	48	168
Total liabilities	<u>2,854</u>	<u>2,050</u>	<u>2,118</u>
Contingencies and commitments (M)			
Equity			
Parent Company net investment (A)	1,612	2,416	2,415
Accumulated other comprehensive income (I)	310	310	250
Sub-total equity	<u>1,922</u>	<u>2,726</u>	<u>2,665</u>
Noncontrolling interest	14	14	12
Total equity	<u>1,936</u>	<u>2,740</u>	<u>2,677</u>
Total liabilities and equity	<u>\$4,790</u>	<u>\$4,790</u>	<u>\$4,795</u>

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

Arconic Rolled Products Corporation
Statement of Combined Cash Flows (unaudited)
(in millions)

For the nine months ended September 30,	2019	2018
Operating Activities		
Net income	\$ 39	\$ 71
Adjustments to reconcile net income to cash provided from operations:		
Depreciation and amortization	190	198
Deferred income taxes	20	(3)
Restructuring and other charges (E)	104	—
Net loss from investing activities – asset sales (F)	1	3
Net periodic pension benefit cost (G)	4	4
Stock-based compensation	28	18
Other	6	1
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:		
(Increase) in receivables	(48)	(74)
(Increase) in inventories	(69)	(117)
(Increase) Decrease in prepaid expenses and other current assets	(12)	3
(Decrease) Increase in accounts payable, trade	(96)	225
(Decrease) in accrued expenses	(48)	(27)
Increase in taxes, including income taxes	13	21
Pension contributions	(2)	(3)
(Increase) in noncurrent assets	(6)	(6)
Increase (Decrease) in noncurrent liabilities	21	(8)
Cash provided from operations	145	306
Financing Activities		
Net transfers to Parent Company	(69)	(131)
Other	1	5
Cash used for financing activities	(68)	(126)
Investing Activities		
Capital expenditures	(120)	(195)
Proceeds from the sale of assets and businesses (L)	11	5
Cash used for investing activities	(109)	(190)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(2)	(2)
Net change in cash and cash equivalents and restricted cash	(34)	(12)
Cash and cash equivalents and restricted cash at beginning of year	81	126
Cash and cash equivalents and restricted cash at end of period	\$ 47	\$ 114

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

Arconic Rolled Products Corporation
Statement of Changes in Combined Equity (unaudited)
(in millions)

	Parent Company net investment	Accumulated other comprehensive income	Noncontrolling interest	Total equity
Balance at December 31, 2017	\$ 2,584	\$ 410	\$ 13	\$3,007
Net income	71	—	—	71
Other comprehensive loss (I)	—	(4)	—	(4)
Change in ParentCo contribution	(147)	—	—	(147)
Balance at September 30, 2018	<u>\$ 2,508</u>	<u>\$ 406</u>	<u>\$ 13</u>	<u>\$2,927</u>
Balance at December 31, 2018	\$ 2,415	\$ 250	\$ 12	\$2,677
Adoption of accounting standard (B)	73	—	—	73
Net income	39	—	—	39
Other comprehensive income (I)	—	60	—	60
Change in ParentCo contribution	(111)	—	—	(111)
Other	—	—	2	2
Balance at September 30, 2019	<u>\$ 2,416</u>	<u>\$ 310</u>	<u>\$ 14</u>	<u>\$2,740</u>

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

Arconic Rolled Products Corporation
Notes to the Combined Financial Statements (unaudited)
(dollars in millions)

A. The Proposed Separation and Basis of Presentation

The interim Combined Financial Statements of Arconic Rolled Products Corporation (“Arconic Corporation” or the “Company”) are unaudited. These Combined Financial Statements include all adjustments, consisting only of normal recurring adjustments, considered necessary by management to fairly state the Company’s results of operations, financial position, and cash flows. The results reported in these Combined Financial Statements are not necessarily indicative of the results that may be expected for the entire year. The 2018 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). These interim Combined Financial Statements should be read in conjunction with the Combined Financial Statements for the three years ended December 31, 2018, included elsewhere in this Information Statement.

References in these Notes to (i) “ParentCo” refer to Arconic Inc., a Delaware corporation, and its consolidated subsidiaries, and (ii) “2016 Separation Transaction” refer to the separation of Alcoa Inc., a Pennsylvania corporation, into two standalone, publicly traded companies, Arconic Inc. and Alcoa Corporation on November 1, 2016.

The Proposed Separation. On February 8, 2019, ParentCo announced that its Board of Directors approved a plan to separate into two standalone, publicly-traded companies (the “Separation”). The spin-off company, Arconic Corporation, will include the rolled aluminum products, aluminum extrusions, and architectural products operations of ParentCo, as well as the Latin America extrusions operations sold in April 2018, (collectively, the “Arconic Corporation Businesses”). The existing publicly traded company, ParentCo, will continue to own the engines, engineered structures, fastening systems, and forged wheels operations (collectively, the “Howmet Aerospace Businesses”).

The Separation will occur by means of a pro rata distribution by ParentCo of all of the outstanding shares of common stock of Arconic Corporation. In conjunction with the consummation of the Separation, ParentCo will change its name to Howmet Aerospace Inc. (“Howmet Aerospace”) and Arconic Rolled Products Corporation will change its name to Arconic Corporation.

The Separation, which is expected to be completed in the second quarter of 2020, is subject to a number of conditions, including, but not limited to: final approval by ParentCo’s Board of Directors; receipt of an opinion of legal counsel regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 335 and 368(a)(1)(D) of the U.S. Internal Revenue Code (i.e., a transaction that is generally tax-free for U.S. federal income tax purposes); and the U.S. Securities and Exchange Commission (the “SEC”) declaring effective the registration statement of which these Combined Financial Statements form a part.

Arconic Corporation and Howmet Aerospace will enter into several agreements to implement the legal and structural separation between the two companies; govern the relationship between Arconic Corporation and Howmet Aerospace after the completion of the Separation; and allocate between Arconic Corporation and Howmet Aerospace various assets, liabilities, and obligations, including, among other things, employee benefits, environmental liabilities, intellectual property, and tax-related assets and liabilities. One agreement in particular, the Separation and Distribution Agreement, will identify the assets to be transferred, the liabilities to be assumed, and the contracts to be transferred to each of Arconic Corporation and Howmet Aerospace as part of the Separation, and will provide for when and how these transfers and assumptions will occur.

ParentCo may, at any time and for any reason until the Separation is complete, abandon the separation plan or modify its terms.

ParentCo is incurring costs to evaluate, plan, and execute the Separation, and Arconic Corporation is allocated a pro rata portion of these costs based on segment revenue (see Cost Allocations below). In the 2019 nine-month period, ParentCo recognized \$44 for costs related to the proposed separation transaction, of which \$23 was allocated to Arconic Corporation. The allocated amounts were included in Selling, general administrative, and other expenses on the accompanying Statement of Combined Operations.

