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): March 27, 2017

ARCONIC INC.
(Exact name of Registrant as specified in its charter)

Pennsylvania	**1-3610**	**25-0317820**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

390 Park Avenue, New York, New York	**10022-4608**
(Address of Principal Executive Offices)	**(Zip Code)**

Office of Investor Relations 212-836-2758
Office of the Secretary 212-836-2732
(Registrant's telephone number, including area code)

(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))

Item 7.01. Regulation FD Disclosure.

On March 27, 2017, Arconic Inc. (the "Company") posted an investor presentation to its website. A copy of the investor presentation is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 7.01 of this Current Report on Form 8-K and in Exhibit 99.1 is being furnished, not filed, in accordance with the provisions of General Instruction B.2 of Form 8-K. Accordingly, the information in Item 7.01 of Form 8-K and in Exhibit 99.1 will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933 unless specifically identified therein as being incorporated therein by reference.

Item 9.01. Financial Statements and Exhibits

Exhibit Number	Description
99.1	Investor Presentation, dated March 27, 2017.

SIGNATURES

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.

ARCONIC INC.

By:	/s/ Katherine H. Ramundo
Name:	Katherine H. Ramundo
Title:	Executive Vice President, Chief Legal Officer and Secretary

Date: March 27, 2017

EXHIBIT INDEX

Exhibit Number	Description
99.1	Investor Presentation, dated March 27, 2017.

Driving Value Through Focused Execution and Innovation

March 27, 2017

ARCONIC
Innovation, engineered.

Important Information

Forward-Looking Statements

This presentation 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," "guidance," "goal," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Arconic's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, statements and guidance regarding future financial results or operating performance; statements about Arconic's strategies, outlook, business and financial prospects; and forecasts and expectations relating to end markets. 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 Arconic believes that the expectations reflected in any forward-looking statements 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: (a) deterioration in global economic and financial market conditions generally; (b) unfavorable changes in the markets served by Arconic; (c) 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 from restructuring programs and productivity improvement, cash sustainability, technology advancements, and other initiatives; (d) changes in discount rates or investment returns on pension assets; (e) Arconic'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; (f) the impact of cyber attacks and potential information technology or data security breaches; (g) political, economic, and regulatory risks in the countries in which Arconic operates or sells products; (h) material adverse changes in aluminum industry conditions, including fluctuations in London Metal Exchange-based aluminum prices; (i) the impact of changes in foreign currency exchange rates on costs and results; (j) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation; and (k) the other risk factors discussed in Arconic's Form 10-K for the year ended December 31, 2016, and other reports filed with the U.S. Securities and Exchange Commission (SEC). Arconic disclaims any obligation to update publicly any forward-looking statements, whether in response to new information, future events or otherwise, except as required by applicable law. Market projections are subject to the risks discussed above and other risks in the market.

Important Information (continued)

Non-GAAP Financial Measures

Some of the information included in this presentation is derived from Arconic's consolidated financial information but is not presented in Arconic's financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Certain of these data are considered "non-GAAP financial measures" under SEC rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. Reconciliations to the most directly comparable GAAP financial measures, management's rationale for the use of the non-GAAP financial measures, and explanations can be found in the Appendix to this presentation. Arconic has not provided a reconciliation of any forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures because Arconic is unable to quantify certain amounts that would be required to be included in the GAAP measure without unreasonable efforts, and Arconic believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors. In particular, reconciliations of forward-looking non-GAAP financial measures such as adjusted EBITDA, adjusted EBITDA margin, Return on Net Assets, adjusted net income, and Free Cash Flow to the most directly comparable GAAP measures are not available without unreasonable efforts due to the variability and complexity with respect to the charges and other components excluded from these non-GAAP measures, such as the effects of foreign currency movements, equity income, gains or losses on sales of assets, taxes and any future restructuring or impairment charges. These reconciling items are in addition to the inherent variability already included in the GAAP measures, which includes, but is not limited to, price/mix and volume.

Any reference to historical EBITDA means adjusted EBITDA, for which we have provided calculations and reconciliations in the Appendix.

Table of Contents

Executive Summary

ARCONIC

The Right Board, Right Leadership and Right Strategy are in Place

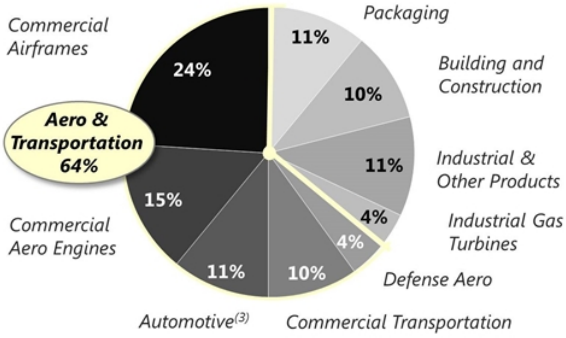
- Arconic is a new company, with a new Board: majority of directors joined in the last 15 months
- Management has a track record of successfully executing on a transformative vision and consistently improving business performance amid a complex market environment
- The Board has undertaken an extensive review of the strategic plan and leadership and strongly believes that Arconic's strategy and team will drive substantial value for shareholders
- The Board has engaged extensively with Elliott, including adding three directors nominated by Elliott in February 2016
- Elliott misunderstands Arconic's business and its suggestions would damage the Company; election of its nominees would remove critical skill sets from our Board

Arconic is a Leading Provider of Advanced, Multi-Material Solutions

Arconic overview and 2016 revenue breakdown

- Arconic is a **global leader** in **lightweight metals** and engineering
- Arconic's operations consist of three worldwide reportable segments:
  - **Engineered Products and Solutions (EPS):** Develops and manufacturers high performance products for the aerospace, commercial transportation, and power generation end markets
  - **Global Rolled Products (GRP):** Produces a range of aluminum sheet and plate products primarily for the aerospace and automotive end markets
  - **Transportation and Construction Solutions (TCS):** Produces products for the commercial transportation and building and construction end markets
- **Best-in-class technology portfolio** with over 2,000 patents including high temperature airfoil solutions and automotive sheet bonding(1)
- **Major supplier** to **industry leaders** including Boeing, Airbus, Embraer, Bombardier, GE, UTC/Pratt & Whitney, Rolls-Royce, Ford, Paccar, Daimler, Nissan, Chrysler and GM

2016 Revenue By End-Market(2)



2016 Revenue: $12.4B
2016 EBITDA: $1.7B(4)

First among Fortune 500's "Most Admired" metals companies in the world
(every year since 2012)

~80% of revenues from businesses with #1 or #2 market position (5)

Source: Arconic
1) *Pending and granted patents.*
2) *2016 third party revenue by market excludes discontinued operations.*
3) *Includes brazing and automotive sheet.*
4) *EBITDA excluding separation costs.*
5) *Refers to 2016 revenue.*
See Appendix for Reconciliations.

Arconic's Board Combines Institutional Knowledge with New Perspectives

Arconic's Board

Experience (Previous Alcoa Inc.)

Klaus Kleinfeld
Chairman and CEO, Arconic

Patricia F. Russo
Lead Independent Director
Former CEO, Alcatel-Lucent

Arthur D. Collins, Jr.
Former Chairman and CEO, Medtronic

E. Stanley O'Neal
Former Chairman and CEO, Merrill Lynch & Co.

L. Rafael Reif
President, MIT

Ratan N. Tata
Chairman Emeritus, Tata Sons Limited

Elliott Input (Feb-16)

Sean O. Mahoney
Former Partner, Goldman, Sachs & Co.

John C. Plant
Former Chairman, President, & CEO, TRW Automotive

Ulrich R. Schmidt
Former EVP and CFO, Spirit Aerosystems

New Perspectives (Since Nov-16)

Amy E. Alving
Former SVP & CTO, SAIC

Rajiv L. Gupta
Former Chairman and CEO, Rohm & Haas

David P. Hess
Former President, Pratt & Whitney United Technologies

Julie G. Richardson
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- ✓ Board has recently been substantially reconstituted and is one of the shortest tenured Boards in the S&P 500
- ✓ Board is independent and focused on shareholder interests
- ✓ Board has thoughtfully studied the company's strategic direction and input from Elliott, other shareholders, customers and employees
- ✓ Board is unanimously supportive of Arconic's current strategy and CEO

Management Executed Complex Transformation to Strengthen Businesses

Alcoa Inc. strategic transformation

Saved the company
2008-2009

Management actions to survive severe financial distress:

- ✓ **Reduced cost base**
- ✓ **Generated cash** from cost, capex and working capital reductions
- ✓ **Strengthened balance sheet** and restored liquidity
- ✓ **Managed cash stringently**

Transformed the company
2010-2015

Upstream

- ✓ Increased **cost competitiveness**
- ✓ Lessened impact of **commodity cycles**
- ✓ Created **highly profitable** energy business and 3rd-party bauxite business
- ✓ Established a global **alumina pricing index**

Downstream

- ✓ Divested **low margin or undifferentiated businesses**
- ✓ Focused on **high growth, high margin aerospace and automotive** markets
- ✓ Built a portfolio of **new-to-world innovations**
- ✓ Made strategic investments **to fill key product and capability gaps** and **commercialize innovations**

Executed separation
2015-Nov 1, 2016

- ✓ Created two strong **value engines**
- ✓ Instituted **prudent capital structures** for both entities
- ✓ Established a separation structure to **minimize execution risk while driving business performance**
- ✓ Executed **highly complex** separation on time and on budget

Alcoa

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Innovation, engineered.

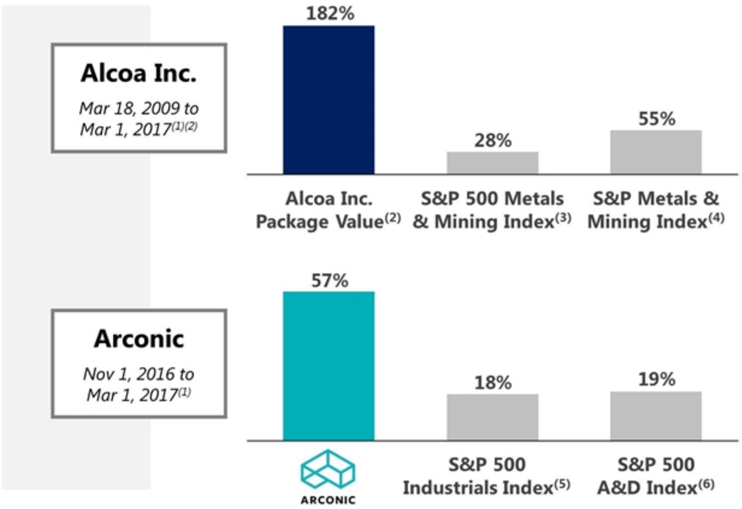
6.9%(1) 2008 —— ***Arconic Combined Segment Adjusted EBITDA Margin (%)***(2) → **16.6%** 2016

Source: Arconic
1) Including the wire harness and electrical distribution business which was sold in 2009.
2) Combined segment Adjusted EBITDA comprised of Global Rolled Products, Transportation and Construction Solutions, and Engineered Products and Solutions segments.
See Appendix for Reconciliations.

Management and Board Have Created Substantial Shareholder Value

Alcoa Inc. package value and Arconic absolute Total Shareholder Return (TSR) versus industry benchmarks

Total Shareholder Return



Key Facts

- Management has **delivered meaningful shareholder returns** since the financial crisis
- **Alcoa Inc**.'s TSR has **outperformed the relevant industry benchmarks** since 2009
- **Alcoa Inc**.'s TSR has **outperformed the relevant industry benchmarks** in recent periods
- **Arconic** stand-alone shareholder returns **have significantly outperformed its benchmark** indices since separation

Source: Arconic, Arconic analysis of Capital IQ data (as of Mar 1, 2017) 1) Calculated based on closing prices. 2) Package value to Alcoa Inc. shareholders includes Alcoa Inc. total shareholder return through Oct 31, 2016. From Nov 1, 2016 through Mar 1, 2017, package value to the Alcoa Inc. shareholder is calculated based on the performance of 1 share of Arconic and 1/3 share of Alcoa Corp. On Nov 1, 2016, as a result of the separation, every shareholder of Alcoa Inc. received 1 share of Arconic and 1/3 share of Alcoa Corp. for every 1 share of Alcoa Inc.; the package value calculates the total value to the former Alcoa Inc. shareholder over the specified time period. 3) Index comprises those companies included in the S&P 500 that are classified as members of the GICS metals and mining sector. Comprised of 3 constituents as of Mar 1, 2017, not including Arconic Inc. or Alcoa Corp. Alcoa Inc. was included in the index until the separation on Oct 31, 2016. Both Alcoa Corp. and Arconic Inc. were included in the index on Nov 1, 2016, but both were removed on Nov 2, 2016. 4) Index comprises stocks in the S&P Total Market Index that are classified in the GICS metals and mining sector. Comprised of 27 constituents as of Mar 1, 2017, including Alcoa Corp. but not including Arconic Inc. Alcoa Inc. was included in the index until Oct 31, 2016. Both Alcoa Corp. and Arconic were included in the index starting on Nov 1, 2016. Arconic was removed on Dec 16, 2016. As of Mar 1, 2017, Alcoa Corp. continued to be a constituent of the index. 5) Index comprises those companies included in the S&P 500 that are classified as members of the GICS industrials sector. Comprised of 68 constituents as of Mar 1, 2017, including Arconic Inc. 6) Index comprises those companies included in the S&P 500 that are classified as members of the GICS aerospace and defense sector. Comprised of 11 constituents as of Mar 1, 2017, including Arconic Inc.

Elliott Has Previously Recognized Our Focus on Shareholder Value Creation

Elliott's prior position

"Elliott would like to commend the Board and management team for the significant steps taken to build a better Alcoa and maximize value for shareholders."

— Elliott Presentation to Alcoa, Nov 9, 2015

Since Elliott's praise, shareholder value has increased by 66%(1)

Source: Elliott

1) *Package value to Alcoa Inc. shareholders includes Alcoa Inc. total shareholder return from Nov 9, 2015 through Oct 31, 2016. From Nov 1, 2016 through Mar 1, 2017, package value to the Alcoa Inc. shareholder is calculated based on the performance of 1 share of Arconic and 1/3 share of Alcoa Corp. On Nov 1, 2016, as a result of the separation, every shareholder of Alcoa Inc. received 1 share of Arconic and 1/3 share of Alcoa Corp. for every 1 share of Alcoa Inc.; the package value calculates the total value to the former Alcoa Inc. shareholder over the specified time period.*

Innovation and Share Gains Will Continue To Deliver Substantial Value

Three-year strategic plan

1 Deliver Profitable Growth

Grow revenue above market

- Distinct focus on **attractive markets** with **multi-year tailwinds**
- **Share gains** on **next-generation programs** (aero engines, aero airframes, automotive)
- Leverage **comprehensive product offering** to drive new contract wins
- Continue to **partner constructively** with our **customers** for **long-term success**
- **Innovate** breakthrough products, solutions and processes

7-8% Revenue CAGR[1]

Expand margins across the board

- **Run-rate production** with **best-in-class processes** of next-generation programs
- Roll-out of **differentiated products** with attractive and defensible margins
- Increase plant **capacity utilization**
- Focus on **overhead efficiencies** (<1% of revenue in 2019)

~250bps combined segment EBITDA margin increase by 2019[2]

2 Optimize Returns

Focus on capital efficiency

- Exacting **capex management**
- **Working capital** improvement
- **Interest savings** from **reduction of excess debt** incurred **due to separation**
- **Exit** lower return or undifferentiated **businesses**

+400 – 500bps RONA improvement by 2019[3,4]

Focused on creating long-term sustainable value for shareholders through innovation, execution discipline and operational excellence

Source: Arconic
1) Compounded Annual Growth Rate from year end 2017 to year end 2019.
2) Calculated based on combined segment adjusted EBITDA margin change between 2016 (16.6%) and 2019 (~19%).
3) RONA (Return on Net Assets) defined as adjusted net income divided by working capital and net PP&E.
4) Calculated based on RONA change between 2016 (7.1%) and 2019 (~11-12%). RONA adjusted for special items.
See Appendix for Reconciliations.

The Board is Unanimous in Supporting Arconic's Strategy and Leadership

Strategic review process and conclusions

Review Process

- As a new company, **the Board conducted an extensive review of Arconic's business strategy and leadership**; the independent directors:
  - **Personally interviewed** many key employees, customers and suppliers
  - **Engaged with Arconic shareholders**, including Elliott on at least 9 occasions, and spent 100+ hours specifically reviewing feedback and Elliott's claims:
    - Elliott has changed its views, published flawed analysis and hidden key facts
    - Elliott has not been accurate or transparent with shareholders
  - **Consulted** outside **expert advisors**
  - **Reviewed** hundreds of pages of analyses, including **non-public information** concerning the company's operations and returns

Conclusion

The Board unanimously concludes that Arconic has the right...

✓ **Long-term strategy** focused on high growth markets driven by innovation

✓ **Financial plan** focused on top- and bottom-line growth, productivity enhancements, and capital efficiency

✓ **Leadership team** focused on execution and building long-term partnerships with customers

... and will hold management accountable

Source: Arconic

Customers Endorse Arconic's Leadership and Strategic Direction

Endorsements from valued Arconic customers[1]

GE Aviation

"Investments in technology and rate readiness are more important than ever within the supply chains of our growing aviation industry. GE supports Klaus and the Arconic commitment to those priorities and the long-term future of our industry."

— David Joyce, GE Vice Chair and GE Aviation President & CEO, Feb 2017

AIRBUS

"What I particularly value is Klaus' deep understanding of the critical levers to support [Airbus'] goals. As CEO of Airbus, I fully support his continued leadership of Arconic."

— Tom Enders, Chief Executive Officer, Airbus Group, Mar 2017

Source: Arconic
1) See Chapter 3 for detailed customer quotes.

Chapter 1

Recently Reconstituted and Active Board of Directors

ARCONIC

Arconic's Board Combines Institutional Knowledge with New Perspectives

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- ✓ Board is independent and focused on shareholder interests
- ✓ Board has thoughtfully studied the company's strategic direction and input from Elliott, other shareholders, customers and employees
- ✓ Board is unanimously supportive of Arconic's current strategy and CEO

19 full Board meetings, 86 committee meetings, and 8 facility visits in 2015 and 2016

Source: Arconic

Board's Longer-Serving Directors Have Been Change Agents

Track record of Board action

World Class Independent Directors

9


Patricia F. Russo
Former CEO, Alcatel-Lucent

Active Board Seats:
- General Motors
- HPE (Chairman)
- KKR Management
- Merck & Co., Inc.

7


Arthur D. Collins, Jr.

Former Chairman and CEO, Medtronic

Active Board Seats:
- Boeing Company
- U.S. Bancorp

9


E. Stanley O'Neal

Former Chairman and CEO, Merrill Lynch & Co.

Active Board Seats:
- Platform Specialty Products Corp.

2


L. Rafael Reif

President, Massachusetts Institute of Technology

Active Board Seats:
- Schlumberger

10


Ratan N. Tata

Chairman Emeritus, Tata Sons Limited

Action-Oriented Board

✓ **Supported significant business and capital structure change** through the financial crisis
- Recapitalized balance sheet
- Closed or sold 25 plants, disposed low margin businesses
- Acquired two major aerospace component suppliers

✓ **Modified strategy to create two value engines**
- **Upstream:** Strengthened business with low-cost, world-class assets less impacted by commodity cycles
- **Downstream:** Built a leading multi-materials supplier focused on high growth markets

✓ **Separated Alcoa Corp. and Arconic** after extensive multi-year study

✓ Consistent record of **strong corporate governance**
- Made several attempts to improve legacy governance but could not garner sufficient shareholder support
- Ensured Alcoa Corp. had state-of-the-art governance at split
- Proposing significant governance enhancements at the first Arconic annual meeting

The Board has proactively and thoughtfully enacted key strategic decisions that have driven shareholder value

Years of service on Alcoa Inc. and Arconic Board of Directors

Source: Arconic

Board Has Already Appointed Directors Nominated by Elliott in February 2016

New Directors added at Elliott's suggestion

Directors Previously Added at Elliott's Suggestion

Sean O. Mahoney

Former Partner, Goldman, Sachs & Co.

