ARCONIC INC.

NYSE: **ARNC**

ISIN: **US03965L1008**

MEETING DATE: 25 MAY 2017
RECORD DATE: 01 MARCH 2017
PUBLISH DATE: 11 MAY 2017

COMPANY DESCRIPTION

Arconic Inc., formerly Alcoa Inc., is engaged in lightweight metals engineering and manufacturing.

INDEX MEMBERSHIP: DJSI WORLD; DJSI NA
SECTOR: INDUSTRIALS
INDUSTRY: METALS AND MINING
COUNTRY OF TRADE: UNITED STATES
COUNTRY OF INCORPORATION: UNITED STATES
HEADQUARTERS: NEW YORK
VOTING IMPEDIMENT: NONE
DISCLOSURES: REFER TO APPENDIX REGARDING ENGAGEMENT, EXPLANATION FOR REPUBLICATION AND CONFLICTS OF INTEREST

OWNERSHIP | COMPANY PROFILE | ESG PROFILE | COMPENSATION | PEER COMPARISON | VOTE RESULTS | APPENDIX

2017 CONTESTED PROXY MANAGEMENT (WHITE) CARD

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
1.01	Elect Amy E. Alving	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
1.02	Elect David P Hess	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
1.03	Elect James F. Albaugh	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
1.04	Elect Ulrich R. Schmidt	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
1.05	Elect Janet C. Wolfenbarger	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
2.00	Ratification of Auditor	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
3.00	Advisory Vote on Executive Compensation	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
4.00	Frequency of Advisory Vote on Executive Compensation	1 YEAR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
5.00	Amendment to Articles Regarding Elimination of Supermajority Requirement (Fair Price Protection)	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
6.00	Amendment to Articles Regarding Elimination of Supermajority Requirement (Director Elections)	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
7.00	Amendment to Articles Regarding Elimination of Supermajority Requirement (Removal of Directors)	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
8.00	Repeal of Classified Board	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**
9.00	Shareholder Proposal Regarding Simple Majority Vote	FOR	**DO NOT VOTE**	• **Vote recommendation on Dissident card**

Arconic Inc. 2017 Contested Proxy

2017 CONTESTED PROXY DISSIDENT (BLUE) CARD

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	DO NOT VOTE	**FOR**	• **Dissident strategic plan superior to management plan**
1.01	Elect Christopher L. Ayers	DO NOT VOTE	**FOR**	• **Dissident strategic plan superior to management plan**
1.02	Elect Elmer L. Doty	DO NOT VOTE	**FOR**	• **Dissident strategic plan superior to management plan**
1.03	Elect Bernd F. Kessler	DO NOT VOTE	**FOR**	• **Dissident strategic plan superior to management plan**
1.04	Elect Patrice E. Merrin	DO NOT VOTE	**FOR**	• **Dissident strategic plan superior to management plan**
1.05	Elect Management Nominee Ulrich Schmidt	DO NOT VOTE	**FOR**	• **Management nominee adds requisite experience**
2.00	Ratification of Auditor	DO NOT VOTE	**FOR**	
3.00	Advisory Vote on Executive Compensation	DO NOT VOTE	**FOR**	
4.00	Frequency of Advisory Vote on Executive Compensation	DO NOT VOTE	**1 YEAR**	• **Vote recommendation on Dissident Card**
5.00	Amendment to Articles Regarding Elimination of Supermajority Requirement (Fair Price Protection)	DO NOT VOTE	**FOR**	
6.00	Amendment to Articles Regarding Elimination of Supermajority Requirement (Director Elections)	DO NOT VOTE	**FOR**	
7.00	Amendment to Articles Regarding Elimination of Supermajority Requirement (Removal of Directors)	DO NOT VOTE	**FOR**	
8.00	Repeal of Classified Board	DO NOT VOTE	**FOR**	
9.00	Shareholder Proposal Regarding Simple Majority Vote	DO NOT VOTE	**FOR**	• **Supermajority vote requirements can impede shareholders' ability to approve ballot items that are in their interests**

COMPANY PROFILE

FINANCIALS

	1 YR TSR	3 YR TSR AVG.	5 YR TSR AVG.
ARNC	*-36.8%*	*5.5%*	*-7.5%*
S&P 500 INDEX	*1.4%*	*15.1%*	*12.6%*
PEERS*	*-37.2%*	*-16.5%*	*-16.3%*

MARKET CAPITALIZATION (MM USD)	12,931
ENTERPRISE VALUE (MM USD)	22,258
REVENUES (MM USD)	22,534

*ANNUALIZED SHAREHOLDER RETURNS. *PEERS ARE BASED ON THE INDUSTRY SEGMENTATION OF THE GLOBAL INDUSTRIAL CLASSIFICATION SYSTEM (GICS). FIGURES AS OF 31-DEC-2015. SOURCE: CAPITAL IQ*

EXECUTIVE COMPENSATION

CHANGE IN CEO PAY*	1 YR	3 YR	5 YR
	-4%	*22%*	*32%*

**SOURCE: EQUILAR.*

SAY ON PAY FREQUENCY	*1 Year*	**P4P 2015**	*D*
GLASS LEWIS STRUCTURE RATING	*Fair*	**GLASS LEWIS DISCLOSURE RATING**	*Fair*
SINGLE TRIGGER CIC VESTING	*No*	**EXCISE TAX GROSS-UPS**	*No*
CLAWBACK PROVISION	*Yes*	**OVERHANG OF INCENTIVE PLANS**	*8.46%*

BOARD & MANAGEMENT

ELECTION METHOD	*Plurality*	**CEO START DATE**	*April 2017*
STAGGERED BOARD	*Yes*	**AVERAGE NED TENURE**	*4 years*
COMBINED CHAIR/CEO	*No*		

ANTI-TAKEOVER MEASURES

POISON PILL	*No*
APPROVED BY SHAREHOLDERS/EXPIRATION DATE	*N/A; N/A*

AUDITORS

AUDITOR: PRICEWATERHOUSECOOPERS	**TENURE: 44 YEARS**
MATERIAL WEAKNESS(ES) IDENTIFIED IN PAST 12 MONTHS	*No*
RESTATEMENT(S) IN PAST 12 MONTHS	*No*

CURRENT AS OF MAY 11, 2017

1.00: ELECTION OF DIRECTORS

FOR

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	COMMITTEES				TERM START	TERM END	YEARS ON BOARD
							AUDIT	COMP	GOV	NOM			
✔	David P Hess* ·*CEO*	61	M	Insider [1]	Not Independent	Yes					2017	2017	0
✔	James F. Albaugh	66	M	Independent	Independent	No					2017	2017	0
✔	Amy E. Alving	54	F	Independent	Independent	Yes	✔				2016	2017	1
	Arthur D. Collins, Jr.	69	M	Independent	Independent	Yes		C			2010	2019	7
	Rajiv L. Gupta	71	M	Independent	Independent	Yes		✔	✔	✔	2016	2018	1
	Sean O. Mahoney	54	M	Independent	Independent	Yes	✔				2016	2019	1
	E. Stanley O'Neal	65	M	Independent	Independent	Yes	✔		✔	✔	2008	2019	9
	John C. Plant	63	M	Independent	Independent	Yes		✔			2016	2018	1
	L. Rafael Reif	66	M	Independent	Independent	Yes					2015	2018	2
	Julie G. Richardson	53	F	Independent	Independent	Yes	✔				2016	2019	1
	Patricia F. Russo ·*Chair*	64	F	Independent [2]	Independent	Yes		✔	C	C	2008	2018	9
✔	Ulrich R. Schmidt	67	M	Independent [3]	Independent	Yes	C		✔	✔	2016	2017	1
✔	Janet C. Wolfenbarger	58	F	Independent	Independent	No					2017	2017	0

C = Chair, * = Public Company Executive, = Withhold or Against Recommendation

1. Interim CEO (effective April 13, 2017).
2. Interim chair (effective April 13, 2017).
3. Appointed pursuant to agreement with Elliot International L.P. on February 1, 2016.

***Percentages displayed for ownership above 5%, when available*

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
David P Hess	N/A	Yes	None
James F. Albaugh	N/A	No	(2) American Airlines Group; Harris Corporation
Amy E. Alving	Yes	No	(2) Federal National Mortgage Association (Fannie Mae); DXC Technology Co
Arthur D. Collins, Jr.	Yes	No	(2) The Boeing Company; U.S. Bancorp
Rajiv L. Gupta	Yes	No	(2) Delphi Automotive plc; The Vanguard Group
Sean O. Mahoney	Yes	No	(2) Delphi Automotive plc; Cooper-Standard Holdings Inc.
E. Stanley O'Neal	Yes	No	(1) Platform Specialty Products Corporation
John C. Plant	Yes	No	(2) Masco Corporation; Jabil Circuit, Inc.
L. Rafael Reif	No	No	(1) Schlumberger N.V. (Schlumberger Limited)
Julie G. Richardson	Yes	No	(3) VEREIT, Inc.; Hartford Financial Services Group, Inc.; UBS Group AG
Patricia F. Russo	Yes	No	(4) Merck & Co., Inc.; General Motors Co.; KKR Management LLC; Hewlett Packard Enterprise Co.
Ulrich R. Schmidt	Yes	No	None
Janet C. Wolfenbarger	N/A	No	(1) AECOM

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	ARNC*	REQUIREMENT	BEST PRACTICE
Independent Chair	Yes	No[1]	Yes[5]
Board Independence	92%	Majority[2]	66.7%[5]
Audit Committee Independence	100% ; Independent Chair	100%[3]	100%[5]
Compensation Committee Independence	100% ; Independent Chair	100%[2]	100%[5]
Nominating Committee Independence	100% ; Independent Chair	100%[2]	100%[5]
Percentage of women on board	31%	N/A[4]	N/A[6]
Directors' biographies	DEFC14A; Page 12		

** Based on Glass Lewis Classification*

1. *NYSE Listed Company Manual*
2. *Independence as defined by NYSE listing rules*
3. *Securities Exchange Act Rule 10A-3 and NYSE listing rules*
4. *No current marketplace listing requirement*
5. *CII*
6. *N/A*

Glass Lewis believes that boards should: (i) be at least two-thirds independent; (ii) have standing audit, compensation and nomination committees comprised solely of independent directors; and (iii) designate an independent chair, or failing that, a lead independent director.

SUMMARY

The 2017 annual meeting of shareholders of Arconic Inc. (“Arconic” or the “Company”) involves a contested election of directors.

On the WHITE proxy card, the incumbent board of Arconic has nominated five candidates for election to the board (the “Management Nominees”, being Messrs. James Albaugh, David Hess and Ulrich Schmidt and Mmes. Amy Alving and Janet Wolfenbarger) to serve for a three-year period each, expiring at the 2020 annual meeting of shareholders. In the event the board declassification amendment in Proposal 8 is approved by shareholders, directors elected at the 2017 annual meeting would instead serve for a one-year period each, expiring at the 2018 annual meeting.