Arconic Corporation expects to pay a cash distribution to ParentCo upon Separation from the net proceeds to be received from the issuance of new third-party indebtedness. This distribution is estimated to be \$804 as of September 30, 2019. The accompanying unaudited pro forma balance sheet gives effect to such planned distribution.

Basis of Presentation. The Combined Financial Statements of Arconic Corporation are prepared in conformity with GAAP. In accordance with GAAP, certain situations require management to make estimates based on judgments and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters.

Principles of Combination. The Combined Financial Statements of Arconic Corporation are prepared from ParentCo's historical accounting records and are presented on a standalone basis as if the Arconic Corporation Businesses have been conducted independently from ParentCo. Such Combined Financial Statements include the historical operations that are considered to comprise the Arconic Corporation Businesses, as well as certain assets and liabilities that have been historically held at ParentCo's corporate level but are specifically identifiable or otherwise attributable to Arconic Corporation. ParentCo's net investment in these operations is reflected as Parent Company net investment on the accompanying Combined Financial Statements. All significant transactions and accounts within Arconic Corporation have been eliminated. All significant intercompany transactions between ParentCo and Arconic Corporation are included within Parent Company net investment on the accompanying Combined Financial Statements.

Cost Allocations. The Combined Financial Statements of Arconic Corporation include general corporate expenses of ParentCo that were not historically charged to the Arconic Corporation Businesses for certain support functions that are provided on a centralized basis, such as expenses related to finance, audit, legal, information technology, human resources, communications, compliance, facilities, employee benefits and compensation, and research and development activities. These general corporate expenses are included on the accompanying Statement of Combined Operations within Cost of goods sold, Selling, general administrative and other expenses, and Research and development expenses. These expenses have been allocated to Arconic Corporation on the basis of direct usage when identifiable, with the remainder allocated based on the Arconic Corporation Businesses' segment revenue as a percentage of ParentCo's total segment revenue, as reported in the respective periods.

All external debt not directly attributable to Arconic Corporation has been excluded from the accompanying Combined Balance Sheet. Financing costs related to these debt obligations have been allocated to Arconic Corporation based on the ratio of capital invested by ParentCo in the Arconic Corporation Businesses to the total capital invested by ParentCo in both the Arconic Corporation Businesses and the Howmet Aerospace Businesses, and are included on the accompanying Statement of Combined Operations within Interest expense.

The following table reflects the allocations described above:

For the nine months ended September 30,	2019	2018
Cost of goods sold ⁽¹⁾	\$11	\$ 9
Selling, general administrative, and other expenses ⁽²⁾	80	49
Research and development expenses	8	18
Provision for depreciation and amortization	9	7
Restructuring and other charges (E)	5	(3)
Interest expense	86	95
Other expenses (income), net (F)	4	(4)

- (1) For all periods presented, amount principally relates to an allocation of expenses for ParentCo's retained pension and other postretirement benefit obligations associated with closed and sold operations.

- (2) In the 2019 nine-month period, amount includes costs incurred by ParentCo associated with the proposed separation transaction (see The Proposed Separation above).

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs are reasonable.

Nevertheless, the Combined Financial Statements of Arconic Corporation may not include all of the actual expenses that would have been incurred and may not reflect Arconic Corporation's combined results of operations, financial position, and cash flows had it been a standalone company during the periods presented. Actual costs that would have been incurred if Arconic Corporation had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between Arconic Corporation and ParentCo, including sales to the Howmet Aerospace Businesses, have been presented as related party transactions in these Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected on the accompanying Statement of Combined Cash Flows as a financing activity and on the accompanying Combined Balance Sheet as Parent Company net investment.

Cash management. Cash is managed centrally with certain net earnings reinvested locally and working capital requirements met from existing liquid funds. Accordingly, the cash and cash equivalents held by ParentCo at the corporate level were not attributed to Arconic Corporation for any of the periods presented. Only cash amounts specifically attributable to Arconic Corporation are reflected in the accompanying Combined Balance Sheet. Transfers of cash, both to and from ParentCo's centralized cash management system, are reflected as a component of Parent Company net investment on the accompanying Combined Balance Sheet and as a financing activity on the accompanying Statement of Combined Cash Flows.

ParentCo has an arrangement with several financial institutions to sell certain customer receivables without recourse on a revolving basis. The sale of such receivables is completed through the use of a bankruptcy-remote special-purpose entity, which is a consolidated subsidiary of ParentCo. In connection with this arrangement, certain of Arconic Corporation's customer receivables are sold on a revolving basis to this bankruptcy-remote subsidiary of ParentCo; these sales are reflected as a component of Parent Company net investment on the accompanying Combined Balance Sheet. As of September 30, 2019 and December 31, 2018, the amount of Arconic Corporation's outstanding customer receivables sold to ParentCo's subsidiary was \$386 and \$291, respectively.

ParentCo participates in several accounts payable settlement arrangements with certain vendors and third-party intermediaries. These 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 and ParentCo makes payment to the third-party intermediary on the date stipulated in accordance with the commercial terms negotiated with its vendors. In connection with these arrangements, certain of Arconic Corporation's accounts payable are settled, at the vendor's request, before the scheduled payment date; these settlements are reflected as a component of Parent Company net investment on the accompanying Combined Balance Sheet. As of both September 30, 2019 and December 31, 2018, the amount of Arconic Corporation's accounts payables settled under such arrangements that have yet to be extinguished between ParentCo and third-party intermediaries was \$1.

Related Party Transactions. Transactions between the Arconic Corporation Businesses and the Howmet Aerospace Businesses have been presented as related party transactions on the accompanying Combined Financial Statements. In the 2019 and 2018 nine-month period, sales to the Howmet Aerospace Businesses from the Arconic Corporation Businesses were \$142 and \$161, respectively.

B. Recently Adopted and Recently Issued Accounting Guidance

Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued changes to the accounting and presentation of leases. These changes require lessees to recognize a right-of-use asset and lease liability on the balance sheet, initially measured at the present value of the future lease payments for all operating leases with a term greater than 12 months.

These changes became effective for Arconic Corporation on January 1, 2019 and have been applied using the modified retrospective approach as of the date of adoption, under which leases existing at, or entered into after, January 1, 2019 were required to be measured and recognized on the accompanying Combined Balance Sheet. Prior period amounts have not been adjusted and continue to be reflected in accordance with the Company's historical accounting. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed, among other things, the Company to carry forward the historical lease classification. The Company also elected to separate lease components from non-lease components for all classes of assets.