Active Board Seats:

- Delphi Automotive
- Cooper-Standard Holdings

John C. Plant

Former Chairman, President, and CEO, TRW Automotive

Active Board Seats:

- Masco Corporation
- Jabil Circuit Corporation

Ulrich R. Schmidt

Former EVP and CFO, Spirit Aerosystems

Selected Prior Board Seats:

- Precision Castparts Corporation

Fully Integrated and Contributing

- ✓ Incumbent **Board accepted Elliott's input and added three Elliott proposed directors** in February 2016
  - Directors have been **intensely involved** in meeting with shareholders and evaluating Elliott's criticisms
- ✓ Directors have been **fully integrated** and **chair critical Board Committees**
- ✓ These directors, along with the longer-serving directors, had a **strong voice in recent changes**:
  - **Established new Board Finance Committee** to add further rigor to capital allocation and capital markets decisions
  - **Modified executive compensation** plans to emphasize RONA, in response to shareholder input
  - **Recruited** additional new Board members to round out the expertise of the Board
  - Support **governance reforms** that the Board is proposing at the 2017 annual meeting

These directors join the rest of the Board in supporting the strategic plan and leadership team, and in opposing Elliott's suggested changes

Board Additions Include Directors with Relevant Experiences and Perspectives

New Directors added since November 2016

Recent Board Additions

Amy E. Alving

Former SVP and CTO, SAIC

Active Board Seats:
- Fannie Mae

Rajiv L. Gupta

Former Chairman and CEO, Rohm & Haas

Active Board Seats:
- Delphi Automotive
- HP Inc. (Lead Director)
- Vanguard Group

David P. Hess

Former President, Pratt & Whitney

Selected Prior Experience:
- EVP and CCO of United Technologies
- President of Hamilton Sundstrand

Julie G. Richardson

Former Partner, Providence Equity Partners

Active Board Seats:
- VEREIT, Inc.
- The Hartford Financial Services Group

Necessary Expertise and Fresh Perspective Added

- ✓ Thorough and independent search led to **addition of four directors in the last six months**
  - Nationally recognized search firm evaluated incremental expertise and skills that would be useful to the Arconic Board:
    - Innovation and technology development
    - Cyber-security
    - Customer-centric execution
    - Global manufacturing
    - Capital markets and capital structure
- ✓ These new directors bring decades of **Board** and **senior executive leadership experience** to Arconic
- ✓ These directors are **new and objective**; their goal is to serve the interests of all shareholders

All four join their fellow directors in supporting current strategy and leadership, and in believing Elliott's criticisms are unfounded

The Board is Unanimous in Supporting Arconic's Strategy and Leadership

Strategic review process and conclusions

Review Process	Conclusion
▪ Arconic is a **newly independent company**, with a **substantially reconstituted and purpose-built Board of Directors** ▪ As a new company, **the Board conducted an extensive review of Arconic's business strategy and leadership**; the independent directors: – **Personally interviewed** many key employees, customers and suppliers – **Engaged with Arconic shareholders**, including Elliott on at least 9 occasions, and spent 100+ hours specifically reviewing feedback and Elliott's claims – **Consulted** outside **expert advisors** – **Reviewed** hundreds of pages of analyses, including **non-public information** concerning the company's operations and returns	**The Board unanimously concludes that Arconic has the right…** ✓ **Long-term strategy** focused on high growth markets driven by innovation ✓ **Financial plan** focused on top- and bottom-line growth, productivity enhancements, and capital efficiency ✓ **Leadership team** focused on execution and building long-term partnerships with customers **… and will hold management accountable**

ARCONIC

Source: Arconic

External Recognition of Board's Commitment to Good Governance

Endorsement from Corporate Governance Expert Professor Joseph A. Grundfest

"The Arconic Board has repeatedly demonstrated a clear commitment to good governance. It created Alcoa Corporation as a Delaware entity with a state-of-the-art, shareholder-friendly governance profile. It is seeking shareholder approval to declassify its board and eliminate all supermajority voting requirements, and if the requisite approval is not obtained, it has committed to propose a Delaware reincorporation that would achieve that result. This Board—which consists of a majority of directors who joined the board since the beginning of last year including three directors selected by a major activist shareholder—deserves the full support of investors who embrace best practices in corporate governance."

— Joseph A. Grundfest, Professor of Law and Business at Stanford Law School, March 2017

Source: Arconic

Chapter 2

Strategic Transformation – Positioning Alcoa Corp. and Arconic for Success

Executed Complex Multi-Year Transformation to Strengthen Businesses

Alcoa Inc. strategic transformation

Saved the Company 2008-2010	Transformed the Company 2010-2015	Executed Separation 2015-Nov 1, 2016

Saved the Company (2008-2010)

Management actions to survive severe financial distress:

- ✓ **Reduced cost base**
- ✓ **Generated cash** from cost, capex and working capital reductions
- ✓ **Strengthened balance sheet** and restored liquidity
- ✓ **Managed cash stringently**

Transformed the Company (2010-2015)

Upstream

- ✓ Increased **cost competitiveness**
- ✓ Lessened impact of **commodity cycles**
- ✓ Created **highly profitable** energy business and 3rd-party bauxite business
- ✓ Established a global **alumina pricing index**

Downstream

- ✓ Divested **low margin or undifferentiated businesses**
- ✓ Focused on **high growth, high margin aerospace and automotive** markets
- ✓ Built a portfolio of **new-to-world innovations**
- ✓ Made strategic investments **to fill key product and capability gaps** and **commercialize innovations**

Executed Separation (2015-Nov 1, 2016)

- ✓ Created two strong **value engines**
- ✓ Instituted **prudent capital structures** for both entities
- ✓ Established a separation structure to **minimize execution risk while driving business performance**
- ✓ Executed **highly complex** separation on time and on budget

Alcoa

ARCONIC
Innovation, engineered.

Management and Board Took Decisive Actions to Survive the Financial Crisis in 2009

Alcoa Inc. and the global financial crisis – key facts and actions 2008 to 2009

Significant Financial Distress

62% — **Drop in LME aluminum price[1]** from July 2008 to February 2009

89% — **Drop in EBITDA[2]** from 2008 to 2009

($2.5B) — **Total negative free cash flow[3]** in 2008 and 2009

Launched a Comprehensive Cash Sustainability Program[4]

- ✓ $2.5B+ in procurement efficiencies
- ✓ $0.8B+ in capex reduction
- ✓ $1.0B+ in working capital savings
- ✓ $0.5B+ in overhead rationalization

$4.8B of combined cash savings over a two-year period (2008-2009)

Strengthened the Balance Sheet and Restored Liquidity

- ✓ $1.5B[5] of capital raised
- ✓ $1.1B of assets disposed
- ✓ $0.4B+ saved from reduced dividends
- ✓ Share repurchases suspended

Successfully reduced financial leverage

Source: Alcoa Inc. disclosures, Bloomberg, Capital IQ
1) *LME aluminum cash price*
2) *Alcoa Inc. adjusted EBITDA*
3) *Free Cash Flow is equal to Cash Flow from Operations less Capex.*
4) *Announced Cash Sustainability Program on Mar 16, 2009 and subsequently increased the targets on Jan 11, 2010.*
5) *Comprised of $906M common equity and $575M convertible debt. Announcement of Cash Sustainability Program was critical to successful financing.*

See Appendix for Reconciliations.

Created Leading Upstream Business with Low-Cost, World-Class Assets

Results from Upstream transformation

Actions Taken

- **Sold, curtailed or closed 43% of smelting** and **35% of refining** high cost operating capacity
- Created new **alumina global pricing mechanism**
- Created **highly profitable** energy business
- Established **third-party bauxite** business
- Grew cast house **value-add shipments** to 67%

Cost Curve Positions[1]

Improved Upstream Cost Position

	Alumina	Aluminum
2010	**30th percentile**	**51st percentile**
2016	**17th percentile**	**38th percentile**

Achieved or surpassed cost targets set for 2016

2016 Positions

✓ **World's largest bauxite miner[2]**

✓ **World's largest alumina refiner[2]**

✓ **Well-positioned smelting assets**

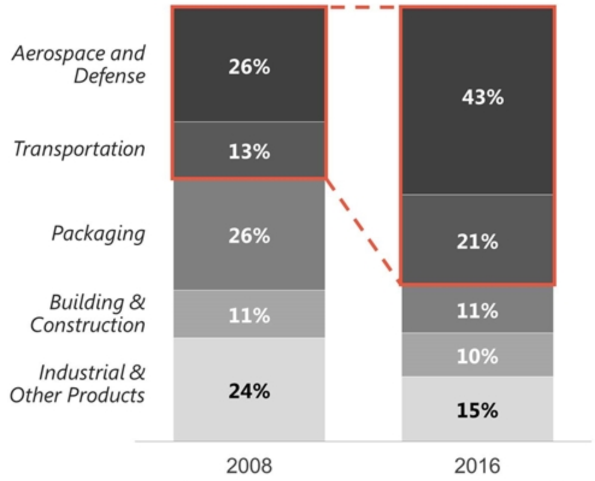
Source: Arconic, Arconic website, Alcoa Inc. investor presentation, Alcoa Corp. Form 10

1) *As per Alcoa Corp. presentation Nov 16, 2016.*
2) *Based on 2015 production. Includes both equity interests as well as AWAC wholly-owned subsidiaries.*

Repositioned Downstream Business in High Growth and High Margin Markets

Results from Downstream transformation

Downstream[1] Revenue Mix Transformed



Combined Segment EBITDA Margin	2008	2016
	6.9%[2]	16.6%

Leadership Position Established

~80% of **revenue** from **#1 or #2 market positions[3]**

- ✓ **~80%** of **aerospace** revenue[3][4] from products with #1 or #2 market position
- ✓ **>95%** of **automotive** revenue[3] from products with #1 or #2 market position
- ✓ **>95%** of **commercial transportation** revenue[3] from products with #1 or #2 market position

Leading technology and product portfolio

- ✓ Proprietary alloys and metal powders
- ✓ High temperature air-foil solutions
- ✓ Lightest forged aluminum wheel
- ✓ Unique dimensional capabilities
- ✓ Automotive adhesive bonding

"Arconic possesses a world class asset base, and in some cases, one of a kind assets"
– Elliott, Letter to Shareholders, Mar 9, 2017

Source: Arconic
1) Downstream comprised of Global Rolled Products (including Warrick in 2008; excluding Warrick in 2016), Transportation and Construction Solutions, and Engineered Products and Solutions segments.
2) Including the wire harness and electrical distribution business which was sold in 2009.
3) Refers to 2016 revenue.
4) Includes both EPS and GRP revenue contributions.
See Appendix for Reconciliations.

Built EPS into a Leading Airframe and Aerospace Engine Component Supplier

EPS results, EBITDA margin expansion and key actions

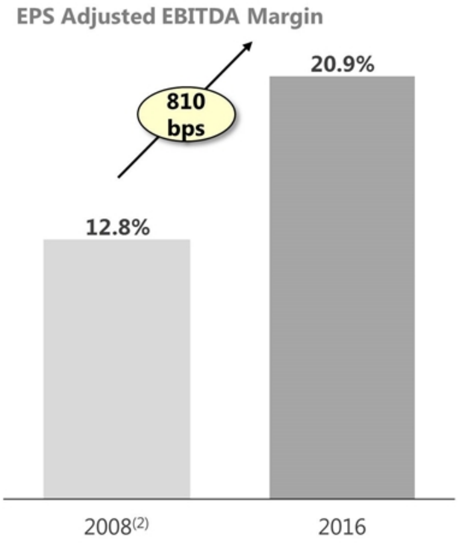
Actions Taken

- **Divested low margin businesses**
- **Innovated unique** high strength, light weight and high temperature airfoil solutions to improve engine fuel efficiency and lower operating cost, e.g.
  - Al-Li, TiAl, Enhanced Equiax (EEQ) casting and advanced airfoil coating
- **Developed** Ti, Ni, and Al **powders** and 3D **printing techniques**
- **Made strategic acquisitions** to expand product offerings and presence in next-generation platforms

Leadership Position Established

- ✓ ~70% of revenue from products with #1 or #2 market position[1]
- ✓ Able to supply >90% of structural and rotating aero engine components
- ✓ Increased aerospace shipset value by double-digit percentages across next-generation platforms
- ✓ Signed $11B+ in new contracts since 2015

Financial Performance



Source: Arconic analysis based on data derived from Capital IQ and Bloomberg
1) Refers to 2016 revenue.
2) Including the wire harness and electrical distribution business which was sold in 2009; Excluding this business the margin increase is 170bps.
See Appendix for Reconciliations.

Converted GRP from Commodity to a High Margin Aero/Auto Supplier

GRP results, EBITDA margin expansion and key actions

Actions Taken

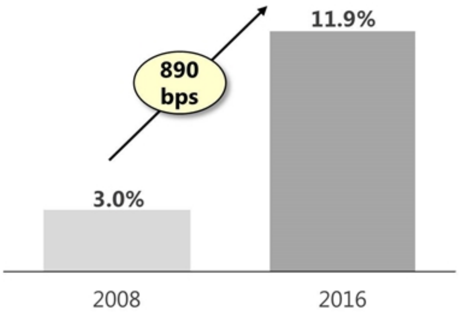
- **Proactively exited low margin businesses**
- **Built the automotive sheet business** with investments at Tennessee and Davenport
- Invested in **unique capability** to produce the world's largest single-piece aluminum airframe parts
- Commercialized **market leading innovations**, e.g.
  - Adhesive bonding, advanced aerospace alloys, brazing solutions and MicroMill™

Leadership Position Established

- ~85% of revenue from products with #1 or #2 market position[1]
- Differentiated position in sheet and plate
- Signed $4B+ in aerospace contracts since 2014

Financial Performance

GRP Adjusted EBITDA Margin



Source: Arconic analysis based on data derived from Capital IQ and Bloomberg
1) Refers to 2016 revenue.
See Appendix for Reconciliations.

Constructed TCS with Best-in-Class Profitability Based on Innovative Products

TCS results, EBITDA margin expansion and key actions

Actions Taken

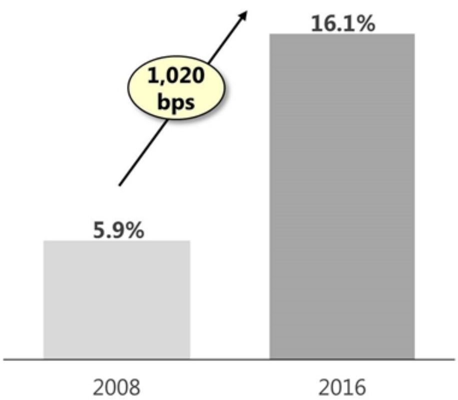
- **Proactively exited low margin businesses**
- **Sold or curtailed poorly performing** assets
- Launched **new-to-the-world** products, e.g.
  - Lightest wheels (Ultra ONE®)
  - Blast and hurricane resistant curtain walls
- **Expanded organically** in both mature and fast-growing emerging regional markets
- Achieved a **leading position** for the wheels business around the world

Leadership Position Established

- ✓ ~80% of revenue from products with #1 or #2 market position(1)
- ✓ Top-of-mind brands including Alcoa® wheels(2), Kawneer® Architectural Systems, Reynobond®, Reynolux® Architectural Products
- ✓ ~95% of wheels revenue from proprietary products(1)

Financial Performance

TCS Adjusted EBITDA Margin



Source: Arconic analysis based on data derived from Capital IQ and Bloomberg
1) Refers to 2016 revenue.
2) "Alcoa" is a registered trademark of Alcoa Corp. and is licensed to Arconic Inc.
See Appendix for Reconciliations.

Continued Leadership in Safety and Commitment to Sustainability

Safety and sustainability statistics

Focus on Safety

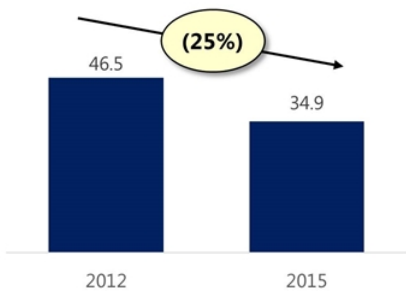
- ✓ **DART[1] rate significantly below industry average, and reduced by 59%** from 2008 to 2015
- ✓ **Safety integrated into Arconic's** values and day-to-day operations

Focus on Sustainability

- ✓ **Reduced greenhouse gas emissions by 25%** 2012 to 2015
- ✓ Named **sustainability leader** in Dow Jones index **for 15 consecutive years**

Alcoa Inc. DART[1],[2] Rate

Alcoa Inc. Greenhouse Gas Emissions
MMT of CO_2 equivalents



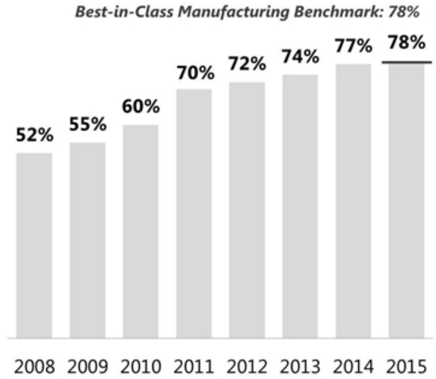
Source: Arconic, U.S. Bureau of Labor Statistics
1) *DART stands for "Days Away, Restricted or Transferred"; Safety metric helps employers determine how many workplace injuries and illnesses required employees to miss work, perform restricted work activities or transfer to another job within a calendar year.*
2) *Based on U.S. Bureau of Labor Statistics survey of metal fabrication, forging, stamping and manufacturing companies.*

Management is Dedicated to Employee Engagement and Talent Development

Employee engagement, talent development and key awards

Our Employees are Key to Our Success

Alcoa Inc. Global Voices Survey(1)
% Overall Employee Engagement



Since 2008, Arconic has improved in all employee KPI's in the global voices survey

Talent Development

- Arconic is focused on identifying and developing leadership talent
  - ✓ 80% of Executive Council positions and their direct reports have internal candidates ready now or in 1-3 years
  - ✓ Annual CEO talent reviews
  - ✓ In 2016, ~60% of all professional and management roles filled internally

Experienced Business Unit Leadership

- ✓ All 15 BU leaders have deep manufacturing operational experience with the majority having over 10 years industry experience
- ✓ Prior experience at industry leading companies: GE, Ford, GM, Siemens, Bosch, Westinghouse

Fortune Magazine(1)

World's Most Admired Metals Company

- Company ranked #1 "Most Admired Metals Company" for the past 6 years

1

2012, 2013, 2014, 2015, 2016, 2017

Best Quality of Management

- Company ranked #1 in "Most Admired Quality of Management" for Metals companies in 4 of the past 5 years

1

2013, 2014, 2016, 2017

2013 Catalyst Award Winner(1)

Innovative organizational approaches for recruitment, development, and advancement of Women

Source: Kenexa, Fortune magazine, Arconic
1) Ranking reflects contributions of both Arconic and Alcoa Corp. employees.