Meanwhile, on the BLUE proxy card, Elliott International, L.P. (“Elliott” or the “Dissident”) has nominated four candidates for election to the board (the “Dissident Nominees”, being Messrs. Christopher Ayers, Elmer Doty and Bernd Kessler and Ms. Patrice Merrin) in opposition to Management Nominees Albaugh, Alving, Hess and Wolfenbarger. Elliott is not contesting the election of Management Nominee Schmidt. If elected, the Dissident Nominees would serve for a three-year period each, expiring at the 2020 annual meeting of shareholders, or for a one-year period each, expiring at the 2018 annual meeting, in the event Proposal 8 is approved. Elliott further recommends that shareholders vote in favor of Proposals 2, 5, 6, 7, 8 and 9 and “1 Year” with respect to Proposal 4. Elliott makes no recommendation with respect to Proposal 3.

The size of the Arconic board is currently set at 13 members divided into three classes, with five board seats up for election at the 2017 annual meeting. There are currently 11 directors on the board and two vacancies following the resignations of Messrs. Klaus Kleinfeld and Ratan Tata from the board earlier this year.

As of the March 1, 2017 record date for the annual meeting, Elliott held approximately 11.6% of the outstanding shares of Arconic and was party to derivative agreements providing additional economic exposure comparable to approximately 1.6% of the outstanding shares of the Company, for total economic exposure comparable to approximately 13.2% of the outstanding shares of the Company. Elliott has been a shareholder of Arconic, or its predecessor Alcoa Inc. (“Alcoa”), for approximately 1.5 years, having first invested in October 2015.

BACKGROUND

On September 28, 2015, the board of Alcoa announced a plan to separate that entity into two independent companies, an upstream miner and producer of alumina/aluminum that would retain the “Alcoa” name and a downstream value-added products company that would become Arconic. This separation was completed on November 1, 2016 through a spin-out of the upstream company, creating Alcoa Corporation and Arconic as two stand-alone, publicly traded entities. The two companies had separate boards and management teams and Alcoa’s chairman and CEO prior to the separation, Mr. Klaus Kleinfeld, assumed the role of chairman and CEO of Arconic at that time.

In October and November 2015, representatives of Elliott and Alcoa met to discuss the business and governance of Alcoa and the structure of the proposed separation. On November 23, 2015, Elliott filed a Schedule 13D with the SEC reporting a 5.1% ownership stake in and 6.4% economic exposure to Alcoa. Elliott stated in that filing that it believed the separation would be value-enhancing and was seeking to engage with the board and management on that issue and other opportunities to maximize shareholder value.

On January 20, 2016, representatives of Elliott and Alcoa held a meeting at which Elliott criticized various aspects of Alcoa’s business and governance and requested the appointment of four new directors to the Alcoa board and provided a list of potential candidates.

On February 1, 2016, Alcoa and Elliott entered into a settlement agreement pursuant to which the size of the board was increased to 15 directors and three individuals nominated by Elliott, Messrs. Ulrich Schmidt, Sean Mahoney and John Plant, were appointed to fill the vacancies created by that increase. The parties agreed that these three individuals would be appointed to the board of Arconic in connection with the separation and Elliott agreed to various voting and stand-still provisions for a period of nearly one year, expiring on January 7, 2017.

On September 29, 2016, the Alcoa board approved the separation of Alcoa into Arconic and Alcoa Corporation, which was completed on November 1, 2016. Notably, Alcoa Corporation was domiciled in the state of Delaware and Arconic remained domiciled in the state of Pennsylvania.

In November and December 2016, representatives of Elliott and Arconic met on several occasions to discuss the Company and Elliott expressed concerns regarding operating performance and executive leadership under Mr. Kleinfeld. On January 9, 2017, Elliott sent a private letter to the board requesting a change in leadership and indicating that Elliott was prepared to work with the board to address performance and management issues. Arconic subsequently evaluated

the concerns voiced by Elliott and the two sides discussed opportunities to resolve these issues but did not reach a consensus.

On January 31, 2017, Elliott provided notice to Arconic of its intention to nominate a slate of five candidates for election to the board at the 2017 annual meeting and issued a press release and presentation discussing its candidates and requesting that Mr. Kleinfeld be removed as chairman and CEO of the Company and replaced by Larry Lawson. By this time, Elliott's economic interest in the Company had increased to 11.9%.

On March 2, 2017, Arconic announced that Martin Sorrell would resign from the board and that David Hess had been appointed to the board to replace him, both effective March 10, 2017.

On March 9, 2017, Elliott filed a definitive proxy statement with the SEC regarding the 2017 annual meeting and on March 13, 2017, Arconic filed its definitive proxy statement.

On April 17, 2017, Arconic announced that Mr. Kleinfeld had resigned as chairman and CEO of the Company after the board learned he sent an unauthorized letter to Paul Singer of Elliott that the board deemed was in poor judgement. The Company announced that Mr. Hess had been appointed interim CEO and that Ms. Russo had been appointed interim chairman. Elliott announced that the letter sent by Mr. Kleinfeld appeared to be a veiled threat and was highly inappropriate.

On April 24, 2017, the Arconic board postponed the 2017 annual meeting originally scheduled to be held on May 16, 2017 and stated that a new meeting date, expected to be toward the end of May 2017, would be announced at a later time. Arconic also announced that it remained open to a settlement with Elliott that included appointing two Elliott nominees to the board.

On May 4, 2017, Arconic announced that it had nominated Mr. Albaugh and Ms. Wolfenbarger for election to the board at the 2017 annual meeting and that Ratan Tata had resigned from the board. Arconic also announced that it had set May 25, 2017 as the new meeting date.

DISSIDENT ARGUMENT AND PLAN

Elliott believes that the incumbent board of Arconic has failed to properly oversee the Company, including by failing to hold management accountable for poor financial performance under the prior leadership of Mr. Kleinfeld and by failing to sufficiently address longstanding operating and corporate governance issues. Elliott believes that appointing new independent directors is necessary to ensure the board acts in the best interests of Arconic shareholders. In seeking shareholder support to elect the slate of Dissident Nominees, Elliott provides, among other reasons, the following central arguments:

- Alcoa suffered from poor total shareholder return ("TSR") performance under the leadership of Dr. Kleinfeld prior to the separation. Alcoa significantly underperformed on a total shareholder return basis by 155.9%, 186.8%, 67.8%, 19.7% and 150.3% relative to Alcoa's 2016 proxy peers, industrial proxy peers, materials proxy peers, aluminum peers and the S&P 500 Index, respectively, over the period from May 1, 2008, when Mr. Kleinfeld became CEO of Alcoa, through October 31, 2016, the last trading day prior to the separation. In addition, Alcoa's TSR underperformed by 90.5% over that period relative to a peer group selected by Elliott.

- Alcoa has performed poorly on a TSR basis against any peer set over any time period and destroyed nearly 70% of shareholder's value in the company over Mr. Kleinfeld's tenure as CEO. Out of 465 current S&P 500 companies that have been public since May 1, 2008, Alcoa ranked 456 in TSR performance over the period from May 1, 2008 through October 31, 2016. All other companies with worse or similar TSR performance changed CEOs during this period. Mr. Kleinfeld had the worst performance of any S&P 500 CEO with more than five years as CEO over their term as CEO through October 31, 2016.

- Despite removing Mr. Kleinfeld as chairman and CEO in April 2017, the incumbent board insists his performance was satisfactory and that Arconic should continue the strategy advanced by him. The incumbent board attempts to cast TSR performance at Alcoa and Arconic in a favorable light by taking credit for the increase in the share price following Elliott's campaign and the increase in value at Alcoa Corporation due to new management as well as by using the low point for Alcoa shares in 2009 as a starting date for evaluating shareholder returns.

- Arconic has returned poor operating and financial results. The Company invested $6.2 billion of capital in recent years from the end of 2013 to the end of 2016 that has generated just $154 million in incremental net operating profit after tax, for a return on incremental invested capital of 2.5%, destroying approximately $4.2 billion of value based on capital invested less the capitalized value of the incremental net operating profit after tax generated. From the end of 2013 to the end of 2016, Arconic invested $5 billion in the EPS business with a return on

incremental invested capital of 1.5%, $750 million in the GRP business with a return on incremental invested capital of only 3.7% and $210 million in TCS with a return on incremental invested capital of only 4.3%.

- The $3 billion Firth Rixson acquisition in 2014 was a failure that destroyed an estimated $1.9 to $2.5 billion of value (acquisition cost less either the capitalized value of EBITDA or net operating profit after tax in 2016). Arconic projected $1.6 billion of revenue and $350 million of EBITDA from the acquisition by 2016 but missed these targets by over 40% and 60%, respectively. Management also projected revenue would grow from $1.0 billion in 2013 to $2.0 billion by 2019 and that 70% of the projected increase was "locked in" via contracts that justified paying a rich premium but now projects 2019 revenue of just $1.25 billion, or 38% less than originally projected. Management's explanation that poor performance at Firth Rixson is due to the commodity cycle is not supported by the fact that in 2013 75% of Firth Rixson's sales were in aerospace and the remaining 25% was split among multiple markets, including industrial gas turbines, which was one of Arconic's best performing end markets in 2016.

- The Company repeatedly missed financial targets, including missing all targets in all three business segments in FY 2016. The Company missed 2016 revenue and EBITDA targets in its EPS business by 20% and 27%, respectively, in its GRP business by 3% and 13%, respectively, and in its TCS segment by 15% and 9%, respectively. The Company's claim that it exceeded target EBITDA per MT at GRP in 2016 is only possible when excluding the Warrick business that the Company did operate in 2016 but moved to Alcoa Corporation in the separation. Warrick was initially planned to be included in Arconic but was moved to Alcoa Corporation for reasons that were never explained to shareholders. The Company missed its 2016 auto revenue target for the GRP segment by 7% to 15%, with a target of $1.53 billion and actual results of between $1.3 and $1.4 billion.

- Arconic has poor asset utilization. The primary competitors to Arconic's EPS and GRP segments, PCC and Novelis, respectively, have a combined asset value that is similar to Arconic yet Arconic generates 34% less revenue, 48% less EBITDA and 66% less free cash flow. The Company's fixed asset turn in 2016 was well below the peer median (2.3x versus 3.2x) and near the bottom of the peer group. Increasing asset turns in the GRP segment to the level of peers (from 2.22x to 2.98x) could dramatically increase EBITDA (+34%) without the need for more maintenance capital expenditure, leading to increased free cash flow (+70%).

- Arconic's EPS business is substantially similar to PCC but has consistently lower EBITDA margins, including 21% vs 27% in 2015. EPS should achieve higher margins than PCC given that it has a favorable product mix tilted toward higher margin segments. The incumbent board's argument that PCC's higher margins are due to its greater scale ignores the fact that in 2008 through 2011 when PCC had sales that are similar to EPS' sales in 2016, PCC generated higher margins (28% on average vs 21%). This argument also ignores that EPS has greater net property, plant and equipment than PCC ($2.78 billion vs $2.66 billion). Management claims EPS and PCC are structurally different yet 75% of EPS' business overlaps with PCC and it overlaps more with higher margin segments. Arconic has failed to deliver meaningful EBITDA margin growth at the EPS segment in recent years and margins have been flat from 2010 to 2016 (10.2% vs 20.9%). The Company adds back discontinued operations in 2008 to distort margins in that year and falsely imply a margin improvement story. Excluding discontinued operations, 2008 EBITDA margin was 19.2%, similar to the level in 2016, indicating a lack of genuine margin expansion.