The adoption of this new guidance resulted in the Company recording operating lease right-of-use assets and lease liabilities of \$150 on the Combined Balance Sheet as of January 1, 2019. Also, the Company reclassified a net \$73 to Parent Company net investment comprised of \$119 from Other noncurrent liabilities and deferred credits, \$24 from Properties, plants, and equipment, net, and \$22 from Deferred income tax assets reflecting the cumulative effect of an accounting change related to the sale-leaseback of Arconic Corporation's Texarkana (Texas) cast house. The adoption of the standard had no impact on the Statement of Combined Operations or Statement of Combined Cash Flows. See Note K for disclosures related to the Company's operating leases.

In August 2017, the FASB issued guidance that made more financial and nonfinancial hedging strategies eligible for hedge accounting. It also amended the presentation and disclosure requirements and changed how a company assesses effectiveness. It is intended to more closely align hedge accounting with a company's risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. These changes became effective for Arconic Corporation on January 1, 2019. The adoption of this guidance had no impact on the Combined Financial Statements.

Issued

In June 2016, the FASB added a new impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. The CECL model applies to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments. The CECL model does not have a minimum threshold for recognition of impairment losses and entities will need to measure expected credit losses on assets that have a low risk of loss. These changes become effective for Arconic Corporation on January 1, 2020. Management has determined that the adoption of this guidance will not have a material impact on the Combined Financial Statements.

C. Revenue from Contracts with Customers

The following table disaggregates revenue by major end market served. Differences between segment totals and combined Arconic Corporation are in Corporate.

For the nine-months ended September 30,	Rolled Products	Extrusions	Building and Construction Systems	Total Segments
2019				
Ground Transportation	\$1,878	\$ 88	\$ —	\$1,966
Building and Construction	149	—	855	1,004
Aerospace	754	221	—	975
Industrial Products	804	75	—	879
Packaging	687	—	—	687
Other	22	36	—	58
Total end-market revenue	<u>\$4,294</u>	<u>\$420</u>	<u>\$855</u>	<u>\$5,569</u>

For the nine-months ended September 30,	Rolled Products	Extrusions	Building and Construction Systems	Total Segments
2018				
Ground Transportation	\$1,942	\$ 78	\$ —	\$2,020
Building and Construction	167	—	866	1,033
Aerospace	648	207	—	855
Industrial Products	760	90	—	850
Packaging	788	—	—	788
Other	28	34	—	62
Total end-market revenue	<u>\$4,333</u>	<u>\$409</u>	<u>\$866</u>	<u>\$5,608</u>

D. Segment and Related Information

The operating results of Arconic Corporation's reportable segments were as follows (differences between segment totals and Arconic Corporation's combined totals are in Corporate):

For the nine-months ended September 30,	Rolled Products	Extrusions	Building and Construction Systems	Total
2019				
Sales:				
Third-party sales—unrelated party	\$4,193	\$379	\$855	\$5,427
Third-party sales—related party	101	41	—	142
Intersegment sales	20	1	—	21
Total sales	<u>\$4,314</u>	<u>\$421</u>	<u>\$855</u>	<u>\$5,590</u>
Segment operating profit	\$ 346	\$ (29)	\$ 89	\$ 406
Supplemental information:				
Provision for depreciation and amortization	\$ 139	\$ 22	\$ 14	\$ 175
Restructuring and other charges	69	(1)	31	99
2018				
Sales:				
Third-party sales—unrelated party	\$4,223	\$358	\$866	\$5,447
Third-party sales—related party	110	51	—	161
Intersegment sales	12	3	—	15
Total sales	<u>\$4,345</u>	<u>\$412</u>	<u>\$866</u>	<u>\$5,623</u>
Segment operating profit	\$ 268	\$ 2	\$ 74	\$ 344
Supplemental information:				
Provision for depreciation and amortization	\$ 154	\$ 17	\$ 14	\$ 185
Restructuring and other charges	2	1	—	3

The following table reconciles total segment operating profit to combined income before income taxes:

For the nine-months ended September 30,	2019	2018
Total segment operating profit	\$ 406	\$344
Unallocated amounts:		
Cost allocations (A)	(108)	(83)
Restructuring and other charges (E)	(104)	—
Other	(18)	(49)
Combined operating income	\$ 176	\$212
Interest expense	(86)	(99)
Other income (expenses), net (F)	4	(9)
Combined income before income taxes	<u>\$ 94</u>	<u>\$104</u>

E. Restructuring and Other Charges

In the 2019 nine-month period, Arconic Corporation recorded Restructuring and other charges of \$104, which were comprised of the following components: a \$59 impairment charge for the assets associated with an aluminum rolling mill in Brazil as a result of signing a definitive sale agreement (see Note L); a \$28 charge for layoff costs, including the separation of approximately 370 employees (virtually all of which related to the Rolled Products and Building and Construction Systems segments); a \$10 charge for the impairment of the carrying value of a trade name intangible asset; a \$5 charge for an allocation of ParentCo's corporate restructuring charges (see Cost Allocations in Note A); and a \$2 net charge for other items.

In the 2018 nine-month period, Arconic Corporation recorded the following activity related to Restructuring and other charges: a \$7 net charge for miscellaneous items; a \$3 benefit for an allocation of ParentCo's corporate restructuring activity (see Cost Allocations in Note A); and a \$4 benefit for the reversal of several layoff reserves related to prior periods.

As of September 30, 2019, approximately 110 of the 370 employees associated with 2019 restructuring programs were separated. The remaining separations for the 2019 restructuring programs are expected to be completed between the remainder of 2019 and the first half of 2020. In the 2019 nine-month period, Arconic Corporation made cash payments of \$7 against layoff reserves related to 2019 restructuring programs.

Activity and reserve balances for restructuring charges were as follows:

	Layoff costs	Other costs	Total
Reserve balances at December 31, 2017	\$ 22	\$ 2	\$ 24
Cash payments	(12)	(1)	(13)
Restructuring charges	1	1	2
Other ⁽¹⁾	(10)	1	(9)
Reserve balances at December 31, 2018	1	3	4
Cash payments	(7)	(3)	(10)
Restructuring charges	28	1	29
Other ⁽¹⁾	(1)	—	(1)
Reserve balances at September 30, 2019 ⁽²⁾	<u>\$ 21</u>	<u>\$ 1</u>	<u>\$ 22</u>

(1) Other includes reversals of previously recorded restructuring charges and the effects of foreign currency translation.

(2) The remaining reserves are expected to be paid in cash during the remainder of 2019, with the exception of \$12, which is expected to be paid in the first half of 2020 related to severance payments.

F. Other (Income) Expenses, Net

For the nine months ended September 30,	2019	2018
Interest income	(11)	(9)
Foreign currency (gains) losses, net	(3)	13
Net loss from asset sales	1	3
Other, net	9	2
	<u>\$ (4)</u>	<u>\$ 9</u>

G. Pension and Other Postretirement Benefits

Certain Arconic Corporation employees participate in ParentCo-sponsored defined benefit pension plans (“Shared Pension Plans”) and health care and life insurance postretirement benefit plans (“Shared OPEB Plans,” and, together with the Shared Pension Plans, the “Shared Plans”), which include ParentCo corporate and Howmet Aerospace participants as well as eligible U.S. retired employees and certain retirees from foreign locations.