Management Executed a Highly Complex Separation On Time and On Budget

Cornerstones of the separation

Executed Highly Complex Separation

- ✓ Listed Alcoa Corp. on the NYSE via a **tax-free spinoff to shareholders**
- ✓ Designed **state-of-the-art governance structure for Alcoa Corp.** prior to separation
- ✓ **Minimized cost of separation by "double-hatting" 2,000+ employees**
- ✓ **Completed 20,000+ milestones** on ~300 projects affecting 266 sites in 27 countries
- ✓ Established **25 new legal entities** and enacted 113 legal name changes
- ✓ **Trained ~500 commercial leaders** to provide support to ~12,000 customer contacts through separation; transferred ~**1,600 vendor contracts representing ~$2.7B in spend**

Established Prudent Capital Structure

- ✓ Created **prudent capital structures for both entities** to optimize financing opportunities
- ✓ Carried **substantially more debt initially at Arconic** given constrained debt capacity at Alcoa Corp.
- ✓ Provided Arconic a liquid security to monetize in the future by **retaining 19.9% interest in Alcoa Corp.**
- ✓ **Generated ~$1.2B in proceeds** through sale of non-core assets
- ✓ Launched Alcoa Corp. with **$1.5B** and Arconic with **$3.8B of liquidity facilities**

Separation effective November 1, 2016

Source: Arconic

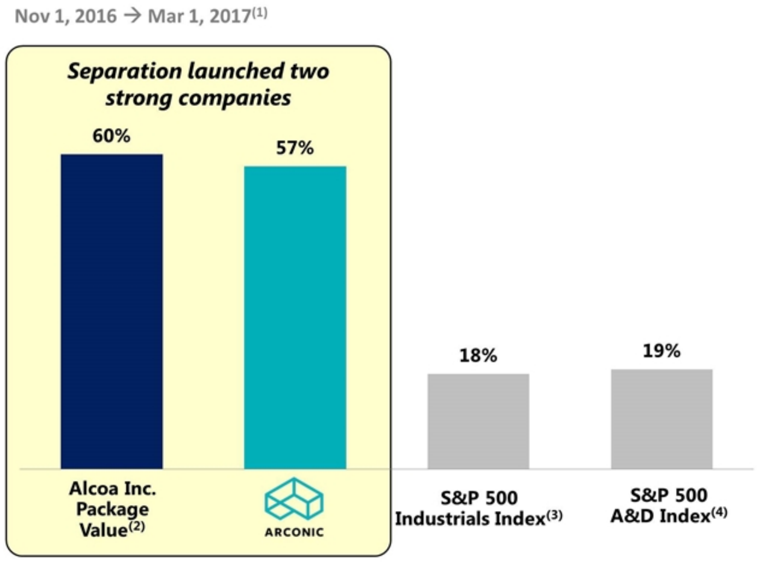
Separation is Driving Initial Shareholder Returns

Actions taken as a standalone company and total shareholder return

Actions Taken

- ✓ **Established demanding new 3-year targets**
- ✓ **Delivered operating and financial results**
  - All segments increased margins in FY16
  - Generated ~$890M of cash from partial monetization of Alcoa Corp. shares
- ✓ **Decoupling share price from aluminum price**
  - Correlation between Arconic share price and aluminum has started to decrease relative to historically high correlation

Total Shareholder Return Since Separation



Source: Arconic, Bloomberg; market data as of Mar 1, 2017
1) Calculated based on closing prices. 2) From Nov 1, 2016 through Mar 1, 2017, package value to the Alcoa Inc. shareholder is calculated based on the performance of 1 share of Arconic and 1/3 share of Alcoa Corp. On Nov 1, 2016, as a result of the separation, every shareholder of Alcoa Inc. received 1 share of Arconic and 1/3 share of Alcoa Corp. for every 1 share of Alcoa Inc.; the package value calculates the total value to the former Alcoa Inc. shareholder over the specified time period. 3) Index comprises those companies included in the S&P 500 that are classified as members of the GICS industrials sector. Comprised of 68 constituents as of Mar 1, 2017, including Arconic Inc. 4) Index comprises those companies included in the S&P 500 that are classified as members of the GICS aerospace and defense sector. Comprised of 11 constituents as of Mar 1, 2017, including Arconic Inc.
See Appendix for Reconciliations.

Chapter 3

Future of Arconic – Delivering Shareholder Value

ARCONIC

Arconic's Strategic Plan Creates Value for Shareholders

Key strategic advantages

- **Management built Arconic's world-class portfolio** over eight years – has **critical knowledge** of **business and customers**
- **Management's track record of execution** has **positioned Arconic** for future outperformance – team **grew EBITDA margins** and **made strategically important investments** in **technology**
- **Future focus** is **on markets** where the Company's **expertise in innovation** and **strong customer relationships** will **drive above market growth rates**
- **Culture of productivity** enhancements and **cost reduction** will help drive further **margin expansion**
- **Disciplined capital allocation** and balance sheet management will ensure **prudent use of shareholders' capital**
- **Executive compensation incentives are aligned** to foster performance that will enhance shareholder value

The reconstituted Board has undertaken an extensive review of the strategic plan and leadership; is convinced that the stated strategy and current team will drive substantial shareholder value; and is committed to continuous review and oversight

Arconic has a World-Class Portfolio Positioned for Profitable Growth

Overview of Arconic's three segments

	Engineered Products and Solutions (EPS)	*Global Rolled Products (GRP)*	*Transportation and Construction Solutions (TCS)*
Focus on high growth, innovation-intensive markets	✔ Commercial Aero Engines ✔ Commercial Airframes	✔ Automotive ✔ Commercial Airframes	✔ Commercial Transportation ✔ Building and Construction
Significant revenue from products with #1 or #2 market position[1]	~70%	~85%	~80%
Proven ability to execute EBITDA margin growth[2]	2008[3]: 12.8% 2016: 20.9% 3-5 Years: ~+400bps	2008: 3.0% 2016: 11.9% 3-5 Years: ~+200bps	2008: 5.9% 2016: 16.1% 3-5 Years: ~+250bps

Source: Arconic
1) Based on 2016 revenue.
2) Represents adjusted EBITDA margins.
3) Including the wire harness and electrical distribution business which was sold in 2009; excluding this business the margin increase is 170bps.
See Appendix for Reconciliations.

ARCONIC

Innovation and Share Gains Will Continue To Deliver Substantial Value

Three-year strategic plan

1 Deliver Profitable Growth

Grow revenue above market

- Distinct focus on **attractive markets** with **multi-year tailwinds**
- **Share gains** on **next-generation programs** (aero engines, aero airframes, automotive)
- Leverage **comprehensive product offering** to drive new contract wins
- Continue to **partner constructively** with our **customers** for **long-term success**
- **Innovate** breakthrough products, solutions and processes

7-8% Revenue CAGR[(1)]

Expand margins across the board

- **Run-rate production** with **best-in-class processes** of next-generation programs
- Roll-out of **differentiated products** with attractive and defensible margins
- Increase plant **capacity utilization**
- Focus on **overhead efficiencies** (<1% of revenue in 2019)

~250bps combined segment EBITDA margin increase by 2019[(2)]

2 Optimize Returns

Focus on capital efficiency

- Exacting **capex management**
- **Working capital** improvement
- **Interest savings** from **reduction of excess debt** incurred **due to separation**
- **Exit** lower return or undifferentiated **businesses**

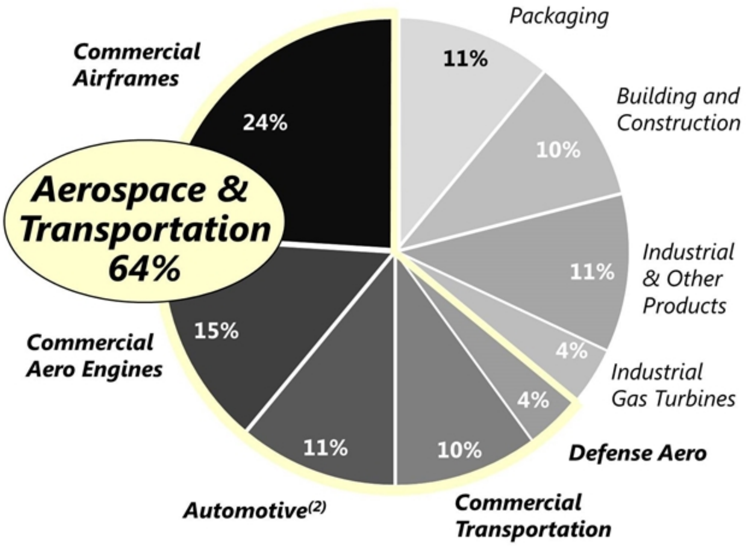
+400 – 500bps RONA improvement by 2019[(3)]

Focused on creating long-term sustainable value for shareholders through innovation, execution discipline and operational excellence

Source: Arconic
1) Compounded Annual Growth Rate from year end 2017 to year end 2019.
2) Calculated based on combined segment adjusted EBITDA margin change between 2016 (16.6%) and 2019 (~19%).
3) Calculated based on RONA change between 2016 (7.1%) and 2019 (~11-12%). RONA adjusted for special items. RONA (Return on Net Assets) defined as adjusted net income divided by working capital and net PP&E.
See Appendix for Reconciliations.

❶ Arconic is Focused on Attractive Markets With Multi-Year Tailwinds

Arconic 2016 revenue by end-market[1]



Arconic's Key Markets Are Aligned with Global Megatrends

- **Rising Middle Class:** "Emerging Asia" adds 100M new passengers each year; ~2x global air passenger journeys in 2035 vs. today
- **Urbanization:** Continued urban population growth drives heightened building and construction demand
- **Energy Efficiency:** Consumer preference and increasing regulations drive demand for light-weighting and energy efficient solutions across transportation and building and construction

ARCONIC

Source: Arconic
1) 2016 third party revenue of $12.4B by end-market, excluding discontinued operations.
2) Includes brazing and automotive sheet.

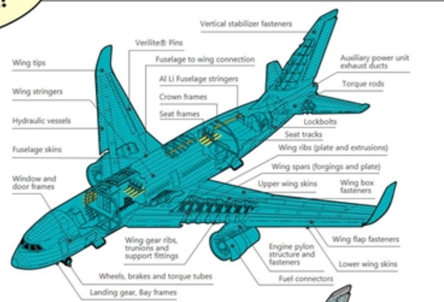
1 Our Content Flies from Nose to Tail on All Major Aero Platforms

Participation and achievements in commercial airframes

If It Flies, We're On It!

Arconic Participation

Metallic Airframe

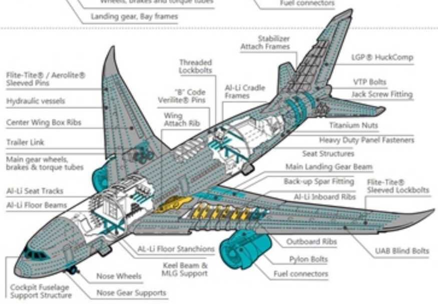


B767 (Metallic): ~$2.7M Rev content / shipset[2]

Current content

Future content

CFRP[1]-intensive Airframe



B787 (CFRP): ~$6.5M Rev content / shipset[2]

Current content

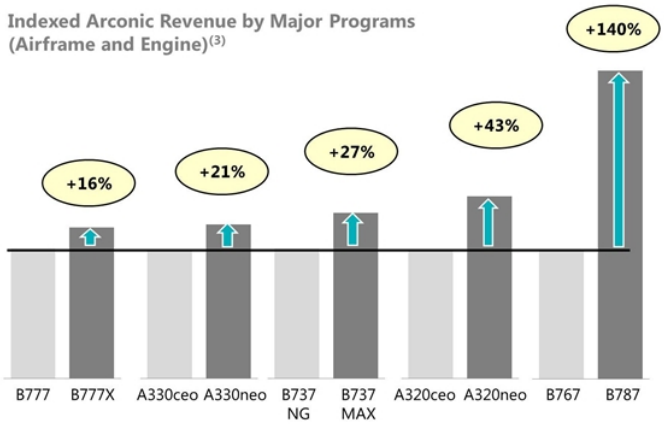
Future content

CFRP

Achievements / Outlook

- ✓ **Multi-material expertise** positions Arconic on metallic and CFRP airframes
- ✓ **Increased shipset value** by double-digit percentages across platforms

Indexed Arconic Revenue by Major Programs (Airframe and Engine)[3]



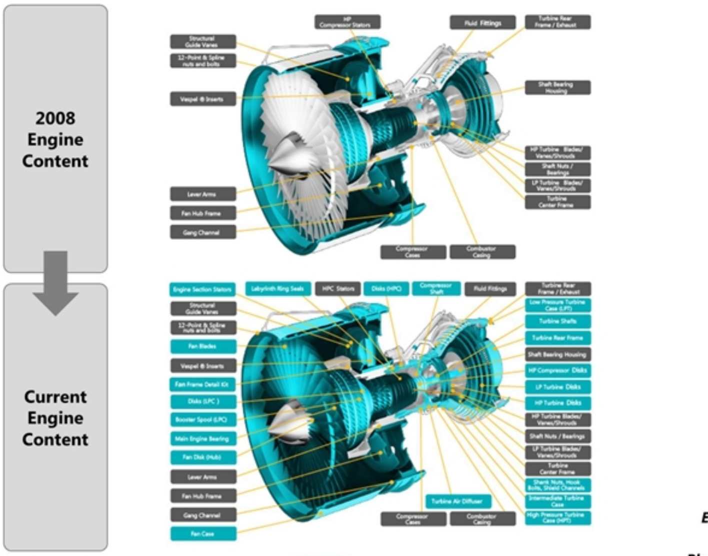
Source: Arconic

1) CFRP is Carbon Fiber Reinforced Polymer. 2) Revenue figures for 2016. 3) Based on Arconic assessed shipset values for 2016.

1 We Can Supply Over 90% of Engine Structural and Rotating Components

Participation and achievements in aerospace engines

Arconic Participation

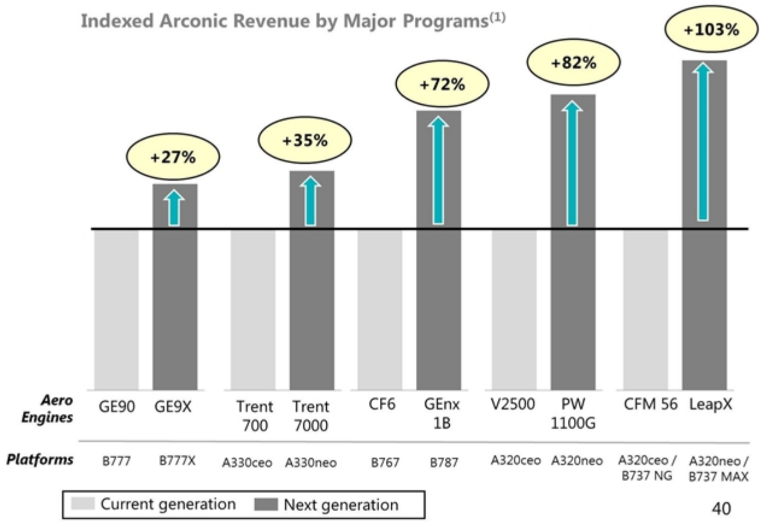


2008 Arconic Components   Current Arconic Components

Achievements / Outlook

- ✓ **Strategically invested** in **critical next-generation technologies** to give Arconic a **leading presence** in engines
- ✓ **Increased shipset value** by double-digit percentages across engine platforms

Indexed Arconic Revenue by Major Programs(1)



ARCONIC

Source: Arconic

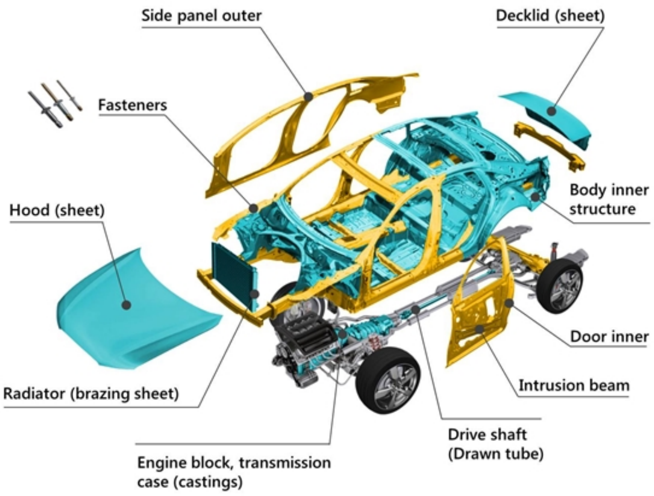
1) Based on Arconic assessed shipset values for 2016.

11% of sales

1 We are Enabling the Aluminization of the Automotive Industry

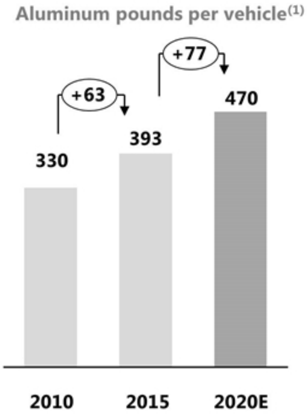
Participation and achievements in automotive parts

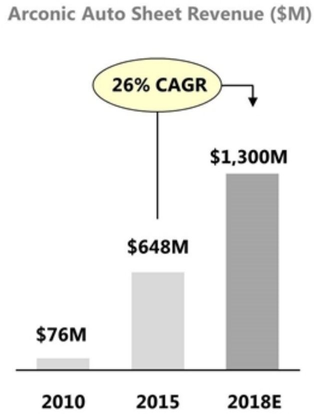
Arconic Participation



Achievements / Outlook

- ✓ **Invented** pretreatment process for **adhesive bonds** that **enables mass-market shift from steel** to **aluminum**
- ✓ **Growing** automotive **sheet revenue** to **$1.3B in 2018**





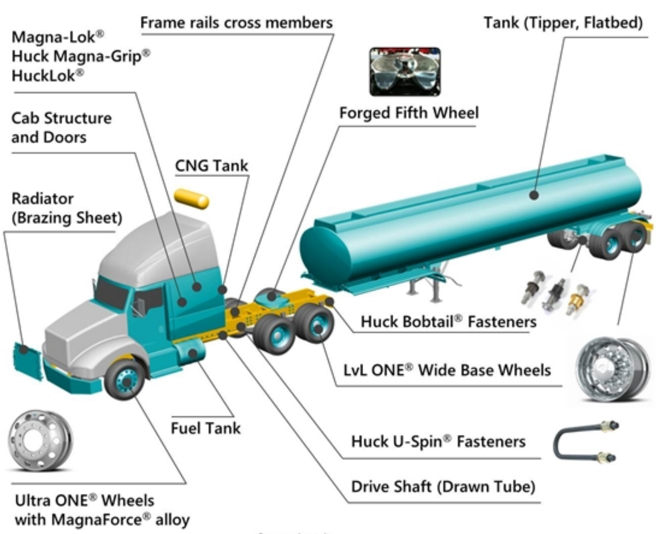
Source: Arconic

1) Ducker Worldwide 2015 North American Light Vehicle Aluminum Content Study, June 2014 and AAP Marketing.

1 We have an Unmatched Market Position in Commercial Transportation

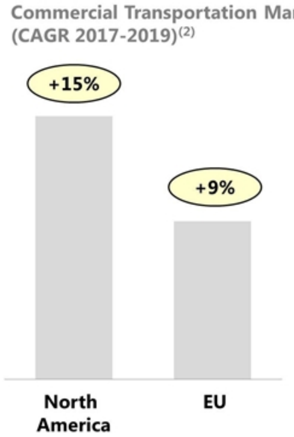
Participation and achievements in commercial transportation parts

Arconic Participation



Achievements / Outlook

- ✓ **Wheels: ~95%** of **revenue**(1) driven by **proprietary products**; **~45%** of **revenue**(1) from products **introduced** in **past three years**
- ✓ **Breakthrough Products:** Ultra ONE® with Magna-Force® alloy, Dura-Bright®EVO



Arconic key revenue drivers

- + Expansion of global sales and distribution network
- + Multiple regional project based opportunities
- + Integrated support and service model to major OEM's

Source: Arconic
1) Based on 2016 revenue.
2) Arconic analysis - Heavy Duty truck build rates as of 4Q16.

