

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
A	This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____	
B	This return/report is:	☐ the first return/report ☐ the final return/report ☒ an amended return/report ☐ a short plan year return/report (less than 12 months)	
C	If the plan is a collectively-bargained plan, check here. ☒		
D	Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)	

Part II	Basic Plan Information —enter all requested information		
1a	Name of plan <u>ARCONIC RETIREMENT PLAN II</u>	1b	Three-digit plan number (PN) ► <u>002</u>
		1c	Effective date of plan <u>01/01/1944</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>ARCONIC INC.</u> <u>201 ISABELLA STREET</u> <u>PITTSBURGH, PA 15212-5858</u>	2b	Employer Identification Number (EIN) <u>25-0317820</u>
		2c	Plan Sponsor's telephone number <u>412-553-4545</u>
		2d	Business code (see instructions) <u>331310</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/31/2017	SCOTT ZAHORCHAK
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/31/2017	SCOTT ZAHORCHAK
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name ALCOA INC.	4b EIN 25-0317820 4c PN 002
5 Total number of participants at the beginning of the plan year	5 46921
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> 6a(1) 9395 6a(2) 5567 6b 11081 6c 2648 6d 19296 6e 4066 6f 23362 6g 6h 122
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1B 1E 3H b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>ARCONIC RETIREMENT PLAN II</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ARCONIC INC.</u>	D Employer Identification Number (EIN) <u>25-0317820</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2016</u>	
2 Assets:	
a Market value	2a <u>3500296472</u>
b Actuarial value	2b <u>3570815463</u>
3 Funding target/participant count breakdown	(1) Number of participants (2) Vested Funding Target (3) Total Funding Target
a For retired participants and beneficiaries receiving payment.....	<u>33689</u> <u>3023450016</u> <u>3023450016</u>
b For terminated vested participants.....	<u>4765</u> <u>146497747</u> <u>146497747</u>
c For active participants.....	<u>9276</u> <u>536066270</u> <u>575813032</u>
d Total.....	<u>47730</u> <u>3706014033</u> <u>3745760795</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>5.98 %</u>
6 Target normal cost.....	6 <u>51272097</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>09/21/2017</u>
	Signature of actuary	Date
<u>MARY P. MITCHELL</u>	Type or print name of actuary	<u>14-05661</u>
<u>BUCK CONSULTANTS, LLC</u>	Firm name	Most recent enrollment number
<u>11 STANWIX STREET, SUITE 700</u> <u>PITTSBURGH, PA 15222-1312</u>	Address of the firm	<u>412-281-2506</u>
		Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

**Schedule SB (Form 5500) 2016
v. 160205**

Part II Beginning of Year Carryover and Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>-1.10</u> %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		647
b(1)	Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.18</u> %		40
b(2)	Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c	Total available at beginning of current plan year to add to prefunding balance		687
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages			
14	Funding target attainment percentage	14	95.32%
15	Adjusted funding target attainment percentage	15	95.32%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	98.27%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2016	13456603	0			
07/15/2016	13456603	0			
10/14/2016	17500000	0			
01/13/2017	16838178	0			
09/15/2017	17640000	0			
			Totals ▶	18(b)	78891384
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	74836936
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No		
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No		
c If line 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V	Assumptions Used to Determine Funding Target and Target Normal Cost		
21	Discount rate:		
a	Segment rates:	<div style="display: flex; justify-content: space-around;"> <div>1st segment: 4.43%</div> <div>2nd segment: 5.91%</div> <div>3rd segment: 6.65%</div> </div>	☐ N/A, full yield curve used
b	Applicable month (enter code)	21b	4
22	Weighted average retirement age	22	64
23	Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute		
Part VI	Miscellaneous Items		
24	Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No		
25	Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No		
26	Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No		
27	If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.	27	
Part VII	Reconciliation of Unpaid Minimum Required Contributions For Prior Years		
28	Unpaid minimum required contributions for all prior years	28	0
29	Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	0
30	Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0
Part VIII	Minimum Required Contribution For Current Year		
31	Target normal cost and excess assets (see instructions):		
a	Target normal cost (line 6)	31a	51272097
b	Excess assets, if applicable, but not greater than line 31a	31b	0
32	Amortization installments:	Outstanding Balance	Installment
a	Net shortfall amortization installment	174945332	23564250
b	Waiver amortization installment	0	0
33	If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34	Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	74836347
		Carryover balance	Prefunding balance
35	Balances elected for use to offset funding requirement	0	0
36	Additional cash requirement (line 34 minus line 35)	36	74836347
37	Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	74836936
38	Present value of excess contributions for current year (see instructions)		
a	Total (excess, if any, of line 37 over line 36)	38a	589
b	Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0
39	Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0
40	Unpaid minimum required contributions for all years	40	0
Part IX	Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)		
41	If an election was made to use PRA 2010 funding relief for this plan:		
a	Schedule elected	☐ 2 plus 7 years ☒ 15 years	
b	Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☒ 2010 ☐ 2011	
42	Amount of acceleration adjustment	42	0
43	Excess installment acceleration amount to be carried over to future plan years	43	0

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2016</div> This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>ARCONIC RETIREMENT PLAN II</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>ARCONIC INC.</u>	D Employer Identification Number (EIN) <u>25-0317820</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: ARCONIC RETIREMENT PLANS MASTER TRU

b Name of sponsor of entity listed in (a): ARCONIC INC.

c EIN-PN <u>25-0317820-038</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1369201414</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Internal Revenue Service</small> <hr/> <small>Department of Labor</small> <small>Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016		
A Name of plan ARCONIC RETIREMENT PLAN II	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 ARCONIC INC.	D Employer Identification Number (EIN) 25-0317820	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	2412000	34478178
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		14342594
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	3498601681	1369201414
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	3501013681	1418022186

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	617109	271881
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	617109	271881

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	3500396572	1417750305
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	78891384	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		78891384
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		-7765500
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		71125884

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	248119372	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		248119372
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	2588311	
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other	2i(4)	26919720	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		29508031
j Total expenses. Add all expense amounts in column (b) and enter total	2j		277627403

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-206501519
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		1876144748

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PRICEWATERHOUSECOOPERS LLC

(2) EIN: 13-4008324

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
PENSION PLAN FOR CERTAIN HOURLY EMPLOYEES OF ALCOA USA CORP.	37-1808900	002

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4022582. (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>ARCONIC RETIREMENT PLAN II</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ARCONIC INC.</u>	D Employer Identification Number (EIN) <u>25-0317820</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>25-1926855</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	<u>54</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☒ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment	☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)	
	a Enter the percentage of plan assets held as: Stock: <u>29</u> % Investment-Grade Debt: <u>36</u> % High-Yield Debt: <u>0</u> % Real Estate: <u>4</u> % Other: <u>31</u> %	
	b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more	
	c What duration measure was used to calculate line 19(b)? ☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):	

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / /	

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Financial Statements

December 31, 2016 and 2015

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

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Report of Independent Auditors

To the Administrator of
Arconic Retirement Plan I
Arconic Retirement Plan II
Howmet Corporation Muskegon County Operations Hourly Employees' Pension Plan
Howmet Corporation Pension Plan
Huck International Inc., Retirement Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Arconic Retirement Plan I, Arconic Retirement Plan II, Howmet Corporation Muskegon County Operations Hourly Employees' Pension Plan, Howmet Corporation Pension Plan, and the Huck International Inc., Retirement Plan (each referred to as a "Plan"), which comprise the statements of individual plan net assets available for benefits as of December 31, 2016 and 2015, and the related statements of changes in individual plan net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 8, which was certified by Bank of New York Mellon, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2016 and 2015 and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.



Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
September 28, 2017

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies
Statements of Individual Plan Net Assets Available for Benefits
December 31, 2016

	Arconic Salary Plan	Arconic Hourly Plan	Huck Plan	Muskegon Plan	Howmet Plan
Assets					
Plans' interest in Arconic Retirement Plans					
Master Trust at fair value (Notes 2 and 3)	\$ 1,781,524,506	\$ 1,369,201,414	\$ 16,223,720	\$ 74,710,662	\$ 96,242,017
Employer contributions receivable	93,339,448	34,478,178	-	2,647,826	5,888,000
Amount due from Alcoa USA Corporation Defined Benefit Plans (Note 1)	-	14,342,594	-	-	-
Total assets	<u>1,874,863,954</u>	<u>1,418,022,186</u>	<u>16,223,720</u>	<u>77,358,488</u>	<u>102,130,017</u>
Liabilities					
Administrative expenses payable	229,165	271,881	8,134	18,094	38,072
Amount due to Alcoa USA Corporation Defined Benefit Plans	10,360,191	-	-	-	-
Total liabilities	<u>10,589,356</u>	<u>271,881</u>	<u>8,134</u>	<u>18,094</u>	<u>38,072</u>
Net assets available for benefits	<u>\$ 1,864,274,598</u>	<u>\$ 1,417,750,305</u>	<u>\$ 16,215,586</u>	<u>\$ 77,340,394</u>	<u>\$ 102,091,945</u>

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

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies
Statements of Individual Plan Net Assets Available for Benefits
December 31, 2015

	Arconic Salary Plan	Arconic Hourly Plan	Huck Plan	Muskegon Plan	Howmet Plan
Assets					
Plans' interest in Alcoa Retirement Plans					
Master Trust at fair value (Notes 2 and 3)	\$ 3,661,163,191	\$ 3,498,601,681	\$ 18,184,461	\$ 84,206,653	\$ 111,620,811
Employer contributions receivable	<u>49,367,000</u>	<u>2,412,000</u>	<u>-</u>	<u>1,540,514</u>	<u>314,000</u>
Total assets	<u>3,710,530,191</u>	<u>3,501,013,681</u>	<u>18,184,461</u>	<u>85,747,167</u>	<u>111,934,811</u>
Liabilities					
Administrative expenses payable	<u>542,552</u>	<u>617,109</u>	<u>18,540</u>	<u>24,650</u>	<u>33,917</u>
Total liabilities	<u>542,552</u>	<u>617,109</u>	<u>18,540</u>	<u>24,650</u>	<u>33,917</u>
Net assets available for benefits	<u>\$ 3,709,987,639</u>	<u>\$ 3,500,396,572</u>	<u>\$ 18,165,921</u>	<u>\$ 85,722,517</u>	<u>\$ 111,900,894</u>

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

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies
Statements of Changes in Individual Plan Net Assets Available for Benefits
Year Ended December 31, 2016

	Arconic Salary Plan	Arconic Hourly Plan	Huck Plan	Muskegon Plan	Howmet Plan
Additions					
Employer contributions	\$ 186,339,448	\$ 78,891,384	\$ -	\$ 6,397,304	\$ 5,888,000
Deductions					
Plans' interest in Arconic Retirement Plans					
Master Trust investment loss	32,013,550	7,765,500	699,165	3,225,003	4,084,928
Benefit payments	263,512,532	248,119,372	1,128,479	10,693,127	10,053,485
PBGC premiums	18,415,728	26,919,720	49,344	730,944	1,307,998
Administrative expenses	2,058,056	2,588,311	73,347	130,353	250,538
Total deductions	<u>315,999,866</u>	<u>285,392,903</u>	<u>1,950,335</u>	<u>14,779,427</u>	<u>15,696,949</u>
Net decrease prior to Plan transfers	(129,660,418)	(206,501,519)	(1,950,335)	(8,382,123)	(9,808,949)
Plan Transfers					
Transfers to Alcoa USA Corporation Defined Benefit Plans, net (Note 1)	<u>(1,716,052,623)</u>	<u>(1,876,144,748)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net decrease	(1,845,713,041)	(2,082,646,267)	(1,950,335)	(8,382,123)	(9,808,949)
Net assets available for benefits					
Beginning of the year	<u>3,709,987,639</u>	<u>3,500,396,572</u>	<u>18,165,921</u>	<u>85,722,517</u>	<u>111,900,894</u>
End of year	<u>\$ 1,864,274,598</u>	<u>\$ 1,417,750,305</u>	<u>\$ 16,215,586</u>	<u>\$ 77,340,394</u>	<u>\$ 102,091,945</u>

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

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies
Statements of Changes in Individual Plan Net Assets Available for Benefits
Year Ended December 31, 2015

	Arconic Salary Plan	Arconic Hourly Plan	Huck Plan	Muskegon Plan	Howmet Plan
Additions					
Employer contributions	\$ 178,914,401	\$ 55,712,000	\$ -	\$ 5,223,056	\$ 4,274,298
Deductions					
Plans' interest in Alcoa Retirement Plans					
Master Trust investment loss	45,738,764	43,598,181	234,084	1,019,877	1,405,786
Benefit payments	430,530,167	393,567,090	1,191,701	12,384,545	10,428,911
PBGC premiums	16,473,000	18,412,278	46,569	646,475	846,837
Administrative expenses	3,031,931	3,676,969	88,191	155,349	274,767
Transfer to successor plans	727,031	983,139	-	-	-
Net decrease	(317,586,492)	(404,525,657)	(1,560,545)	(8,983,190)	(8,682,003)
Net assets available for benefits					
Beginning of year	<u>4,027,574,131</u>	<u>3,904,922,229</u>	<u>19,726,466</u>	<u>94,705,707</u>	<u>120,582,897</u>
End of year	<u>\$ 3,709,987,639</u>	<u>\$ 3,500,396,572</u>	<u>\$ 18,165,921</u>	<u>\$ 85,722,517</u>	<u>\$ 111,900,894</u>

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

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

1. Description of Plans

The following description of each Plan's provisions provides only general information. Participants should refer to each Plan document for a more complete description of each Plan's provisions.