Pension benefits under the Shared Pension Plans generally depend on 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. Most salaried and non-bargaining hourly U.S. employees hired after March 1, 2006 participate in a defined contribution plan instead of a defined benefit plan. Additionally, effective April 1, 2018, benefit accruals for future service and compensation under all ParentCo’s qualified and non-qualified defined benefit pension plans for salaried and non-bargaining hourly U.S. employees ceased. Furthermore, effective February 1, 2019, benefit accruals for future service and compensation under ParentCo’s defined benefit pension plans for all employees in the United Kingdom ceased.

Generally, ParentCo’s health care plans are unfunded and pay a percentage of medical expenses, reduced by deductibles and other coverage. Life benefits are generally provided by insurance contracts. ParentCo retains the right, subject to existing agreements, to change or eliminate these benefits. All salaried and certain non-bargaining hourly U.S. employees hired after January 1, 2002 and certain bargaining hourly U.S. employees hired after July 1, 2010 are not eligible for postretirement health care benefits. Additionally, all salaried and certain hourly U.S. employees that retire on or after April 1, 2008 are not eligible for postretirement life insurance benefits. Furthermore, ParentCo initiated the following actions between the second half of 2018 and the first half of 2019: (i) effective December 31, 2018, ParentCo terminated all pre-Medicare medical, prescription drug, and vision coverage for current and future salaried and non-bargaining hourly U.S. employees and retirees of ParentCo and its subsidiaries, (ii) effective May 1, 2019, ParentCo eliminated the life insurance benefit for salaried and non-bargaining hourly U.S. retirees of ParentCo and its subsidiaries, and (iii) effective December 31, 2019, ParentCo will eliminate certain health care subsidies for salaried and non-bargaining hourly U.S. retirees of ParentCo and its subsidiaries.

Arconic Corporation accounts for the portion of the Shared Plans related to its employees as multiemployer benefit plans. Accordingly, Arconic Corporation does not record an asset or liability to recognize the funded status of the Shared Plans. However, the related pension and other postretirement benefit expenses attributable to Arconic Corporation are based primarily on pensionable compensation of active Arconic Corporation participants and estimated interest costs, respectively.

The accompanying Combined Financial Statements also include an allocation of pension and other postretirement benefit expenses for the Shared Plans attributable to ParentCo corporate participants as well as to closed and sold operations (see Cost Allocations in Note A).

Certain ParentCo plans that are specific only to Arconic Corporation employees (“Direct Plans”) are accounted for as defined benefit pension and other postretirement plans in the accompanying Combined Financial Statements. Accordingly, the funded status of each Direct Plan is recorded in the accompanying Combined Balance Sheet. Actuarial gains and losses that have not yet been recognized in earnings are recorded in Accumulated other comprehensive income until they are amortized as a component of net

periodic benefit cost. The determination of benefit obligations and recognition of expenses related to Direct Plans are dependent on various assumptions, including discount rates, long-term expected rates of return on plan assets, and future compensation increases. Management develops each assumption using relevant company experience in conjunction with market-related data for each of the plans.

The following table summarizes the total expenses recognized by Arconic Corporation related to the pension and other postretirement benefits described above:

Type of Plan	Type of Expense	Pension benefits		Other postretirement benefits	
		For the nine months ended September 30,		For the nine months ended September 30,	
		2019	2018	2019	2018
Direct Plans	Net periodic benefit cost	\$ 4	\$ 4	\$—	\$—
Shared Plans	Multiemployer contribution	46	51	15	15
Shared Plans	Cost allocation	15	15	4	4
		<u>\$65</u>	<u>\$70</u>	<u>\$19</u>	<u>\$19</u>

The components of net periodic benefit cost for pension plans classified as Direct Plans were as follows:

For the nine months ended September 30,	2019	2018
Service cost	\$ 2	\$ 2
Interest cost	3	3
Expected return on plan assets	(4)	(4)
Recognized net actuarial loss	3	3
Net periodic benefit cost*	<u>\$ 4</u>	<u>\$ 4</u>

* Service cost was included within Cost of goods sold and all other cost components were included in Other (income) expenses, net on the accompanying Statement of Combined Operations.

H. Income Taxes

Arconic Corporation's year-to-date tax provision is comprised of the most recent estimated annual effective tax rate applied to year-to-date pre-tax ordinary income. The tax impacts of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are recorded discretely in the interim period in which they occur. In addition, the tax provision is adjusted for the interim period impact of non-benefited pre-tax losses.

The estimated annual effective tax rate, before discrete items, applied to ordinary income was 57.6% in the nine months ended September 30, 2019 and 29.6% in the nine months ended September 30, 2018. The estimated annual rates for 2019 and 2018 were higher than the U.S. federal statutory rate of 21.0% primarily due to the state tax impact of domestic taxable income and foreign income taxed in higher rate jurisdictions. The 2019 estimated annual rate was also increased by certain nondeductible costs related to the proposed separation transaction and estimated U.S. tax on Global Intangible Low-Taxed Income. For the nine months ended September 30, 2019 and 2018, the tax rate including discrete items was 59.1% and 31.7%, respectively.

The tax provisions for the nine months ended September 30, 2019 and 2018 were comprised of the following:

For the nine months ended September 30,	2019	2018
Pre-tax income at estimated annual effective income tax rate before discrete items	\$54	\$31
Interim period treatment of operational losses in foreign jurisdictions for which no tax benefit is recognized	—	1
Other discrete items	1	1
Provision for income taxes	<u>\$55</u>	<u>\$33</u>

I. Accumulated Other Comprehensive Income

The following table details the activity of the two components that comprise Accumulated other comprehensive income for Arconic Corporation (such activity for noncontrolling interest was immaterial for all periods presented):

For the nine months ended September 30,	2019	2018
Pension and other postretirement benefits (G)		
Balance at beginning of period	\$(32)	\$(36)
Other comprehensive income:		
Unrecognized net actuarial loss and prior service cost	(1)	6
Tax expense	—	(2)
Total Other comprehensive (loss) income before reclassifications, net of tax	(1)	4
Amortization of net actuarial loss and prior service cost ⁽¹⁾	3	3
Tax expense ⁽²⁾	(1)	(1)
Total amount reclassified from Accumulated other comprehensive loss, net of tax ⁽⁴⁾	2	2
Total Other comprehensive income	<u>1</u>	<u>6</u>
Balance at end of period	<u>\$(31)</u>	<u>\$(30)</u>
Foreign currency translation		
Balance at beginning of period	\$282	\$446
Other comprehensive income (loss) ⁽³⁾	59	(10)
Balance at end of period	<u>\$341</u>	<u>\$436</u>
Total balance at end of period	<u>\$310</u>	<u>\$406</u>

- (1) These amounts were included in the non-service component of net periodic benefit cost for pension and other postretirement benefits (see Note G).
- (2) These amounts were included in Provision for income taxes on the accompanying Statement of Combined Operations.
- (3) In all periods presented, there were no tax impacts related to rate changes and no amounts were reclassified to earnings.
- (4) 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 Statement of Combined Operations in the line items indicated in footnotes 1 through 3.