1 Unparalleled Expertise in Innovation will Drive Our Growth in Aerospace…

Overview of key Arconic investments in innovation

Key Innovations in Aerospace

EEQ (Enhanced Equiax)

Improves fuel efficiency through lighter weight aero engine blades

Adv. Cooling / 3D core

Improves fuel efficiency; allows higher temperature aero engine operations with 50% less cooling air

3D Printing

Enables production of complex, difficult to manufacture parts and reduces time to market

TiAl

Improves fuel efficiency by enabling higher temperature aero engine operations

Al-Li Fan Blade Forging

Improves fuel efficiency and reduces noise and environmental emissions

Advanced Aero Alloys

Delivers high damage tolerance and superior strength properties

EPS GRP

Innovation Supports Commercial Achievements

- ✓ Increase EPS aero content by **~$370M above market growth** through 2019(1)(2)
- ✓ **$13B** EPS and GRP **aero contracts signed** in 2015 and 2016(2)
- ✓ **~60% of EPS revenue(3)** from **single or dual source products - critical for success in aerospace** and a direct result of ability to provide advanced technologies at scale
- ✓ **~65% of GRP aerospace and defense revenue(3)** derived from **collaboration** with the **Arconic Technology Center**

Source: Arconic
1) *Based on Arconic build rate assumptions as of Dec 9, 2016.*
2) *Not all contracts directly attributable to innovation.*
3) *Based on 2016 revenue.*

❶ …and Our Growth in Automotive and Commercial Transportation

Overview of key Arconic investments in innovation

Key Innovations in Commercial Transportation

MicroMill™ (Auto)

2x more formable and 30% lighter than high strength steel

Adhesive Bonding (Auto)

A951 pretreatment ensures long-term durability of adhesive bonds by retaining the strength of the bond over time, enabling the aluminization of automobiles

Brazing (Auto)

Multi-layer solutions for sheet-based heat exchangers with better corrosion protection and longer in-service requirements

Ultra One® and Dura-Bright® Wheels (CT)(1)

Improves fuel efficiency and lowers operating cost: 47% lighter than steel(2) and 10x better corrosion resistance(3)

GRP TCS

Innovation Supports Commercial Achievements

- ✓ **MicroMill™** breakthrough products **critical** to **winning long-term contracts** with **auto OEMs**
- ✓ **~95% of wheel revenue(4)** driven by **proprietary products; ~45% of revenue(4)** from **products introduced** in past **three years**
- ✓ **~55% of GRP brazing revenue(4)** derived from **collaboration** with the **Arconic Technology Center**
- ✓ **~85% of GRP automotive revenue(4)** derived from **collaboration** with the **Arconic Technology Center**

Source: Arconic
1) CT is Commercial Transportation.
2) Ultra ONE® 22.5" x 8.25".
3) Dura-Bright® EVO.
4) Based on 2016 revenue.

❶ We have a Robust Execution System and Proven Record of Reducing Costs…

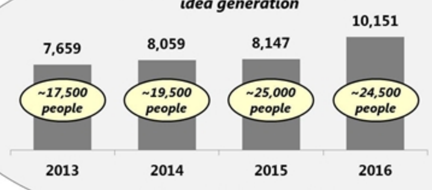
Overview of gross productivity and net savings

Part of Arconic's DNA

Central to Arconic's high performance culture is a robust operating system called Degrees of Implementation (DI)

- **Engages employees** to participate in **growth**, **productivity** and **asset optimization**
- **Drives execution** of employee identified improvement initiatives from **ideas to cash**
- **Focused** on **process** savings[1], **procurement** savings[2] and **overhead** optimization[3]

Rising Arconic employee engagement and idea generation



Three Productivity Focus Areas

Alcoa Inc: 2009 – Separation (Nov. 2016)

❶ Process Savings	$3B
❷ Procurement Savings	$6B
❸ Overhead Reduction	$1B
Total Productivity	**$10B**

~30% Flow to Net Savings

Arconic: 2016

❶ Process Savings	$355M
❷ Procurement Savings	$284M
❸ Overhead Reduction	$71M
Total Productivity	**$710M**

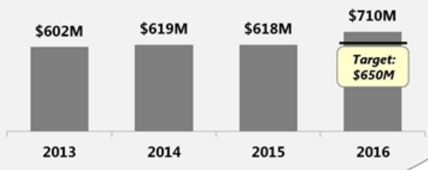
~45% Flow to Net Savings

Tangible Business Improvements

Productivity in action: TCS Closed Loop Scrap Processing

- Implemented **leading edge scrap reclamation process technology**
- **Reduced melt loss** by ~**2%**, **reduced energy** usage by ~**25%** and **increased metal yield** by ~**6%**
- TCS now produces **~35% of North American billet** needs at **lower cost**, with **annual savings of $38M**

Arconic gross productivity gains consistently >$600M per annum



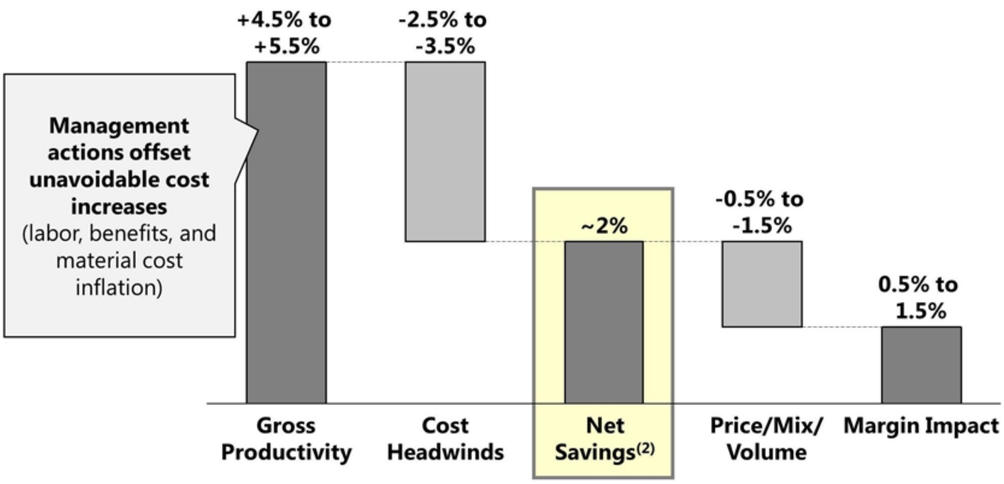
Source: Arconic

1) Process savings include low-cost sourcing, footprint optimization, process and equipment-productivity enhancements.
2) Procurement savings include contract renegotiations, supplier consolidation, raw material, MRO, transportation spend optimization.
3) Overhead optimization includes right-sizing, delayering, service optimization and centralization.
4) Excludes the Warrick, IN rolling operations, which were previously part of the Global Rolled Products segment but became part of Alcoa Corp. effective November 1, 2016.

❶ …that we will Build on to Deliver Future Margin Expansion

Planned 2017 net savings impact

Targeting Net Savings of ~2% of Revenue in 2017[(1)]



Arconic's systematic approach to delivering net savings allows management to expand margins despite unavoidable cost headwinds

Source: Arconic
1) Assumes constant LME and FX.
2) ~40% Flow to Net Savings (Gross Productivity less Cost Headwinds).

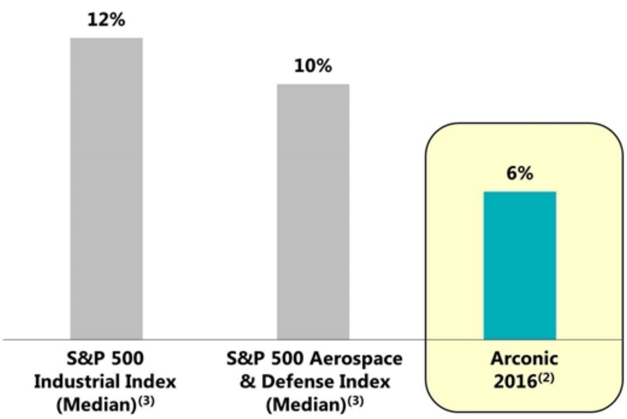
1 Overhead Expenses Carefully Managed; Further Reduction of ~$45M in 2017

Arconic SG&A benchmark; Arconic corporate overhead reduction target

Arconic Carefully Manages Costs

✓ **Arconic's SG&A[1][2]** is **significantly below** relevant **industry benchmarks[3]**

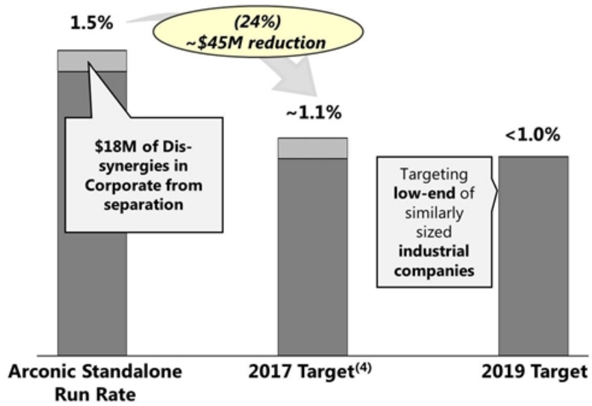
Comparison of SG&A as a % of revenue



Focused on Driving Corporate Overhead Expenses Lower

✓ Driven by **reduced spend** in **all corporate functions, reduced HQ footprint,** and **reduced complexity**

Arconic corporate overhead as a % of revenue



Source: Arconic, Capital IQ

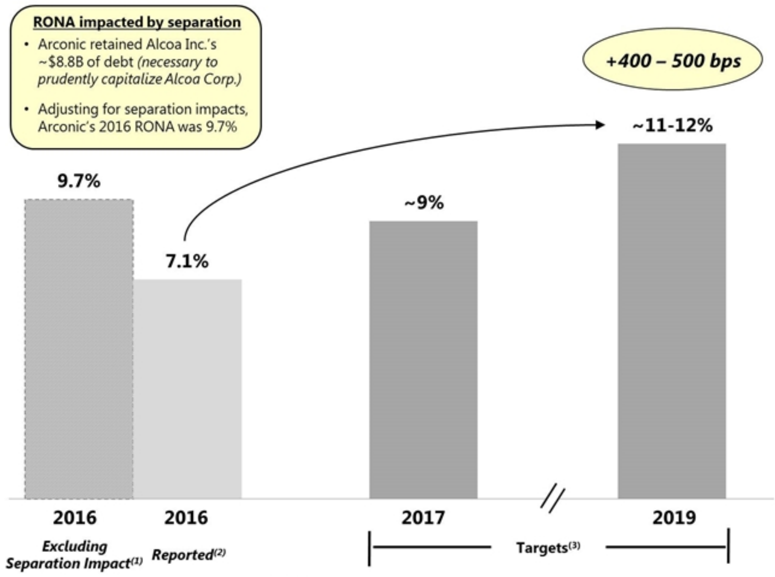
1) *Stands for Selling, General Administrative, and other expenses.*
2) *SG&A based on Arconic continuing operations and excludes separation costs of $193M.*
3) *Based on latest actual full year report. Excludes Arconic and companies that do not disclose SG&A expense.*
4) *Reflects ~$140M Corporate Overhead included in $300M of Corporate spend on an EBITDA basis. Remaining components are $60M of Corporate R&D, Pension / OPEB of $60M, and other of ~$40M.*

See Appendix for Reconciliations.

2 Driving Returns Through Operating Performance and Focus on Capital Efficiency

Return on Net Assets (RONA): 2016 Actual, 2017 and 2019 Targets

400-500 Basis Point Improvement in RONA through 2019



Prudently Managing our Capital Base

- **Reducing debt incurred** via the **separation** *($1B debt reduction planned in 1H 2017; further potential reduction using proceeds from Alcoa retained interest monetization)*
- **Exacting capex approval process** with rigorous CEO, CFO and Board review *(Capex capped at ~5% of annual revenue)*
- **Enforcing strict growth investment criteria** *(15% IRR and payback of <5 years)*
- **Reducing Working Capital Days** *(3-7 day reduction targeted in 2017)*

- **RONA is the appropriate metric for Arconic; it aligns management with shareholder value creation**
- **Represents 50% of long-term executive compensation (based on 3-year plan)**

Source: Arconic
1) *Excludes impact of higher debt burden related to the separation by reflecting 2016 allocation of interest expense to Alcoa Corp. based on historical methodology.*
2) *Based on 2016 net loss attributable to Arconic of $0.9B; result is $505M as adjusted for special items and discontinued operations.*
3) *Potential future benefit from retained interest monetization not included.*
See Appendix for Reconciliations.

ARCONIC

The Path Forward: Determined to Drive Shareholder Value

Arconic's key value drivers and financial targets

Key Value Drivers

1. **Focus on Distinct and Growing End-Markets**
2. **Innovate to Generate New Revenue Streams**
3. **Partner with Customers to Drive Share Gains**
4. **Build on Success of Delivering Productivity Improvements**
5. **Allocate Capital in a Disciplined, Rigorous Manner**

Arconic Financial Targets

	2016	2017[1]	2019[2]
Revenue	$12.4B	$11.8B - $12.4B[3]	7% - 8% CAGR[4]
Combined Segment EBITDA %	16.6%	~17%	~19%
EBITDA %, excl. separation costs	13.7%	~15%	~17%
RONA %[5]	7.1%	~9%	11% - 12%
Gross Debt	$8.1B	$7.1B	Net Debt / EBITDA[6]: 2.0x- 2.5x
Cash	$1.9B	$1.2B	
Free Cash Flow[7]	-$255M[8]	$350M+	~$700M

Creating long-term sustainable value through capital efficiency and innovation and partnering with customers to drive growth and margin expansion

Source: Arconic

1) 2017 assumptions: LME cash $1,650/MT, 1.00 EUR = 1.11 USD, 1.00 GBP = 1.31 USD.
2) 2019 assumptions: LME cash $1,750/MT, 1.00 EUR = 1.11 USD, 1.00 GBP = 1.31 USD.
3) Tennessee Packaging revenue in 2016 = $552M, due to ramp down of this business 2017 = ~$150M.
4) Compounded Annual Growth Rate from year end 2017 to year end 2019.

See Appendix for Reconciliations.

5) RONA (Return on Net Assets) defined as adjusted net income divided by working capital and net PP&E. Adjusted for special items.
6) Excludes any impact from monetization of stake in Alcoa Corp.
7) Free Cash Flow is equal to Cash from Operations less capex.
8) Free Cash Flow including both Continuing and Discontinued Operations.

Executive Compensation Structure Aligned to Shareholder Value Creation

Executive Compensation Structure[1] (CEO and NEOs[2])

	Share of Total Compensation	***Performance Metrics***	*Weights*	
Annual Base + Incentive Compensation[3]	**CEO 25%**	***90%***		
	NEOs ~40%	**EBIT $**	45%	
		Free Cash Flow	45%	
		10%		
		Non-Financial Metrics		
		▪ Safety	5%	
		▪ Diversity	5%	
+				
Long-term Incentive Compensation[3]	**CEO 75%**	**RONA**	50%	**X** ***Relative TSR multiplier*** *+/- 10%*
	NEOs ~60%	**EBITDA Margin**	25%	
		Revenue Growth	25%	
		Based on 3-year plan		

ARCONIC

Source: Arconic
1) Free Cash Flow, EBITDA, EBIT, EBITDA margin and RONA adjusted for one-time items.
2) NEOs is Named Executive Officers.
3) Performance metrics drive 100% of Annual Incentive Compensation and 80% of LTI compensation awarded as performance shares.

Industry Partners Endorse Strategic Direction and Leadership

Endorsements from selected valued Arconic partners

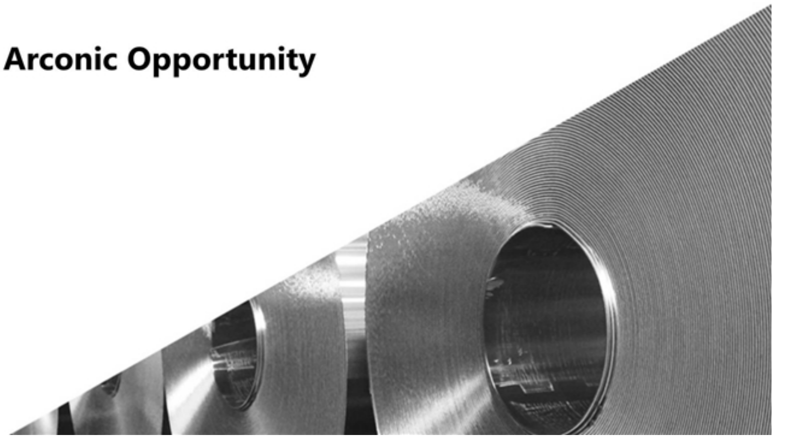
AIRBUS	**Tom Enders** *Chief Executive Officer, Airbus Group*	"At **Airbus**, we **continually seek to drive increased fuel efficiency** across our platforms. **For us to succeed, supply chain advancements in metallurgy and advanced manufacturing are fundamental. Under Klaus Kleinfeld's** leadership, **Arconic** has **built** up significant **materials science**, **precision manufacturing**, and **additive manufacturing expertise** specifically designed for **aerospace applications**. With that, **Arconic has become** a **key partner to Airbus for new technologies** -- both around aluminum and titanium. What **I particularly value is Klaus' deep understanding** of the **critical levers** to **support OEM goals**. **As CEO of Airbus, I fully support his continued leadership of Arconic.**" *(March 2017)*
GE Aviation	**David Joyce** *Vice Chair, GE* *President & CEO, GE Aviation*	"**Investments in technology** and **rate readiness** are **more important than ever** within the supply chains of our growing aviation industry. **GE supports Klaus and the Arconic commitment** to those priorities and the **long-term future of our industry.**" *(February 2017)*
	William Cohen, *Former U.S. Secretary of Defense*	"For the past decade, I have had the chance to work closely with Klaus Kleinfeld as he has **grown his firm's international partnerships and reestablished its defense business.** He has proven himself very adept at **building the very senior relationships** essential for success in Asia and the Middle East. In the defense market, **under his leadership Arconic has emerged as a critical player on aerospace, naval and ground systems, relied upon by OEMs and the government for innovative technologies and products** that redefine what is possible in terms of performance and weight and cost reduction. Klaus understands that continuing to **invest in R&D to maintain Arconic's technical leadership is key** to growth in the face of stiff competition." *(March 2017)*
	United Steelworkers **Workers Uniting[1]** **UNITE the Union**	"**Arconic operates** in advanced manufacturing **sectors requiring management** to focus sharply on **making capital investments**, **supporting research and development**, continually **training** its **work force**, and improving **workplace safety**. The members of our unions demand that **these expenditures** be made because they understand better than anyone that **keeping pace** in a **global market requires innovation**" *(February 2017)*

Source: Arconic
1) Workers Uniting is a 2 million-member global union formed by UNITE the Union and the United Steelworkers (USW). Together, UNITE and the USW represent more than 7,700 Arconic employees in North America and the United Kingdom.