General

The Arconic Inc. (formerly Alcoa Inc.) and Subsidiary Companies ("Arconic" or the "Company") Arconic Retirement Plan I (Arconic Salary Plan), Arconic Retirement Plan II (Arconic Hourly Plan), Huck International, Inc. Retirement Plan (Huck Plan), Howmet Corporation Muskegon County Operations Hourly Employees' Pension Plan (Muskegon Plan) and the Howmet Corporation Pension Plan (Howmet Plan) (each referred to as the "Plan") are noncontributory defined benefit plans that cover eligible United States employees and participate in the Arconic Retirement Plans Master Trust ("Arconic Master Trust" or "Master Trust") at December 31, 2016 and 2015.

The investments of the Plans are maintained under one trust pursuant to a "Master Trust Agreement" with the trustee, The Bank of New York Mellon ("trustee").

All fiduciary responsibility for the Plans is maintained by the Arconic Benefits Management Committee. The Plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plans provide, in general, for monthly pensions upon retirement at or after age 65, or earlier upon disability, incapacity, special circumstances or with certain minimum age and service requirements. Pension benefits generally depend upon length of service, job grade or remuneration, and certain social security and other benefits.

Separation of Alcoa Inc.

On September 29, 2016, the Alcoa Board of Directors approved the separation of Alcoa Inc. into two independent publicly traded companies. On November 1, 2016, the separation transaction was completed and became effective. Alcoa Inc. was renamed Arconic Inc., and the company spun off was named Alcoa Corporation.

In anticipation of the separation of Alcoa Inc., Alcoa USA Corp., a subsidiary of newly formed Alcoa Corporation both before and after the separation, established the Pension Plan for Certain Salaried Employees of Alcoa USA Corp. ("Alcoa Corp. Salary Plan") and the Pension Plan for Certain Hourly Employees of Alcoa USA Corp. ("Alcoa Corp. Hourly Plan") (collectively, the "Alcoa Corp. Plans"). The Alcoa Corp. Plans were effective August 1, 2016. The obligations associated with certain employees or former employees assigned to Alcoa Corporation, and the related assets to fund such obligations, were transferred to the Alcoa Corp. Plans with no reduction or increase in participant benefits accumulated at the time of transfer. Plan assets of \$3,592,197,371 were transferred to the Alcoa Corp. Plans. Arconic Salary Plan assets of \$1,716,052,623 were transferred to the Alcoa Corp. Salary Plan, of which \$10,360,191 was reported as an amount due to the Alcoa Corp. Salary Plan as of December 31, 2016. Arconic Hourly Plan assets of \$1,876,144,748 were transferred to the Alcoa Corp. Hourly Plan of which \$14,342,594 was reported as an amount due from the Alcoa Corp. Hourly Plan as of December 31, 2016.

In addition, in anticipation of the separation of Alcoa Inc., Alcoa Retirement Plan I was renamed the Arconic Retirement Plan I and the Alcoa Retirement Plan II was renamed the Arconic Retirement Plan II, effective August 1, 2016.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

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The Alcoa Retirement Plans Master Trust was renamed the Arconic Retirement Plans Master Trust, effective July 28, 2016.

The 2015 financial statements included the Suriname I, Suriname II as well as the Merged and Inactive Plans. These Plans' are reflected within the Alcoa Corporation comparative 2016 financial statements as these plans are solely associated with Alcoa Corporation. This separation transaction had no effect on the 2015 financial statements for any of the Plans.

Eligibility and Vesting

Employees hired before March 1, 2006 are eligible to participate in the Arconic Salary Plan after they have attained age 21 with one year of service. Effective March 1, 2006, certain new hires are not eligible to participate in the Arconic Salary Plan. Certain hourly employees are eligible to participate in the Arconic Hourly Plan after they have attained age 21 with one year of service.

Effective January 1, 2002, participants are no longer accruing benefits in the Huck Plan. Benefits are being provided to retired participants and will be provided to deferred vested participants in accordance with the Plan provisions applicable at the time of their termination.

Employees hired or rehired prior to January 1, 1999 are eligible to participate immediately in the Muskegon Plan.

Nonunion hourly-paid employees are eligible to participate immediately in the Howmet Plan.

All eligible participants currently accruing benefits in the Plans fully vest after a five-year period except the eligible participants in the Muskegon Plan which fully vest after five years of continuous service and the eligible salaried participants in the Howmet Plan which fully vest after three years of service.

Benefit Provisions

The benefit provisions for the Arconic Salary Plan determine the retirement benefit on a compensation-based formula.

The Arconic Hourly Plan, the Howmet Plan and the Muskegon Plan determine the retirement benefits on a factor times years of service.

The benefit provisions for the Huck plan determine benefits for service through December 31, 2001 based on a percentage of monthly earnings. This percentage was based on age at month end.

Normal retirement for the Arconic Salary Plan, the Arconic Hourly Plan and the Huck Plan is age 65 with five years of service.

Normal retirement for the Muskegon Plan and the Howmet Plan is age 62 with five years of service.

Risks and Uncertainties

The Plans invest in investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statements of Individual Plan Net Assets Available for Benefits and Statements of Changes in Individual Plan Net Assets Available for Benefits.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

Plans' contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the individual Plans' financial statements.

Termination of Plans

Benefits under the Plans are insured by the Pension Benefit Guaranty Corporation ("PBGC"). Should the Plans' terminate at some future time, the net assets of the Plans generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

A full description of each Plan's termination priorities is available in each Plan document.

Reclassifications

Certain amounts in previously issued financial statements were reclassified to conform to the current year presentation.

Recently Issued Accounting Standards

In February 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-06, *Plan Accounting: Defined Benefit Pension Plans (Topic 960) Defined Contribution Pension Plans (Topic 962) Health and Welfare Benefit Plans (Topic 965) Employee Benefit Plan Master Trust Reporting*.

Under Topic 960, investments in master trusts are presented in a single line item in the statement of net assets available for benefits. Similar guidance is not provided in Topic 962 or 965, which has resulted in diversity in practice. For each master trust in which a plan holds an interest, the amendments in this ASU require a plan's interest in that master trust and any change in that interest to be presented in separate line items in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits, respectively. Topics 960 and 962 require plans to disclose their percentage interest in the master trust and a list of the investments held by the master trust, presented by general type, within the plan's financial statements. The amendments in this ASU remove the requirement to disclose the percentage interest in the master trust for plans with divided interests and require that all plans disclose the dollar amount of their interest in each of those general types of investments, which supplements the existing requirement to disclose the master trust's balances in each general type of investments. Current GAAP does not require disclosure by plans of the master trust's other assets and liabilities. The amendments in this ASU require all plans to disclose (1) their master trust's other asset and liability balances and (2) the dollar amount of the plan's interest in each of those balances.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

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The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. An entity should apply the amendments in this ASU retrospectively to each period for which financial statements are presented. The Plans are currently evaluating the impact of ASU 2017-06 on the financial statements and related disclosures.

Recently Adopted Accounting Standards

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. Part I eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts but will continue to provide certain disclosures that help users understand the nature and risks of fully benefit-responsive investment contracts. Upon adoption, contract value will be the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III provides a practical expedient to permit plans to measure investments and investment-related accounts as of a month-end date that is closest to the plan's fiscal year-end, when the fiscal period does not coincide with month-end. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Parts I and III are not applicable to the Plans. The Plans adopted Part II of ASU 2015-12 on January 1, 2015, and the presentation of the financial statements and notes herein reflect such adoption.

In May 2015, the FASB issued ASU 2015-07, Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). Under the amendments in this ASU, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient are no longer categorized in the fair value hierarchy. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The Plans adopted the ASU on January 1, 2015, and the presentation of the financial statements and notes herein reflect such adoption.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 explicitly requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. Currently, there is no guidance in US GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. The ASU is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. The Plans adopted ASU 2014-15 on January 1, 2016 and its adoption did not have an impact to the Plans' financial statements.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

2. Summary of Accounting Policies

Basis of Accounting

The financial statements of the Plans are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Plans' interest in Arconic Retirement Plans Master Trust investment income and loss includes the Plans' unrealized and realized gains and losses on investments, dividends, interest income, and investment management/trustee fees.

The fair value of the Plans' interest in the Master Trust is based on the beginning-of-year value of the Plans' interest in the Master Trust plus actual contributions and allocated investment income less actual distributions, allocated investment loss and administrative expenses.

The individual Plans participate in the operations of the Master Trust through the purchase and sale of units. Cash inflows and outflows between the Plans and the Master Trust are accounted for at the beginning-of-the-month unit value. Units are revalued monthly to reflect changes in the investment values. Net investment income and losses are allocated to the Plans that participate in the Master Trust based on each Plan's units held.

Benefit Payments

Benefit payments to participants are recorded when paid.

Administrative Expenses

Trustee, audit, legal, actuarial, recordkeeping, and other administrative expenses are paid by the Plans. Expenses for services provided for the Master Trust are allocated to the Plans ratably. Expenses for services provided directly to a specific plan are attributed to only that plan.

Investment Management Fees

Investment management fees are paid by the Plans and are included in Plans' interest in Arconic Retirement Plans Master Trust investment income and loss.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

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Employer Contributions Receivable

Employer contributions receivable represent the remaining funding amounts Arconic is required to contribute to meet the minimum contribution levels established by law or as a result of a formal commitment by Arconic to make a contribution into the respective Plans.

Funding Policy

The Plans are defined benefit pension plans. No employee contributions to the Plans are required or permitted. Arconic contributes such amounts as are necessary on an actuarial basis to provide the individual Plans with assets sufficient to meet the benefits to be paid to current and future retirees or their beneficiaries. The minimum contributions required, if any, for the Plans are designed to fund the Target Normal cost and an amortization installment towards any funding shortfalls. A funding shortfall occurs when there is an excess of Funding Target liability over the Actuarial Value of Plan Assets. The amortization installment is designed to fully fund the funding shortfall in a given year over a 7 year period. Arconic may also voluntarily contribute amounts in excess of those minimum required amounts to meet certain funding thresholds or company objectives.

The actuarial determined pension contribution is calculated using the Unit Credit Cost Method. The Funding Target liability is the present value of accrued benefits and based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year and including expected expenses to be paid from plan assets during the year.

The Plans have met the minimum funding requirements under the provisions of ERISA in 2016 and 2015.

Investment Policy and Strategy

The Arconic Master Trust's investment policy at December 31, 2016 and 2015 by asset category, are as follows:

Asset Category	Policy Range
Equity securities	20-55%
Debt securities	25-55
Other	15-35

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

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The principal objectives underlying the investment of the pension plans' assets are to ensure that Arconic can properly fund benefit obligations as they become due under a broad range of potential economic and financial scenarios, maximize the long-term investment return with an acceptable level of risk based on such obligations, and broadly diversify investments across and within various asset classes to protect asset values against adverse movements. Specific objectives for long-term investment strategy include reducing the volatility of pension assets relative to pension liabilities and achieving risk factor diversification across the balance of the asset portfolio. The use of derivative instruments is permitted where appropriate and necessary for achieving overall investment policy objectives. The investment strategy has used long duration cash bonds and derivative instruments to offset a portion of the interest rate sensitivity of pension liabilities. Exposure to broad equity risk has been decreased and diversified through investments in discretionary and systematic macro hedge funds, long/short equity hedge funds, and global and emerging market equities. Investments are further diversified by strategy, asset class, geography, and sector to enhance returns and mitigate downside risk. A large number of external investment managers are used to gain broad exposure to the financial markets and to mitigate manager-concentration risk.