J. Inventories

	September 30, 2019	December 31, 2018
Finished goods	\$ 256	\$ 235
Work-in-process	804	812
Purchased raw materials	80	79
Operating supplies	70	65
	<u>1,210</u>	<u>1,191</u>
LIFO reserve	(333)	(373)
	<u>\$ 877</u>	<u>\$ 818</u>

At September 30, 2019 and December 31, 2018, the portion of Inventories subject to the last-in, first-out (LIFO) inventory accounting method was \$809, or 67%, and \$800, or 67%, respectively, of total inventories before LIFO adjustments.

K. Leases

Arconic Corporation determines whether a contract contains a lease at inception. The Company leases certain land and buildings, plant equipment, vehicles, and computer equipment, which have been classified as operating leases. Certain real estate leases include one or more options to renew; the exercise of lease renewal options is at the Company's discretion. Arconic Corporation includes renewal option periods in the lease term when it is determined that the options are reasonably certain to be exercised. Certain of the Company's real estate lease agreements include rental payments that either have fixed contractual increases over time or adjust periodically for inflation. Also, certain of the Company's lease agreements include variable lease payments. The variable portion of payments is not included in the initial measurement of the right-of-use asset or lease liability due to the uncertainty of the payment amount and is recorded as lease cost in the period incurred.

Operating lease right-of-use assets and lease liabilities with an initial term greater than 12 months are recorded on the balance sheet at the present value of the future minimum lease payments over the lease term calculated at the lease commencement date and are recognized as lease expense on a straight-line basis over the lease term. Arconic Corporation uses an incremental collateralized borrowing rate based on the information available at the lease commencement date in determining the present value of future payments, as most of the Company's leases do not provide an implicit rate. The operating lease right-of-use assets also include any lease prepayments made and were reduced by lease incentives and accrued exit costs as of the adoption date.

Operating lease cost, which includes short-term leases and variable lease payments and approximates cash paid, was \$47 and \$44 for the nine months ended September 30, 2019 and 2018, respectively.

Right-of-use assets obtained in exchange for operating lease obligations in the nine months ended September 30, 2019 were \$8.

Future minimum contractual operating lease obligations were as follows:

	September 30, 2019	December 31, 2018
2019	\$ 10	\$ 34
2020	35	28
2021	27	22
2022	20	17
2023	16	14
Thereafter	50	43
Total lease payments	\$158	\$158
Less: imputed interest	30	
Present value of lease liabilities	<u>\$128</u>	

The weighted-average remaining lease term and weighted-average discount rate for Arconic Corporation's operating leases at September 30, 2019 was 6.8 years and 6.1%, respectively.

L. Acquisitions and Divestitures

In August 2019, Arconic Corporation reached an agreement to sell its aluminum rolling mill in Itapissuma, Brazil to Companhia Brasileira de Alumínio for \$50 in cash, subject to working capital and other adjustments. This rolling mill produces specialty foil and sheet products and its operating results and assets and liabilities are included in the Rolled Products segment. The transaction is expected to close in early 2020, subject to regulatory approvals and customary closing conditions. As a result of the agreement, Arconic Corporation recognized a charge of \$59 (pretax) in Restructuring and other charges (see Note E) on the accompanying Statement of Combined Operations for the non-cash impairment of the carrying value of the rolling mill's net assets, primarily properties, plants, and equipment.

M. Contingencies and Commitments

The matters described within this section are those of ParentCo that are associated directly or indirectly with the Arconic Corporation Businesses. For those matters where the outcome remains uncertain, the ultimate allocation of any potential future costs between Arconic Corporation and Howmet Aerospace will be addressed in the Separation and Distribution Agreement.

Contingencies

Environmental Matters. ParentCo participates in environmental assessments and cleanups at several locations. These include owned or operating facilities and adjoining properties, previously owned or operating facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites.

A liability is recorded for environmental remediation when a cleanup program becomes probable and the costs can be reasonably estimated. As assessments and cleanups proceed, the liability is adjusted based on progress made in determining the extent of remedial actions and related costs. The liability can change substantially due to factors such as, among others, the nature and extent of contamination, changes in remedial requirements, and technological changes.

Arconic Corporation's remediation reserve balance was \$229 and \$239 (of which \$77 and \$69, respectively, was classified as a current liability) at September 30, 2019 and December 31, 2018, respectively, and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated for current and certain former Arconic Corporation operating locations. In the 2019 nine-month period, the remediation reserve was increased by \$25 related to the Grasse River project (see Massena West, NY below). This charge was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. Payments related to remediation expenses applied against the reserve, including expenditures currently mandated, as well as those not required by any regulatory authority or third party, were \$35 in the 2019 nine-month period.

The following description provides details regarding the current status of one reserve, which represents the majority of the Company's total remediation reserve balance, related to a current Arconic Corporation site.

Massena West, NY—Arconic Corporation has an ongoing remediation project related to the Grasse River, which is adjacent to Arconic Corporation's Massena plant site. Many years ago, it was determined that sediments and fish in the river contain varying levels of polychlorinated biphenyls (PCBs). The project, which was selected by the U.S. Environmental Protection Agency (EPA) in a Record of Decision issued in April 2013, is aimed at capping PCB contaminated sediments with concentration in excess of one part per million in the main channel of the river and dredging PCB contaminated sediments in the near-shore areas where total PCBs exceed one part per million. At September 30, 2019 and December 31, 2018, the reserve balance associated with this matter was \$191 and \$198, respectively. Arconic Corporation completed the final design phase of the project, which was approved by the EPA in March 2019. Following the EPA's approval, the actual remediation fieldwork commenced. The majority of the expenditures related to the project are expected to occur between 2019 and 2022.

In June 2019, Arconic Corporation increased the reserve balance by \$25 due to changes required in the EPA-approved remedial design and post-construction monitoring. These changes were necessary due to several items, the majority of which relate to navigation issues identified by a local seaway development company. Accordingly, the EPA requested an addendum to the final remedial design be submitted to address these issues. The proposed remedy is to dredge certain of the sediments originally identified for capping in the affected areas of the Grasse River, resulting in incremental project costs. As the project progresses, further changes to the reserve may be required due to factors such as, among others, additional changes in remedial requirements, increased site restoration costs, and incremental ongoing operation and maintenance costs.