Chapter 4

Elliott Misrepresents and Misunderstands the Arconic Opportunity

ARCONIC



Elliott's Claims Are Not Substantiated by the Facts

Arconic's response to Elliott's claims

Elliott Claim	***Facts***	***Conclusion***
Poor Total Shareholder Return	▪ Elliott uses inappropriate time periods and peer set to judge historical TSR ▪ Current leadership has delivered positive shareholder returns since the financial crisis – Alcoa Inc. has outperformed industry benchmarks in recent periods – Arconic/Alcoa Corp. has significantly outperformed since separation	**Shareholder Returns are Substantial and In Excess of Relevant Indices**
Easy to Narrow Margin Gap to PCC **No Structural Differences**	▪ Precision Castparts Corp. (PCC) and Arconic's EPS business are structurally very different in scale and business mix, making Elliott's comparison misleading ▪ In most comparable segments, EPS' margins are in-line or better than PCC's ▪ EPS is narrowing the margin gap	**Plan Narrows Margin Gap Despite Structural Disadvantages**
Firth Rixson has not Performed as Expected	▪ Firth Rixson has financially underperformed versus plan ▪ Acquisition enabled Arconic to become a full aerospace engine component supplier; critical factor for separation ▪ Significant improvement in performance is expected as new aerospace programs continue to ramp-up deliveries	**Firth Acquisition was Critical to Arconic's Transformation and Separation from Alcoa Corp.**
GRP's Cost Structure is Not Competitive	▪ All five versions of Elliott's analysis of GRP's cost structure are flawed and reveal a limited understanding of GRP's business ▪ Based on industry data, GRP's costs are in-line or better than the weighted average cost of its 10 largest peers in each relevant segment ▪ In most attractive end markets, GRP's margins are best-in-class	**GRP's Cost Structure and Margins are In-Line or Better than Peers**

Source: Arconic

Elliott's Claims Are Not Substantiated by the Facts

Arconic's response to Elliott's claims

Elliott Claim	Facts	Conclusion
History of Low Returns on Capital	▪ Historical returns were impacted by legacy (pre-2008) capital commitments in the upstream business combined with low commodity price environment ▪ Substantial increase in RONA was achieved in the downstream businesses	**Significant RONA Improvement in Arconic Businesses**
2019 Guidance is Flat vs. Old 2016 Guidance	▪ Revenue guidance comparison is apples to oranges given significant impact on revenue from divestitures in interim period coupled with FX and metal price impacts ▪ During this period, business mix shifted to higher value products driving significant margin improvement and positioning Arconic for strong and profitable growth ▪ Substantial revenue growth and continued margin expansion are core elements of 2019 guidance	**Margin Expansion and Revenue Growth are Core Elements of 2019 Guidance**
Excessive Executive Turnover	▪ Most of Alcoa Inc.'s executive turnover was due to internal promotions, reassignments or retirements ▪ Alcoa Inc.'s annual employee turnover rate has been, and remains, lower than most manufacturing companies	**Healthy Executive Continuity**
Bad Corporate Governance	▪ Board has recently been substantially reconstituted; is independent and focused on shareholder interests ▪ Arconic's Board has taken meaningful governance and oversight actions ▪ Board is fully engaged and is committed to continuous review and oversight	**Highly Engaged and Active Board Driving Strong Corporate Governance**

Source: Arconic

The Facts: Elliott Previously Attributed Alcoa Inc.'s Performance to Other Factors

Elliott's prior explanations for Alcoa Inc.'s valuation

"**Poor analyst coverage** is hampering recognition of Alcoa [Inc.]'s value and its transformation."

"Alcoa [Inc.] trades with a **90%+ correlation to the price of aluminum**"

"Until the Alcoa [Inc.] story is clearly articulated to the **appropriate investor base**, the market will continue to undervalue the company and trade it as a commodity aluminum producer."

There is a "**stereotype** that [Alcoa Inc.] remains a commodity aluminum producer … effectively **precluding management from maximizing shareholder value**."

"We believe **most of the issues can be rectified by more concrete communication** and detailed disclosures"

"Alcoa [Inc.] is **fundamentally misunderstood** and dramatically undervalued."

"The Street has the **wrong analysts** covering the new Alcoa [Inc.]"

Before Elliott devised its thesis about management performance, it had a myriad of other explanations for Alcoa Inc.'s stock price performance

Source: Presentations from Elliott to Arconic, November 2015

The Facts: Current Leadership Has Delivered Positive Returns to Shareholders

Alcoa Inc. absolute Total Shareholder Return (TSR)

Elliott's Shareholder Return Measurement Dates are Misleading

Elliott's shareholder return claim…

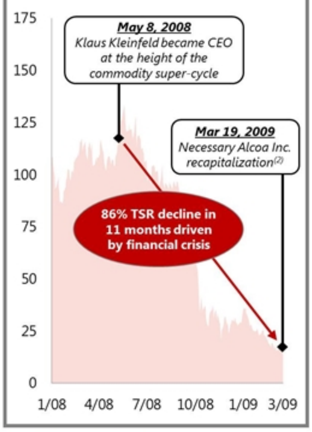
> "Proof of management's poor performance can be found in the steep decline in the value of our Company's shares. Since Dr. Kleinfeld became the CEO of Alcoa [Inc.] in May 2008 and through the Alcoa/Arconic split, the total return to shareholders was negative 69%." – *Elliott Shareholder Letter (Mar 9, 2017)*

…ignores important facts

- **Elliott's relative TSR analysis includes** the **impact** of the **financial crisis** and by **stopping on Oct 31, 2016**, gives no credit for the value management unlocked via the separation
  - Financial crisis drove all of Elliott's quoted -69% TSR
  - Elliott gives no credit for value unlocked by separation

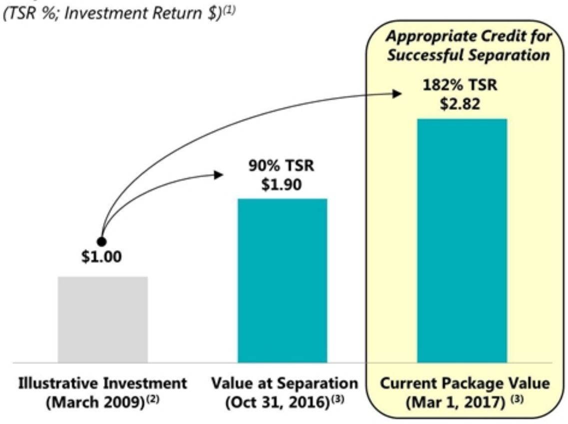
Elliott Ignores the Events of the Financial Crisis

Alcoa Inc. Share Price ($/share)
(Jan 1, 2008 → Mar 18, 2009)



Management has Delivered Meaningful Shareholder Return Since the Financial Crisis

What happened to a dollar invested into Alcoa Inc. stock following the financial crisis?
(TSR %; Investment Return $)(1)



Meaningful total shareholder return delivered by management's transformative vision and focused execution since 2009

Source: Arconic, Arconic analysis of Capital IQ data (as of Mar 1, 2017), Elliott Management

1) Calculated based on closing prices.
2) On Mar 19, 2009, Alcoa Inc. priced $906M common equity and $575M convertible debt. Analysis begins from closing on the prior trading day.
3) Package value to Alcoa Inc. shareholders includes Alcoa Inc. total shareholder return through Oct 31, 2016. From Nov 1, 2016 through Mar 1, 2017, package value to the Alcoa Inc. shareholder is calculated based on the performance of 1 share of Arconic and 1/3 share of Alcoa Corp. On Nov 1, 2016, as a result of the separation, every shareholder of Alcoa Inc. received 1 share of Arconic and 1/3 share of Alcoa Corp. for every 1 share of Alcoa Inc.; the package value calculates the total value to the former Alcoa Inc. shareholder over the specified time period.

The Facts: Alcoa Inc.'s TSR Has Outperformed Industry Benchmarks Since 2009

Alcoa Inc. package value absolute Total Shareholder Return (TSR) versus industry benchmarks

Elliott's Relative TSR Assessment is Not Credible

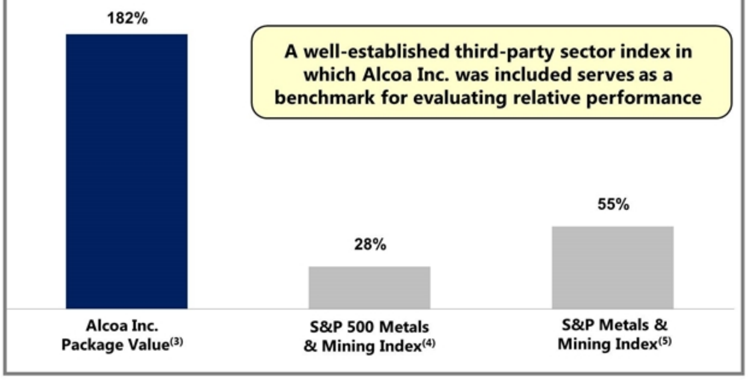
Highlights Elliott's flawed knowledge of the business

- **Alcoa Inc.** had **no good comparable** peers given its **unique** business **mix** and asset **portfolio**
  - Choice of peer set was further **complicated** by the **multi-year transformation** given the substantial evolution of the portfolio in recent years
- Elliott **measures performance back to 2008** using Alcoa Inc.'s 2016 proxy peers. **Most of these companies were not comparable for most of the period 2008 to 2016 due to:**
  - Non-comparable product and business mix
  - Lower debt and pension obligations
  - Different investor universes and listing locations
  - Lower free float and trading liquidity
  - Implicit state support

Alcoa Inc. Shareholder Return has Outperformed since the Financial Crisis

How did Alcoa Inc. TSR perform vs. relevant industry benchmarks since the financial crisis?

(Total Shareholder Return %; Mar 18, 2009 → Mar 1, 2017)[(1),(2)]



Source: Arconic, Arconic analysis of Capital IQ data (as of Mar 1, 2017), Elliott Management

1) *Calculated based on closing prices.*
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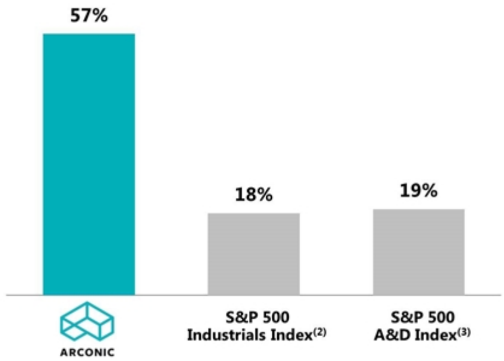
4) *Index comprises those companies included in the S&P 500 that are classified as members of the GICS metals and mining sector. Comprised of 3 constituents as of Mar 1, 2017, not including Arconic Inc. or Alcoa Corp. Alcoa Inc. was included in the index until the separation on Oct 31, 2016. Both Alcoa Corp. and Arconic Inc. were included in the index on Nov 1, 2016, but both were removed on Nov 2, 2016.*
5) *Index comprises stocks in the S&P Total Market Index that are classified in the GICS metals and mining sector. Comprised of 27 constituents as of Mar 1, 2017, including Alcoa Corp. but not including Arconic Inc. Alcoa Inc. was included in the index until Oct 31, 2016. Both Alcoa Corp. and Arconic were included in the index starting on Nov 1, 2016. Arconic was removed on Dec 16, 2016. As of Mar 1, 2017, Alcoa Corp. continued to be a constituent of the index.*

The Facts: TSR Has Outperformed Industry Benchmarks in Recent Periods

Recent Total Shareholder Return (TSR)

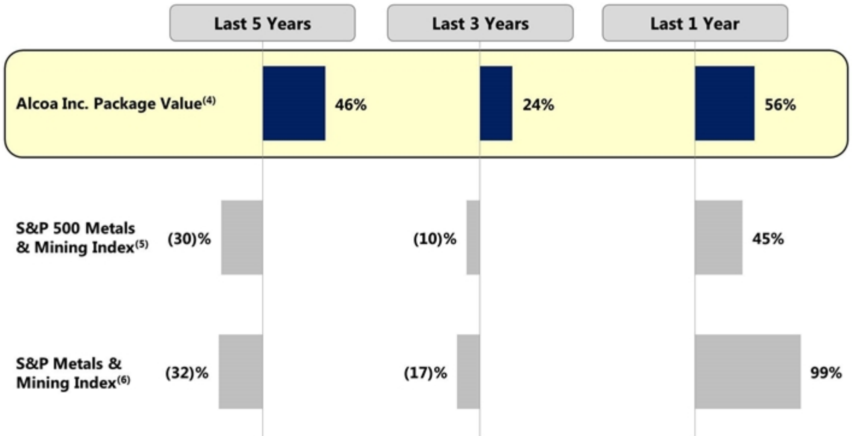
Arconic Total Shareholder Return

Since Separation from Alcoa Corp.
Nov 1, 2016 → Mar 1, 2017(1)



Alcoa Inc. Package Value vs. Industry Benchmarks

Alcoa Inc. package value absolute TSR versus industry benchmarks
(As of Mar 1, 2017)(1)



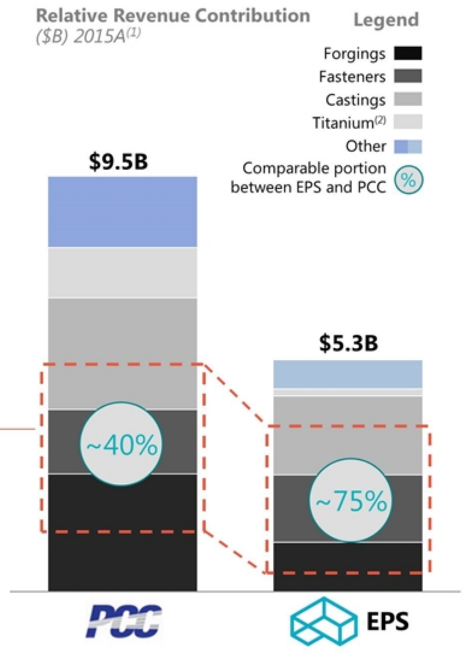
Source: Arconic, Arconic analysis of Capital IQ data (as of Mar 1, 2017) 1) Calculated based on closing prices. 2) Index comprises those companies included in the S&P 500 that are classified as members of the GICS industrials sector. Comprised of 68 constituents as of Mar 1, 2017, including Arconic Inc. 3) Index comprises those companies included in the S&P 500 that are classified as members of the GICS aerospace and defense sector. Comprised of 11 constituents as of Mar 1, 2017, including Arconic Inc. 4) Package value to Alcoa Inc. shareholders includes Alcoa Inc. total shareholder return through Oct 31, 2016. From Nov 1, 2016 through Mar 1, 2017, package value to the Alcoa Inc. shareholder is calculated based on the performance of 1 share of Arconic and 1/3 share of Alcoa Corp. On Nov 1, 2016, as a result of the separation, every shareholder of Alcoa Inc. received 1 share of Arconic and 1/3 share of Alcoa Corp. for every 1 share of Alcoa Inc.; the package value calculates the total value to the former Alcoa Inc. shareholder over the specified time period. 5) Index comprises those companies included in the S&P 500 that are classified as members of the GICS metals and mining sector. Comprised of 3 constituents as of Mar 1, 2017, not including Arconic Inc. or Alcoa Corp. Alcoa Inc. was included in the index until the separation on Oct 31, 2016. Both Alcoa Corp. and Arconic Inc. were included in the index on Nov 1, 2016, but both were removed on Nov 2, 2016. 6) Index comprises stocks in the S&P Total Market Index that are classified in the GICS metals and mining sector. Comprised of 27 constituents as of Mar 1, 2017, including Alcoa Corp. but not including Arconic Inc. Alcoa Inc. was included in the index until Oct 31, 2016. Both Alcoa Corp. and Arconic were included in the index starting on Nov 1, 2016. Arconic was removed on Dec 16, 2016. As of Mar 1, 2017, Alcoa Corp. continued to be a constituent of the index.

The Facts: Key Differences Explain the Margin Gap Between PCC and Arconic EPS

PCC versus Arconic EPS comparison

	PCC	***Arconic EPS Strategy***
Scale Differences	▪ **Greater scale** enables bundling of content to expand margins	▪ Investments have positioned **EPS to capture greater content** on select platforms
Vertical Integration	▪ Greater vertical integration drives **lower raw material costs**	▪ Recent investments (e.g. RTI) **will improve raw material costs**
Mix Differences	▪ **~40% of PCC's business is** structurally **comparable** with EPS ▪ Participates in **above-average margin segments** (e.g. large diameter structural castings) ▪ Does not participate in certain lower margin segments (e.g. aluminum extrusions)	▪ **~75% of Arconic's EPS business is** structurally **comparable** with only 40% of PCC ▪ **Investments in key technologies** and expansion of key facilities (e.g. La Porte) to compete in additional high margin segments
Capacity Utilization	▪ Generally **good capacity utilization**	▪ Made significant capital investments (including isothermal forging and structural castings facilities), which are **still under-utilized** but ramping up in volume based upon awarded work

Attacking the gap: Technology investments, increased capacity utilization, strategic acquisitions and organic expansions



Source: Arconic, Company filings

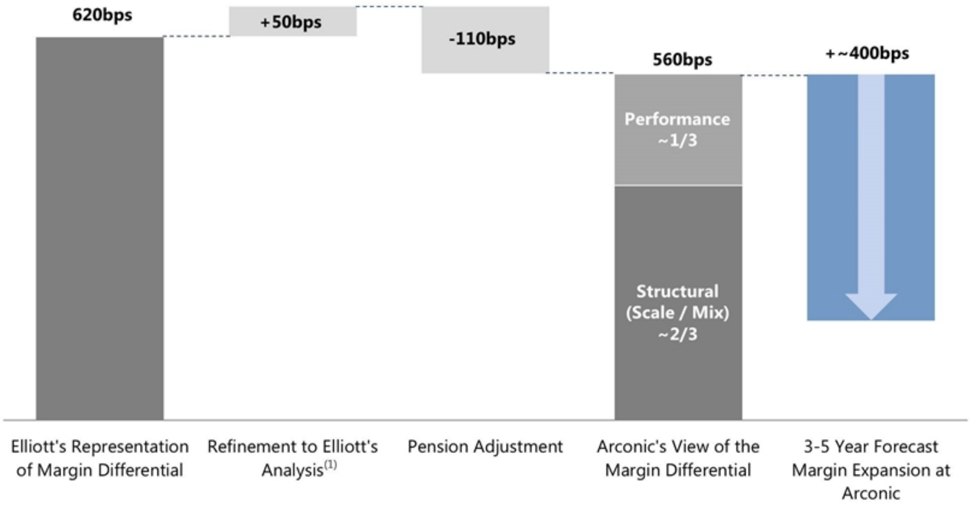
Note: Structural differences are defined as businesses in which EPS just entered and therefore has substantial differences in scale/volume (~5-10x) or where PCC does not compete.

1) Last 12 months revenue as of calendar year-end 2015, for both Arconic and PCC

2) Arconic's Titanium business has overlap with PCC's.

The Facts: Arconic EPS is Working to Narrow the Margin Gap

Bridging PCC's margins to Arconic EPS'

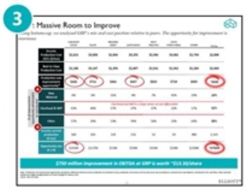
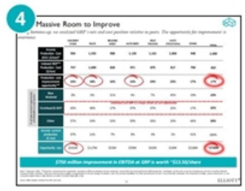


Key Initiatives at Arconic to Expand EPS Margins

- Productivity improvements from new technologies and acquisitions
- Increased capacity utilization through volume expansion
- Firth Rixson growth with engine ramp-ups
- Firth Rixson UK restructure
- RTI integration and expansion
- TiAl expansion
- La Porte expansion
- Isothermal qualification
- Expanding airfoil coatings capabilities

Source: Arconic
1) Reflects Arconic's attempt to reconcile Elliott analysis to public filings; result was an increase of 50bps to Elliot's baseline representation of margin differential between PCC and EPS.