Investment practices comply with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and other applicable laws and regulations.

3. Plans' Interest in Arconic Retirement Plans Master Trust

The Plans' investments are held in the Arconic Master Trust. At December 31, Master Trust net assets were comprised of the following:

	2016	2015
Assets		
Investments at fair value		
Cash and cash equivalents	\$ 1,097,000,986	\$ 780,853,686
Fixed income securities	51,695,196	2,582,161,521
Equity securities - common stocks	106,393,475	202,774,938
Equity securities - registered investment companies	296,397,729	567,946,157
Equity securities - commingled trust funds	153,761,903	284,392,435
Futures contracts	(153,051)	(2,595,765)
Interest Rate Swaps	41,866,840	-
Gold trust-exchange traded fund	64,542,980	125,508,394
Alternative investments	<u>1,525,088,688</u>	<u>3,372,951,657</u>
Total investments at fair value	3,336,594,746	7,913,993,023
Receivable for sales pending settlement and interest earned (net of payable for investments purchased)	<u>1,307,573</u>	<u>2,413,740</u>
Total net assets of Arconic Retirement Plans Master Trust at fair value	<u>\$ 3,337,902,319</u>	<u>\$ 7,916,406,763</u>

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

The following table lists the ownership percentage of the Plans in the Arconic Master Trust net assets as of December 31:

	2016	2015
Arconic Salary Plan	53.37 %	46.25 %
Arconic Hourly Plan	41.02	44.19
Huck Plan	0.49	0.23
Muskegon Plan	2.24	1.06
Howmet Plan	2.88	1.41
Sub Total	100.00	93.14
Alcoa Subsidiaries Merged Inactive Plan ^(A)	-	4.05
Suriname Plan I ^(A)	-	1.69
Suriname Plan II ^(A)	-	1.12
Total	100.00 %	100.00 %

^(A) These plans were transferred to Alcoa Corporation as part of the Alcoa Inc. separation transaction and are now part of the newly created Alcoa Corp. Master Trust.

For the years ended December 31, Master Trust investment loss was comprised of the following:

	2016	2015
Investment loss		
Interest	\$ 3,781,730	\$ 36,710,613
Dividends	11,672,685	13,960,546
Net appreciation (depreciation) in fair value of investments		
Fixed income securities	267,303,814	(158,251,816)
Equity securities - common stocks	11,703,063	(801,938)
Equity Securities - registered investment companies	60,278,768	(13,872,321)
Equity securities - commingled trust funds	46,473,336	(32,993,085)
Futures	(80,664,874)	-
Interest rate swaps	(170,950,609)	-
Gold trust - exchange traded fund	16,132,187	(14,848,781)
Alternative investments	(186,225,421)	83,555,475
Investment management/trustee fees	(11,435,357)	(12,514,020)
Total Arconic Retirement Plans		
Master Trust investment loss	\$ (31,930,678)	\$ (99,055,327)

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The following table lists the ownership percentage of the Plans in the Arconic Master Trust investment loss (income) for the years ended December 31:

	2016	2015
Arconic Salary Plan	100.27 %	46.17 %
Arconic Hourly Plan	24.32	44.01
Huck Plan	2.19	0.24
Muskegon Plan	10.10	1.03
Howmet Plan	12.79	1.42
Sub Total	149.67	92.87
Alcoa Subsidiaries Merged Inactive Plan ^{(A), (B)}	(29.36)	4.15
Suriname Plan I ^{(A), (B)}	(12.20)	1.79
Suriname Plan II ^{(A), (B)}	(8.11)	1.19
Total	100.00 %	100.00 %

^(A) These plans were transferred to Alcoa Corporation as part of the Alcoa Inc. separation transaction and are now part of the newly created Alcoa Corp. Master Trust.

^(B) These plans remained in the Arconic Master Trust through September 30, 2016 and were subsequently transferred to the Alcoa Corp. Master Trust. These plans recognized investment income during the period they remained in the Arconic Master Trust in 2016.

4. Fair Value Measurements

FASB Accounting Standards Codification No. 820, *Fair Value Measurements and Disclosures*, (ASC 820) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2016 and 2015:

Cash and Cash Equivalents

Interest-bearing cash is valued at carrying value which approximates fair value.

Cash and cash equivalents held within commingled funds (institutional short term investment funds) are fully liquid within 30 days and are valued at the closing Net Asset Value (NAV) of shares held at year end as a practical expedient.

Fixed Income Securities

U.S. government debt is valued at the closing price reported on an active market on the last business day of each period presented (included in Level 1).

U.S. and non-U.S. fixed interest obligations (principally corporate bonds and debentures) are valued through consultation and evaluation with brokers in the institutional market using quoted prices and other observable market data (included in Level 2).

Equity Securities – Common Stocks, Gold Trust-Exchange Traded Fund, and Futures Contracts

Valued at the closing price reported on an active market on the last business day of each period presented (included in Level 1).

Equity Securities – Commingled Trust Funds

Valued at the closing NAV of shares held at year end as a practical expedient.

Equity Securities – Registered Investment Companies

Valued at the closing NAV of shares held at year end. These funds are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. They are required to publish their daily NAV and to transact at that price and, therefore, are deemed to be actively traded with readily determinable fair values (included in Level 1).

Interest Rate Swaps

Valued using industry standard models with market-based observable inputs (included in Level 2).

Alternative Investments

Valued primarily at the closing NAV of shares held at year end as a practical expedient as reported in audited financial statements. In the event that audited financial statements for these investments are not available in time to prepare the financial statements or management believes the value reported by the investment advisor does not accurately reflect fair value due to an event in the market place, management will adjust the reported value to fair value based upon information provided by the investment manager and independent valuation experts.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

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The following table sets forth by level, within the fair value hierarchy, the Master Trusts' assets at fair value as of December 31, 2016.

	Assets at Fair Value as of December 31, 2016				
	Level 1	Level 2	Level 3	Assets Measured at Net Asset Value ^(a)	Total
Cash and cash equivalents	\$ 1,059,340,589	\$ -	\$ -	\$ 37,660,397	\$ 1,097,000,986
Equity securities - common stocks					
Real estate investment trusts	80,876,626	-	-	-	80,876,626
Other	25,516,849	-	-	-	25,516,849
Equity securities - registered investment companies	296,397,729	-	-	-	296,397,729
Equity securities - commingled trust funds	-	-	-	153,761,903	153,761,903
Fixed income securities					
U.S. government debt	1,273,518	-	-	-	1,273,518
Corporate debt - other	-	50,421,678	-	-	50,421,678
Futures contracts	(153,051)	-	-	-	(153,051)
Interest rate swaps	-	41,866,840	-	-	41,866,840
Gold Trust - exchange traded fund	64,542,980	-	-	-	64,542,980
Alternative Investments					
Private real estate - direct	-	-	-	64,286,332	64,286,332
Timber - direct	-	-	-	11,901,768	11,901,768
Venture capital - direct	-	-	-	69,222,433	69,222,433
Private equity - direct	-	-	-	68,271,442	68,271,442
Private debt - direct	-	-	-	9,547,073	9,547,073
Private equity/venture capital - fund of funds	-	-	-	28,927,846	28,927,846
Hedge funds	-	-	-	1,272,931,796	1,272,931,796
Total assets at fair value	\$ 1,527,795,240	\$ 92,288,519	\$ -	\$ 1,716,510,987	\$ 3,336,594,746

- (a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Master Trusts' assets at fair value as of December 31, 2015.

	Assets at Fair Value as of December 31, 2015				
	Level 1	Level 2	Level 3	Assets Measured at Net Asset Value ^(a)	Total
Cash and cash equivalents	\$ 278,910,428	\$ -	\$ -	\$ 501,943,258	\$ 780,853,686
Equity securities - common stocks					
Real estate investment trusts	159,049,635	-	-	-	159,049,635
Other	43,725,303	-	-	-	43,725,303
Equity securities - registered investment companies	567,946,157	-	-	-	567,946,157
Equity securities - commingled trust funds	-	-	-	284,392,435	284,392,435
Fixed income securities					
U.S. government debt	2,391,565,430	-	-	-	2,391,565,430
Corporate debt - other	-	190,596,091	-	-	190,596,091
Futures contracts	(2,595,765)	-	-	-	(2,595,765)
Gold Trust - exchange traded fund	125,508,394	-	-	-	125,508,394
Alternative Investments					
Private real estate - direct	-	-	-	159,136,275	159,136,275
Timber - direct	-	-	-	34,857,083	34,857,083
Venture capital - direct	-	-	-	155,979,260	155,979,260
Private equity - direct	-	-	-	185,058,281	185,058,281
Private debt - direct	-	-	-	29,300,792	29,300,792
Private equity/venture capital - fund of funds	-	-	-	69,447,805	69,447,805
Hedge funds	-	-	-	2,739,172,161	2,739,172,161
Total assets at fair value	\$ 3,564,109,582	\$ 190,596,091	\$ -	\$ 4,159,287,350	\$ 7,913,993,023

- (a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

The Master Trust uses the NAV as a practical expedient for all of the underlying investments which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

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There have been no transfers between levels during the year.

The following table sets forth a summary of liquidity consideration of the investments classified as commingled trust funds and alternative investments.

Category of Investment	Investment Strategy	December 31, 2016 Fair Value	December 31, 2015 Fair Value	Unfunded Commitments at December 31, 2016	Remaining Life at December 31, 2016	Redemption Restrictions and Terms
Equity Securities-Commingled Trust Funds	Global Equity markets	\$ 153,761,903	\$ 284,392,435	Not Applicable	Not Applicable	(C)
Private Real Estate - Direct	Global Private Real Estate strategy	64,286,332	159,136,275	2,204,865	Up to 1 year	(A)
Timber - Direct	Global Timber strategy	11,901,768	34,857,083	-	Up to 2 years	(A)
Venture Capital - Direct	Global Private Real Estate strategy	69,222,433	155,979,260	996,936	Up to 7 years	(A)
Private Equity - Direct	Global Private Equity strategy	68,271,442	185,058,281	11,753,049	Up to 9 years	(A)
Private Debt - Direct	Global Distressed Debt	9,547,073	29,300,792	8,016	Up to 9 years	(A)
Private Equity/Venture Capital Fund of Funds	Global Private Equity/Venture Capital strategy	28,927,846	69,447,805	4,476,569	Up to 6 years	(A)
Hedge Funds	Discretionary and Systematic Macro strategy	782,496,567	1,637,440,829	Not Applicable	Not Applicable	(B)
Hedge Funds	Long / Short Equity strategy	406,023,446	931,389,154	Not Applicable	Not Applicable	(B)
Hedge Funds	Equity strategy	84,411,783	170,342,178	Not Applicable	Not Applicable	(B)

- (A) Redemption not permitted during life of funds. Sale or transfer subject to approval of the general partner.
- (B) Hedge Fund Redemption terms vary by fund. Under normal conditions, 82% liquidity is typically available within 180 days, but can be further restricted based on actions of other investors. When investor restrictions are in place, 85% of funds are available with one year.
- (C) Redemption terms vary by fund. Full liquidity is available within 30 days.

5. Derivatives

Derivatives Policy

The Master Trust enters into contractual arrangements classified as derivatives in carrying out its investment strategy, principally to (1) manage interest rate risk within the portfolio, (2) manage exposure to a market more efficiently than could be accomplished through the use of cash markets, and (3) increase investment returns by reducing the cost of structuring the portfolio or by capturing value disparities between financial instruments. The Master Trust utilizes exchange traded instruments such as interest rate futures, options on futures, interest rate swaps and foreign currency forward contracts. The Master Trust is subject to enforceable master netting arrangements, or netting arrangements, with certain counterparties. Master netting agreements may not be specific to each different asset type; in such instances, they would allow the company to close out and net its total exposure to a specified counter party in the event of a default.

The following is a summary of the Master Trust's usage of derivatives:

Futures Contracts

A futures contract is a contractual agreement to make or take delivery of a standardized quantity of a specified grade or type of commodity or financial instrument at a specified future date in accordance with terms specified by a regulated future exchange.