- Management's assessment that there is no cost opportunity at GRP is misleading as it uses sub-scale producers and cost-outliers to inflate the peer average cost to make GRP appear more competitive than it is. In fact, the Company has opportunities to improve margins in several categories when compared to appropriate scale peers. Achieving cost improvement at GRP that is in-line with the industry average or best-in-class could generate savings equivalent to $2.32 to $4.41 per share. Management is incorrectly focused on margin and EBITDA/MT when it should be focused on EBITDA, free cash flow and return on incremental invested capital. Management incorrectly argues that the GRP business benefits from differentiated products and innovation yet the two key end-markets in automotive and aerospace sheet, generating 85% of GRP segment revenue, are not differentiated.

- Arconic has not articulated a coherent strategy and appears to lack a clear purpose, with an attempt to be both a low-cost producer and a differentiated producer. Arconic's lack of strategy is clear when compared to that of PCC, which has a clear focus on generating returns through cost efficiencies and productivity gains.

- Arconic suffers from a broken company culture, reflected in the recent actions that led to the removal of Mr. Kleinfeld as a director and CEO of the Company, the board's secret voting lock-up agreement with Oak Hill, a potential $500 million poison put that the Company recently elected to trigger and postponement of the annual meeting. Elliott also takes issue with Alcoa's delay by nearly a decade of the business separation that had long been demanded by shareholders and analysts. Mr. Kleinfeld argued for years that Alcoa benefited from an

integrated business model and deserves little credit for the separation now given that he did it only reluctantly after years of demands from investors. Arconic's corporate overhead is also expensive and wasteful. The Company has lavish corporate headquarters and is the only mid-sized industrial company based in NYC.

- Arconic suffers from poor corporate governance and the Company has a staggered board, is incorporated in Pennsylvania, has supermajority vote requirements and had a combined chairman and CEO until the resignation of Mr. Kleinfeld. Mr. Kleinfeld was a distracted CEO who served on three public company boards and at least 10 non-profit or advocacy boards while serving as chairman and CEO of Arconic. Arconic's prior lead independent director and current interim chairman, Pat Russo, lacked true independence as she served on the compensation committee at Arconic that determined Mr. Kleinfeld's compensation while he served on the compensation committee at Hewlett Packard Enterprise, which determined Ms. Russo's compensation as chairman of that board. In addition, t he board failed to properly undertake succession planning and appointed David Hess as interim CEO just 34 days after appointing him to the board. Mr. Hess was at the time the only director on the board with aerospace operating experience and lacked prior CEO experience.

- Elliott believes Arconic entered into a vote buying agreement when it settled legal claims against Oak Hill Capital Partners ("Oak Hill"), the seller of Firth Rixson, for $20 million and an agreement for Oak Hill to vote 8.7 million Arconic shares in accordance with the Arconic board's recommendations for a two-year period. This agreement was not disclosed for seven months and the board has failed to provide important information about the agreement requested by Elliott.

- Arconic's claims that it has made efforts to improve corporate governance are disingenuous. Elliott believes Arconic could have reincorporated in Delaware at the time of the separation or put a reincorporation proposal on the ballot for the 2017 annual meeting but declined to do so. The Company abandoned efforts to reduce supermajority voting after 2012.

- Alcoa's compensation practices were deficient and provided the former CEO, Mr. Kleinfeld, with lavish compensation despite poor financial performance. For 2008 through 2015, Mr. Kleinfeld was paid $22 million more than the CEO of PCC in cumulative compensation ($111 million vs $89 million) for total shareholder return performance that was 164% worse (-68% vs +98%) over the period from May 1, 2008 through December 31, 2015. Arconic's executive compensation has failed to align pay with performance.

- The incumbent board lacks critical skills and is composed of directors with little relevant industry expertise and questionable judgement. The incumbent board has failed to acknowledge problems at the Company or the poor performance of Mr. Kleinfeld and has instead doubled-down on the failed strategy and plan pursued under Mr. Kleinfeld.

- Investor reaction to Elliott's proxy contest has been favorable and supportive. Arconic's share price has increased since Elliott launched its proxy contest and the holders of more than 20% of the outstanding shares of the Company have publicly expressed support for Elliott's campaign, including First Pacific Advisors, Lion Point Capital and Orbis Investment Management. The Company's share price increased 15.4% on February 1, 2017, the first trading day following announcement of Elliott's contest, and 30% in the 10 trading days following that announcement, the strongest positive reaction to any proxy contest since 2007 and well ahead of the average 10-day increase of 1.3%.

- Elliott seeks to install new leadership at the Company, including a new CEO with successful industry and operating experience as well as new directors with industry and operating experience. Elliott supports forming a CEO search committee of independent directors with no perceivable conflicts to identify a suitable permanent CEO. Elliott believes Larry Lawson should be the leading candidate to become CEO of Arconic as he has an ideal set of skills to turn the Company around. Mr. Lawson is the former CEO of Spirit Aerosystems, Inc. where he delivered a 153% total shareholder return, outperforming the S&P 500 Index and proxy peers.

- The Dissident Nominees have a combined 80 years of aerospace experience as well as operational expertise and are proven value creators and change agents. Chris Ayers led PCC's forging operations and has 23 years of aerospace experience. Elmer Doty has 25 years of aerospace and defense experience and is a proven turn-around operating expert. Bernd Kessler has 33 years of aerospace experience with a focus on improving underperforming assets. Patrice Merrin has extensive experience leading CEO search committees and creating value as an operating executive. Together, the Dissident Nominees have an ideal mix of skills and experience to deliver meaningful change at Arconic.

- Elliott seeks to improve the Company's corporate governance, including separate chairman and CEO roles, restricting the CEO to zero outside boards for two years and to one thereafter, immediately reincorporating the Company in Delaware and electing directors annually.

- Arconic has clear opportunities to improve operations in the GRP and EPS segments. Elliott seeks to close the margin gap between the EPS segment and competitor PCC and would pursue an asset utilization strategy at the GRP segment.

- If elected, Elliott believes the new board and management team should undertake a comprehensive strategic and operational review of all aspects of the business that will inform opportunities to improve performance. Elliott would also advocate a decentralized, plant focused approach to the business that empowers plant managers and would seek to trim corporate costs, including by moving the Company's headquarters out of NYC and to a more central location, potentially back to Pittsburgh.

BOARD RESPONSE

The incumbent board of Arconic states that it has carefully evaluated Elliott's concerns and operating plans and does not believe they are credible beyond what the board is already doing to improve performance. The incumbent board notes that the board has already been refreshed with seven new directors appointed in the last two years, including three directors previously nominated by Elliott, and that the board is well structured to oversee the Company with a focus on shareholder value. The incumbent board offers, among other points, the following response to the Dissident's criticism:

- Arconic believes that Alcoa and Arconic outperformed on a total shareholder return basis relative to industry benchmarks in recent years. The package value attributable to former Alcoa Inc. shareholders due to the separation (1.0 Arconic share plus 1/3 of an Alcoa Corporation share for each 1.0 Alcoa share held) outperformed on a total shareholder return basis relative to the S&P 500 Metals & Mining Index over the one-year, three-year and five-year periods ended April 28, 2017 (17% versus 4%, 0% versus -19% and 40% versus -26%) and also outperformed relative to the S&P Metals & Mining Index over the three-year and five-year periods (0% versus -25% and 40% versus -34%). Arconic's stand-alone shareholder returns significantly outperformed benchmark indices since the separation, increasing 46% from November 1, 2016 through April 28, 2017, while the S&P 500 Industrials Index increased 17% and the S&P Aerospace & Defense Index increased 20%.

- Elliott's assessment of total shareholder returns begins during the financial crisis, which occurred just months after Mr. Kleinfeld took office, does not credit the Company for value created by the separation and uses an inappropriate peer group. Arconic believes that Alcoa Inc. had no good comparable peers given its unique business mix and asset portfolio and Elliott's use of Alcoa's 2016 proxy peers to measure performance back to 2008 is flawed given that most of these companies were not comparable for most of the measurement period.

- Elliott's assessment of business performance against Arconic's 2016 goals does not account for divestitures or unexpected market and exchange rate moves, which are outside of the Company's control. Moreover, the Company's historical returns on capital were impacted by legacy capital commitments in the upstream business combined with a low commodity price environment. Arconic has delivered a substantial increase in return on net assets from 2009 to 2016 (1.5% vs 7.1%). The Company also delivered strong 1Q 2017 results with revenue and EBITDA up 4.5% and 8% year-over-year, respectively, and strong net cost savings at 1.9% of revenue.

- Elliott's proposed strategy for Arconic is flawed and focused on short-term profitability at the expense of long-term growth. Elliott's strategy to achieve cost parity with companies that are not actually comparable peers is misguided and would risk losing the innovative edge that is critical to the Company's growth. PCC is structurally very different in scale and business mix from Arconic's EPS business, making a comparison misleading. EPS already has similar or better margins than PCC in most comparable segments and is narrowing the margin gap.

- Firth Rixson has financially underperformed but that acquisition was a critical part of Arconic's strategy to become a full aerospace engine component supplier and a key precursor to the separation. Elliott's fill the mill strategy to increase asset utilization by seeking share in lower margin end-markets would rewind eight years of successful transformation into innovative products with higher margins. Elliott's analysis of GRP's cost structure is flawed and, based on industry data, GRP's costs are actually in-line or better than the weighted average cost of its 10 largest peers in each relevant segment.

- Arconic is executing on an aggressive strategic plan which is focused on creating sustainable shareholder value. The incumbent board is proactive, including by overseeing the value-creative separation of Alcoa and by taking action to change leadership when faced with new developments. Arconic is focused on creating long-term sustainable value through capital efficiency, innovation and partnering with customers to drive growth and margin expansion. Arconic has a world class portfolio and is a global leader in lightweight metals and engineering focused on attractive markets, with best-in-class technology and products.

- The incumbent board has articulated a clear strategic vision for the future of Arconic and is intensely focused on executing initiatives to drive shareholder value. This strategy is expected to deliver 7% to 8% CAGR revenue growth through 2019, an increase in EBITDA margins from 13.7% in 2016 to 17% in 2019 and a significant increase in return on net assets and free cash flow. Industry analysts agree that Arconic's strategic plan is ambitious and that Elliott's targets are not credible. Contrary to Elliott's assertion, Arconic management is not detached from operations and each Arconic plant maintains full operational and P&L responsibility.