Litigation.

All references to ParentCo in the matters described under this section Litigation refer to Arconic Inc. only and do not include its subsidiaries, except as otherwise stated.

Reynobond PE — On June 13, 2017, the Grenfell Tower in London, U.K. caught fire resulting in fatalities, injuries, and damage. A French subsidiary of ParentCo, Arconic Architectural Products SAS (AAP SAS), supplied a product, Reynobond PE, to its customer, a cladding system fabricator, which used the product as one component of the overall cladding system on Grenfell Tower. The fabricator supplied its portion of the cladding system to the façade installer, who then completed and installed the system under the direction of the general contractor. Neither ParentCo nor AAP SAS was involved in the design or installation of the system used at the Grenfell Tower, nor did it have a role in any other aspect of the building's refurbishment or original design. Regulatory investigations into the overall Grenfell Tower matter are being conducted, including a criminal investigation by the London Metropolitan Police Service (the "Police"), a Public Inquiry by the British government, and a consumer protection inquiry by a French public authority. The Public Inquiry was announced by the U.K. Prime Minister on June 15, 2017 and subsequently was authorized to examine the circumstances leading up to and surrounding the Grenfell Tower fire in order to make findings of fact and recommendations to the U.K. Government on matters such as the design, construction, and modification of the building, the role of relevant public authorities and contractors, the implications of the fire for the adequacy and enforcement of relevant regulations, arrangements in place for handling emergencies, and the handling of concerns from residents, among other things. Hearings for Phase 1 of the Public Inquiry began on May 21, 2018 and concluded on December 12, 2018. Phase 2 hearings of the Public Inquiry are expected to begin in early 2020, following which a final report will be written and subsequently published. AAP SAS is participating as a Core Participant in the Public Inquiry and is also cooperating with the ongoing parallel investigation by the Police. ParentCo no longer sells the PE product for architectural use on buildings. Given the preliminary nature of these investigations and the uncertainty of potential future litigation, ParentCo cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Behrens et al. v. Arconic Inc. et al. On June 6, 2019, 247 plaintiffs comprised of survivors and estates of decedents of the Grenfell Tower fire filed a complaint against “Arconic Inc., Alcoa Inc., and Arconic Architectural Products, LLC,” (collectively, for purposes of the description of such proceeding, the “ParentCo Defendants”), as well as Saint-Gobain Corporation, d/b/a Celotex and Whirlpool Corporation, in the Court of Common Pleas of Philadelphia County. The complaint alleges claims under Pennsylvania state law for products liability and wrongful death related to the fire. In particular, the plaintiffs allege that the ParentCo Defendants knowingly supplied a dangerous product (Reynobond PE) for installation on the Grenfell Tower despite knowing that Reynobond PE was unfit for use above a certain height. The ParentCo Defendants removed the case to the United States District Court for the Eastern District of Pennsylvania on June 19, 2019. On August 29, 2019, the ParentCo Defendants moved to dismiss the complaint on the bases, among other things, that: (i) the case should be heard in the United Kingdom, not the United States; (ii) there is no jurisdiction over necessary parties; and (iii) Pennsylvania product liability law does not apply to manufacture and sale of product overseas. A hearing was held before the Court on November 25, 2019 on a motion to dismiss the complaint on bases (ii) and (iii), followed by a scheduling order on December 3, 2019 in which the judge did not issue a ruling on the bases for dismissal but instead, among other things, suggested a procedure for limited discovery followed by a briefing on those bases. Discovery is ongoing on defendants’ motion to have the case dismissed in favor of a U.K. forum. Given the preliminary nature of this matter and the uncertainty of litigation, the ParentCo Defendants cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Howard v. Arconic Inc. et al. A purported class action complaint related to the Grenfell Tower fire was filed on August 11, 2017 in the United States District Court for the Western District of Pennsylvania against ParentCo and Klaus Kleinfeld. A related purported class action complaint was filed in the United States District Court for the Western District of Pennsylvania on August 25, 2017, under the caption *Sullivan v. Arconic Inc. et al.*, against ParentCo, two former ParentCo executives, several current and former ParentCo directors, and banks that acted as underwriters for ParentCo’s September 18, 2014 preferred stock offering (the “Preferred Offering”). The plaintiff in *Sullivan* had previously filed a purported class action against the same defendants on July 18, 2017 in the Southern District of New York and, on August 25, 2017, voluntarily dismissed that action without prejudice. On February 7, 2018, on motion from certain putative class members, the court consolidated *Howard* and *Sullivan*, closed *Sullivan*, and appointed lead plaintiffs in the consolidated case. On April 9, 2018, the lead plaintiffs in the consolidated purported class action filed a consolidated amended complaint. The consolidated amended complaint alleged that the registration statement for the Preferred Offering contained false and misleading statements and omitted to state material information, including by allegedly failing to disclose material uncertainties and trends resulting from sales of Reynobond PE for unsafe uses and by allegedly expressing a belief that appropriate risk management and compliance programs had been adopted while concealing the risks posed by Reynobond PE sales. The consolidated amended complaint also alleged that between November 4, 2013 and June 23, 2017 ParentCo and Kleinfeld made false and misleading statements and failed to disclose material information about ParentCo’s commitment to safety, business and financial prospects, and the risks of the Reynobond PE product, including in ParentCo’s Form 10-Ks for the fiscal years ended December 31, 2013, 2014, 2015, and 2016, its Form 10-Qs and quarterly financial press releases from the fourth quarter of 2013 through the first quarter of 2017, its 2013, 2014, 2015, and 2016 Annual Reports, its 2016 Annual Highlights Report, and on its official website. The consolidated amended complaint sought, among other things, unspecified compensatory damages and an award of attorney and expert fees and expenses. On June 8, 2018, all defendants moved to dismiss the consolidated amended complaint for failure to state a claim. On June 21, 2019, the Court granted the defendants’ motion to dismiss in full, dismissing the consolidated amended complaint in its entirety without prejudice. On July 23, 2019, the lead plaintiffs filed a second amended complaint. The second amended complaint alleges generally the same claims as the consolidated amended complaint with certain additional allegations, as well as claims that the risk factors set forth in the registration statement for the Preferred Offering were inadequate and that certain additional statements in the sources identified above were misleading. The second amended complaint seeks, among other things, unspecified compensatory damages and an award of attorney and expert fees and expenses. On September 11, 2019, all defendants moved to dismiss the second amended complaint. Plaintiffs’ opposition to that motion was filed on November 1, 2019 and all defendants filed a reply brief on November 26, 2019. Given the preliminary nature of this matter and the uncertainty of litigation, ParentCo

cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Raul v. Albaugh, et al. On June 22, 2018, a derivative complaint was filed nominally on behalf of ParentCo by a purported ParentCo stockholder against the then members of ParentCo's Board of Directors and Klaus Kleinfeld and Ken Giacobbe, naming ParentCo as a nominal defendant, in the United States District Court for the District of Delaware. The complaint raises similar allegations as the consolidated amended complaint and second amended complaint in *Howard*, as well as allegations that the defendants improperly authorized the sale of Reynobond PE for unsafe uses, and asserts claims under Section 14(a) of the Securities Exchange Act of 1934, as amended, and Delaware state law. On July 13, 2018, the parties filed a stipulation agreeing to stay this case until the final resolution of the *Howard* case, the Grenfell Tower Public Inquiry in London, and the investigation by the Police and on July 23, 2018, the Court approved the stay. Given the preliminary nature of this matter and the uncertainty of litigation, ParentCo cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

While ParentCo believes that these cases are without merit and intends to challenge them vigorously, there can be no assurances regarding the ultimate resolution of these matters.