The Facts: Elliott's Varied Attempts at GRP Cost Analysis Suggest Limited Fundamental Knowledge

Version of Elliott slide titled "GRP: Massive Room to Improve"	 Posted on 01/31	 Posted on 02/01	 Posted on 02/03 AM	 Posted on 02/03 PM
Production Cost Opportunity Description	Industry Average Cost	Best-In-Class Production Cost	Indexed Best Demonstrated Practice (BDP) Production Cost ($/ton)	Not comparable to prior version Spectrum of "Industry Average" to "BDP Across the Board"
Highlighted Opportunity Size	~$750 million of EBITDA ~$13.50 / share	~$750 million of EBITDA ~$13.50 / share	~$750 million of EBITDA ~$13.50 / share	~$245 million of EBITDA[1] ~$4.40 / share
Excerpt of Elliott Footnote (on Elliott Pres. p. 21)	"… difference between Arconic production cost and average production cost…"	"… difference between Arconic production cost and best-in-class production cost (lowest cost line item across top 10 producers)…"	"… The cost-level established by "Best Demonstrated Practice" may not be fully achievable. The components of rolling costs are interactive, i.e. one component might be low or high directly as a result of another being high or low."	Four new footnotes, none of which appeared in the prior versions in that form Refer to Elliott presentation, slide 21
Source	"CRU cost data"	"CRU cost data"	"Elliott analysis derived from CRU cost data"	"Elliott analysis derived from industry data"

Elliott had to revise one of its key analyses 4 times within less than a week to correct serious errors which drastically exaggerated the purported cost takeout opportunity

ARCONIC

Source: Elliott website, Jan 31, 2017 to Feb 4, 2016
1) Total range of ~$150-750 million.

The Facts: CRU Data Suggests Little to No Cost Opportunity

CRU benchmarking data: Arconic GRP vs. top 10

	2015 Total Cost ($/ton) as per CRU Cost Data				
	Top 10 wAvg(1)	**Arconic wAvg(2)**	**Δ**	**Theoretical CRU Cost Saving(3) ($M)**	**Arconic Commentary**
Auto Body(4)	3,294	3,255	(1.2)%	($5M)	
Brazing Sheet	3,048	2,880	(5.5)%	($19M)	
Heat Treated	3,430	3,356	(2.2)%	($4M)	
Plate	3,740	3,858	3.2 %	$19M	✘ Not relevant; Arconic is focused on differentiated, higher margin, premium products
Can Body Stock	2,562	2,630	2.7 %	$39M	✘ Not relevant; Arconic is exiting this segment in North America by 2018

GRP's cost structure is already in-line or better than the weighted average cost structure of the 10 largest producers in relevant segments

Management has a strategy in place to further improve the cost and margin structure; is expected to add ~200bps or ~$100M(5) adjusted EBITDA by 2019

Source: Arconic, CRU Aluminum Rolling Cost Model
1) CRU Aluminum Rolling Cost Model weighted average of top 10 producers by volume (excludes Arconic).
2) Weighted average cost across all Arconic GRP mills in each CRU category, respectively.
3) Arconic's Interpretation of CRU Cost Data. Opportunity size excludes improvement potential in "Auto Structural" and "Other" given theoretical opportunity size is negative and/or not applicable.
4) As defined by CRU (excl. Auto Structural).
5) Based on Arconic GRP 2016 revenue of $4.9B.

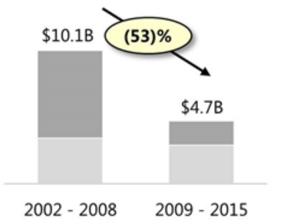
The Facts: Alcoa Inc. Massively Reduced Capital Spending and Increased Returns

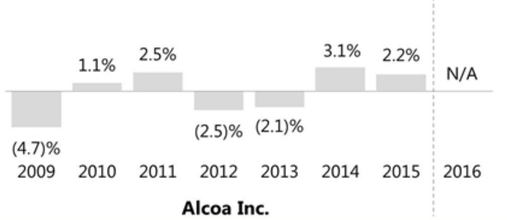
Capex allocation and return on net assests (RONA) for upstream and downstream businesses

	Capital Allocation Over Time	Historic Capex[1]	Historic RONA Evolution

Upstream

- Increase in upstream growth capex during commodity super-cycle (pre-2008)
- Dramatic decline of commodity prices in 2008; depressed price environment since then
- ~80% of upstream growth capital in 2009 - 2015 was spent on completing three legacy projects (Juruti Mine, Sao Luis Refinery, and Estreito Hydro Power)

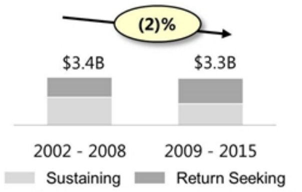


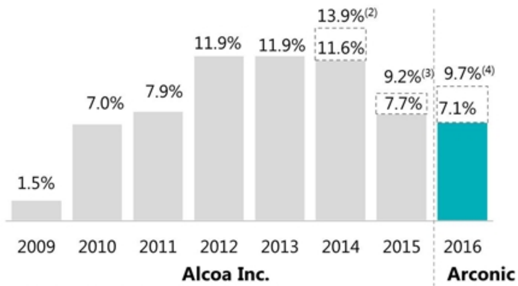


Legacy assets negatively impacted Upstream RONA

Downstream

- Post-2009, focus shifted to organic growth in downstream automotive and aerospace businesses
- Target rate of return of 15%
- Return on top five recent organic projects is ~21%, including ~$600M in GRP investments from 2012 through 2015
- RONA expected to be positively impacted by ramp up in recent acquisitions





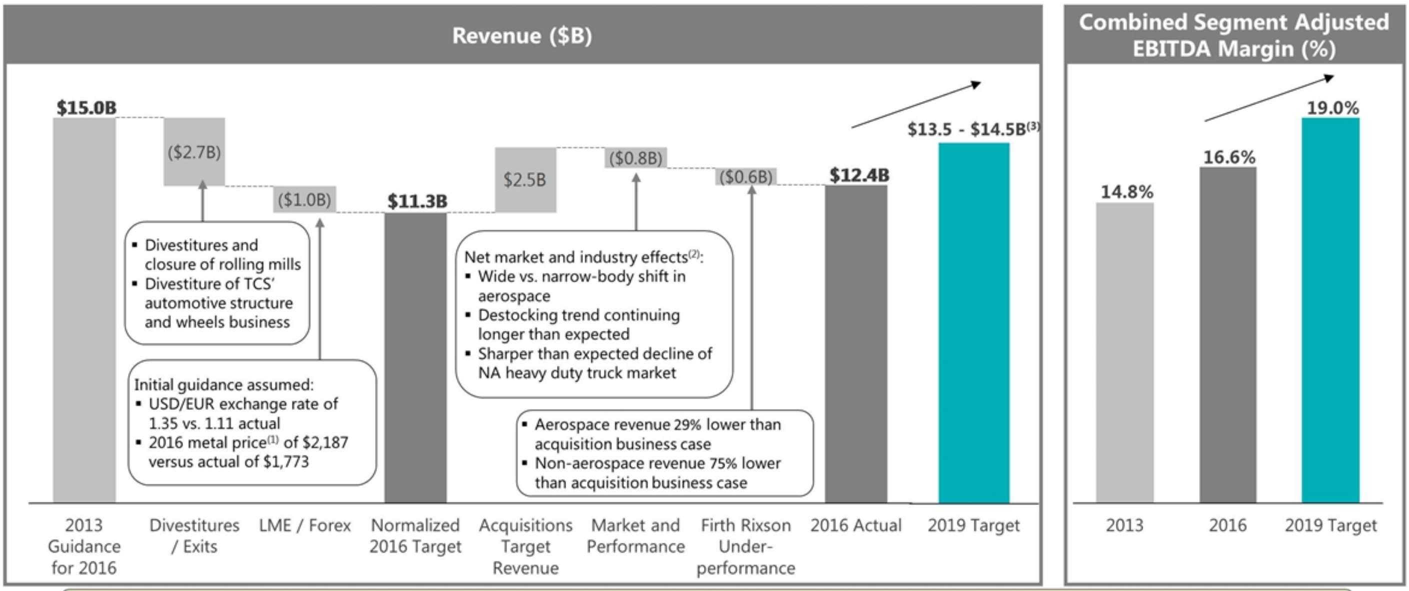
Source: Arconic

Note: RONA is adjusted net income divided by net PP&E plus net working capital. Internal allocation methodology used to determine 2009-2015 Upstream RONA and Downstream RONA because Alcoa Inc. was one company and historical standalone Upstream and Downstream results are not available for 2009-2014. 2016 Downstream RONA based on Arconic Inc. results.

1) Upstream excludes Warrick and Downstream includes Warrick; both Upstream and Downstream exclude corporate capex. 2) Excludes impact of Firth Rixson acquisition due to partial year ownership. 3) Excludes impact of RTI acquisition due to partial year ownership. 4) Excludes impact on Downstream of 2016 separation-related higher debt burden by allocating interest expense to Alcoa Corp. based on internal allocation methodology. See Appendix for Reconciliations.

The Facts: 2019 Margin and Revenue Targets are Higher than 2016

Revenue bridge ($B), EBITDA Margin (%) and Arconic 2019 targets



Arconic's transformation sees a continuing change in revenue mix towards more attractive end markets with higher margin products

Source: Arconic

1) Metal price consisting of LME and Midwest premium; 2016 initial view of $2,187 taken as targets were being set; 2016 actual was $1,773.

2) Includes differences in market growth rates projected in 2013 versus the actual market growth rates.

3) Based on 2017 revenue guidance of $11.8-12.4B and 2017 to 2019 target CAGRs of 7-8%

See Appendix for Reconciliations..

ARCONIC

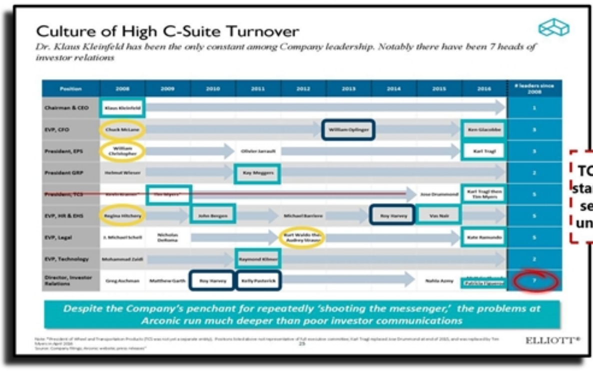
The Facts: Arconic Has a Healthy Senior Executive Continuity and Turnover

C-Suite turnover history at Alcoa Inc. and Arconic

Retired

Still working at Arconic

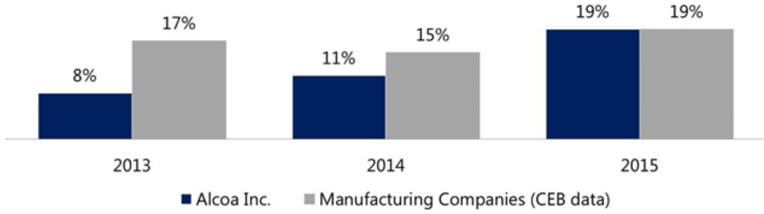
Working at Alcoa Corp.



TCS not a standalone segment until 2015

- Of the 28 executives identified by Elliott, 19 are still with Arconic or Alcoa Corp. or have retired
- Elliott's attempt to show unusual turnover among executives is misleading
  - Finance professionals were intentionally rotated through the IR role so they could gain first-hand knowledge of our shareholders
- Arconic's turnover rates are generally in line with peers

Annual Employee Turnover Rate



Source: Arconic, Elliott presentation

The Facts: Arconic's Board Values Strong Corporate Governance

Focus and values of our Board

Key Board and Governance Information

12 of 13	Number of Independent Directors
63	Average Age of Directors
19	Full Board Meetings Held in 2015 and 2016
< 4	Average Tenure of Independent Directors (in years)
67%	Independent Directors Added in the Last Three Years
93%	Average Board Attendance in 2016
✓	Ongoing Efforts to Declassify Board Structure(1)
✓	Adopted Proxy Access Bylaw
✓	Majority Voting for Directors
✓	Ongoing Efforts to Eliminate Supermajority Voting Requirements(2)
✓	Lead Independent Director
✓	Regular Executive Sessions of Independent Directors
✓	Director Stock Ownership Guidelines

Proven Independent Leadership

Patricia F. Russo
Lead Independent Director

Director on the Boards of:
- ***General Motors***
- ***Hewlett Packard Enterprise***
- ***KKR Management***
- ***Merck & Co***

- ✓ Proven track record as executive and Board member
- ✓ Has led companies through severe economic downturns
- ✓ Experience leading complex, global organizations
- ✓ Extensive knowledge of governance practices and principles

Governance Background and Actions

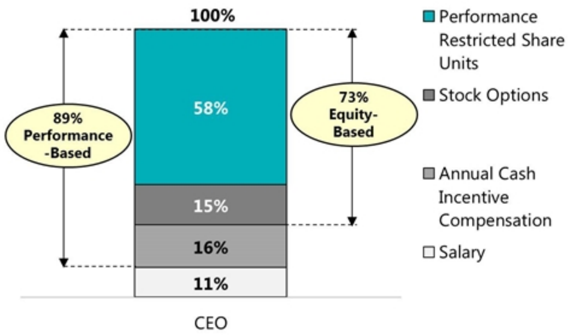
- Arconic is a Pennsylvania corporation and is saddled with legacy governance requirements
- Board has attempted to modernize governance, but has not been able to garner sufficient shareholder support
- Board ensured Alcoa Corp. was spun with state-of-the-art governance
- Board committed to submitting a proposal to reincorporate in Delaware if this year's governance proposals do not pass, which will enable a new charter with state-of-the-art governance, including annual election of directors

Source: Arconic
1) *The Company is seeking shareholder approval at the 2017 annual meeting to declassify its Board of Directors.*
2) *The Company is seeking shareholder approval at the 2017 annual meeting to eliminate supermajority voting requirements.*

The Facts: Arconic Executive Compensation is Tied to Performance

Executive compensation practices & policies

Construction of 2016 Target CEO Pay



Compensation Approved by Shareholders and Third Parties

	Say on Pay Results[1]	ISS	Glass Lewis
2014	**92.6%**	✓	✓
2015	**92.5%**	✓	✓
2016	**89.3%**	✓	✓

Principles for Setting Executive Compensation

- Policy is to **set the CEO's target compensation at the median level of the compensation peer group** disclosed in our proxy and to have that target **benchmarked every year by an outside pay advisory firm**
- The Compensation Committee **awards CEO's compensation based on assessment of performance**. To maintain close alignment with shareholders, Kleinfeld's **compensation is ~90% performance-based and ~75% equity-based**
- The **alignment of compensation and performance** has been **closely overseen by the Board** and its Compensation Committee
- **Alcoa Inc. received a positive Say-on-Pay recommendation from ISS for every year from 2011 to 2016 and Glass Lewis from 2013 to 2016**

Source: Arconic, Institutional Shareholder Services
1) Calculated as votes cast in favor of say on pay as a percentage of total votes cast "for" and "against."

The Facts: Election of Elliott's Nominees Would Remove Critical Skills from the Board

Nominees' skills and experience

Arconic's Nominees

Name	Unique Contribution	Would Board Lose Critical Skills?
 A. Alving	▪ Multi-sector technology leader ▪ Cyber-security	YES
 D. Hess	▪ Strong relationships with key customers ▪ Former executive at world-class aeronautics manufacturer	YES
 K. Kleinfeld	▪ Operating experience with Arconic's assets ▪ Strategic vision for long-term value creation ▪ Strong customer relationships	YES
 R. Tata	▪ Global auto and metals manufacturing ▪ Emerging markets operating experience	YES
 U. Schmidt	▪ Former Board member at PCC ▪ Strong corporate finance experience	Elliott not contesting

Elliott's Nominees

Name	Purported Skills & Experience	Adds New Board Skills?	Skills Already Represented on Board?
 C. Ayers	▪ Specialty materials ▪ Former executive at PCC (competitor)	NO	Gupta, Kleinfeld, Reif, Schmidt
 B. Kessler	▪ Aerospace & engineering ▪ Operating experience	NO	Alving, Collins, Gupta, Hess, Kleinfeld, O'Neal, Russo, Schmidt
 P. Merrin	▪ International business ▪ Commodities / metals & mining	NO	Collins, Gupta, Hess, Kleinfeld, O'Neal, Plant, Reif, Russo, Richardson, Schmidt, Tata,
 E. Doty	▪ Aerospace & defense ▪ Private equity background	NO	Alving, Collins, Gupta, Hess, Richardson, Schmidt

Skill and experience of Elliott nominees are already very well-represented on the Board

Source: Arconic, Elliott

The Facts: Arconic's Stated Strategy is the Best Path to Creating Shareholder Value

Key differences between the Board Strategy and Elliott's "Plan"

	Arconic's Stated Strategy	Elliott's Proposed "Plan"
Strategy and Approach	▪ Focus on **long-term profitable growth** in attractive markets ▪ **Deliver value to customers** through unique technology and material science; making customers win ▪ **Continuous investment in innovation** for new products and better processes ▪ **Disciplined focus** on **cost efficiencies** in the **businesses** as well as in **corporate** ▪ **Increased capital efficiency** with a focus on **short-** and **long-term returns** ▪ Maintain a **high performance team**	▪ Elliott **has not presented an operational plan** ▪ Focus on margin parity with perceived peers **suggests near-term plan of cutting R&D and price gouging customers** ▪ **No other detail provided to Arconic shareholders**
Implications	✓ **Maximize shareholder value** for many years to come ✓ Increase **customer intimacy,** higher market share, price for value, margin expansion and **profitable growth** ✓ **Increase lead** vs. competition ✓ **Cost competitive** offerings ✓ **Lower capital needs** and **balanced returns** ✓ **Highly motivated employees** and **talent attraction**	✗ Potential short term profit increase at expense of significant **earnings potential over medium- and long-term** ✗ Drive to near-term margin parity with companies that are not, in fact, peers, would **necessitate sub-optimal actions** ✗ R&D cuts would **risk losing the innovation edge** that is critical to future profitable growth ✗ Price gouging would **alienate customers** and lead them to find alternative suppliers for their next-generation products
	Arconic's plan pulls key levers to deliver continued success	**Elliott's "plan" will damage the Company**

The Facts: Elliott Changed Its Views, Published Flawed Analyses and Hid Key Facts

Elliott's actions

Elliott Has Changed its Views

- Elliott **previously praised management** and the Board for value creation and focus on shareholder interest
  - Since then, shareholders have seen 66% appreciation in value of their holdings
- Elliott previously stated that Alcoa valuation suffered because of myriad issues
  - Wrong analyst coverage
  - Wrong shareholder base
  - Correlation to LME prices
  - Poor communication
- **Only recently has Elliott claimed that management is the problem**

Elliott's Analysis is Flawed

- Elliott's **analysis of potential cost opportunities is flawed**
  - Its GRP analysis has had **four material revisions** and still is incorrect
  - EPS is not comparable to PCC in scale and mix; **Elliott's key assumption is wrong**
- Elliott **disingenuously measures TSR**
  - Insists on beginning with the financial crisis, which occurred just months after new CEO took office
  - Has refused to give credit for value created by spin, which was the most important strategic act of CEO and Board
  - Uses inappropriate peer group to measure 8 years of performance
- In calculating performance against original 2016 goals, **Elliott ignores divestitures** and unexpected market and FX moves which are outside of the company's control

Elliott Has Not Been Forthcoming

- Elliott's **disclosure has been slow**, as it failed to initially disclose:
  - Its **four different attempts to correct its flawed analysis** of the GRP cost structure
  - That Elliott's choice for the CEO position is **legally precluded from taking the job** by a binding non-compete
  - That Elliott is **paying its suggested CEO replacement candidate millions** under its indemnity agreement