The Master Trust may use treasury, Eurodollar, and other fixed income futures contracts to manage exposure to interest rate risk and exposure in the market. Buying futures tends to increase the Master Trust's exposure to the underlying instrument held, while selling futures tends to reduce the exposure.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

A summary of the open futures contracts as of December 31, 2016 and 2015 is presented below:

	Long Contracts				Short Contracts			
	2016 Number of Contracts	2016 Aggregate Face Value	2016 Unrealized Gain/Loss	2016 Variation Margin	2016 Number of Contracts	2016 Aggregate Face Value	2016 Unrealized Gain/Loss	2016 Variation Margin
90 Day Eurodollar Future	-	\$ -	\$ -	\$ -	27	\$ 6,658,125	\$ (91,875)	\$ -
Grand total	-	\$ -	\$ -	\$ -	27	\$ 6,658,125	\$ (91,875)	\$ -

	Long Contracts				Short Contracts			
	2015 Number of Contracts	2015 Aggregate Face Value	2015 Unrealized Gain/Loss	2015 Variation Margin	2015 Number of Contracts	2015 Aggregate Face Value	2015 Unrealized Gain/Loss	2015 Variation Margin
90 Day Eurodollar Future	-	\$ -	\$ -	\$ -	520	\$ 128,077,025	\$ 367,935	\$ -
US Treasury Bond Future	-	-	-	-	34	5,227,500	(22,578)	(17,000)
US 10 Year Treasury Notes Future	16,085	2,025,202,031	(3,104,310)	-	3	377,719	1,547	(891)
US 5 Year Treasury Notes Future	-	-	-	-	139	16,446,524	26,062	(19,546)
US 2 Year Treasury Notes Future	10	2,172,344	(2,641)	469	-	-	-	-
US Ultra Bond Future	195	30,944,063	137,573	194,979	-	-	-	-
Grand total	16,290	\$ 2,058,318,438	\$ (2,969,378)	\$ 195,448	696	\$ 150,128,768	\$ 372,966	\$ (37,437)

The decrease in the number of future contracts held at December 31, 2016 as compared to December 31, 2015 is due to a change in investment strategy as interest rate swaps are being utilized as opposed to futures contracts.

Options on Futures Contracts

The Master Trust may buy or sell options on futures contracts to capture value disparities between financial instruments. Options strategies may be used to improve yields and enhance performance of the fixed income portfolio. Options on futures contracts are purchased or sold on regulated futures exchanges.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

Interest Rate Swaps

The Master Trust may use interest rate swaps to manage exposure to interest rates within the portfolio or to capture value disparities between financial instruments. An interest rate swap typically involves the agreement with a counterparty to exchange variable rate and fixed rate payments with respect to a notional amount of principal on the value of an underlying instrument or index. Interest rate swaps are purchased or sold on regulated futures exchanges. The average notional value of interest rate swaps held by the Master Trust during the year ended December 31, 2016 was \$17,521,931,818.

Investment	Expiration Date	2016 Number of Contracts	2016 Notional Value	2016 Aggregate Book Value	2016 Unrealized Gain/Loss
Options on Interest Rate Swaps	01/19/2017	1	\$ 475,000,000	\$ 18,225,750	\$ (18,221,929)
Options on Interest Rate Swaps	01/31/2017	1	475,000,000	19,370,000	(19,319,788)
Options on Interest Rate Swaps	03/13/2017	1	427,500,000	14,481,563	(14,156,043)
Options on Interest Rate Swaps	03/21/2018	8	2,826,250,000	29,355,950	(16,021,915)
Options on Interest Rate Swaps	04/25/2018	11	3,990,000,000	27,704,375	(7,398,294)
Options on Interest Rate Swaps	05/23/2018	5	1,520,000,000	30,252,841	(22,405,670)
Grand total		27	\$ 9,713,750,000	\$ 139,390,479	\$ (97,523,639)

The following table is a summary by counterparty of the Master Trust's net exposure to interest rate swaps at December 31, 2016:

Broker	Fair Value of Derivative Assets	Fair Value of Derivative Liabilities	Net Exposure
Bank of America Corp.	\$ 5,853,250	\$ -	\$ 5,853,250
Barclays PLC	16,961,174	-	16,961,174
Credit Suisse Group AG	4,283,526	-	4,283,526
United Kingdom of Great Britain and Northern Ireland	4,477,920	-	4,477,920
Societe Generale SA	5,464,020	-	5,464,020
Wells Fargo & Co.	4,826,950	-	4,826,950
Grand total	\$ 41,866,840	\$ -	\$ 41,866,840

Foreign Currency Forwards

The Master Trust may use foreign currency forwards to capture value disparities between the fixed income and currency markets. Currency forwards may be purchased or sold to enhance returns in the fixed income portfolio. Foreign currency forwards are purchased or sold on regulated futures exchanges.

Activity and year end holdings of Options on Futures Contracts and Foreign Currency Forwards were not material to the overall investment portfolio.

6. Accumulated Plan Benefits

Accumulated plan benefits are those future benefit payments that are attributable, under each Plan's provisions, to employees' service rendered to the benefit information date. Accumulated plan benefits comprise benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of deceased employees, and (c) present employees or their beneficiaries.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The Plans' actuary made this determination.

As of December 31, 2016, the Plan Sponsor elected to change from presenting accumulated plan benefits on a one year lag to presenting accumulated plan benefits for the most recent year represented within the financial statements. Actuarial valuation results as of December 31, 2016 using census data as of January 1, 2016, as well as those as of December 31, 2015, using census data as of January 1, 2015, have been presented below using standard actuarial techniques, taking into account the occurrence, if any, of significant events during the course of the year and the changes made to actuarial assumptions.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

Based upon actuarial estimates at December 31, 2016, the present value of accumulated plan benefits for the Plans included in the Master Trust is as follows:

	Actuarial Present Value of Accumulated Plan Benefits at December 31, 2016			
	Vested Benefits of Participants Currently Receiving Benefits	Other Vested Benefits	Nonvested Benefits	Total Present Value of Accumulated Plan Benefits
Arconic Salary Plan	\$ 1,860,357,033	\$ 988,184,105	\$ 39,326,277	\$ 2,887,867,415
Arconic Hourly Plan	1,403,214,304	543,449,533	10,864,353	1,957,528,190
Huck Plan	4,527,056	8,363,399	-	12,890,455
Muskegon Plan	55,455,031	59,230,144	1,101,591	115,786,766
Howmet Plan	22,647,073	122,473,796	3,867,613	148,988,482

Based upon actuarial estimates at December 31, 2015, the present value of accumulated plan benefits for the Plans included in the Master Trust is as follows:

	Actuarial Present Value of Accumulated Plan Benefits at December 31, 2015			
	Vested Benefits of Participants Currently Receiving Benefits	Other Vested Benefits	Nonvested Benefits	Total Present Value of Accumulated Plan Benefits
Arconic Salary Plan	\$ 3,525,576,643	\$ 1,386,527,325	\$ 60,472,767	\$ 4,972,576,735
Arconic Hourly Plan	3,281,226,924	878,549,420	49,110,183	4,208,886,527
Huck Plan	4,885,060	8,833,073	-	13,718,133
Muskegon Plan	51,973,873	61,813,705	2,790,927	116,578,505
Howmet Plan	20,839,712	119,243,087	3,914,583	143,997,382

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

The 2016 change in the actuarial present value of accumulated plan benefits resulted from the following:

	Actuarial Present Value of Accumulated Plan Benefits December 31, 2015	Transfers to Alcoa Corporation Defined Benefit Plans	Plan Amendments	Change in Actuarial Assumptions ^(B)	Interest	Benefits Paid	Benefits Accumulated and Other Experience ^(A)	Actuarial Present Value of Accumulated Plan Benefits December 31, 2016
Arconic Salary Plan	\$ 4,972,576,735	\$ (2,288,036,452)	\$ -	\$ 238,721,001	\$ 169,493,777	\$ (263,512,532)	\$ 58,624,886	\$ 2,887,867,415
Arconic Hourly Plan	4,208,886,527	(2,371,077,859)	137,865	152,261,319	132,236,679	(248,119,372)	83,203,031	1,957,528,190
Huck Plan	13,718,133	-	-	73,938	565,617	(1,128,479)	(338,754)	12,890,455
Muskegon Plan	116,578,505	-	-	2,493,679	4,716,234	(10,693,127)	2,691,475	115,786,766
Howmet Plan	143,997,382	-	-	4,347,972	5,808,973	(10,053,485)	4,887,640	148,988,482

(A) Consists of expected increase in benefits and other experience

(B) Includes the impact due to the change in assumptions from the August remeasurement (discount rate)

The 2015 change in the actuarial present value of accumulated plan benefits resulted from the following:

	Actuarial Present Value of Accumulated Plan Benefits December 31, 2014	Plan Amendments	Change in Actuarial Assumptions	Interest	Benefits Paid	Benefits Accumulated and Other Experience ^(A)	Actuarial Present Value of Accumulated Plan Benefits December 31, 2015
Alcoa Salary Plan	\$ 5,303,469,334	\$ -	\$ (203,073,924)	\$ 203,528,170	\$ (430,530,167)	\$ 99,183,322	\$ 4,972,576,735
Alcoa Hourly Plan	4,498,744,517	1,058,925	(112,971,886)	172,078,439	(393,567,090)	43,543,622	4,208,886,527
Huck Plan	14,598,499	-	(248,061)	560,106	(1,191,701)	(710)	13,718,133
Muskegon Plan	124,661,356	-	(3,160,870)	4,738,763	(12,384,545)	2,723,801	116,578,505
Howmet Plan	146,926,142	-	(3,505,548)	5,668,467	(10,428,911)	5,337,232	143,997,382

(A) Consists of expected increase in benefits and other experience

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

The significant assumptions underlying the actuarial computations for the Plans at December 31, 2016, 2015 and 2014 are as follows:

Interest Rate

The following table lists the interest rates used for the Plans as of December 31, 2016, 2015 and 2014:

	2016	2015	2014
Arconic Salary Plan	4.28 %	4.36 %	4.00 %
Arconic Hourly Plan	4.15 %	4.27 %	4.00 %
Huck Plan	4.20 %	4.30 %	4.00 %
Muskegon Plan	4.09 %	4.24 %	4.00 %
Howmet Plan	4.05 %	4.18 %	4.00 %

The cash balance interest rate is 3.00% for December 31, 2016, 2015 and 2014.

Life Expectancy of Participants

The following tables list the mortality tables used for the calculation of the Accumulated Plan Benefits and lump-sum distributions for each of the plans for the years ended 2016 2015 and 2014:

Plan	12.31.2016, 12.31.2015 and 12.31.2014 Valuations
Arconic Salary Plan Huck Plan Howmet Plan (salaried employees)	For deaths after service retirement and deaths after disability retirement, RP-2014 tables for males and females, and the following improvement tables: · Males - based on experience of Arconic's salaried male population and trends to 0.65% ultimate improvement rate for ages less than 85, with the ultimate level grading to zero by age 115, achieved over a 20-year period · Females - based on experience of Arconic's hourly (male and female) and salaried female population and trends to 0.50% ultimate improvement rate for ages less than 85, with the ultimate level grading to zero by age 115, achieved over a 20-year period
Arconic Hourly Plan Muskegon Plan Howmet Plan (hourly employees)	For deaths after service retirement and deaths after disability retirement, RP-2014 tables for males and females, with Blue Collar adjustment and an adjustment based on Arconic's actual experience, and the following improvement table: · Males and Females - based on experience of Arconic's hourly (male and female) and salaried female population and trends to 0.50% ultimate improvement rate for ages less than 85, with the ultimate level grading to zero by age 115, achieved over a 20-year period
Plan	2014/2015/2016 Lump Sum Distributions
Arconic Salary Plan Arconic Hourly Plan Howmet Plan Muskegon Plan	For the 2014, 2015 and 2016 plan years, lump sum distributions are based on the PPA benefit calculated using modified segment rates and the Applicable Mortality Table as provided in Section 417(e)(3) of the Code.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

Retirement

The assumed weighted average retirement age is:

Alcoa Corp Salary Plan	65
Alcoa Corp Hourly Plan	64
Huck Plan	66
Muskegon Plan	64
Howmet Plan	63

7. Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company that the Plans are qualified and the trust established under the Plans is tax exempt under the appropriate sections of the Internal Revenue Code (IRC).