- The Arconic board is a carefully assembled group of experienced executives committed to shareholder interests. The board is proposing an accomplished slate of new directors for election to the board, which would create a newly refreshed board with nine of thirteen directors added in the last 16 months. The board has recently been substantially reconstituted and is now one of the shortest tenured boards in the S&P 500. The board already includes three directors who were recommended by Elliott in 2016. These directors have been fully integrated, chair critical board committees and support the Company's strategic direction.

- The slate of Management Nominees provides the most qualified skills and experience to drive value creation, including executive, industry and public board experience. All five Management Nominees have aerospace or defense expertise. David Hess and Jim Albaugh have experience as leaders of major aerospace businesses, Amy Alving is an aerospace engineer and a technology expert, Rick Schmidt is the former CFO of two major aerospace suppliers and Janet Wolfenbarger was a four-star general responsible for procurement at the U.S. Air Force, a major Arconic customer.

- The incumbent board is focused on shareholders and has supported good corporate governance. The board waived the Oak Hill voting agreement in the context of the proxy contest to facilitate the fullest participation by shareholders. This agreement was not vote buying, but one provision in a larger settlement, and no additional value was given by Arconic for the voting commitment. The Company adopted proxy access, proposes to eliminate supermajority voting and the classified board at the 2017 annual meeting and is committed to pursue reincorporation in Delaware if governance proposals do not pass. The incumbent board made prior attempts to improve legacy governance but could not garner sufficient shareholder support. Arconic evaluated reincorporating in Delaware in connection with the separation but determined it was not feasible without jeopardizing the timing of the separation. Arconic determined not to submit a reincorporation proposal at the 2017 annual meeting because it would have been complicated and potentially caused delay in the midst of the proxy contest. Arconic's board did not threaten shareholders with a poison put. The 1993 Grantor Trust has been in place for more than two decades, did not clearly provide Arconic the right to make amendments suggested by Elliott and did not create a new liability.

- Arconic has robust succession planning that allowed it to create two full management teams to staff Arconic and Alcoa Corporation at the time of the separation. David Hess has been appointed interim CEO of Arconic and is the best choice for that position. Mr. Hess provides critical operating and industry experience, formerly serving as chief customer office of aerospace at UTC and as president of Pratt and Whitney, and has prior public company board experience. The incumbent board is focused in selecting a new CEO and has formed a special committee of four directors to lead this process with the assistance of a nationally recognized recruitment firm. The special committee members include two directors nominated by Elliott in 2016, Messrs. Mahoney and Plant, and a global search to find the best CEO candidate will commence as soon as possible.

- Elliott's slate of Dissident Nominees enables one minority holder to inappropriately shape a majority of the board, resulting in undue, excessive, and creeping influence over Arconic. Elliott previously nominated three directors who are currently sitting on the board and is now seeking the election of four additional candidates. If these candidates are elected, Elliott would have nominated a majority (seven out of 13) board members, providing it with excessive influence and outsize influence relative to its 13.2% ownership stake in the Company.

- Elliott twice reneged on recent settlement agreements to demand additional terms and has sought extraordinary influence over Arconic and the operation of the board. Elliott demanded an operations committee controlled by Elliott nominees that would serve as a board above the board, sought to designate a majority of members on the

CEO search committee and pressed for more control and influence over the board and the Company. Elliott is paying its CEO candidate Larry Lawson millions of dollars under an indemnity agreement and Mr. Lawson may be precluded from taking the job as CEO of Arconic due to an existing non-compete agreement. Elliott may not be representing the interests of all shareholders, including as it sought to have unfettered ability to sell its Arconic shares at any time and to have Arconic file a registration statement with the SEC to facilitate the sale of Elliott's Arconic shares.

VOTE REQUIRED

There are nine candidates, including five Management Nominees and four Dissident Nominees, up for election to the board at the 2017 annual meeting and five available board seats.

Directors will be elected by a plurality of votes cast by shareholders present in person or represented by proxy at the annual meeting. As such, the five nominees receiving the greatest number of affirmative votes will be duly elected to the board.

GLASS LEWIS RECOMMENDATION

Elliott's primary concern at Arconic initially centered around the Company's financial performance under the leadership of former chairman and CEO Kleinfeld. Elliott called for a change in leadership in light of poor financial results, missed performance targets, and deficient corporate governance under Mr. Kleinfeld. That objective was unexpectedly achieved on April 17, 2017 when Mr. Kleinfeld was removed by the Arconic board as chairman and CEO of the Company following revelations that, without board authorization, he had sent a letter to Paul Singer of Elliott that included vague threats. Arconic's board stated at the time that Mr. Kleinfeld's removal was for showing poor judgement and not for poor performance as CEO and that it remained satisfied with the Company's performance and current strategy.

However, Elliott continues to pressure Arconic's board given that the incumbent directors defended the performance and strategy of Mr. Kleinfeld and deny that change is necessary. More broadly, the Dissident is troubled by the Company's capital allocation, business segment financial results and strategy, as well as its corporate culture and governance. The Dissident argues that the incumbent directors lack credibility to serve the best interests of shareholders in the critical task of selecting a new CEO and believes the Dissident Nominees are better qualified and better situated to participate and oversee this process. Alternatively, Arconic believes that it has substantially reconstituted its board to include an overwhelming majority of new and independent directors with significant industry experience to lead the Company's growth going forward. The Company is concerned that Elliott is effectively proposing a controlling slate of directors, as it previously appointed three individuals to the board in February 2016 and has nominated four additional candidates for election at the 2017 annual meeting. If Elliott's campaign is successful, the shareholder would have nominated a total of seven directors to the 13 member board, representing 54% of board seats.

FINANCIAL PERFORMANCE

Arconic has existed as a stand-alone company since November 1, 2016 when the separation of Alcoa into Arconic and Alcoa Corporation was completed. At this time, shareholders of Alcoa effectively received 1.0 Arconic share and 1/3 of an Alcoa Corporation share in exchange for each 1.0 Alcoa share they held. In considering the Company's financial performance, we reviewed the total shareholder return ("TSR") of Alcoa prior to the separation and of Arconic since the separation as well as the total shareholder return on the "package value" held by Alcoa shareholders through the separation, being 1.0 Alcoa share prior to the separation and 1.0 Arconic share and 1/3 of an Alcoa Corporation share following the separation.

We evaluated the TSR of Arconic to that of: (i) the Company's self-defined 2017 proxy peer group (17 industrials companies deemed comparable by the compensation committee of the board); (ii) the S&P 500 Aerospace & Defense Index; and (iii) the S&P 500 Industrials Index over the period from October 31, 2016, the last trading day prior to the separation, through January 31, 2017, the last trading day prior to Elliott's announcement that it would engage in a proxy fight to change the composition of the board at the 2017 annual meeting.

We compared the TSR of Alcoa to that of: (i) Alcoa's self-defined 2016 proxy peer group comprising 10 materials companies and 10 industrials companies; (ii) the S&P Metals & Mining Index; and (iii) the S&P 500 Index over various periods ended October 31, 2016, the last trading day prior to the separation. In particular, we considered TSR performance over the period since Mr. Kleinfeld's appointment as CEO of the Company on May 1, 2008. While Mr. Kleinfeld's performance as CEO is no longer relevant for purposes of considering a potential management change, it remains relevant for evaluating the judgement and effectiveness of the incumbent directors, in our view, which is a central argument in this proxy contest.

Lastly, we compared the TSR of the "package value" of Alcoa, being the pre-split Alcoa and post-split Arconic and Alcoa Corporation shares that would be held by Alcoa shareholders participating in the separation, to the same set of benchmarks used in evaluating Alcoa, as noted above, over various periods ended January 31, 2017. Our TSR calculations for the post-separation entities begin on October 31, 2016 using the "when issued" closing price of Alcoa Corporation shares on that date and the corresponding derived price of Arconic shares based on the actual closing price of Alcoa shares on that date. The results of these analyses are displayed in the following tables:

Total Shareholder Returns - Arconic

Period ended January 31, 2017	From Split (October 31, 2016)
Arconic	6.2%
Arconic 2017 Peer Group (equal-weight)*	12.8%
S&P 500 Aerospace and Defense Index	8.9%
S&P 500 Industrials Index	11.0%

*Source: S&P Capital IQ *as disclosed on p. 56 of Arconic 2017 proxy statement*

Total Shareholder Returns - Alcoa Inc.

Period ended October 31, 2016	1-yr	3-yr	5-yr	CEO tenure
Alcoa Inc.	5.8%	6.6%	-2.4%	-68.9%
Alcoa 2016 Peer Group (equal-weight)*	16.4%	22.8%	104.3%	104.1%
S&P Metals & Mining Index	44.3%	-33.5%	-48.8%	-62.2%
S&P 500 Index	3.4%	28.6%	94.3%	81.6%

*Source: S&P Capital IQ *as disclosed on p. 55 of Arconic 2017 proxy statement*

Total Shareholder Returns - Package Value

Period ended January 31, 2017	1-yr	3-yr	5-yr	CEO tenure
Package Value	63.8%	7.2%	20.9%	-61.9%
Alcoa 2016 Peer Group (equal-weight)*	73.1%	39.6%	97.7%	129.4%
S&P Metals & Mining Index	144.3%	-10.1%	-35.1%	-50.3%
S&P 500 Index	20.1%	39.4%	91.5%	95.7%

*Source: S&P Capital IQ *as disclosed on p. 55 of Arconic 2017 proxy statement*

In the relatively brief review period since the separation and prior to Elliott's announcement, we see that Arconic's total shareholder return moderately lagged that of the Arconic 2017 peer group (6.2% versus 12.8%) and also moderately underperformed relative to the S&P 500 Aerospace & Defense Index (by 270 basis points) and the S&P 500 Industrials Index (by 475 basis points). A portion of this underperformance can be attributed to the 12.3% decline in the price of Arconic shares on November 1, 2016, the first trading day following the separation. Shareholders should note that Arconic's assessment of total shareholder returns and value created through the separation begins on November 1, 2016, excluding the initial drop in the price of Arconic shares on that date, skewing the Company's TSR results. In addition, while the incumbent board uses a TSR measurement period that extends beyond January 31, 2017 to highlight favorable performance, Elliott's contest announcement on that date appears to be a primary catalyst for the subsequent increase in the share price, in our view. Arconic's share price increased 10.9% on February 1, 2017 following Elliott's announcement, while the S&P 500 Index increased just 0.1% that day. The Company's share price advanced an additional 3.1% on April 17, 2017 following announcement that Mr. Kleinfeld had resigned as chairman and CEO, outpacing the 0.9% gain on the S&P 500 Index that day. Overall, while Arconic's TSR performance has been stronger in recent months, this performance appears to reflect positive reaction to Elliott's campaign more than a broader improvement in the underlying business, in our view.