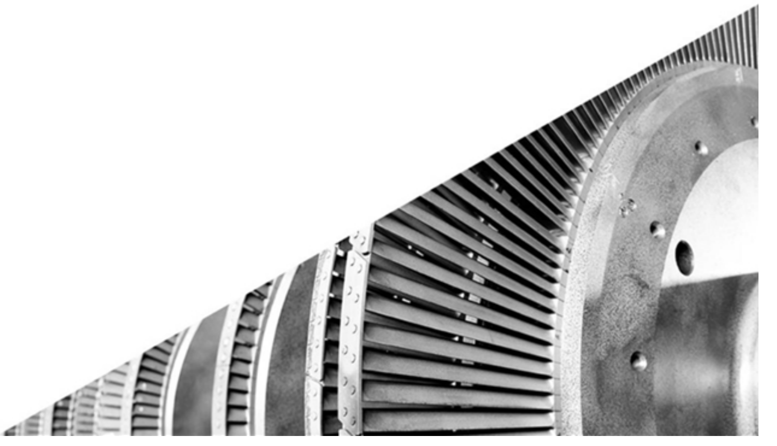
Elliott has not been accurate or transparent with shareholders

Source: Arconic, Elliott

Chapter 5

Conclusion

ARCONIC



Shareholders Should Support the Board and its Plan to Create Value

Reasons for Arconic shareholders to rely on the Board and doubt Elliott's judgment

Category	The Board	Elliott
Duty	▪ Has fiduciary obligations to **all shareholders**	▪ Has **no fiduciary obligation** to Arconic shareholders
Analysis	▪ Has studied Arconic's business and opportunities with **outside independent advisors** and the **benefit of non-public information**	▪ Has repeatedly made **analytical mistakes** and **modified its explanation** for perceived valuation gaps and potential solutions
Change Methodology	▪ Has been **deliberate and thoughtful agent of change** – Drove transformation of businesses – Supported separation after careful study – Reconstituted board – Continuing efforts to modernize legacy governance structure	▪ Seeks **abrupt changes** despite recent spin and Board enhancement – If successful, would have selected **seven new directors on Board of 13** – Then wants to replace CEO, further upending the organization – Unfairly criticizes Arconic for governance structure that requires 80% shareholder approval to change
CEO	▪ Supports an **effective CEO** who has demonstrated strong skills in improving businesses through both his strategic vision and his operational leadership	▪ Advocates for a new **CEO that appears to be unable to take the job because of a non-compete** agreement with his prior employer ▪ Proposed CEO candidate has reportedly had a **difficult relationship with valued Arconic customers**
Executive Compensation	▪ Compensation committee has **tied nearly 90% of CEO compensation to performance**	▪ Indemnifying its CEO candidate with expected payments up to $25 million due to breach of non-compete
Transparency	▪ Has been **transparent about findings** and self reflective – Added directors in recognition of need for additional expertise in certain areas	▪ **Tried to hide the mistakes it made** by not promptly filing errant versions of its presentation with the SEC
Objectivity	▪ Has **evaluated the past objectively**, with an appreciation for the difficult market conditions ▪ Fully dedicated to **holding management accountable** for its decision making and execution	▪ Has been **disingenuous and misleading in its evaluation of the past** – TSR analysis **includes the impact of the financial crisis** and **ignores the value created by the spin** – Margin analysis **wrongly claims** PCC is a fair comparison for EPS, denying structural differences between the two – **Tortured analysis** of industry data on costs was used to manipulate the GRP cost analysis

ARCONIC

Source: Arconic

The Choice is Clear – The Right Board, Leadership and Strategy are in Place

- Arconic is a new company, with a new Board: majority of directors joined in the last 15 months
- Management has a track record of successfully executing on a transformative vision and consistently improving business performance amid a complex market environment
- The Board has undertaken an extensive review of the strategic plan and leadership and strongly believes that Arconic's strategy and team will drive substantial value for shareholders
- The Board has engaged extensively with Elliott, including adding three directors nominated by Elliott in February 2016
- Elliott misunderstands Arconic's business and its suggestions would damage the Company; election of its nominees would remove critical skill sets from our Board

Vote for Arconic's nominees on the WHITE card

The Board of Directors Recommends that You Vote on the WHITE Proxy Card as Follows:

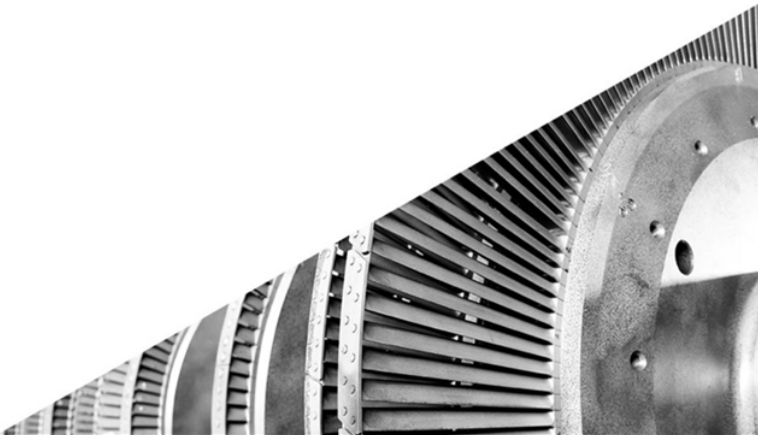
	Additional voting matters and Board recommendations	Unanimous Board Recommendation
Item 1	Election of Five Director Nominees to Serve for a Three Year Term Expiring in 2020 (or until the 2018 annual meeting, if Item 8 is approved, as described in the proxy statement)	✓ **FOR** *Each nominee recommended by our Board*
Item 2	Ratification of Appointment of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for 2017	✓ **FOR**
Item 3	Advisory Vote to Approve Executive Compensation	✓ **FOR**
Item 4	Advisory Vote on Frequency of Advisory Vote on Executive Compensation	✓ **FOR**
Item 5	Amendment of the Articles of Incorporation to eliminate the Supermajority Voting Requirement in the Articles of Incorporation regarding Amending Article SEVENTH (Fair Price Protection)	✓ **FOR**
Item 6	Amendment of the Articles of Incorporation to eliminate the Supermajority Voting Requirement in the Articles of Incorporation regarding Amending Article EIGHTH (Director Elections)	✓ **FOR**
Item 7	Amendment of the Articles of Incorporation to eliminate the Supermajority Voting Requirement in the Articles of Incorporation relating to the Removal of Directors	✓ **FOR**
Item 8	Amendment of the Articles of Incorporation to Eliminate the Classified Board of Directors	✓ **FOR**
Item 9	Shareholder Proposal	✓ **FOR**

Note: Please refer to the 2017 Arconic Proxy Statement (Schedule 14A) for more detail.

Appendix

Reconciliations

ARCONIC



Reconciliation of Arconic[1] Adjusted EBITDA and Adjusted EBITDA Excluding Separation Costs

($ in millions)	Year ended December 31, 2015	Year ended December 31, 2016
Net loss attributable to Arconic	$(322)	$(941)
Discontinued operations[1]	165	(121)
Loss from continuing operations after income taxes and noncontrolling interests	(157)	(1,062)
Add:		
Net income attributable to noncontrolling interests	1	–
Provision for income taxes	339	1,476
Other (income) expenses, net	(28)	(94)
Interest expense	473	499
Restructuring and other charges	214	155
Impairment of goodwill	25	–
Provision for depreciation and amortization	508	535
Adjusted EBITDA	1,375	1,509
Separation costs	24	193
Adjusted EBITDA excluding separation costs	$1,399	$1,702
Sales	$12,413	$12,394
Adjusted EBITDA Margin excluding separation costs	11.3%	13.7%

Arconic'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. Adjusted EBITDA and Adjusted EBITDA excluding separation costs are non-GAAP financial measures. Management believes that these measures are meaningful to investors because Adjusted EBITDA and Adjusted EBITDA excluding separation costs provide additional information with respect to Arconic's operating performance and the Company's ability to meet its financial obligations. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

(1) On November 1, 2016, the former Alcoa Inc. was separated into two standalone, publicly-traded companies, Arconic and Alcoa Corporation, by means of a pro rata distribution of 80.1% of the outstanding common stock of Alcoa Corporation to Alcoa Inc. shareholders. Accordingly, the results of operations of Alcoa Corporation have been reflected as discontinued operations in this reconciliation.

Reconciliation of Arconic[1] Combined Segment Adjusted EBITDA

($ in millions)	2015	2016
Net loss attributable to Arconic	$(322)	$(941)
Discontinued operations[1]	165	(121)
Unallocated Amounts (net of tax):		
Impact of LIFO	(66)	11
Metal price lag	115	(21)
Interest expense	307	324
Noncontrolling interests	1	-
Corporate expense	252	306
Impairment of goodwill	25	-
Restructuring and other charges	192	114
Other[2]	317	1,415
Combined segment After-tax operating income (ATOI)	$986	$1,087
Add combined segment:		
Depreciation and amortization	479	504
Income taxes	430	472
Other	(2)	-
Combined segment Adjusted EBITDA	$1,893	$2,063

Arconic's definition of Combined Segment 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. The Other line includes gains/losses on asset sales and other non-operating items. Combined Segment Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Combined Segment Adjusted EBITDA provides additional information with respect to Arconic's operating performance and the Company's ability to meet its financial obligations. The Combined Segment Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

(1) On November 1, 2016, the former Alcoa Inc. completed its separation into two standalone, publicly-traded companies. Arconic includes the following former Alcoa Inc. segments: Engineered Products and Solutions, Transportation and Construction Solutions, and Global Rolled Products, except for the Warrick, IN rolling operations and the equity interest in the rolling mill at the joint venture in Saudi Arabia which both became part of Alcoa Corporation. The Global Rolled Products segment information has been updated to exclude the Warrick, IN rolling operations and the equity interest in the rolling mill at the joint venture in Saudi Arabia.

(2) Other, for the year ended December 31, 2016, includes a charge for tax valuation allowances related to the November 1, 2016 separation ($1,267) and a net charge for the remeasurement of certain deferred tax assets due to tax rate and tax law changes ($51).

Reconciliation of Arconic[1] Combined Segment Adjusted EBITDA (continued)

($ in millions)	2008	2013	2015	2016
Combined segment After-tax operating income (ATOI)	$532	$977	$986	$1,087
Add:				
Depreciation and amortization	361	368	479	504
Income taxes	275	448	430	472
Other	6	(2)	(2)	–
Adjusted EBITDA	$1,174	$1,791	$1,893	$2,063
Add: Wire harness and electrical distribution adjusted EBITDA	(115)			
Adjusted EBITDA including wire harness and electrical distribution	$1,059[2]			
Third-party sales	$14,144	$12,071	$12,477	$12,394
Add: Wire harness and electrical distribution third party sales	$1,206			
Third Party Sales including wire harness and electrical distribution	$15,350[2]			
Adjusted EBITDA Margin	6.9%[2]	14.8%	15.2%	16.6%

Arconic's definition of Combined Segment 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. The Other line includes gains/losses on asset sales and other non-operating items. Combined Segment Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Adjusted EBITDA provides additional information with respect to Arconic's operating performance and the Company's ability to meet its financial obligations. The Combined Segment Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

For 2008 and 2013, a reconciliation of Combined Segment Adjusted EBITDA to Combined Segments ATOI, which was the segment profit measure at the time, has been provided. A reconciliation of Combined Segment Adjusted EBITDA to Net (loss) income attributable to Arconic is not available without significant unreasonable efforts.

(1) On November 1, 2016, the former Alcoa Inc. completed its separation into two standalone, publicly-traded companies. Arconic includes the following former Alcoa Inc. segments: Engineered Products and Solutions, Transportation and Construction Solutions, and Global Rolled Products, except for the Warrick, IN rolling operations and the equity interest in the rolling mill at the joint venture in Saudi Arabia which both became part of Alcoa Corporation. The Global Rolled Products segment information has been updated to exclude the Warrick, IN rolling operations and the equity interest in the rolling mill at the joint venture in Saudi Arabia.

(2) Includes the wire harness and electrical distribution business which was sold in 2009 and reflected in discontinued operations in the 2008 historical presentation.

Reconciliation of Alcoa Inc.[1] 2008 and 2009 Adjusted EBITDA

($ in millions)	2008	2009
Net loss attributable to the former Alcoa, Inc.	$(74)	$(1,151)
Add:		
Net income attributable to noncontrolling interests	221	61
Loss from discontinued operations	303	166
Provision (benefit) for income taxes	342	(574)
Other income, net	(59)	(161)
Interest expense	407	470
Restructuring and other charges	939	237
Provision for depreciation, depletion, and amortization	1,234	1,311
Adjusted EBITDA	$3,313	$359

Arconic's definition of Alcoa Inc. 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. Alcoa Inc. Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Alcoa Inc. Adjusted EBITDA provides additional information with respect to the Company's historical operating performance and its ability to meet its financial obligations. The Alcoa Inc. Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

(1) On November 1, 2016, the former Alcoa Inc. was separated into two standalone, publicly-traded companies, Arconic and Alcoa Corporation, by means of a pro rata distribution of 80.1% of the outstanding common stock of Alcoa Corporation to Alcoa Inc. shareholders. For historical comparison purposes, 2008 and 2009 results of operations do not reflect Alcoa Corporation results in discontinued operations. A reconciliation of adjusted EBITDA to Net loss attributable to Arconic is not available without significant unreasonable efforts.

Reconciliation of Engineered Products and Solutions Adjusted EBITDA

($ in millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016
After-tax operating income (ATOI)	$465	$321	$355	$436	$484	$569	$579	$595	$642
Add:									
Depreciation and amortization	118	118	114	120	122	124	137	233	255
Income taxes	225	159	182	224	248	286	298	282	298
Other	2	2	–	–	–	–	–	–	–
Adjusted EBITDA	$810	$600	$651	$780	$854	$979	$1,014	$1,110	$1,195
Add: Wire harness and electrical distribution adjusted EBITDA	(115)								
Adjusted EBITDA including wire harness and electrical distribution	$695[1]								
Third-party sales	$4,215	$3,355	$3,225	$3,716	$3,863	$4,054	$4,217	$5,342	$5,728
Add: Wire harness and electrical distribution third party sales	1,206								
Third Party Sales including wire harness and electrical distribution	$5,421[1]								
Adjusted EBITDA Margin	12.8%[1][2]	17.9%	20.2%	21.0%	22.1%	24.1%	24.0%	20.8%	20.9%

Arconic'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. The Other line in the table above includes gains/losses on asset sales and other non-operating items. Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Adjusted EBITDA provides additional information with respect to Arconic's operating performance and the Company's ability to meet its financial obligations. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

(1) Includes the wire harness and electrical distribution business which was sold in 2009 and reflected in discontinued operations in the 2008 historical presentation.

(2) 2008 Adjusted EBITDA margin was 19.2% excluding the wire harness and electrical distribution business (Adjusted EBITDA of $810 divided by Third-party sales of $4,215).

Reconciliation of Global Rolled Products[1] Adjusted EBITDA

($ in millions, except per metric ton amounts)	2008	2009	2010	2011	2012	2013	2014	2015	2016
After-tax operating income (ATOI)	$(15)	$(108)	$192	$222	$302	$241	$224	$225	$269
Add:									
Depreciation and amortization	190	201	212	212	205	202	211	203	201
Income taxes	50	21	80	83	137	95	67	85	107
Other	4	(2)	2	1	(3)	–	(1)	(1)	–
Adjusted EBITDA	$229	$112	$486	$518	$641	$538	$501	$512	$577
Total shipments (thousand metric tons) (kmt)	2,029	1,584	1,481	1,606	1,675	1,715	1,788	1,570	1,587[2]
Adjusted EBITDA / Total shipments ($ per metric ton)	$113	$71	$328	$322	$383	$314	$280	$326	$364
Third party sales	$7,659	$4,978	$5,404	$6,602	$6,335	$6,065	$6,344	$5,253	$4,864
Adjusted EBITDA Margin	3.0%	2.2%	9.0%	7.8%	10.1%	8.9%	7.9%	9.7%	11.9%

Arconic'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. The Other line in the table above includes gains/losses on asset sales and other non-operating items. Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Adjusted EBITDA provides additional information with respect to Arconic's operating performance and the Company's ability to meet its financial obligations. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

(1) Excludes the Warrick, IN rolling operations and the equity interest in the rolling mill at the joint venture in Saudi Arabia, both of which were previously part of the Global Rolled Products segment but became part of Alcoa Corporation effective November 1, 2016.

(2) Includes 54 thousand metric tons (kmt) for the Tennessee packaging business in 2016. This amount represents the volume at Arconic's Tennessee operations associated with the toll processing and services agreement that Arconic and Alcoa Corporation entered into in connection with the separation of the companies. Pursuant to this agreement, this amount is not reported in Arconic's shipments but has been included in the calculation for adjusted EBITDA / Total shipments for historical comparative purposes.

Reconciliation of Transportation and Construction Solutions Adjusted EBITDA

($ in millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016
After-tax operating income (ATOI)	$82	$5	$73	$109	$126	$167	$180	$166	$176
Add:									
Depreciation and amortization	53	65	48	45	42	42	42	43	48
Equity loss (income)	–	(2)	(2)	(1)	–	–	–	–	–
Income taxes	–	(21)	18	38	49	67	69	63	67
Other	–	–	–	(1)	(9)	(2)	–	(1)	–
Adjusted EBITDA	$135	$47	$137	$190	$208	$274	$291	$271	$291
Third-party sales	$2,270	$1,537	$1,656	$1,936	$1,914	$1,951	$2,021	$1,882	$1,802
Adjusted EBITDA Margin	5.9%	3.1%	8.3%	9.8%	10.9%	14.0%	14.4%	14.4%	16.1%

Arconic'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. The Other line in the table above includes gains/losses on asset sales and other non-operating items. Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Adjusted EBITDA provides additional information with respect to Arconic's operating performance and the Company's ability to meet its financial obligations. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

Reconciliation of Selling, general administrative, and other expenses (SG&A) Excluding Separation Costs

($ in millions)

	2016[1]
Sales	$12,394
SG&A expenses	942
SG&A expenses % of sales	7.6%
Separation costs	193
SG&A expenses excluding separation costs	749
SG&A expenses excluding separation costs % of sales	6.0%

Adjusted Selling, general administrative, and other expenses (SG&A) excluding separation costs is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because SG&A excluding separation costs is more reflective of historical SG&A cost performance.

(1) On November 1, 2016, the former Alcoa Inc. was separated into two standalone, publicly-traded companies, Arconic and Alcoa Corporation, by means of a pro rata distribution of 80.1% of the outstanding common stock of Alcoa Corporation to Alcoa Inc. shareholders. Accordingly, the results of operations of Alcoa Corporation have been reflected as discontinued operations in this reconciliation.

Reconciliation of Free Cash Flow[1]

($ in millions)	Year ended								
	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Cash from operations	$1,234	$1,365	$2,261	$2,193	$1,497	$1,578	$1,674	$1,582	$870
Capital expenditures	(3,438)	(1,622)	(1,015)	(1,287)	(1,261)	(1,193)	(1,219)	(1,180)	(1,125)
Free cash flow	($2,204)	($257)	$1,246	$906	$236	$385	$455	$402	$(255)

Free Cash Flow is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures due to the fact that these expenditures are considered necessary to maintain and expand Arconic's asset base and are expected to generate future cash flows from operations. It is important to note that Free Cash Flow does not represent the residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure.

(1) On November 1, 2016, the former Alcoa Inc. was separated into two standalone, publicly-traded companies, Arconic and Alcoa Corporation, by means of a pro rata distribution of 80.1% of the outstanding common stock of Alcoa Corporation to Alcoa Inc. shareholders. Cash from operations and capital expenditures for Alcoa Corporation have not been segregated and are included in this table for all periods prior to November 1, 2016.