The Plans have been amended since receiving the determination letters. However, the Plans' administrator and the Plans' tax counsel believe that the Plans are currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe the Plans were qualified and the related trust was tax-exempt as of the financial statements date.

Determination letters received were dated as follows:

Arconic Salary Plan	December 08, 2016
Arconic Hourly Plan	December 08, 2016
Huck Plan	March 02, 2017
Muskegon Plan	July 21, 2017
Howmet Plan	December 13, 2016

U.S. GAAP requires the Plans' management to evaluate tax positions taken by the Plans and recognize a tax liability (or asset) if the organization has taken an uncertain position that would not be sustained upon examination by the IRS. The Plans' administrator and its tax counsel have analyzed the tax positions taken by the Plans and have concluded that as of December 31, 2016, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure to the financial statements. As such, no reserve is required under U.S. GAAP. The Plans are subject to audits by the IRS; however, there are no current IRS audits for any tax periods in progress. The Plans' administrator and its tax counsel believe the Plans are no longer subject to IRS audits outside the statutory audit period.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

8. Information Certified by the Plans' Trustee

The information included in the Plans' financial statements and Note 3 was prepared by Bank of New York Mellon, the Trustee of the Plans, as of and for the years ended December 31, 2016 and 2015 and furnished to the Plans' administrator. The Plans' administrator has obtained a certification from the Trustee that such information is complete and accurate in accordance with Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. The Plans' management relies on third party valuation statements in valuing its alternative investments. In substantiating the reasonableness of the valuation information provided, management considers a variety of factors including review of methods and assumptions used by external sources, economic conditions, and market developments.

- Statements of Individual Plan Net Assets Available for Benefits – investments at fair value except for the alternative investments of \$1,525,088,688 and \$3,372,951,657 identified in Note 3 (and reflected in the table below) as of December 31, 2016 and 2015, respectively.

	2016	2015
Private real estate - direct	\$ 64,286,332	\$ 159,136,275
Timber - direct	11,901,768	34,857,083
Venture capital - direct	69,222,433	155,979,260
Private equity - direct	68,271,442	185,058,281
Private debt - direct	9,547,073	29,300,792
Private equity/venture capital - fund of funds	28,927,846	69,447,805
Hedge funds	1,272,931,796	2,739,172,161
Total assets at fair value	<u>\$ 1,525,088,688</u>	<u>\$ 3,372,951,657</u>

- Statements of Changes in Individual Plan Net Assets Available for Benefits – Master Trust interest, dividends and net appreciation/(depreciation) in fair value of investments except for the net appreciation/(depreciation) in fair value of alternative investments of (\$186,225,421) and \$83,555,475 identified in Note 3 (and reflected in the table below) for years ended December 31, 2016 and 2015, respectively.

	2016	2015
Private real estate - direct	\$ 6,869,936	\$ 14,885,855
Timber - direct	474,673	(3,246,183)
Venture capital - direct	(913,704)	30,296,108
Private equity - direct	7,502,600	2,452,260
Private debt - direct	(2,938,674)	(4,167,310)
Private equity/venture capital - fund of funds	1,504,515	5,117,239
Hedge funds	(198,724,767)	38,217,506
Net appreciation/(depreciation) in fair value of alternative investments	<u>\$ (186,225,421)</u>	<u>\$ 83,555,475</u>

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

9. Related Party Transactions

The Plans invest in funds managed by The Bank of New York Mellon. The Bank of New York Mellon is the trustee as defined by the Plans; therefore, these transactions, and expenses paid to The Bank of New York Mellon, qualify as party-in-interest transactions.

Arconic Inc. makes minimum funding contributions to the Plans; therefore, these transactions qualify as party-in-interest transactions.

10. Plan Specific Activities

Arconic Salary and Hourly Plans (formerly Alcoa Salary and Hourly Plans)

Alcoa Inc. (now Arconic Inc.) sold its interest in the Mt. Holly aluminum smelter in Goose Creek, South Carolina, to the Century Aluminum Company on December 1, 2014. In accordance with the agreement, Mt. Holly active and inactive participants in the Alcoa Salary and Hourly Plans had their liabilities and associated plan assets transferred to the Century Aluminum of South Carolina, Inc. Employees Retirement Plan in 2015. As a result, payables of \$62,016,882 and \$55,058,886 were established as of December 31, 2014 in the Alcoa Salary and Hourly Plans, respectively. The actual amounts transferred were \$62,743,913 and \$56,042,025, respectively. The additional amounts of \$727,031 and \$983,139 are reflected as 2015 transfers. The Alcoa Salary and Alcoa Hourly Plans' actuarial present value of accumulated plan benefits for these participants were \$47,334,890 and \$34,713,359, respectively. This is reflected in the December 31, 2014 actuarial valuation.

2016 Contributions

On January 15, 2016, Arconic made cash contributions of \$45,427,514 to the Plans. On September 15, 2016, Arconic made cash contributions of \$8,206,000 to the Plans. In the Plans' financial statements, the total of these contributions, \$53,633,514, is being applied to the 2015 plan year and is reflected as an Employer contribution receivable on the Statements of Individual Plan Net Assets Available for Benefits as of December 31, 2015 and as an Employer contribution on the Statements of Changes in Individual Plan Net Assets Available for Benefits for the plan year ended December 31, 2015.

Arconic Salary Plan	\$ 49,367,000
Arconic Hourly Plan	2,412,000
Muskegon Plan	1,540,514
Howmet Plan	314,000

11. Commitments and Contingencies

The Arconic Master Trust had capital commitments of \$19,439,435 and \$42,968,166 at December 31, 2016 and 2015, respectively, in relation to additional funding for Limited Partnerships in which it invests.

Employees' Retirement Plans of Arconic Inc. and Subsidiary Companies

Notes to Financial Statements

December 31, 2016 and 2015

12. Subsequent Events

Management has evaluated the events and transactions that have occurred through September 28, 2017, the date the financial statements were available to be issued, and noted no items requiring adjustment of the financial statements or additional disclosures, other than that which is noted below.

On January 15, 2017, Arconic made cash contributions of \$47,464,452 to the Plans. On September 15, 2017, Arconic made cash contributions of \$38,889,000 to the Plans. In the Plans' financial statements, the total of these contributions, \$86,353,452, is being applied to the 2016 plan year and is reflected as an Employer contribution receivable on the Statements of Individual Plan Net Assets Available for Benefits and as an Employer contribution on the Statements of Changes in Individual Plan Net Assets Available for Benefits.

On April 18, 2017, Arconic made cash contributions of \$50,000,000 to the Arconic Salary Plan in accordance with an agreement that was reached with the PBGC in June 2016 in response to the Alcoa Inc. separation. The agreement with the PBGC required the \$50,000,000 contribution made on April 18, 2017 to be made within six months of the Alcoa Inc. separation as well as a second \$50,000,000 contribution to be made within twelve months of the initial contribution and a third \$50,000,000 contribution to be made within twelve months of the second contribution. These contributions are not factored into minimum pension funding requirements. Arconic has the discretion as to how to apply the contributions to the Alcoa Salary Plan and Alcoa Hourly Plan and what plan year to apply the contributions. Arconic applied the \$50,000,000 contribution made on April 18, 2017 to the 2016 plan year and is reflected as an Employer contribution receivable on the Statements of Individual Plan Net Assets Available for Benefits and as an Employer contribution on the Statements of Changes in Individual Plan Net Assets Available for Benefits.

Arconic Salary Plan	\$ 93,339,448
Arconic Hourly Plan	34,478,178
Muskegon Plan	2,647,826
Howmet Plan	5,888,000

SCHEDULE H (Form 5500) Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning		and ending	
A Name of plan		B Three-digit plan number (PN) ►	
C Plan sponsor's name as shown on line 2a of Form 5500		D Employer Identification Number (EIN)	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f		

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l		
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Part II Income and Expense Statement

- 2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from:			
(A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		
(2) Dividends:			
(A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		
j Total expenses. Add all expense amounts in column (b) and enter total	2j		

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☐ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name:

(2) EIN:

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a			
4b			

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c			
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d			
e Was this plan covered by a fidelity bond?			
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?			
4f			
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g			
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)			
4i			
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)			
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k			
l Has the plan failed to provide any benefit when due under the plan?			
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?			
4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☐ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year . (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

[illegible]

ARCONIC RETIREMENT PLAN II

EIN: 25-0317820

PN: 002

ATTACHMENT TO SCHEDULE SB OF 2016 FORM 5500

Schedule SB, Line 26 – Schedule of Active Participant Data

Distributed by Age and Service as of January 1, 2016

Note: Although certain supplemental benefits are based on compensation, the primary benefit formula is not based on compensation. Therefore, salary information has not been provided.

AGE	SERVICE									
	< 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 +
< 25	124	130	2							
25 - 29	177	355	117	2						
30 - 34	139	329	275	81	2					
35 - 39	77	286	298	210	63	5				
40 - 44	75	237	298	232	218	52				
45 - 49	53	192	261	224	336	167	64	3		
50 - 54	35	185	190	227	354	206	200	42	12	
55 - 59	23	92	130	166	278	164	205	197	251	11
60 - 64	4	41	68	83	119	104	105	139	172	168
65 - 69	1	6	16	12	26	12	23	17	15	62
70+		2		1	2	1	3	3	2	17

ARCONIC RETIREMENT PLAN II

EIN: 25-0317820

PN: 002

ATTACHMENT TO SCHEDULE SB OF 2016 FORM 5500

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Prescribed Funding/PBGC Assumptions and Methods

The following assumptions and methods are prescribed by ERISA.

Funding and PBGC premium interest rates

For 2016 Plan Year:

Segment Rates with four-month lookback, constrained in accordance with relevant legislation as follows:

	Unconstrained Rates*	Rates Reflecting Corridor**
First Segment Rate	1.34%	4.43%
Second Segment Rate	4.03%	5.91%
Third Segment Rate	5.06%	6.65%

Effective Interest Rate 5.98%
Based on constrained rates

For 2015 Plan Year:

Segment Rates with four-month lookback, constrained in accordance with relevant legislation as follows:

	Unconstrained Rates*	Rates Reflecting Corridor**
First Segment Rate	1.15%	4.72%
Second Segment Rate	4.06%	6.11%
Third Segment Rate	5.15%	6.81%

Effective Interest Rate 6.18%
Based on constrained rates

*Used for maximum tax-deduction and PBGC premium purposes

**Used for minimum funding and benefit restriction purposes.

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants. Lump sum mortality tables as prescribed by IRS Code 417 (e).

Actuarial cost method

The Funding Target is the present value of accrued benefits based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year and including expected plan administrative and investment related expenses to be paid from plan assets during the year.

Non-Prescribed Funding Assumptions and Methods

The following assumptions were selected by the plan's enrolled actuary. With the exception of the retirement rates, the assumptions are chosen based on the experience study done in 2011 for Alcoa Retirement Plan II. Retirement rates were adjusted for the 2015 funding valuation to account for the increase in life expectancy noted in the Society of Actuaries report on mortality tables and the impact of the Great Recession on retirement savings which is expected to result in individuals working longer than previously assumed. The process used to determine the expected long-term rate of return on assets relied on a combination of historical asset return information and forward-looking returns by asset class using information from various external investment managers and consultants. The asset valuation method was selected by the plan sponsor with the actuary's advice and is an acceptable method under PPA.

Salary increases

Cost-of-living plus additional increase varying by age. Select ages shown.

Age	Current Year
20	5.80%
25	5.30
30	4.80
35	4.30
40	3.80
45	3.30
50	2.80
55	2.30
60	2.30
65	2.30
69	2.30

Expenses

Expected plan administrative and investment related expenses of \$30,276,667 were added to the Target Normal Cost, based on expenses paid in the prior year and PBGC payments to be paid in the current year.

Frequency of optional payment forms

It was assumed that 50% of employees would elect a 50% joint and survivor benefit and 50% of employees would elect a life annuity at commencement. The restoration of a benefit in the event that the spouse pre-deceases the participant is being recognized for certain Rules that permit a "pop-up". For these Rules, it was assumed that 75% of employees would elect a 50% joint and survivor benefit with a "pop-up" and 25% of employees would elect a life annuity at commencement. For Rule IICC only, 50% of employees not eligible for lump sums elect a life annuity and 50% elect a Joint and Survivor annuity, while 100% of employees eligible for lump sums elect a lump sum.