Turning to historical returns, we see that Alcoa underperformed on a TSR basis relative to the 2016 peer group over the one-year, three-year and five-year periods ended October 31, 2016. Alcoa also significantly underperformed relative to the 2016 peer group over the period since Mr. Kleinfeld was appointed CEO on May 1, 2008 (by more than 173 percentage points). Alcoa underperformed relative to the S&P Metals & Mining Index over the one-year period and over the period since Mr. Kleinfeld was appointed CEO, but it outperformed over the three-year and five-year periods ended October 31, 2016. Alcoa underperformed relative to the S&P 500 Index over all but the one-year period, underperforming

by 97 percentage points over the five-year period and by 150 percentage points since Mr. Kleinfeld was appointed CEO (May 1, 2008). Our assessment of package value indicates that Alcoa shareholders received total returns that lagged those of peers over every period reviewed, including by 77 percentage points over the five-year period ended January 31, 2017 and by 191 percentage points since Mr. Kleinfeld was appointed CEO. On an absolute basis, we believe that legacy Alcoa destroyed significant shareholder value with a negative total return of 69% over the period from May 1, 2008 through October 31, 2016. The total return on the package value is only moderately more favorable, with a negative total return of 62% over the period from May 1, 2008 to January 31, 2017.

Overall, we find that the Company's total shareholder return performance has been generally poor over the long-term and we expect there is reasonable basis for shareholders to question the effectiveness of the incumbent board in light of these results. Having said this, we note that none of the Company's longest standing directors are up for election at the 2017 annual meeting and all five Management Nominees are relatively new additions to the board or do not yet serve on the board. Management Nominees James Albaugh and Janet Wolfenbarger do not currently serve on the board, Management Nominees David Hess and Ulrich Schmidt were only appointed to the board in March 2017 and February 2016, respectively, and Management Nominee Amy Alving, the longest-serving incumbent director up for election, was appointed to the board approximately six months ago in November 2016. As it stands, Arconic shareholders are voting on a set of relatively new directors at the 2017 annual meeting and have limited opportunity to hold legacy directors directly accountable should they wish to do so.

OPERATING PERFORMANCE/STRATEGY

With respect to operating performance and strategy, we believe the Dissident makes a compelling case that the Company suffers from questionable capital allocation practices, including potentially overpaying in the $3.0 billion acquisition of Firth Rixson in 2014 and failing to deliver on financial targets for that business, and generating low returns on invested capital. The Company communicated to investors that it expected $1.6 billion of revenue and $350 million of EBITDA from the acquisition of Firth Rixson by 2016 but actually fell short of those targets by 40% and 60%, respectively. The Company suggested that the large premium it was paying for Firth Rixson was justified by the secured nature of contracts that would account for 70% of projected revenue growth of $1.0 billion by 2019. Instead, the Company later reduced 2019 guidance by 38%. The Company's failure to deliver on these targets has diminished credibility with investors and erased considerable shareholder value, in our view.

The Company has also demonstrated an inability to favorably invest in the business as evidenced by its low return on invested capital in recent years, including investments of $6.2 billion from 2013 through 2016 that generated just $154 million in incremental net operating profit after tax, for a return on incremental invested capital of 2.5%. Notably, Elliott has not called on the Company to return excess capital to shareholders through dividends or share repurchases and instead advocates making prudent investments in key areas of the business that would enhance efficiency and competitiveness. While there is some uncertainty regarding the viability of the aggressive margin and financial targets Elliott has proposed for the Company's EPS and GRP segments, Elliott presents a thorough case that there are likely opportunities to drive further productivity gains, in our view.

In addition, Elliott believes the Company's corporate culture, including an expensive head office in New York City, far from the Company's factories and employees, does little to project a dedication to efficiency. It also follows logically, in our view, that the Company would attempt to model corresponding business units after the more efficient operations of PCC, which has delivered consistently higher margins than the Company's EPS business. Broadly speaking, Elliott's intention to carefully scrutinize every aspect of the business would appear to, in our opinion, present shareholders with a low-risk opportunity that, at worst, renews management focus on improving operational efficiency and, at best, delivers on the targets articulated by Elliott. To this end, we recognize that Elliott's preferred CEO candidate, Mr. Lawson, has turnaround experience and a successful track record as an operating executive in the aerospace industry that would make him well qualified to oversee this process.

CORPORATE GOVERNANCE

We agree with Elliott that there are a number of corporate governance deficiencies at Arconic, including a staggered board and supermajority voting requirements, the combined role of chairman and CEO (until the removal of Mr. Kleinfeld in April 2017), as well as a history of failing to meaningfully address these deficiencies. While the board did place proposals on the ballot to repeal the classified board and eliminate supermajority voting in recent years, in both cases, it initially recommended against such proposals and ultimately failed to collect sufficient votes for them to be approved. Overall, we see no evidence that the incumbent board made a concerted effort to solicit additional votes to pass these proposals despite overwhelming support from voting shareholders. Most importantly, these issues could have been immediately resolved were the Company to reincorporate to Delaware yet the board repeatedly declined opportunities to do so, including at the time of the 2016 separation and at the 2017 annual meeting. The incumbent board states that it looked at every possible way to reincorporate in Delaware in connection with the separation but that doing so would have been too

complicated and risked delaying the separation. Shareholders should note that the Company had more than a year, and in reality many years, to prepare for that event. The board's explanation for not seeking shareholder approval to reincorporate in Delaware at the 2017 annual meeting is that doing so would be distracting and place Elliott at a potential advantage in this proxy contest. The take away from these actions, in our view, is that the incumbent board does not appear to have a sincere interest in significantly improving Arconic's corporate governance. The incumbent board's commitment to pursue a reincorporation to Delaware if the current governance proposals are not approved at the 2017 annual meeting further delays the process and we see little reason to believe the board would have made this commitment in the absence of pressure from Elliott in this proxy contest.

The selection of the next Arconic CEO remains a significant point of focus in this contest and Elliott has expressed concern that the incumbent board and Management Nominees lack credibility to oversee this process. The board has already formed a CEO search committee to oversee the recruitment of a new permanent CEO with the assistance of an executive recruitment firm. This committee currently includes four members, including interim chairman Patricia Russo and Arthur Collins, both long-serving Arconic directors and noted supporters of Mr. Kleinfeld, as well as Sean Mahoney and John Plant, both of whom were appointed to the board in February 2016 as part of the 2016 settlement with Elliott. Notably, Elliott appears to have insisted on appointing a majority of directors to the CEO search committee in the last round of settlement talks with the incumbent board. While we see no cause for concern with the procedural aspects of the CEO search process thus far, we agree with the Dissident that the incumbent board's interest in preserving the strategy and plan adopted under Mr. Kleinfeld appears unnecessarily ridged and may limit the Company's ability to attract the best possible candidate and to fully benefit from the wealth of strategic insight that such an individual would provide.

We believe it is important for shareholders to be mindful of the following additional governance issues:

ADOPTION OF PROXY ACCESS

On February 23, 2017, the board of directors amended the Company's bylaws in order to implement a proxy access right for shareholders.

Under the new bylaw, shareholders will have the ability to include nominees in the Company's proxy materials, subject to the following parameters:

FEATURES OF PROXY ACCESS BYLAW		
	OWNERSHIP THRESHOLD	*3%*
	HOLDING PERIOD	*3 years*
	NUMBER OF NOMINEES	*The greater of two directors or 20% of the number of directors in office; this number shall be reduced by (i) any shareholder nominee submitted through proxy access who the board decides to nominate as a board nominee and (ii) any shareholder nominee submitted through proxy access who was successfully elected at either of the two preceding annual meetings*
	GROUP SIZE	*20*
	SHAREHOLDER DEFINITION	*Two or more funds under common ownership will count as "one" when calculating grouping*
	USE OF LOANED SHARES	*Shareholders are permitted to include loaned shares toward the 3% ownership requirement, provided that such shares can be recalled within five business days*
	GOLDEN LEASH PROHIBITION?	*No; however, shareholders using proxy access must disclose any outside compensation arrangements with their candidates*
	POST-MEETING HOLDING REQUIREMENT?	*None*
	RESUBMISSION THRESHOLD?	*None*

After review, it appears to us that the Company has adopted proxy access on reasonable terms for shareholders.

Shareholders will be able to use proxy access beginning with the Company's 2018 annual meeting. For detailed information on this topic, including a brief history of proxy access in the United States and empirical evidence on the impact of proxy access on shareholder value and corporate governance, please see Glass Lewis' *In-Depth: Proxy Access*.

DIRECTOR ATTENDANCE

Director Reif attended less than 75% of the meetings held by the board in fiscal year 2016. While we note that the board states that Mr. Reif attended only 71% of such meetings as a result of the unusually high number of meetings held in 2016 in connection with the separation transaction and other matters and his respective other professional commitments, we

nonetheless view this as a failure by this director to fulfill a fundamental responsibility to represent shareholders at such meetings. While we would ordinarily recommend that shareholders oppose his candidacy, Mr. Reif is not standing for election at this year's annual meeting.

CONCLUSION

In Glass Lewis' evaluation of proxy contests, we begin with the premise that a well-functioning, informed and independent board of directors should receive reasonable deference from shareholders on strategic matters. Such a board is often in the best position -- with more information and experts at its disposal -- to assess a company's strategic alternatives. Having said this, as a general rule, we are reticent to recommend the removal of incumbent directors, or the election of dissident nominees, unless certain issues are evident.

In general, our analyses focus on the issues and concerns raised by a dissident. However, in determining whether to support such a solicitation, we may also take into consideration, among other things, the shareholder's history at the company, from both an investment and activism standpoint, in order to better gauge its perspective. We are more apt to seriously consider actions undertaken by long-term shareholders of the company or by investors who have made a substantial economic commitment to the company.

Here, upon consideration of the extensive arguments and materials provided by both parties to shareholders, we find that Elliott, as a significant and long-term investor in Arconic, has identified a number of serious concerns at the Company. Arconic's total shareholder returns have been generally poor over the long-term, both on an absolute basis and relative to peers and industry benchmarks. Further, Arconic's recent share price improvement appears largely driven by Elliott's campaign to remove the incumbent leadership, in our view. As outlined above, Arconic suffers from poor capital allocation, including generating low returns on invested capital and repeatedly missed financial targets, including falling well short of achieving the financial targets established in connection with the Firth Rixson acquisition. The Company appears to have lost credibility with investors, in our view, and the board's corporate governance track record is less than inspiring. We believe there are multiple opportunities for near term governance changes at the Company, including a destaggered board and elimination of supermajority vote requirements.

We acknowledge that fully achieving the operational targets identified by Elliott will be challenging, yet the shareholder has presented a detailed plan with specific and credible suggestions to improve operating performance, in our view. In our opinion, Elliott has a track record of perseverance and appears committed to overseeing operational improvement. Elliott has invested considerable time and resources to understand and address the opportunities and challenges facing the Company and, importantly, it is not advocating event-driven M&A or financial engineering to boost short-term returns. Instead, Elliott advocates a methodical approach to improving operating fundamentals for long-term value creation and we note that its interests are aligned with those of other shareholders given its significant economic investment in the Company.