Reconciliation of Net Debt(1)(2)

($ in millions)	December 31,	
	2015	2016
Short-term borrowings	$38	$36
Commercial paper	–	–
Long-term debt due within one year	3	4
Long-term debt, less amount due within one year	8,786	8,044
Total debt	8,827	8,084
Less: Cash and cash equivalents	1,362	1,863
Net debt	$7,465	$6,221

Net debt is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management assesses Arconic's leverage position after factoring in available cash that could be used to repay outstanding debt.

(1) On November 1, 2016, the former Alcoa Inc. was separated into two standalone, publicly-traded companies, Arconic and Alcoa Corporation, by means of a pro rata distribution of 80.1% of the outstanding common stock of Alcoa Corporation to Alcoa Inc. shareholders. Accordingly, the financial position of Alcoa Corporation has been reflected as discontinued operations in this reconciliation.

(2) In the first quarter of 2016, Arconic adopted changes issued by the Financial Accounting Standards Board to the presentation of debt issuance costs, which require such costs to be classified as a direct deduction from the carrying value of the related debt liability on an entity's balance sheet. As such, all debt issuance costs were classified as a contra liability in the Long-term debt, less amount due within one year line item in the 2016 period presented in the table above. These changes were required to be applied on a retrospective basis; therefore, all periods prior to 2016 presented in the table above were updated to conform to the 2016 presentation. As a result, $51 of debt issuance costs were reflected as deductions in the Long-term debt, less amount due within one year line item for 2015.

Reconciliation of Return on Net Assets (RONA)[1]

($ in millions)	2009	2010	2011	2012	2013	2014	2015	2016
	------------- Alcoa Inc. – Allocated using Internal Methodology						------------	Arconic
Net (loss) income attributable to Arconic	($1,151)	$254	$611	$191	($2,285)	$268	($322)	($941)
Add: Loss (income) from discontinued operations	166	8	3	–	–	–	–	(121)
Restructuring and other charges	152	130	181	106	585	703	836	155
Discrete tax items[2]	(110)	40	2	(22)	360	33	186	1,290
Other special items[3]	258	127	15	(13)	1,697	112	87	122
Net (loss) income attributable to Arconic – as adjusted	($685)	$559	$812	$262	$357	$1,116	$787	$505
Net (loss) income allocated to Upstream[4]	(768)	184	385	(381)	(281)	353	204	N/A
Net income allocated to Downstream[4]	83	375	427	643	638	763	583	505
Receivables from customers, less allowances	$1,547	$1,591	$1,571	$1,399	$1,221	$1,395	$1,340	$974
Add: Deferred purchase price receivable[5]	–	–	–	18	248	356	249	83
Receivables from customers, less allowances - as adjusted	1,547	1,591	1,571	1,417	1,469	1,751	1,589	1,057
Add: Inventories	2,346	2,584	2,899	2,825	2,705	3,082	3,442	2,253
Less: Accounts payable, trade	(1,963)	(2,331)	(2,692)	(2,702)	(2,960)	(3,152)	(2,889)	(1,744)
Working capital	1,930	1,844	1,778	1,540	1,214	1,681	2,142	1,566
Properties, plants, and equipment, net	19,746	20,072	19,282	18,947	17,639	16,426	14,815	5,499
Net assets	$21,676	$21,916	$21,060	$20,487	$18,853	$18,107	$16,957	$7,065
Net assets allocated to Upstream[4]	16,313	16,586	15,673	15,106	13,505	11,501	9,375	N/A
Net assets allocated to Downstream[4]	5,363	5,330	5,387	5,381	5,348	6,606	7,582	7,065
Return on net assets (RONA)	(3.2%)	2.6%	3.9%	1.3%	1.9%	6.2%	4.6%	7.1%
Return on net assets (RONA) – Upstream	(4.7%)	1.1%	2.5%	(2.5%)	(2.1%)	3.1%	2.2%	N/A
Return on net assets (RONA) – Downstream	1.5%	7.0%	7.9%	11.9%	11.9%	11.6%	7.7%	7.1%

Reconciliation of Return on Net Assets (continued)

Return on net assets is a non-GAAP financial measure and is calculated as Net (loss) income attributable to Arconic – as adjusted divided by Net assets, which is the summation of Working capital and Properties, plants, and equipment, net. Management believes that this measure is meaningful to investors as RONA helps management and investors determine how effectively and efficiently the company is using its assets to generate earnings.

An internal allocation methodology was used to determine 2009-2015 Upstream RONA and Downstream RONA because Alcoa Inc was one company and historical standalone Upstream and Downstream results are not available for 2009-2014 without significant unreasonable efforts. 2016 Downstream RONA is based on Arconic Inc. results.

(1) On November 1, 2016, the former Alcoa Inc. was separated into two standalone, publicly-traded companies, Arconic and Alcoa Corporation, by means of a pro rata distribution of 80.1% of the outstanding common stock of Alcoa Corporation to Alcoa Inc. shareholders. Accordingly, 2016 results of operations and financial position of Alcoa Corporation have been reflected as discontinued operations. For historical comparison purposes and because Alcoa Inc was one company, 2015 does not reflect Alcoa Corporation results of operations and financial position in discontinued operations in this reconciliation. 2014 and prior periods do not reflect Alcoa Corporation results of operations and financial position in discontinued operations in this reconciliation for historical comparison purposes and because it is not available without significant unreasonable efforts. Arconic (Downstream) includes the following former Alcoa Inc. segments: Engineered Products and Solutions, Transportation and Construction Solutions, and Global Rolled Products, except for the Warrick, IN rolling operations and the equity interest in the rolling mill at the joint venture in Saudi Arabia which both became part of Alcoa Corporation. Alcoa Corporation (Upstream) includes the following former Alcoa Inc. segments: Alumina and Primary Metals, as well as the Warrick, IN rolling operations and the equity interest in the rolling mill at the joint venture in Saudi Arabia.

(2) Discrete tax items include the following:

- for the year ended December 31, 2016, a charge for valuation allowances related to the November 1, 2016 separation ($1,267), a net charge for the remeasurement of certain deferred tax assets due to tax rate and tax law changes ($51), a net benefit for valuation allowances not associated with the separation ($18), and a net benefit for a number of small items ($10);
- for the year ended December 31, 2015, a charge for valuation allowances related to certain U.S. and Iceland deferred tax assets ($190) and a net benefit for other miscellaneous items ($4);
- for the year ended December 31, 2014, a charge for the remeasurement of certain deferred tax assets of a subsidiary in Brazil due to a tax rate change ($31) and a net charge for other miscellaneous items ($2);
- for the year ended December 31, 2013, a charge for valuation allowances related to certain Spain and U.S. deferred tax assets ($372) and a net benefit for other miscellaneous items ($12);
- for the year ended December 31, 2012, a benefit for a change in the legal structure of an investment ($13), a benefit as a result of including the then anticipated gain from the sale of the Tapoco Hydroelectric Project ($12), and a net charge for other miscellaneous items ($3);
- for the year ended December 31, 2011, a net charge for a number of small items ($2);
- for the year ended December 31, 2010, charges for a change in the tax treatment of federal subsidies received related to prescription drug benefits provided under certain retiree health benefit plans ($79), a benefit for the reversal of a valuation allowance related to net operating losses of an international subsidiary that are now realizable due to a settlement with a tax authority ($41), a benefit for a change in a Canadian provincial tax law permitting tax returns to be filed in U.S. dollars ($24), a charge based on settlement discussions of several matters with international taxing authorities ($18), a charge for a tax rate change in Brazil ($11), and a net benefit for other miscellaneous items ($3); and
- for the year ended December 31, 2009, a benefit for the reorganization of an equity investment in Canada ($71), a charge for the write-off of deferred tax assets related to operations in Italy ($41), a benefit for a tax rate change in Iceland ($31), a benefit for a change in a Canadian national tax law permitting tax returns to be filed in U.S. dollars ($28), and a benefit for the reversal of a valuation allowance on net operating losses in Norway ($21).

Reconciliation of Return on Net Assets (continued)

(3) Other special items include the following (continued):

- for the year ended December 31, 2016, costs associated with the planned separation of Alcoa ($205), unfavorable tax costs associated with the redemption of company-owned life insurance policies ($100), a favorable adjustment to the contingent earn-out liability and a post-closing adjustment both of which related to the November 2014 acquisition of Firth Rixson ($76), favorable tax costs related to the difference between the applicable statutory rates for special items and Arconic's consolidated estimated annual effective tax rate ($74), a favorable tax benefit related to the currency impacts of a distribution of previously taxed income ($49), and unfavorable tax costs associated with the sale of a US subsidiary with book goodwill ($16);
- for the year ended December 31, 2015, costs associated with the planned separation of Alcoa and the acquisitions of RTI International Metals and TITAL ($46), a gain on the sale of land in the United States and an equity investment in a China rolling mill ($44), a write-down of inventory related to the permanent closure or temporary curtailment of various facilities in Suriname, the United States, Brazil, and Australia ($43), an impairment of goodwill related to the soft alloy extrusions business in Brazil ($25), and a net unfavorable change in certain mark-to-market energy derivative contracts ($17);
- for the year ended December 31, 2014, a write-down of inventory related to the permanent closure of various facilities in Italy, Australia, and the United States ($47), costs associated with the acquisition of Firth Rixson and the then-planned acquisition of TITAL ($47), a gain on the sale of both a mining interest in Suriname and an equity investment in a China rolling mill ($20), an unfavorable impact related to the restart of one potline at the joint venture in Saudi Arabia that was previously shut down due to a period of pot instability ($19), costs associated with preparation for and ratification of a new labor agreement with the United Steelworkers ($11), a net unfavorable change in certain mark-to-market energy derivative contracts ($6), and a loss on the write-down of an asset to fair value ($2);
- for the year ended December 31, 2013, an impairment of goodwill ($1,719), a net insurance recovery related to the March 2012 cast house fire at the Massena, NY location ($22), a net favorable change in certain mark-to-market energy derivative contracts ($15), an unfavorable impact related to a temporary shutdown of one of the two smelter potlines at the joint venture in Saudi Arabia due to a period of pot instability ($9), and the write off of inventory related to the permanent closure of two potlines at a smelter in Canada and a smelter in Italy ($6);
- for the year ended December 31, 2012, a gain on the sale of the Tapoco Hydroelectric Project ($161), a net increase in the environmental reserve related to the Grasse River remediation in Massena, NY, remediation at two former locations, East St. Louis, IL and Sherwin, TX, and two new remediation projects at the smelter sites in Baie Comeau, Québec, Canada and Mosjøen, Norway ($133), uninsured losses related to fire damage to the cast house at the Massena, NY location ($28), interest income on an escrow deposit ($8), and a net favorable change in certain mark-to-market energy derivative contracts ($5);
- for the year ended December 31, 2011, favorable mark-to-market changes in certain power derivative contracts ($36), a net charge comprised of expenses for the early repayment of Notes set to mature in 2013 due to the premiums paid under the tender offers and call option and gains from the termination of related "in-the-money" interest rate swaps ($32), uninsured losses, including costs related to flood damage to a plant in Pennsylvania caused by Hurricane Irene, ($25), a gain on the sale of land in Australia ($18), costs related to acquisitions of the aerospace fastener business of TransDigm Group Inc. and full ownership of carbothermic smelting technology from ORKLA ASA ($8), and the write off of inventory related to the permanent closure of a smelter in the U.S ($4);
- for the year ended December 31, 2010, unfavorable mark-to-market changes in derivative contracts ($29), recovery costs associated with the São Luís, Brazil facility due to a power outage and failure of a ship unloader in the first half of 2010 ($23), charges related to power outages at the Rockdale, TX and São Luís, Brazil facilities ($17), restart costs and lost volumes related to a June 2010 flood at the Avilés smelter in Spain ($13), charge for costs associated with the potential strike and successful execution of a new agreement with the USW ($13), an additional environmental accrual for the Grasse River remediation in Massena, NY ($11), a net charge for the early repayment of Notes set to mature in 2011 through 2013 due to the premiums paid under the tender offers and call option (partially offset by gains from the termination of related "in-the-money" interest rate swaps) ($9), a charge related to an unfavorable decision in Alcoa's lawsuit against Luminant related to the Rockdale, TX facility ($7), and the write off of inventory related to the permanent closures of certain U.S. facilities ($5); and
- for the year ended December 31, 2009, a charge related to the European Commission's ruling on electricity pricing for smelters in Italy ($250), a gain on the Elkem/SAPA AB swap ($133), a loss on the sale of Shining Prospect ($118), a gain on an acquisition in Suriname ($35), a charge for a tax settlement related to an equity investment in Brazil ($24), an estimated loss on excess power at the Intalco smelter ($19), and an environmental accrual for smelters in Italy ($15).

Reconciliation of Return on Net Assets (continued)

(4) For internal analysis and historical comparison purposes, Net (loss) income attributable to Arconic – as adjusted and Net assets are allocated to the Upstream and Downstream businesses based on (i) the underlying After-tax operating income (ATOI) and Net assets of the respective segments plus (ii) an allocation of the Net (loss) income attributable to Arconic – as adjusted and Net assets assigned to Corporate ["Corporate expenses and assets"]. Corporate expenses and assets are generally allocated based on the Total assets less Current liabilities of the respective segments. As an example, using the aforementioned allocation process, 2015 interest expense ($498) for the former Alcoa Inc was allocated $271 to Upstream and $227 to Downstream. Other potentially significant items assigned to Corporate include, but are not limited to, the impact of LIFO inventory accounting; general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities; differences between tax rates applicable to the segments and the consolidated effective tax rate; corporate fixed assets; and LIFO reserves.

(5) The Deferred purchase price receivable relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. Arconic adds back the receivable for the purposes of the Return on Net Assets calculation.

Reconciliation of Return on Net Assets (RONA) – Adjusted

Reconciliation of Return on Net Assets excluding Acquisitions

($ in millions)	2014	2015
Net income allocated to Downstream	$763	$583
Net loss allocated related to Firth Rixson acquisition	25	–
Net loss allocated related to RTI acquisition	–	24
Net income allocated to Downstream excluding acquisitions in the year of acquisition	$788	$607
Net assets allocated to Downstream	$6,606	$7,582
Net assets allocated related to Firth Rixson acquisition	(957)	–
Net assets allocated related to RTI acquisition	–	(998)
Net assets allocated to Downstream excluding acquisitions in the year of acquisition	$5,649	$6,584
Return on net assets (RONA) excluding acquisitions in the year of acquisition	13.9%	9.2%

Return on net assets (RONA) excluding acquisitions is a non-GAAP financial measure and is calculated as Net (loss) income attributable to Arconic – as adjusted excluding acquisitions divided by Net Assets, which is the summation of Working Capital and Properties, plants, and equipment, net excluding acquisitions. Management believes that this measure is meaningful to investors as RONA excluding acquisitions helps management and investors determine how effectively and efficiently the company is using its assets to generate earnings and excluding the impact of acquisitions is more reflective of historical RONA performance.

Reconciliation of Return on Net Assets including Interest Expense Allocation

($ in millions)	2016
Net income attributable to Arconic – as adjusted	$505
Interest expense allocation to Upstream[(1)]	178
Net income attributable to Arconic – as adjusted including interest expense allocation to Upstream	$683
Net assets	$7,065
Return on net assets (RONA) including interest expense allocation to Upstream	9.7%

Return on net assets (RONA) including interest expense allocation to Upstream is a non-GAAP financial measure and is calculated as Net (loss) income attributable to Arconic – as adjusted including interest expense allocation to Upstream divided by Net Assets, which is the summation of Working Capital and Properties, plants, and equipment, net. Management believes that this measure is meaningful to investors as RONA helps management and investors determine how effectively and efficiently the company is using its assets to generate earnings and including interest expense allocation to Upstream is more reflective of historical RONA performance.

(1) For historical comparison purposes, interest expense was allocated to Upstream in line with the historical methodology used for internal analysis that generally allocated interest expense based on the Total assets less Current liabilities of the respective segments.

See Reconciliation of Return on Net Assets (RONA) for the calculation of Net income allocated to Downstream, Net Assets allocated to Downstream, Net income attributable to Arconic – as adjusted, and Net assets.

Reconciliation of 2015 Arconic and Alcoa Inc Downstream RONA

Arconic[a]

($ in millions)	2015
Net (loss) income attributable to Arconic	($322)
Add: Loss (income) from discontinued operations[a]	165
Restructuring and other charges	214
Discrete tax items[b]	216
Other special items[c][d]	25
Net (loss) income attributable to Arconic – as adjusted	$298
Receivables from customers, less allowances	$960
Add: Deferred purchase price receivable[e]	249
Receivables from customers, less allowances - as adjusted	1,209
Add: Inventories	2,284
Less: Accounts payable, trade	(1,510)
Working capital	1,983
Properties, plants, and equipment, net	5,425
Net assets	$7,408
Return on net assets (RONA)	4.0%

Alcoa Inc. – Allocated using Internal Methodology[1]

($ in millions)	2015
Net (loss) income attributable to Arconic	($322)
Add: Loss (income) from discontinued operations	–
Restructuring and other charges	836
Discrete tax items[2]	186
Other special items[3]	87
Net (loss) income attributable to Arconic – as adjusted	$787
Net (loss) income allocated to Upstream[4]	204
Net income allocated to Downstream[4]	583
Receivables from customers, less allowances	$1,340
Add: Deferred purchase price receivable[5]	249
Receivables from customers, less allowances - as adjusted	1,589
Add: Inventories	3,442
Less: Accounts payable, trade	(2,889)
Working capital	2,142
Properties, plants, and equipment, net	14,815
Net assets	$16,957
Net assets allocated to Upstream[4]	9,375
Net assets allocated to Downstream[4]	7,582
Return on net assets (RONA)	4.6%
Return on net assets (RONA) – Upstream	2.2%
Return on net assets (RONA) – Downstream	7.7%

(1) See Reconciliation of Return on Net Assets (RONA) for the calculation of 2015 RONA and the associated footnotes in which Alcoa Corporation results of operations and financial position are not reflected as discontinued operations.

Reconciliation of 2015 Arconic and Alcoa Inc Downstream RONA (continued)

Return on net assets (RONA) is a non-GAAP financial measure and is calculated as Net (loss) income attributable to Arconic – as adjusted divided by Net Assets, which is the summation of Working Capital and Properties, plants, and equipment, net. Management believes that this measure is meaningful to investors as RONA helps management and investors determine how effectively and efficiently the company is using its assets to generate earnings.

(a) On November 1, 2016, the former Alcoa Inc. was separated into two standalone, publicly-traded companies, Arconic and Alcoa Corporation, by means of a pro rata distribution of 80.1% of the outstanding common stock of Alcoa Corporation to Alcoa Inc. shareholders. Accordingly, the results of operations and financial position of Alcoa Corporation have been reflected as discontinued operations in this reconciliation.

(b) Discrete tax items include the following:
- a charge for valuation allowances related to certain deferred tax assets in the U.S. and Iceland ($190), a net charge for other valuation allowances and for a number of small items ($26).

(c) In the second quarter of 2016, management changed the manner in which special items are presented in Arconic's reconciliation of Adjusted Income. This change resulted in special items being presented on a pretax basis and the related tax and noncontrolling interests' impacts on special items being aggregated into separate respective line items. The special items for the year ended December 31, 2015 were updated to conform to the current period presentation.

(d) Other special items include the following:
- costs associated with the acquisitions of RTI International Metals and TITAL ($28), an impairment of goodwill related to the soft alloy extrusions business in Brazil ($25), costs associated with the planned separation of Alcoa ($24), a gain on the sale of land ($19), and a gain on the sale of an equity investment in a China rolling mill ($19); and
- favorable tax impact on special items based on the applicable statutory rates whereby the difference between such rates and Arconic's consolidated estimated annual effective tax rate is itself a special item ($14 – see footnote c above).

(e) The Deferred purchase price receivable relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. Arconic adds back the receivable for the purposes of the Return on Net Assets calculation.

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