Marital percentage

73% of participants are assumed to be married at death. Husbands are assumed to be 3 years older than their wives.

Mortality table

The mortality table is applied on a static basis. Separate annuitant and non-annuitant tables were used.

Early Retirement rates

Age	Annual Rate of Early Retirement			
	60/10 or 55/10	30 Year	62/10	70/80, 75/80 or Rule of 65
50		5.50%		1.00%
51		5.50		1.00
52		6.00		1.00
53		6.50		1.00
54		7.00		1.00
55	3.00%	7.00		1.00
56	3.00	7.00		1.00
57	3.00	8.00		1.00
58	6.00	9.00		1.00
59	6.00	8.50		1.00
60	8.00	14.00		1.00
61	8.00	22.00		1.00
62	20.00		35.00%	1.00
63	17.00		35.00	1.00
64	17.00		35.00	1.00

60/10 or 55/10 - Applied only to those participants who meet age and service requirements but are not yet eligible for 30 Year, 62/10 or Normal Retirement as applicable for each Rule.

30 Year - Applied to all Rules except Rules IIX and IIY for only those participants who meet the service requirements but are not yet eligible for 62/10 or Normal Retirement as applicable for each Rule.

62/10 - Applied only to those participants of Rules IID, IIW, and IIX who meet age and service requirements but are not yet eligible for Normal Retirement.

70/80, 75/80, or Rule of 65 - Applied only to those participants of Rules IID and IIW who meet age and service requirements but are not yet eligible for 62/10 or Normal Retirement.

Terminated vested participants are assumed to commence receiving benefits at Normal Retirement Age or the earliest age eligible for unreduced benefits.

Normal Retirement rates

Age	Assumption
65	35.00%
66	35.00
67	25.00
68	20.00
69	25.00
70	100.00

Withdrawal rates for active participants not eligible for retirement

Age	Annual Rates of			
	Withdrawal		Vesting	Disability
	Male	Female		
25	17.00%	16.00%	17.00%	.10%
30	13.00	14.00	11.00	.10
35	11.50	12.00	9.00	.10
40	11.00	10.00	7.00	.10
45	10.50	9.00	4.00	.20
50	10.50	8.00	3.00	.40
55	10.50	7.00	3.00	.80
60	10.50	7.00	3.00	.80
65	10.50	7.00		
69	10.50	7.00		

Asset valuation method

The Actuarial Value of Assets is market value as of the valuation date, including discounted receivable contributions, reduced by 2/3 and 1/3 of the of the gain/(loss) in each of the prior 2 years, respectively. The gain/(loss) for each period is determined as the actual return on market value during the period less the expected return on market value based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third Segment Rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value, including discounted receivable contributions.

	Actuary's Assumption	Third Segment Rate	Reflecting PPA Limit
2016 Expected Return	7.75%	6.65%	6.65%
2015 Expected Return	7.75%	6.81%	6.81%
2014 Expected Return	8.00%	6.99%	6.99%

Future actuarial measurements

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions, applicable law or regulations. An analysis of the potential range of such future differences is beyond the scope of this report.

Summary of Changes from the January 1, 2015 Valuation

Prescribed Assumptions: The interest rates and mortality tables were updated to the current rates in accordance with PPA and HATFA.

These assumption changes increased the Funding Target approximately \$58,820,000 and decreased the plan's AFTAP by 1.5%.

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

▶ **Round off amounts to nearest dollar.**
▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>ARCONIC RETIREMENT PLAN II</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>ARCONIC INC.</u>	D Employer Identification Number (EIN) <u>25-0317820</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2016</u>	
2 Assets:	
a Market value.....	2a <u>3,500,296,472</u>
b Actuarial value	2b <u>3,570,815,463</u>
3 Funding target/participant count breakdown	
a For retired participants and beneficiaries receiving payment	(1) Number of participants <u>33,689</u> (2) Vested Funding Target <u>3,023,450,016</u> (3) Total Funding Target <u>3,023,450,016</u>
b For terminated vested participants	<u>4,765</u> <u>146,497,747</u> <u>146,497,747</u>
c For active participants	<u>9,276</u> <u>536,066,270</u> <u>575,813,032</u>
d Total	<u>47,730</u> <u>3,706,014,033</u> <u>3,745,760,795</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions.....	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate.....	5 <u>5.98%</u>
6 Target normal cost	6 <u>51,272,097</u>

Statement by Enrolled Actuary
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>MARY P. MITCHELL</u>
	Signature of actuary
<u>MARY P. MITCHELL</u>	Date <u>1705661</u>
Type or print name of actuary	Most recent enrollment number <u>412-281-2506</u>
<u>CONDUENT HR CONSULTING, LLC</u>	Telephone number (including area code)
Firm name	
<u>11 STANWIX STREET, SUITE 700</u>	
<u>PITTSBURGH PA 15222-1312</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8).....	0	0
10 Interest on line 9 using prior year's actual return of <u>-1.10%</u>	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year).....		647
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.18%</u>		40
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance.....		687
d Portion of (c) to be added to prefunding balance.....		0
12 Other reductions in balances due to elections or deemed elections.....	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	0	0

Part III Funding Percentages

14 Funding target attainment percentage	14	95.32%
15 Adjusted funding target attainment percentage.....	15	95.32%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	98.27%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2016	13,456,603	0			
07/15/2016	13,456,603	0			
10/14/2016	17,500,000	0			
01/13/2017	16,838,178	0			
09/15/2017	17,640,000	0			
Totals ▶	18(b)	78,891,384	18(c)		0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	74,836,936

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year?..... ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
4.43 %2nd segment:
5.91 %3rd segment:
6.65 %☐ N/A, full yield curve used**b** Applicable month (enter code) **21b** 4**22** Weighted average retirement age **22** 64**23** Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute**Part VI Miscellaneous Items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment ☐ Yes ☒ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment ☐ Yes ☒ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment ☒ Yes ☐ No**27** If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment **27****Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years****28** Unpaid minimum required contributions for all prior years **28** 0**29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a) **29** 0**30** Remaining amount of unpaid minimum required contributions (line 28 minus line 29) **30** 0**Part VIII Minimum Required Contribution For Current Year****31** Target normal cost and excess assets (see instructions):**a** Target normal cost (line 6) **31a** 51,272,097**b** Excess assets, if applicable, but not greater than line 31a **31b** 0

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment.....	174,945,332	23,564,250
b Waiver amortization installment.....	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33** 0**34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)..... **34** 74,836,347

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0

36 Additional cash requirement (line 34 minus line 35)..... **36** 74,836,347**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)..... **37** 74,836,936**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 589**b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances **38b** 0**39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)..... **39** 0**40** Unpaid minimum required contributions for all years **40** 0**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)****41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected ☐ 2 plus 7 years ☒ 15 years**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☒ 2010 ☐ 2011**42** Amount of acceleration adjustment **42** 0**43** Excess installment acceleration amount to be carried over to future plan years **43** 0

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

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a For retired participants and beneficiaries receiving payment.....	33,689	3,023,450,016	3,023,450,016	
b For terminated vested participants.....	4,765	146,497,747	146,497,747	
c For active participants.....	9,276	536,066,270	575,813,032	
d Total.....	47,730	3,706,014,033	3,745,760,795	
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐				
a Funding target disregarding prescribed at-risk assumptions.....	4a			
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b			
5 Effective interest rate.....	5	5.98%		
6 Target normal cost.....	6	51,272,097		

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	MARY P. MITCHELL <i>MPM</i> _____ Signature of actuary	<u>9/21/2017</u> Date 1705661
MARY P. MITCHELL _____ Type or print name of actuary		Most recent enrollment number 412-281-2506
CONDUENT HR CONSULTING, LLC _____ Firm name		Telephone number (including area code)
11 STANWIX STREET, SUITE 700 PITTSBURGH PA 15222-1312 _____ Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2016
v. 160205

ARCONIC RETIREMENT PLAN II

EIN: 25-0317820

PN: 002

ATTACHMENT TO SCHEDULE SB OF 2016 FORM 5500

Schedule SB, Part V – Summary of Plan Provisions

The following summary outlines the main provisions applicable to future retirements and terminations from active service. Prior terminations/retirements are subject to provisions applicable at the time of termination.

Definitions

Service

Based on years, months, and days of continuous regular employment with the Company. Certain locations included do not recognize benefit service for all periods of service with the Company. These limitations are specified in the Plan document.

Other Pension

A portion (based upon service covered by the Railroad Retirement Act) of the Tier II benefit determined in accordance with the Railroad Retirement Act, plus the amount of any Supplemental Retirement Benefit provided under the Railroad Retirement Act. In addition, Other Pension is any pension, other than Social Security or Railroad Retirement benefits, that a participant is entitled to from a governmental plan, foreign or domestic, or a benefit from a nongovernmental plan to which Alcoa or a subsidiary has contributed.

Plan Coverage

Every hourly employee of a Company authorized by the Board of Directors to participate who (1) has attained age 21 and completed at least one year of service, (2) is not accruing service countable for pension benefit accrual purposes under another retirement plan of Alcoa or a Subsidiary, (3) is in a collective bargaining unit that has agreed to participate in this plan or a non-bargained employee working at a location authorized to participate in this plan, and (4) is not in receipt of a pension (with certain limited exceptions), commissions, severance pay, retainer or fee under contract is generally covered under the Plan.

Protection of Benefits

For former participants of other Plans who become participants in this Plan as the result of mergers and acquisitions, benefits accrued, eligibilities, and optional forms of payment available under the former Plan are protected as required by law.

Contributions

All contributions to provide the benefits under the Plan are made by the Company.

EIN: 25-0317820 / PN: 002

Rule IID

Accrued Benefit

Consists of sum of service as noted times applicable factor for service period reduced by Other Pension.

Factors as shown in the table below apply to most locations.

	Pension Factor		
Job Grade	First 15 Years of Service	For Service Years 16 to 30	For Service Years Over 30
1 – 4	\$ 42.25	\$ 44.25	\$ 55.00
5 – 8	44.05	46.05	57.00
9 – 12	45.90	47.90	59.00
13 – 16	47.75	49.75	61.50
17 – 20	49.55	51.55	64.00
21 – 24	51.90	53.90	67.00
25 – 27	54.25	56.25	70.00
28 & above	55.25	57.25	72.25

Cleveland locations

- The IAM represented participants receive the following factors:

	Pension Factor		
Classification	First 15 Years of Service	For Service Years 16 to 30	For Service Years Over 30
Bench Hands	\$ 45.75	\$ 47.75	\$ 59.50
Die Sinker, Die Welder	\$ 53.25	55.25	70.25

Alcoa Tennessee Brick Masons receive a \$65.25 pension factor.

Normal Retirement

Eligibility: Age 65 with 5 years of service.

Benefit: Accrued Benefit payable immediately, not less than \$100 per month.

Early Retirement (62/10)

Eligibility: Age 62 with 10 years of service.

Benefit: Accrued Benefit payable immediately, not less than \$100 per month.

Early Retirement (30 Year Rule)

Eligibility:	30 years of service.
Benefit:	Accrued Benefit payable immediately, not less than \$100 per month.

Early Retirement (60/10)

Eligibility:	Age 60 with 10 years of service.
Benefit:	Accrued Benefit payable at age 62 or immediate actuarial equivalent of Accrued Benefit reduced from age 62 using 5% interest and the Male Modified Group Mortality with a 3-year setback. Minimum benefit of \$100 per month.

70/80 Retirement

Eligibility:	Age 55 and age plus service at least 70 <u>or</u> age plus service at least 80. Payable only if the Company does not offer suitable long-term employment within 2 years after layoff.
Benefit:	Accrued Benefit payable immediately with an additional supplement of \$400 payable until age 62. Minimum benefit of \$100 per month.

Rule of 65

Eligibility:	20 years of service at layoff date and age plus service at least 65. Payable only if the Company does not offer suitable long-term employment within 2 years after layoff.
Benefit:	Same as 70/80 Retirement.

Disability

Eligibility:	Permanently incapacitated and 10 or more years of pension service.
Benefit:	Same as 70/80 Retirement except guaranteed minimum of \$400 per month. Supplement is paid only if denied Social Security disability benefits.