Arconic investors should understand the election of all four Dissident Nominees would result in a 13 member board comprised of seven individuals appointed by Elliott. Having said this, the Dissident Nominees, if elected, would be expected to act in the best interests of all shareholders and would need to work cooperatively with other directors to enact wide ranging change. While there are already three Elliott nominees on the board, these directors have demonstrated their independence, including endorsing the incumbent board over Elliott in this fight, and we expect they would continue to exercise independent judgement and their fiduciary duties to all shareholders going forward. In our opinion, while Elliott will continue to have influence at Arconic, regardless of the vote outcome, it is our view that even if all four nominees were to win election to the board, the shareholder would not control the board. Further, given that there are five board seats up for election and only four Dissident Nominees, voting for the Dissident slate would ensure that at least one of the Management Nominees is also elected to the board. We believe a board composed in this fashion would have an appropriate mix of skills and industry experience as well as a critical mass of new directors to proactively address challenges facing the Company for the benefit of all shareholders.

We believe that both sides have nominated independent and qualified candidates for election to the board. The Dissident Nominees have considerable relevant industry operating experience and qualifications that would likely bring valuable experience to the board, in our view. Having said this, and as alluded to earlier, we believe this contest is about holding incumbent directors responsible for the Company's value destruction, governance deficiencies, and unwillingness to embrace value creative change. In our opinion, Elliott has highlighted a compelling case of underperformance and governance inadequacies that continue to be largely overlooked by the board. While the longest serving directors are not up for election at this meeting, withholding support for the Management Nominees and supporting the Dissident Nominees allows shareholders to send a message of broad dissatisfaction to Arconic. We believe the Dissident Nominees put forth by Elliott are more likely to challenge incumbent thinking on the board and at the Company and to advocate for the changes proposed by Elliott, including a willingness to question the strategy advanced under the prior leadership and

maintained by the current board.

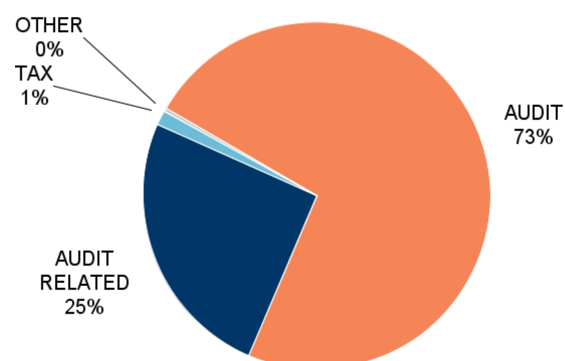
Accordingly, we recommend that shareholders vote on the BLUE proxy card:

FOR all Dissident Nominees

2.00: RATIFICATION OF AUDITOR

FOR

PROPOSAL REQUEST:	Ratification of PricewaterhouseCoopers	**RECOMMENDATIONS & CONCERNS:**	
PRIOR YEAR VOTE RESULT (FOR):	97.1%	**FOR-**	No material concerns
BINDING/ADVISORY:	Advisory		
REQUIRED TO APPROVE:	Majority of votes cast		
AUDITOR OPINION:	Unqualified		



AUDITOR FEES

	2016	2015	2014
Audit Fees:	$14,700,000	$13,800,000	$13,700,000
Audit-Related Fees:	$5,100,000	$5,500,000	$600,000
Tax Fees:	$300,000	$500,000	$600,000
All Other Fees:	$ 0	$100,000	$100,000
Total Fees:	$20,100,000	$19,900,000	$15,000,000
Auditor:	Pricewaterhouse Coopers	Pricewaterhouse Coopers	Pricewaterhouse Coopers

Years Serving Company:	44
Restatement in Past 12 Months:	No
Alternate Dispute Resolution:	No
Auditor Liability Caps:	No

GLASS LEWIS ANALYSIS

The fees paid for non-audit-related services are reasonable and the Company discloses appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** the ratification of the appointment of PricewaterhouseCoopers as the Company's auditor for fiscal year 2017.

3.00: ADVISORY VOTE ON EXECUTIVE COMPENSATION

FOR

PROPOSAL REQUEST:	Approval of Executive Pay Package	**PAY FOR PERFORMANCE GRADES:**	**FY 2016** N/A **FY 2015** D **FY 2014** D
PRIOR YEAR VOTE RESULT (FOR):	N/A	**RECOMMENDATION:**	FOR
STRUCTURE:	Fair		
DISCLOSURE:	Fair		

GLASS LEWIS RECOMMENDATION: **FOR**

The Company's practices relating to the spin-off transaction have been generally adequate in our view. While shareholders should be mindful of the concerns outlined below, we do not believe these issues warrant a vote against the Company's compensation program at this time.

PROGRAM FEATURES [1]

POSITIVE

- LTIP performance-based
- STIP performance-based
- STI-LTI payout balance
- No single-trigger CIC benefits
- Anti-hedging policy
- Clawback policy for NEOs
- Executive stock ownership guidelines for NEOs

NEGATIVE

- Internal pay inequity
- No relative metrics under LTIP
- Short performance period under LTIP*

[1] Both positive and negative compensation features are ranked according to Glass Lewis' view of their importance or severity

* Positive changes have been made regarding this feature during the past year making it no longer a concern going forward

SUMMARY COMPENSATION TABLE

NAMED EXECUTIVE OFFICERS	BASE SALARY	BONUS & NEIP	EQUITY AWARDS	TOTAL COMP
Klaus Kleinfeld *Chairman and Chief Executive Officer*	$1,440,000	$2,137,320	$9,890,223	$16,805,788
Kenneth J. Giacobbe *Executive Vice President and Chief Financial Officer*	$386,250	$281,824	$390,391	$1,637,674
Wlliam F. Oplinger *Former Executive Vice President and Chief Financial Officer*	$458,333	-	$1,600,075	$2,433,552
Christoph Kollatz *Executive Vice President,Corporate Development, Strategy & New Ventures*	$531,250	$551,877	$688,019	$1,875,214
Kay H. Meggers *Executive Vice President and Group President, Global President, Global Rolled Products*	$491,667	$556,528	$1,600,075	$2,675,684
Karl Tragl *Executive Vice President and Group President, Engineered Products and Solutions*	$453,125	$557,756	$1,600,176	$2,811,300
Olivier M. Jarrault *Former Executive Vice President and Group President, Engineered Products and Solutions*	$352,917	$298,215	$2,000,078	$4,210,207
Audrey Strauss *Former Executive Vice President, Chief Legal Officer and Secretary*	$565,000	$1,038,601	$1,760,126	$3,631,078
			CEO to Avg NEO Pay:	6.1: 1

CEO SUMMARY

	2016 KLAUS KLEINFELD
Total CEO Compensation	$16,805,788
1-year TSR	N/A

CEO to Peer Median *	1.1:1
Fixed/Perf.-Based/Discretionary **	12.2% / 73.4% / 14.4%

* Calculated using the first Company-disclosed peer group. ** Percentages based on the CEO Compensation Breakdown values.

CEO COMPENSATION BREAKDOWN

Category	Component		Amount
FIXED	**Cash**		**$1.7M**
	Salary		$1.4M
	Benefits / Other		$226,304
		Total Fixed	$1.7M
PERFORMANCE-BASED	**Cash**		**$2.1M**
	Annual Cash Incentive Compensation (STI)		$2.1M
	Target/Maximum	$2.2M / $6.5M	
	Metrics	Diversity, CO2 Emissions Reductions, Adjusted FCF, DART, Ajusted EBITDA	
	Performance Period	1 year	
	Additional Vesting / Deferral Period	-	
	PSUs		**$7.9M**
	Long-term Incentive Plan		$7.9M
	Target/Maximum	$1.2M / $2.3M	
	Metrics	Arconic Adjusted EBITDA Margin, Arconic Revenue Growth, Revenue Growth, GPP Alumina EBITDA/MT, GPP Aluminum EBITDA/MT, Adjusted EBITDA margin	
	Performance Periods	The average of three consecutive one-year periods	
	Additional Vesting / Deferral Periods	Each tranche vests following the close of the three-year period	
		Total Performance-Based	$10.0M
TIME-VESTING/ DISCRETIONARY	**Stock Options**		**$2.0M**
	Long-term Incentive Plan		$2.0M
	Vesting / Deferral Period	3 years (ratable)	
		Total Time-Vesting/Discretionary	$2.0M
		Awarded Incentive Pay	**$12.0M**
		Total Pay Excluding change in pension value and NQDCE	**$13.7M**

MARKET PRACTICE

		COMPANY	PREVALENCE: RUSSELL 1000 INDUSTRY SUBSET 1,2	PREVALENCE: ALL RUSSELL 1000 1
GENERAL PRACTICES	Clawback Policy	Yes	78.0%	82.2%
	Stock Ownership Guidelines	Yes	90.0%	92.0%
	Single-Trigger CIC Benefits	No	42.0%	39.1%
	Excise Tax Gross-Ups	No	24.0%	19.1%
SHORT-TERM INCENTIVES	Performance-Based Awards	Yes	87.0%	81.7%
	Disclosed Individual Limits	Yes	100.0%	89.9%
LONG-TERM INCENTIVES	Performance-Based Awards	Yes	90.0%	86.2%
	Performance Goals Include Relative Metric(s)	No	62.2%	59.6%
	Any Performance Period(s) at Least Three Years	No	84.4%	77.0%

1 Reflects adoption rates based on company data for meetings between 1/1/2016 and 12/31/2016; excludes foreign filers, recent IPOs and companies with irregular or ad-hoc granting schedules.

2 Based on companies within the Materials industry.

EXECUTIVE COMPENSATION STRUCTURE - SYNOPSIS

FIXED

Base salaries did not increase significantly during the past fiscal year.

SHORT-TERM INCENTIVES

ANNUAL CASH INCENTIVE COMPENSATION

AWARDS GRANTED (PAST FY)	*Cash*
TARGET PAYOUTS	*$2,160,000 for the CEO and up to $565,000 for the other NEOs*
MAXIMUM PAYOUTS	*$6,480,000 for the CEO and up to $1,695,000 for the other NEOs*
ACTUAL PAYOUTS	*$2,137,320 for the CEO and up to $838,601 for the other NEOs*

Performance is measured over one year.

Diversity targets were established to increase representation of executive and profesional woman on a global basis and to increase the representation of minority executives and professionals in the United States.

METRICS

	AJUSTED EBITDA	ADJUSTED FCF	DIVERSITY	DART	CO2 EMISSIONS REDUCTIONS
	Absolute	Absolute	Absolute	Absolute	Absolute
Weighting	40%	40%	10%	5%	5%
Threshold Performance	$1.89B	$140.00M	N/A	0.534	31600
Target Performance	$2.02B	$286.00M	N/A	0.512	63100
Maximum Performance	$2.63B	$872.00M	N/A	0.484	126300
Actual Performance	$1.85B	$549.00M	8.8%	0.426	58600

LTI PLAN

AWARDS GRANTED (PAST FY)	*PSUs, RSUs and stock options*
TARGET PAYOUTS	*PSUs: $1,173,920 for the CEO and up to $237,400 for the other NEOs*

LONG-TERM INCENTIVES

MAXIMUM PAYOUTS	*PSUs: $2,347,840 for the CEO and up to $474,800 for the other NEOs*
TIME-VESTING PAYOUTS	*Stock Options: 933,020 shares for the CEO and up to 188,680 shares for the other NEOs* *RSUs: 51,040 shares for Mr. Kollatz and 28,960 shares for Mr. Giacobbe*

PSU performance is measured over three consecutive one-year periods with vesting occurring following the close of the three-year period.