Stockholder Demands. The ParentCo Board of Directors also received letters, purportedly sent on behalf of stockholders, reciting allegations similar to those made in the federal court lawsuits and demanding that the ParentCo Board authorize ParentCo to initiate litigation against members of management, the ParentCo Board, and others. The ParentCo Board of Directors appointed a Special Litigation Committee of the ParentCo Board to review, investigate, and make recommendations to the ParentCo Board regarding the appropriate course of action with respect to these stockholder demand letters. On May 22, 2019, the Special Litigation Committee, following completion of its investigation into the claims demanded in the demand letters, recommended to the ParentCo Board that it reject the demands to authorize commencement of litigation. On May 28, 2019, the ParentCo Board adopted the Special Litigation Committee's findings and recommendations and rejected the demands that it authorize commencement of actions to assert the claims set forth in the demand letters.

General. In addition to the matters described above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against ParentCo or Arconic Corporation, including those pertaining to environmental, product liability, safety and health, employment, tax, and antitrust matters. While the amounts claimed in these other matters may be substantial, the ultimate liability is not readily determinable because of the considerable uncertainties that exist. Accordingly, it is possible that Arconic Corporation's liquidity or results of operations in a reporting period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the results of operations, financial position or cash flows of Arconic Corporation.

N. Subsequent Events

Management evaluated all activity of Arconic Corporation through December 16, 2019 (the date on which the Combined Financial Statements were issued) and concluded that no subsequent events have occurred that would require recognition in the Combined Financial Statements or disclosure in the Notes to the Combined Financial Statements, except as described below.

In October 2019, ParentCo announced that Arconic Corporation will curtail the Company's operations in San Antonio, Texas no later than the end of 2019. The plant generates approximately \$50 of annual revenue. The commercial business will be transferred to other rolling mills, which will improve the overall effectiveness of Arconic Corporation's rolled product operations. The Company expects to record a restructuring charge of \$4 in December 2019 associated with this curtailment.

Also in October 2019, Arconic Corporation reached an agreement to sell its hard alloy extrusions plant in South Korea for \$61 in cash, subject to working capital and other adjustments. The transaction is expected to close in early 2020, subject to regulatory approvals and customary closing conditions. Arconic Corporation expects to recognize a gain of \$20 to \$25 (pretax) upon completion of the sale. The gain will be recorded in Restructuring and other charges on the Company's Statement of Combined Operations.

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Howmet Aerospace Provides Business Update Related to COVID-19**Key Announcements**

- COVID-19 impact on operations
- Cost cutting program
- Dividend suspension to preserve cash and provide additional flexibility
- Company to provide updated 2020 outlook with its first quarter 2020 earnings release

PITTSBURGH – April 6, 2020 – Howmet Aerospace Inc. (NYSE: HWM) indicated that certain original equipment manufacturer (“OEM”) customers have suspended manufacturing operations in North America and Europe on a temporary basis due to matters associated with COVID-19 (coronavirus). These temporary suspensions are impacting operations at certain Howmet Aerospace facilities. As a result, the Company is taking a series of actions to address the financial impact.

Howmet Aerospace has commenced plans to reduce costs and is targeting approximately \$100M of run rate savings.

In addition, the Company has suspended the dividend on its Common Stock, preserving cash and providing additional flexibility in the current environment.

Although the Company is currently unable to reasonably estimate the impact of COVID-19 on its 2020 outlook, Howmet Aerospace does expect this situation to have an impact on its 2020 financial performance and is in the process of reassessing its full-year financial guidance. The Company plans to provide an update to its financial outlook in its first quarter 2020 earnings release.

Executive Chairman and Co-CEO John Plant said, “It is important that we keep our production efficient and working safely during this crisis period. Howmet Aerospace is vital to national defense, to the commercial airline industry, and to the rebound of the global economy that relies heavily on transportation.” Plant added, “Our company’s financial position is strong. Reducing costs in our operations in the face of this pandemic will help preserve our financial strength through these challenging times.”

On April 6, 2020, the Company will redeem all \$1.0 billion of its outstanding 6.150% Notes due 2020 and \$300 million aggregate principal amount of its outstanding 5.40% Notes due 2021. Cash used to paydown notes includes the \$700 million cash dividend received from the separated Arconic Corporation on April 1, 2020 as well as a portion of the \$1.7 billion of cash on Howmet Aerospace's balance sheet as of December 31, 2019.

As of April 6, Howmet Aerospace has an undrawn revolving credit facility of \$1.5 billion.

About Howmet Aerospace

Howmet Aerospace Inc., headquartered in Pittsburgh, Pennsylvania, is a leading global provider of advanced engineered solutions for the aerospace and transportation industries. The Company's primary businesses focus on jet engine components, aerospace fastening systems, and titanium structural parts necessary for mission-critical performance and efficiency in aerospace and defense applications, as well as forged wheels for commercial transportation. With nearly 1,300 granted and pending patents, the Company's differentiated technologies enable lighter, more fuel-efficient aircraft to operate with a lower carbon footprint. In 2019, the businesses of Howmet Aerospace reported annual revenue of over \$7 billion. For more information, visit www.howmet.com. Follow @howmet: [LinkedIn](#), [Twitter](#), [Instagram](#), [Facebook](#), and [YouTube](#).

Dissemination of Company Information

Howmet Aerospace intends to make future announcements regarding Company developments and financial performance through its website at www.howmet.com.