Deferred Vested

Eligibility:	5 years of service.
Benefit:	Accrued Benefit payable at age 62 or an actuarial equivalent benefit as early as age 60 reduced from age 62 using 5% interest and the Male Modified Group Mortality with a 3-year setback.

Preretirement Surviving Spouse Benefit

Eligibility:	Death after 5 years of service.
Benefit:	50% of the benefit accrued as of the date of death including the Additional Supplemental Pension.

Special Retirement Payment

Eligibility:	Any employee retiring under Normal, Early 60/10, Early 62/10, Early 30 Year Rule, 70/80 or Rule of 65.
Benefit:	In lieu of 3 months pension, employee receives 10 plus the number of weeks of vacation pay in the year of retirement times weekly rate of vacation pay minus any vacation pay received or receivable.

Additional Supplemental Pension Benefit

Eligibility:	Age 55 with 30 years of service.
Benefit:	Consists of Benefit Amount (shown below) minus Accrued Benefit minus any Supplemental benefit provided under the plan such as disability or 70/80 supplements. Additional Supplement is payable until age 62.

Job Grade	Benefit Amount
1 – 4	\$ 1,070
5 – 8	1,100
9 – 12	1,130
13 – 16	1,160
17 – 20	1,190
21 – 24	1,220
25 & above	1,250

Postretirement Surviving Spouse Benefit

Monthly Accrued Benefit payable to participant is reduced by 5%. 50% of the reduced Accrued Benefit and the Additional Supplemental Pension Benefit is payable to the spouse if the participant dies first. If the spouse dies first, the 5% reduction is restored. Except for a Deferred Vested Surviving Spouse Pension, the monthly benefit payable to a surviving spouse shall not be less than \$100 per month.

Forms of Payment

Single Life Annuity and Joint and Survivor Annuity

Rule IIQ

Accrued Benefit

For former Kawneer participants, the monthly benefit is credited service multiplied by the greater of:

- 1% of average monthly earnings over the employee's career **accrued as of December 31, 2002.**
- The minimum benefit level as defined below for active locations.

Location	Benefit Level	
Chicago, Visalia, Billerica, Brite Vue, Carlstadt, Cleveland, Orlando, Springdale, Charlotte, Memphis, Salt Lake City, Bristol, Atlanta and Louisville	1/1/2003	\$ 27.00
Bloomsburg	1/1/2014	\$ 35.00

Effective for retirements on or after 1/1/2018, the Bloomsburg benefit level will increase \$1, based on contract ratified on 2/28/2015.

For former Extrusions participants, the monthly benefit is credited service multiplied by the benefit level defined below:

Location	Benefit Level	
Hernando	5/1/2008	\$ 30.00
Yankton	1/1/2003	\$ 29.00
Plant City	7/1/2005	\$ 27.00
Catawba	1/1/2000	\$ 31.00

Normal Retirement

Eligibility: Age 65.

Benefit: Accrued Benefit payable immediately.

Early Retirement (55/15)

Eligibility: Age 55 and 15 years of credited service.

Benefit: Accrued Benefit payable at 65 or an actuarially reduced benefit payable immediately. Actuarial reduction is based on UP-84 mortality and 5.5% interest rate.

Deferred Vested

Eligibility:	5 years of credited service.
Benefit:	Accrued Benefit payable at 65 or an actuarially reduced benefit payable immediately as early as age 55. Actuarial reduction is based on UP-84 mortality and 5.5% interest rate.

Disability

Eligibility:	15 years of credited service.
Benefit:	Accrued Benefit payable at 65 or an actuarially reduced benefit payable immediately. Actuarial reduction is based on UP-84 mortality and 5.5% interest rate.

Death Benefit

Eligibility:	5 years of service.
Benefit:	<p>Less than 15 years of credited service and not eligible for early retirement – benefit commences to spouse on participant's Normal Retirement Date based on a 50% joint and survivor annuity assuming termination of employment at date of death and commencement at Normal Retirement Date.</p> <p>15 years of credited service and not eligible for early retirement – same as above except can commence payment at date participant would have been eligible for early retirement with applicable early retirement reductions.</p> <p>Eligible for early retirement – same as above except can commence payment immediately with applicable early retirement reductions.</p>

Forms of Payment

Straight life:	payments to retiree until death.
50% joint and survivor:	actuarially reduced benefit to retiree until death and then 50% of the benefit payable to the spouse.
10 year certain and life:	payments to retiree until death or for the balance of 10 years to survivor if death precedes 10 years after retirement.
Joint and 2/3 contingent survivor:	actuarially reduced benefit payable during joint lifetime of participant and spouse, 2/3 of the benefit payable upon the death of the participant or spouse.

Rule IIW

Accrued Benefit

Consists of the applicable pension factor times service reduced by Other Pension.

Job Classification	Pension Factor
Auxiliary Equipment Operator	\$ 47.90
Power Plant Operator, Electrician, Mechanic	51.25

Normal Retirement

Eligibility: Age 65 with 5 years of service.

Benefit: Accrued Benefit payable immediately, not less than \$100 per month.

Early Retirement (62/10)

Eligibility: Age 62 with 10 years of service.

Benefit: Accrued Benefit payable immediately, not less than \$100 per month.

Early Retirement (30 Year Rule)

Eligibility: 30 years of service.

Benefit: Accrued Benefit payable immediately, not less than \$100 per month.

Early Retirement (60/10)

Eligibility: Age 60 with 10 years of service.

Benefit: Accrued Benefit payable at age 62 or immediate actuarial equivalent of Accrued Benefit reduced from age 62 using 5% interest and the Male Modified Group Mortality with a 3-year setback. Minimum benefit of \$100 per month.

70/80 Retirement

Eligibility: Age 55 and age plus service at least 70 or age plus service at least 80. Payable only if the Company does not offer suitable long-term employment within 2 years after layoff.

Benefit: Accrued Benefit payable immediately with an additional supplement of \$400 payable until age 62. Minimum benefit of \$100 per month.

Disability

Eligibility: Permanently incapacitated and 10 or more years of pension service.

Benefit: Accrued Benefit payable immediately with a guaranteed minimum of \$400 per month. An additional supplement of \$400 is payable until age 62.

Deferred Vested

Eligibility: 5 years of service.

Benefit: Accrued Benefit payable at age 62 or an actuarial equivalent benefit as early as age 60 reduced from age 62 using 5% interest and the Male Modified Group Mortality with a 3-year setback.

Preretirement Surviving Spouse Benefit

Eligibility: Death after 5 years of service.

Benefit: 50% of the benefit accrued as of the date of death including the Additional Supplemental Pension.

Special Retirement Payment

Eligibility: Any employee retiring under Normal, Early 60/10, Early 30 Year Rule or Early 62/10.

Benefit: In lieu of 3 months pension, employee receives 10 plus the number of weeks of vacation pay in the year of retirement times weekly rate of vacation pay minus any vacation pay received or receivable.

Additional Supplemental Pension Benefit

Eligibility: Age 55 with 30 years of service.

Benefit: Consists of Benefit Amount (shown below) minus Accrued Benefit minus any Supplemental benefit provided under the plan such as disability or 70/80 supplements. Additional Supplement is payable until age 62.

Job Classification	Benefit Amount
Auxiliary Operator	\$ 1,190
Electrician, Mechanic, Operator	1,250

Postretirement Surviving Spouse Benefit

Monthly Accrued Benefit payable to participant is reduced by 5%. 50% of the reduced Accrued Benefit and the Additional Supplemental Pension Benefit is payable to the spouse if the participant dies first. If the spouse dies first, the 5% reduction is restored. Except for a Deferred Vested Surviving Spouse Pension, the monthly benefit payable to a surviving spouse shall not be less than \$100 per month.

Forms of Payment

Single Life Annuity and Joint and Survivor Annuity

Rule IIX

Accrued Benefit

Consist of the applicable pension factor times service reduced by Other Pension.

Danville - \$32.00 effective November 1, 2013

\$33.00 effective November 1, 2015

Newburgh (Alcoa Power Generating) - \$51 effective January 1, 2011

Vidalia - \$26.00 effective May 1, 2003

Leetsdale is based on the following table:

Effective Date	Pension Factor
May 1, 2005	\$ 29.00

Normal Retirement

Eligibility: Age 65 with 5 years of service.

Benefit: Accrued Benefit payable immediately, not less than \$100 (\$200 for the Vidalia location) per month.

Early Retirement (62/10)

Eligibility: Age 62 with 10 years of service.

Benefit: Accrued Benefit payable immediately, not less than \$100 (\$200 for the Vidalia location) per month.

Early Retirement (60/10)

Eligibility: Age 60 with 10 years of service.

Benefit: Accrued Benefit payable at age 62 or immediate actuarial equivalent of Accrued Benefit reduced from age 62 using 5% interest and the Male Modified Group Mortality with a 3-year setback. Minimum benefit of \$100 (\$200 for the Vidalia location) per month.

Disability

Eligibility:	Permanently incapacitated and 10 or more years of pension service.
Benefit:	Accrued Benefit payable immediately with a guaranteed minimum of \$100 per month. An additional supplement of \$250 is payable until age 62.

Deferred Vested

Eligibility:	5 years of service.
Benefit:	Accrued Benefit payable at age 62 or an actuarial equivalent benefit as early as age 60 reduced from age 62 using 5% interest and the Male Modified Group Mortality with a 3-year setback.

Preretirement Surviving Spouse Benefit

Eligibility:	Death after 5 years of service.
Benefit:	50% of the benefit accrued as of the date of death.

Special Retirement Payment

Eligibility:	Any employee retiring under Normal, Early 60/10, or Early 62/10.
Benefit:	In lieu of 3 months pension, employee receives 10 plus the number of weeks of vacation pay in the year of retirement times weekly rate of vacation pay minus any vacation pay received or receivable.

Postretirement Surviving Spouse Benefit

Monthly benefit payable to participant is actuarially reduced. 50% of the reduced benefit is payable to the spouse if the participant dies first. Except for a Deferred Vested Surviving Spouse Pension, the monthly benefit payable to a surviving spouse shall not be less than \$100 (\$200 for the Vidalia location) per month.

Forms of Payment

Single Life Annuity and Joint and Survivor Annuity

Rule IY

Accrued Benefit

Consists of applicable pension factor times service reduced by Other Pension.

Pimalco - \$33.00 for service on and after January 1, 1998, effective September 1, 2011.

Auburn - \$36.00 for service on or after January 1, 2002, effective January 1, 2014

Halethorpe is based on the following table for service on and after May 26, 2000:

	Pension Factor		
Effective Date	Grade 1 – 5	Grade 6 – 11	Grade 12 – 17
May 26, 2002	\$ 24.00	\$ 26.00	\$ 28.00

Hawesville is based on the following table for service on and after January 1, 2000:

	Pension Factor		
Effective Date	Grade 1 – 5	Grade 6 – 9	Grade > 9
January 1, 2000	\$ 24.00	\$ 26.00	\$ 28.00

Normal Retirement

Eligibility: Age 65 with 5 years of service.

Benefit: Accrued Benefit payable immediately, not less than \$100 per month.

Early Retirement (55/10)

Eligibility: Age 55 with 10 years of service.

Benefit: Accrued Benefit payable at age 65 or immediate Accrued Benefit reduced from age 65 by 6% per year for each year commencement precedes age 65. Minimum benefit of \$100 per month.

Disability

Eligibility: Permanently incapacitated and 10 or more years of pension service.

Benefit: Accrued Benefit payable immediately with a guaranteed minimum of \$400 per month.

Deferred Vested

Eligibility:	5 years of service.
Benefit:	Accrued Benefit payable at age 65 or Accrued Benefit as early as age 55 reduced from age 65 by 6% per year.

Preretirement Surviving Spouse Benefit

Eligibility:	Death after 5 years of service.
Benefit:	50% of the benefit accrued as of the date of death. If death in active service occurs before attainment of age 55, the spouse's benefit is payable at the date the deceased employee would have attained age 55.

Postretirement Surviving Spouse Benefit

Monthly benefit payable to participant is reduced by 10% for retirees or the actuarial equivalence factor for deferred vested terminations. 50% of the reduced benefit is payable to the spouse if the participant dies first. If the spouse dies first, the 10% reduction is restored. Except for a Deferred Vested Surviving Spouse Pension, the monthly benefit payable to a surviving spouse shall not be less than \$100 per month.