Stock option and RSU awards vest over three years.

The metrics below reflect the 2016 tranche of PSU awards. 2016 performance goals were based on a combination of goals applicable to Alcoa Inc. pre-separation and goals applicable to the Company post-separation, with combined results prorated for the portion of the year before and after the separation. The Arconic Measures are the post-separation measures and are based on a full year performance period. Performance from Arconic measures resulted in a multiplier of 89.4% and performance from Alcoa measures resulted in a multiplier of 76.3%, which resulted in a combined multiplier of 87.2%.

		GPP ALUMINA EBITDA/MT	GPP ALUMINUM EBITDA/MT	ARCONIC REVENUE GROWTH	ARCONIC ADJUSTED EBITDA MARGIN
PRE-SEPARATION METRICS		Absolute	Absolute	Absolute	Absolute
	Weighting	25%	25%	12.5%	37.5%
	Threshold Performance	$31	$34	8.0%	11.8%
	Target Performance	$39	$108	10.6%	14.5%
	Maximum Performance	$50	$257	15.9%	18.0%
	Actual Performance	$38	$108	1.7%	14.9%

		ADJUSTED EBITDA MARGIN	REVENUE GROWTH
POST-SEPARATION METRICS		Absolute	Absolute
	Weighting	75%	25%
	Threshold Performance	11.8%	8.0%
	Target Performance	14.5%	10.6%
	Maximum Performance	18.0%	15.9%
	Actual Performance	14.5%	0.9%

ONE-TIME PAYMENTS

NEO	TYPE OF PAYMENT	AWARD	PERF. PERIOD	VESTING PERIOD	VALUE
Ms. Strauss	Transaction	Cash	N/A	N/A	$200,000
Mr. Tragl	Sign-on	Performance shares	1 year	2 years	$444,700
	Sign-on	Cash	N/A	N/A	$150,000
Mr. Jarrault	Severance	Cash	N/A	6 months	$1,538,097

GLASS LEWIS ANALYSIS

This proposal seeks shareholder approval of a non-binding, advisory vote on the Company's executive compensation. Glass Lewis believes firms should fully disclose and explain all aspects of their executives' compensation in such a way that shareholders can comprehend and analyze the company's policies and procedures. In completing our assessment, we consider, among other factors, the appropriateness of performance targets and metrics, how such goals and metrics

are used to improve Company performance, the peer group against which the Company believes it is competing, whether incentive schemes encourage prudent risk management and the board's adherence to market best practices. Furthermore, we also emphasize and evaluate the extent to which the Company links executive pay with performance.

Shareholders should be mindful of the following issues:

VARIABLE COMPENSATION

Absolute Metrics

Awards granted under the LTI plan are determined solely by absolute performance measures. In Glass Lewis' view, the predominant use of absolute metrics under long-term incentive plans may be inappropriate, as these measures may reflect economic factors or industry-wide trends beyond the control of the Company's executives, rather than executives' individual performances. As such, we believe it would be beneficial to incorporate relative measures to determine awards granted under the LTI plan.

Performance Period of Long-Term Awards

All of the performance-based awards granted under the Company's long-term incentive plan have a performance period of less than three years. Although earned awards are subject to additional vesting periods, given the short performance period, these awards may fail to fully reflect the long-term performance of the Company. As such, we believe shareholders should consider the Company's aim to lengthen the period used to assess performance a positive step towards capturing a more complete measure long-term financial performance.

OTHER ISSUES

Internal Pay Inequity

We note that the CEO's compensation during the past fiscal year was more than four times the average compensation received by the other NEOs. In Glass Lewis' view, maintaining an equitable distribution of pay among executives supports succession plans by preventing demoralization of the larger executive team and promoting retention among potential CEO replacements. Furthermore, internal pay equity can also serve as a check on a CEO's potentially outsized authority, increasing the involvement of other executives in the management of the company and preparing them for future transition into the role of the CEO. Accordingly, a high level of executive pay inequity, as in this case, can indicate serious long-term problems with a company's compensation practices and more broadly, its board-level management and oversight.

Peer Group Concerns

A company's choice of a peer group can have a significant impact on the size and structure of compensation. Shareholders need to be satisfied that the peer group is appropriate and not cherry-picked for the purpose of justifying or inflating pay. In general, we believe a peer group should range from 0.5 to 2 times the market capitalization of the Company. In this case, Glass Lewis has identified 17 peers with more than twice the Company's market capitalization, which represents approximately 85.0% of the peer group.

ONE-TIME PAYMENTS

Transaction Awards

For the year in review, Ms. Strauss received a transaction bonus totaling to $200,000. Glass Lewis is generally skeptical of any type of extra annual bonus that rewards individuals for actions that we view as intrinsic to an executive's duties, as such awards have the potential to undermine the integrity of a company's regular incentive plans, the link between pay and performance or both. We generally believe that if the existing incentive programs fail to provide adequate incentives to executives, companies should redesign their compensation programs rather than make additional grants.

2016 PAY FOR PERFORMANCE : N/A

Due to a significant spin-off, we have not generated a pay-for-performance analysis for the Company for fiscal 2016.

CONCLUSION

We recommend that shareholders vote **FOR** this proposal.

4.00: FREQUENCY OF ADVISORY VOTE ON EXECUTIVE COMPENSATION

1 YEAR

PROPOSAL REQUEST:	Approve frequency of future advisory votes on executive compensation	**RECOMMENDATIONS & CONCERNS:**	
PRIOR YEAR VOTE RESULT (FOR):	N/A	**1 YEAR-**	Vote recommendation on Dissident Card
BINDING/ADVISORY:	Advisory		
REQUIRED TO APPROVE:	Plurality		

PROPOSAL SUMMARY

Shareholders may indicate whether they want the advisory vote to occur every one, two or three years. Under Section 14A(a)(2) of the Exchange Act, companies are required to submit for shareholder consideration resolutions on the frequency of such votes at least once every six years.

This is a non-binding vote, meaning that the board may decide that it is in the best interest of shareholders to hold the vote more or less frequently.

BOARD'S PERSPECTIVE

The board asks shareholders to support a frequency of every one year for future advisory votes on executive compensation. The board believes that current best corporate practices and governance trends favor an annual advisory vote and the annual vote is an appropriate timeframe in which to solicit shareholders' feedback on the compensation design.

GLASS LEWIS ANALYSIS

Glass Lewis believes that the advisory vote on executive compensation serves as an effective mechanism for promoting dialogue between investors and company management and directors, enhancing transparency in setting executive pay, improving accountability to shareholders, and providing for a more effective link between pay and performance. In cases where shareholders believe the Company's compensation packages may be excessive, we believe such a vote may compel the board to re-examine, and hopefully improve, its compensation practices.

In our view, shareholders should be allowed to vote on the compensation of executives annually. We believe that the time and financial burdens to a company with regard to an annual vote are outweighed by the benefits to shareholders and the increased accountability. Implementing biennial or triennial votes on executive compensation limits shareholders' ability to hold the board accountable for its compensation practices through means other than voting against the compensation committee. For this reason, unless a company provides compelling arguments otherwise, we will generally recommend that shareholders support the holding of advisory votes on executive compensation every year.

In this case, we agree with the board that an annual advisory vote on executive compensation is in the best interests of shareholders.

We recommend that shareholders vote for the advisory vote on executive compensation frequency of **ONE YEAR**.

5.00: AMENDMENT TO ARTICLES REGARDING ELIMINATION OF SUPERMAJORITY REQUIREMENT (FAIR PRICE PROTECTION)

FOR

PROPOSAL REQUEST:	Eliminate the requirement of a supermajority vote of at least 80% of all outstanding shares to amend certain articles and replace with majority vote	**RECOMMENDATIONS & CONCERNS:**
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-** No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	80% of outstanding	

PROPOSAL SUMMARY

The board is seeking to eliminate supermajority voting provisions in its Articles of Incorporation ("Articles"). Specifically the three supermajority voting requirements that the Company is proposing to eliminate are related to (i) certain repurchases of capital stock from interested shareholders which requires approval by the Company's other shareholders (Proposal 5.0); (ii) addressing the board size, the classified board structure, nominations for the election of directors, the removal of directors and filling vacancies on the board (Proposal 6.0); and, (iii) the removal of directors with or without cause (Proposal 7.0).

BOARD'S PERSPECTIVE

The board provides the following reasons why shareholders should vote in favor of these proposals:

- The Company has a simple majority voting standard for fundamental corporate changes, such as a merger or sale; there are no supermajority requirements in the Company's bylaws;
- There are three provisions in the Company's Articles that require a supermajority vote. Under Pennsylvania law, amendments to those provisions require the approval of the holders of 80% of the Company's outstanding common stock; and
- A majority vote standard will ensure that actions may be taken to reflect the expressed views of the holders of a majority of the voting power, rather than requiring that a supermajority percentage of the Company’s outstanding shares be voted in favor of a proposal, which can result in the failure of the proposal to be approved if more than 20% of the Company’s outstanding shares simply fail to vote either for or against the proposal.

GLASS LEWIS ANALYSIS

Glass Lewis believes that supermajority vote requirements act as impediments to takeover proposals and impede shareholders’ ability to approve ballot items that are in their interests. This in turn degrades share value and can limit the possibility of buy-out premiums to shareholders.

As such, we recommend that shareholders vote **FOR** Proposals 5, 6 and 7.

6.00: AMENDMENT TO ARTICLES REGARDING ELIMINATION OF SUPERMAJORITY REQUIREMENT (DIRECTOR ELECTIONS)

FOR

Please refer to our analysis under Proposal 5.

7.00: AMENDMENT TO ARTICLES REGARDING ELIMINATION OF SUPERMAJORITY REQUIREMENT (REMOVAL OF DIRECTORS)

FOR

Please refer to our analysis under Proposal 5.

8.00: REPEAL OF CLASSIFIED BOARD

FOR

PROPOSAL REQUEST:	Amend the Company's articles of incorporation to declassify the board	**RECOMMENDATIONS & CONCERNS:**
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-** No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	80% of shares outstanding	

BOARD'S PERSPECTIVE

The board considered, among other things: (i) that a classified board structure provides time to solicit higher bids in a hostile takeover situation because it is more difficult to change a majority of directors on the board in a single year; (ii) a classified board also fosters continuity and stability, not only on the board but also in the overall management of the business of the Company, because a majority of directors will always have experience as continuing directors of the Company; (iii) the board previously recommended in favor of a declassification proposal that the Company submitted to shareholders at the Company’s 2012 annual meeting, a proposal which did not receive sufficient support of shareholders to be adopted at that time; (iv) a declassified board allows shareholders to evaluate directors annually; and, (v) an annually elected board structure is perceived by many institutional shareholders as increasing the accountability of directors to such shareholders.