Forward-Looking Statements

This release contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Howmet Aerospace's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts and expectations relating to the growth of end markets; statements and guidance regarding future financial results or operating performance; statements regarding future strategic actions; and statements about Howmet Aerospace's strategies, outlook, business and financial prospects. These statements reflect beliefs and assumptions that are based on Howmet Aerospace's perception of historical trends, current conditions and expected future developments, as well as other factors Howmet Aerospace believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) the impact of the separation on the businesses of Howmet Aerospace; (b) deterioration in global economic and financial market conditions generally, including as a result of pandemic health issues (including coronavirus and its effects, among other things, on global supply, demand, and distribution disruptions as the coronavirus outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations); (c) unfavorable changes in the markets served by Howmet Aerospace; (d) the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; (e) competition from new product offerings, disruptive technologies or other developments; (f) political, economic, and regulatory risks relating to Howmet Aerospace's global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (g) manufacturing difficulties or other issues that impact product performance, quality or safety; (h) Howmet Aerospace's inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, expansions, or joint ventures; (i) the impact of potential cyber attacks and information technology or data security breaches; (j) the loss of significant customers or adverse changes in customers' business or financial conditions; (k) adverse changes in discount rates or investment returns on pension assets; (l) the impact of changes in aluminum prices and foreign currency exchange rates on costs and results; (m) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet Aerospace to substantial costs and liabilities; and (n) the other risk factors summarized in Howmet Aerospace's Form 10-K for the year ended December 31, 2019 and other reports filed with the U.S. Securities and Exchange Commission (SEC). Market projections are subject to the risks discussed above and other risks in the market. The statements in this release are made as of the date of this release, even if subsequently made available by Howmet Aerospace on its website or otherwise. Howmet Aerospace disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

(end)

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Howmet Aerospace, Leading Global Provider of Advanced Engineered Solutions, Launches as Standalone Company

Separation of Arconic Inc. into Two Standalone Companies Complete

Howmet Begins Trading Today as "HWM" on the New York Stock Exchange

PITTSBURGH – April 1, 2020 – Howmet Aerospace launches today as a leader in advanced engineered solutions after the separation of Arconic Inc. into two standalone companies – Howmet Aerospace Inc. and Arconic Corporation. Howmet Aerospace will start trading today on the New York Stock Exchange under the ticker "HWM."

In 2019, the businesses comprising Howmet Aerospace generated more than \$7 billion in revenue, up five percent from the prior year, with more than 70 percent of Howmet's revenue derived from the aerospace market.

The new company will be led by co-Chief Executive Officers John C. Plant, who will also serve as Executive Chairman of the Board, and Tolga Oal, who previously served as President of Arconic Engineered Structures. More about Howmet Aerospace and the leadership team can be found at <https://www.howmet.com/>.

Howmet has been a trusted brand for over 90 years. Today, Howmet Aerospace has the technological capabilities to support the innovation and growth of next-generation aerospace programs. Composed of engine products, fastening systems, engineered structures and forged wheels businesses, Howmet Aerospace is transforming the next phase of more fuel-efficient, quieter aerospace engines and sustainable ground transportation.

"Howmet Aerospace, an iconic and storied brand in the aerospace industry, today launches as a standalone company," said Mr. Plant. "With strong market positions, differentiated technology and collaborative relationships across our customer base, the Company is well-positioned to benefit from a strong and growing aerospace market." Mr. Plant continued, "Today is the culmination of a year of focus and hard work by our team to establish a strong and competitive company. We will build on that work and continue to serve our customers with precision-engineered and highly innovative products."

About Howmet Aerospace

Howmet Aerospace Inc., headquartered in Pittsburgh, Pennsylvania, is a leading global provider of advanced engineered solutions for the aerospace and transportation industries. The Company's primary businesses focus on jet engine components, aerospace fastening systems, and titanium structural parts necessary for mission-critical performance and efficiency in aerospace and defense applications, as well as forged wheels for commercial transportation. With nearly 1,300 granted and pending patents, the Company's differentiated technologies enable lighter, more fuel-efficient aircraft to operate with a lower carbon footprint. In 2019, the businesses of Howmet Aerospace reported annual revenue of over \$7 billion. For more information, visit www.howmet.com. Follow @howmet: [LinkedIn](#), [Twitter](#), [Instagram](#), [Facebook](#), and [YouTube](#).

Dissemination of Company Information

Howmet Aerospace intends to make future announcements regarding Company developments and financial performance through its website at www.howmet.com.

Forward-Looking Statements

This release contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Howmet Aerospace's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts and expectations relating to the growth of end markets; statements and guidance regarding future financial results or operating performance; statements regarding future strategic actions; and statements about Howmet Aerospace's strategies, outlook, business and financial prospects. These statements reflect beliefs and assumptions that are based on Howmet Aerospace's perception of historical trends, current conditions and expected future developments, as well as other factors Howmet Aerospace believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) the impact of the separation on the businesses of Howmet Aerospace; (b) deterioration in global economic and financial market conditions generally, including as a result of pandemic health issues (including coronavirus and its effects, among other things, on global supply, demand, and distribution disruptions as the coronavirus outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations); (c) unfavorable changes in the markets served by Howmet Aerospace; (d) the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; (e) competition from new product offerings, disruptive technologies or other developments; (f) political, economic, and regulatory risks relating to Howmet Aerospace's global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (g) manufacturing difficulties or other issues that impact product performance, quality or safety; (h) Howmet Aerospace's inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, expansions, or joint ventures; (i) the impact of potential cyber attacks and information technology or data security breaches; (j) the loss of significant customers or adverse changes in customers' business or financial conditions; (k) adverse changes in discount rates or investment returns on pension assets; (l) the impact of changes in aluminum prices and foreign currency exchange rates on costs and results; (m) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet Aerospace to substantial costs and liabilities; and (n) the other risk factors summarized in Howmet Aerospace's Form 10-K for the year ended December 31, 2019 and other reports filed with the U.S. Securities and Exchange Commission (SEC). Market projections are subject to the risks discussed above and other risks in the market. The statements in this release are made as of the date of this release, even if subsequently made available by Howmet Aerospace on its website or otherwise. Howmet Aerospace disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

**FOR IMMEDIATE RELEASE**

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**Howmet Aerospace Completes Early Redemption of 6.150% Notes Due 2020 and
Early Partial Redemption of 5.40% Notes Due 2021**

PITTSBURGH, April 6, 2020 – Howmet Aerospace Inc. (NYSE: HWM) announced today that it has completed the previously indicated early redemption of all of its 6.150% Notes due 2020 (the “6.150% Notes”) and the early partial redemption of its 5.40% Notes due 2021 (the “5.40% Notes”) in the aggregate principal amount of \$1,000,000,000 and \$300,000,000, respectively. Holders of the 6.150% Notes were paid \$1,020.15 per \$1,000.00 aggregate principal amount of the 6.150% Notes, or an aggregate of \$1,020.2 million, plus accrued and unpaid interest up to, but not including, the redemption date; and holders of the 5.40% Notes were paid \$1,050.35 per \$1,000.00 aggregate principal amount of the 5.40% Notes, or an aggregate of \$315.1 million, plus accrued and unpaid interest up to, but not including, the redemption date.

Taken together, the actions that Howmet Aerospace has taken in 2020 have resulted in the Company reducing its total debt by approximately \$1.3 billion.

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