Forms of Payment

Single Life Annuity and Joint and Survivor Annuity

Rule IIBB

Accrued Benefit

Consists of sum of service as noted times applicable factor for service period.

Factors as shown in the table below apply to most locations.

Pension Factor		
Job Grade	Years of Service up to 20	Years of Service over 20
1 – 4	\$ 37.00	\$ 42.25
5 – 8	38.55	44.05
9 – 12	40.15	45.90
13 – 16	41.50	47.75
17 – 20	43.05	49.55
21 – 24	45.15	51.90
25 – 27	47.25	54.25
28 and above	48.00	55.25

Cleveland locations

- The IAM represented participants receive the following factors:

Pension Factor		
Classification	Years of Service up to 20	Years of Service over 20
Bench Hands	\$ 39.50	\$ 45.75
Die Sinker, Die Welder	46.00	53.25

Normal Retirement

Eligibility: Age 65 with 5 years of service.

Benefit: Accrued Benefit payable immediately.

Early Retirement (57/35)

Eligibility: 35 years of service with minimum age of 57.

Benefit: Accrued Benefit payable immediately.

Disability Retirement

Eligibility:	10 years of service and permanently incapacitated.
Benefit:	Accrued Benefit payable immediately. Additional \$400 supplemental monthly pension paid until the earlier of attainment of age 65 or eligibility for social security disability benefits.

Deferred Vested

Eligibility:	5 years of service.
Benefit:	Accrued Benefit payable at age 65.

Preretirement Surviving Spouse Benefit

Eligibility:	Death after 5 years of service.
Benefit:	50% of the benefit accrued as of the date of death.

Forms of Payment

Single Life Annuity and Joint and Survivor.

Rule IICC

Eligibility

Certain hourly-rated employees of AlumaX are eligible to participate in the Plan, provided such employees are not covered by a collective bargaining agreement which does not provide for participation in this Plan. In addition, all participants of the individual plans prior to the merger are participants of the merged plan.

Participation

Eligible employees are covered by the Plan on the first day of service.

Accrued Benefit

The monthly benefit is years of benefit service multiplied by the benefit level applicable to the participant at the time of termination as described below.

For Texarkana participants:

Job Grade	Benefit Level After 8/19/2015
1 - 6	\$ 31.00
7 – 12	33.00
13 – 17	35.00

For Aluminum Combined - Mill Products (Lancaster) participants:

Participant's Classification	Benefit Level Effective 1/1/2012
1 – 2	\$ 50.00
3 – 4	49.00
5 – 6	47.00
7 – 8	46.00
9 – 10	44.00

Normal Retirement

For participants who were members of any of the individual plans prior to the merger, Normal Retirement Age under the merged plan is the same as Normal Retirement Age under the prior plan. For all other participants, Normal Retirement Age is 65. Monthly benefit is the accrued benefit as defined above.

Early Retirement

Each participant who has attained age 55 and has completed five years of eligibility service is eligible for early retirement. Certain closed locations had different early retirement eligibility requirements not defined here. The participant's accrued benefit will be reduced for each month by which the participant's age at early retirement is less than his Normal Retirement Age according to the following table:

Group	Reduction per Month
Aluminum Combined	
Hired before January 1, 1998	.25%
Hired January 1, 1998 or later	5/12 of 1%
Other Non Closed Locations	
Receive pension prior to January 1, 1998	.5%
Receive pension January 1, 1998 or later	5/12 of 1%

Deferred Vested Retirement

A participant terminating employment with five years of eligibility service will be eligible to receive a benefit at any time after attaining age 55 reduced for early commencement prior to Normal Retirement Age by 5% per year.

Disability Retirement

No disability benefits are currently payable from the Plan except for disabilities that occurred in the past.

Pre-Retirement Spouse's Benefit

If an active or terminated participant with five or more years of eligibility service dies prior to receiving retirement benefits, a death benefit is payable under the Plan.

The death benefit is an annuity for the spouse's lifetime equal to the monthly pension which would have been payable to the spouse if the participant had terminated employment just prior to death and elected a qualified joint and survivor annuity commencing on the later of date of death or Early Retirement Age.

Post-Retirement Spouse's Benefit

Payable in accordance with the form of benefit payment elected by the participant.

Forms Of Payment

- Straight life: payments to retiree until death.
- 50%, 66 2/3%, and 100% joint and survivor: actuarially reduced benefit to retiree until death and then X% of the benefit payable to the spouse.
- 5 or 10 year certain and life: payments to retiree until death or for the balance of X years to survivor if death precedes X years after retirement.
- Joint and 2/3 contingent survivor: actuarially reduced benefit payable during joint lifetime of participant and spouse, 2/3 of the benefit payable upon the death of the participant or spouse.

Contributions

All contributions to support the Plan are made by the Company.

Summary of Changes from the January 1, 2015 Valuation

Effective 11/1/2015, pension factor increase of \$1 for Danville. Pension factor increase of \$2 for Texarkana, Davenport and Warrick, effective 8/19/2015, 7/1/2015, and 1/1/2016, respectively. The pension factor will increase an additional \$2 for Warrick, effective 1/1/2018. The pension factor for Bloomsburg will increase \$1 for retirements on or after 1/1/2018, based on a contract ratified 2/28/2015.

ARCONIC RETIREMENT PLAN II

EIN: 25-0317820

PN: 002

ATTACHMENT TO SCHEDULE SB OF 2016 FORM 5500

Schedule SB, Line 32 – Schedule of Amortization Bases

Shortfall Amortization

Shortfall Amortization for Alcoa Retirement Plan II as of January 1, 2016 prior to plan spin-off.

Date Established	Type Of Base	Years Remaining	Shortfall Amortization Installment	Present Value of Remaining Installments as of January 1, 2016
January 1, 2010	Shortfall	3.2*	\$ 23,536,429	\$ 72,170,765
January 1, 2011	Shortfall	2	28,171,481	55,147,906
January 1, 2012	Shortfall	3	(68,825,777)	(197,842,259)
January 1, 2013	Shortfall	4	(5,106,181)	(19,161,440)
January 1, 2014	Shortfall	5	19,092,178	87,698,185
January 1, 2015	Shortfall	6	12,248,960	65,456,577
January 1, 2016	Shortfall	7	<u>18,418,381</u>	<u>111,475,598</u>
Total			\$ 27,535,471	\$ 174,945,332

* The original period has shortened due to the IAA payments in the past. The final installment amount is \$5,141,362.

Shortfall Amortization allocated to Arconic Retirement Plan II as a result of August 1, 2016 plan spin-off.

Date Established	Type Of Base	Years Remaining	Shortfall Amortization Installment	Present Value of Remaining Installments as of January 1, 2016
January 1, 2010	Shortfall	3.2*	\$ 15,389,698	\$ 47,190,093
January 1, 2011	Shortfall	2	18,420,406	36,059,403
January 1, 2012	Shortfall	3	(45,002,915)	(129,362,555)
January 1, 2013	Shortfall	4	(3,338,764)	(12,529,036)
January 1, 2014	Shortfall	5	12,483,748	57,342,962
January 1, 2015	Shortfall	6	8,009,193	42,799,907
January 1, 2016	Shortfall	7	<u>12,043,174</u>	<u>72,890,233</u>
Total			\$ 18,004,540	\$ 114,391,007

* The original period has shortened due to the IAA payments in the past. The final installment amount is \$3,361,768.

The shortfall amortization installment amounts shown above are annual figures. The net shortfall amortization installment for the 2016 plan year is determined by taking seven months of the total prior to plan spin-off and five months of the total as a result of the spin-off, or \$16,062,358 plus \$7,501,892, for a total of \$23,564,250.

ARCONIC RETIREMENT PLAN II

EIN: 25-0317820

PN: 002

ATTACHMENT TO SCHEDULE SB OF 2016 FORM 5500

On November 1, 2016, Alcoa Inc. split into two independent companies – Arconic Inc. and Alcoa Corporation. In preparation for this split, Alcoa Retirement Plan II was renamed Arconic Retirement Plan II, and a portion of the plan was spun off on August 1, 2016 to create the Pension Plan for Certain Hourly Employees of Alcoa USA Corp. (EIN: 37-1808900/ PN: 002). To the best of our knowledge, the spinoff was completed in compliance with the requirements of Section 401(a)(12) and Section 414(I) of the Code.

When available, we have relied on post-PPA guidance related to spinoffs. In other instances, we have applied reasonable interpretations based on pre-PPA guidance.

ARCONIC RETIREMENT PLAN II

EIN: 25-0317820

PN: 002

ATTACHMENT TO SCHEDULE SB OF 2016 FORM 5500

Schedule SB, Lines 31-34 – Minimum Requirement

Alcoa Retirement Plan II spun-off a portion of the plan on August 1, 2016 to create the Pension Plan for Certain Hourly Employees of Alcoa USA Corp. In addition, Alcoa Retirement Plan II was renamed Arconic Retirement Plan II. The minimum required contribution shown reflects the plan spin-off as of August 1, 2016, using valuation results as of January 1, 2016.

Plan Year	2016	2016	2016
Minimum Contribution Period	1/1-7/31	8/1-12/31	Total
Minimum (calculated as of the beginning of the plan year)			
Target Normal Cost	\$ 17,049,846	\$ 34,222,251	\$ 51,272,097
Net Shortfall Amortization Installment	16,062,358	7,501,892	23,564,250
Offset for overfunding	<u>0</u>	<u>0</u>	<u>0</u>
Minimum Required Contribution	\$ 33,112,204	\$ 41,724,143	\$ 74,836,347
Offset for Funding Balances, if eligible and if elected by plan sponsor	<u>0</u>	<u>0</u>	<u>0</u>
Minimum required cash contribution	\$ 33,112,204	\$ 41,724,143	\$ 74,836,347

ARCONIC RETIREMENT PLAN II

EIN: 25-0317820

PN: 002

ATTACHMENT TO SCHEDULE SB OF 2016 FORM 5500

Schedule SB, Line 22 – Description of Weighted Average Retirement Age

(1) Age	(2) Expected Active Headcount	(3) Retirement Rate	(4) Expected Retirements (2)*(3)	(5) Weighted Age (1)*(4)
48	2,527.0003	0.0000	0.0334	1.6046
49	2,710.5677	0.0001	0.2106	10.3218
50	2,861.7919	0.0002	0.5612	28.0624
51	3,031.0799	0.0005	1.3890	70.8383
52	3,166.8373	0.0010	3.2225	167.5677
53	3,339.8886	0.0019	6.2119	329.2319
54	3,493.8252	0.0032	11.1392	601.5181
55	3,637.2999	0.0078	28.4940	1,567.1676
56	3,759.7980	0.0131	49.3898	2,765.8314
57	3,896.2955	0.0166	64.7899	3,693.0220
58	4,002.1746	0.0272	108.8174	6,311.4076
59	4,066.3212	0.0298	121.2177	7,151.8433
60	4,147.8614	0.0631	261.6575	15,699.4505
61	4,058.3882	0.0998	404.9012	24,698.9710
62	3,814.9515	0.2245	856.4620	53,100.6412
63	3,048.0347	0.2082	634.4523	39,970.4953
64	2,480.4771	0.1901	471.6533	30,185.8097
65	2,054.0304	0.2796	574.4043	37,336.2821
66	1,518.0940	0.3485	529.0905	34,919.9735
67	1,018.9003	0.2491	253.8388	17,007.2011
68	773.6581	0.1995	154.3245	10,494.0693
69	641.5105	0.2496	160.1276	11,048.8061
70	485.1194	0.9940	482.2305	33,756.1367
71	5.5676	0.5388	3.0000	213.0000
72	5.2800	0.7177	3.7892	272.8240
73	11.3213	0.8833	10.0000	730.0000
74	3.1679	1.0000	3.1679	234.4235
75	3.0000	1.0000	3.0000	225.0000
76	2.0000	1.0000	2.0000	152.0000
77	2.0000	1.0000	2.0000	154.0000
78	1.0000	1.0000	1.0000	78.0000
Total			5,206.5763	332,975.5010

WARA: Total (5) / Total (4) = 63.95 years

Note: The table presents values rounded to fewer significant digits than used in the calculations.

Note to Column 2: The Expected Active Headcount for each age includes persons who are eligible to retire and persons who are not eligible to retire at each age.

Note to Column 3: At each age, these retirement rates are a weighted average of the rates shown in Attachment to Part V for active participants eligible to retire at the age and zero for all other active participants.