If the proposal is approved, the annual election of directors will begin at the 2018 annual meeting of shareholders. The amendment requires an affirmative vote of at least 80% of the outstanding shares of common stock.

GLASS LEWIS ANALYSIS

Glass Lewis believes that classified boards (staggered boards) do not serve the best interests of shareholders. As discussed in further detail in our Policy Guidelines, empirical studies have shown that: (i) companies with classified boards are associated with a reduction in the firm’s value; (ii) in the context of hostile takeovers, classified boards operate as a takeover defense, which entrenches management, discourages potential acquirers and delivers less return to shareholders; and (iii) companies with classified boards are less likely to receive takeover bids than those with single-class boards. Glass Lewis also believes that the annual election of directors provides maximum accountability of directors to shareholders and requires directors to focus on shareholders' interests.

While the financial impact of shareholders' missing out on a bid is impossible to determine, let alone measure, Glass Lewis believes that shareholders would be best served by the removal of this barrier to potentially value-generating offers. Moreover, Glass Lewis believes that the ability to withhold votes from or vote against directors is a powerful mechanism through which shareholders may express dissatisfaction with company or director performance. When companies have classified boards, shareholders are deprived of their right to voice their views regarding the oversight exercised by their representatives.

According to the 2016 Spencer Stuart Board Index, 92% of S&P 500 companies had declassified boards in 2016, up from approximately 51% a decade ago. Shareholders also continue to favor declassified boards; management proposals to declassify boards are approved with near unanimity each year, and a 2015 Glass Lewis review of shareholder proposals found that proposals requesting the repeal of staggered boards garnered an average support level of 72% (excluding abstentions and broker non-votes) in 2015.

RECOMMENDATION

Given our belief that declassified boards promote director accountability, the empirical evidence suggesting that classified boards reduce a firm's value, and shareholders' established opposition to such a structure, Glass Lewis believes that classified boards are not in the best interests of shareholders.

We recommend that shareholders vote **FOR** this proposal.

9.00: SHAREHOLDER PROPOSAL REGARDING SIMPLE MAJORITY VOTE

FOR

PROPOSAL REQUEST:	That the Company eliminate its supermajority vote requirements	**SHAREHOLDER PROPONENT:**	Kenneth Steiner
BINDING/ADVISORY:	Precatory		
PRIOR YEAR VOTE RESULT (FOR):	N/A	**REQUIRED TO APPROVE:**	Majority of votes cast

RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:

FOR -
- Supermajority vote requirements can impede shareholders' ability to approve ballot items that are in their interests

GLASS LEWIS REASONING

- Empirical evidence suggests that certain entrenchment provisions, including supermajority vote standards, are negatively correlated with firm value;
- Supermajority vote requirements can act as impediments to takeover proposals and impede shareholders' ability to approve ballot items that are in their interests; and
- A simple majority vote is appropriate to approve all matters presented to shareholders and would be an improvement to the Company's corporate governance principles.

PROPOSAL SUMMARY

Text of Resolution- *RESOLVED, Shareholders request that our board take the steps necessary so that each voting requirement in our charter and bylaws that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.*

Proponent's Perspective

- Shareholders are willing to pay a premium for shares of companies that have excellent corporate governance;
- Supermajority voting requirements have been found to be one of six entrenching mechanisms that are negatively related to company performance;
- Supermajority requirements are used to block initiatives supported by most shareholders but opposed by management;
- This proposal topic received between 74% and 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's;
- Currently, a 1%-minority can frustrate the will of a 79%-shareholder majority; and
- A 1%-minority could have the power to prevent shareholders from improving the Company's charter and bylaws.

Board's Perspective

- The board believes that shareholders should generally be able to act by majority vote and has thus previously approved proposals to eliminate the supermajority provisions in the Company's Articles of Incorporation, and has approved proposals to do so again at the 2017 Annual Meeting, which such proposals are included in this proxy statement;
- Proposals 5 through 7 are targeted at eliminating the Company's supermajority voting requirements;
- The Board recommends a vote in favor of the above items, each of which will implement the change requested by the shareholder proposal by authorizing amendments to the Company's Articles of Incorporation if approved by shareholders; and
- If Proposals 5, 6 and 7 are approved by shareholders, the Company will file articles of amendment to the Company's Articles of Incorporation that will eliminate the supermajority voting provisions.

GLASS LEWIS ANALYSIS

Glass Lewis generally believes that supermajority voting provisions, which include any vote standard that requires a greater than simple majority vote, do not serve the best interests of shareholders. Supporting this view is a study of US firms from 1993 to 2003, conducted by three Harvard Law School professors and noted governance experts, Lucian Bebchuk, Alma Cohen, and Allen Ferrell, entitled " What Matters in Corporate Governance?" *(Review of Financial Studies. Vol 22; No. 2;* February 2009*.).* This study determined, among other conclusions, that certain entrenchment provisions, including supermajority vote standards, correlated negatively with firm value. Moreover, we believe that super-majority vote requirements can act as impediments to takeover proposals and impede shareholders' ability to approve ballot items that are in their interests. This, in turn, degrades share value and can limit the possibility of buyout premiums to shareholders.

In addition, a supermajority vote requirement can enable a small group of shareholders to overrule the will of the majority shareholders. We believe that a simple majority is appropriate to approve all matters presented to shareholders and would

be an improvement to the Company's corporate governance principles.

Further, during the 2016 proxy season, shareholder proposals regarding simple majority voting received an average of 59.9% shareholder support, excluding abstentions and broker non-votes, indicating strong shareholder interest in instituting this standard in U.S. companies.

Given the above, and that management recommends shareholders vote in favor of this proposal, Glass Lewis believes that shareholders should support this resolution.

We recommend that shareholders vote **FOR** this proposal.

VOTE RESULTS FROM LAST ANNUAL MEETING MAY 6, 2016

Source: 8-K dated May 11, 2016

RESULTS

NO.	PROPOSAL	FOR	AGAINST/WITHHELD	ABSTAIN	GLC REC
1.1	Elect Arthur D. Collins, Jr.	91.59%	7.50%	0.90%	For
1.2	Elect Sean O. Mahoney	94.63%	4.43%	0.94%	For
1.3	Elect Michael G. Morris	91.07%	7.96%	0.97%	For
1.4	Elect E. Stanley O'Neal	82.38%	16.72%	0.90%	For
1.5	Elect Carol L. Roberts	88.77%	10.35%	0.88%	For
2.0	Ratification of Auditor	97.13%	1.96%	0.90%	For
3.0	Advisory Vote on Executive Compensation	81.34%	9.75%	8.91%	For
4.0	Amendment to the 2013 Stock Incentive Plan	86.55%	12.37%	1.08%	For
5.0	Re-Approval of the Performance Goals under the Annual Cash Incentive Plan	89.68%	9.11%	1.20%	For

SHAREHOLDER PROPOSALS*

NO.	PROPOSAL	FOR	AGAINST	GLC REC
6.0	Shareholder Proposal Regarding Independent Board Chairman	33.47%	66.53%	For

*Abstentions excluded from shareholder proposal calculations.

APPENDIX

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to www.glasslewis.com/issuer/ for information and contact directions.

NOTE

Glass Lewis engaged with representatives of Elliott and Arconic leading up the 2017 annual meeting of Arconic.

On April 11 and 21, 2017 and May 9, 2017, Glass Lewis had conference calls with representatives of Elliott. On May 4, 2017, Glass Lewis held an in-person meeting with representatives of Arconic.

Correction: May 15, 2017. We have updated this report to correct an error in the calculation of package value on page 13 that caused total shareholder return on the package value to be understated in the one-year and five-year periods and overstated in the three-year period. We have updated the corresponding analysis on page 14 to indicate that the total return on the package value lagged peers by 77 percentage points over the five-year period, not 126 percentage points as previously stated. This correction does not change our overall view of the Company's financial performance and our vote recommendations have not changed.

Arconic Inc purchased a copy of this Proxy Paper from Glass, Lewis & Co., LLC for receipt after publication to institutional investor clients.

DISCLOSURES

© 2017 Glass, Lewis & Co., Glass Lewis Europe, Ltd., and CGI Glass Lewis Pty Ltd. (collectively, "Glass Lewis"). All Rights Reserved.

This report is intended to provide research, data and analysis of proxy voting issues and, therefore, should not be relied upon as investment advice. Glass Lewis analyzes the issues presented for shareholder vote and makes recommendations as to how Glass Lewis believes institutional shareholders should vote their proxies, without commenting on the investment merits of the securities issued by the subject companies. Therefore, none of Glass Lewis' proxy vote recommendations should be construed as a recommendation to invest in, purchase, or sell any securities or other property. Moreover, Glass Lewis' proxy vote recommendations must be construed solely as statements of opinion, and not as statements of fact, and may be revised based on additional information or any other reason at any time.

The information contained in this report is based on publicly available information. While Glass Lewis exercises reasonable care to ensure that all information included in this report is accurate and is obtained from sources believed to be reliable, no representations or warranties express or implied, are made as to the accuracy or completeness of any information included herein. In addition, Glass Lewis shall not be liable for any losses or damages arising from or in connection with the information contained herein or the use or inability to use any such information.

Glass Lewis expects its subscribers possess sufficient experience and knowledge to make their own decisions entirely independent of any information contained in this report. Subscribers are ultimately and solely responsible for making their own voting decisions. This Glass Lewis report is intended to serve as a complementary source of information and analysis for subscribers in making their own voting decisions and therefore should not be relied on by subscribers as the sole determinant in making voting decisions.

All information contained in this report is protected by law, including but not limited to, copyright law, and none of such information may be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person without Glass Lewis' express prior written consent.

DOW JONES SUSTAINABILITY INDEX

The Dow Jones Sustainability World Index, Dow Jones Sustainability North America Index, Dow Jones Sustainability Europe Index and Dow Jones Sustainability Asia Pacific Index are a joint product of S&P Dow Jones Indices LLC and/or its affiliates and SAM Sustainable Asset Management AG ("SAM"). Dow Jones® and DJ® are trademarks of Dow Jones Trademark Holdings LLC. UBS® is a registered trademark of UBS AG. S&P® is a registered trademark of Standard & Poor's Financial Services LLC. All content of the DJSI World © S&P Dow Jones Indices LLC or its affiliates and SAM Sustainable Asset Management AG.

Glass Lewis recommends all clients carefully and periodically evaluate, among other things, Glass Lewis' research philosophy, approach, methodologies and conflict management, avoidance and disclosure policies and procedures. For information on Glass Lewis' policies and procedures including treatment of conflicts of interest, please visit: http://www.glasslewis.com/.

LEAD ANALYSTS

Governance:	M&A and Contests:	Compensation:	Shareholder Proposals:
Robert Richardson	Hunter Patterson, CFA	Julian Hamud	Courteney Keatinge