The Element of **Possibility**™

1st Quarter Earnings

Alcoa Corporation

April 24, 2017



Important information

Cautionary Statement regarding Forward-Looking Statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “goal,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “sees,” “should,” “targets,” “will,” “would,” or other words of similar meaning. All statements by Alcoa Corporation that reflect expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts concerning global demand growth for bauxite, alumina, and aluminum, and supply/demand balances; statements, projections or forecasts of future or targeted financial results or operating performance; and statements about strategies, outlook, business and financial prospects. These statements reflect beliefs and assumptions that are based on Alcoa Corporation’s perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and changes in circumstances that are difficult to predict. Although Alcoa Corporation believes that the expectations reflected in any forward-looking statements are based on reasonable assumptions, it can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to: (a) material adverse changes in aluminum industry conditions, including global supply and demand conditions and fluctuations in London Metal Exchange-based prices and premiums, as applicable, for primary aluminum, alumina, and other products, and fluctuations in indexed-based and spot prices for alumina; (b) deterioration in global economic and financial market conditions generally; (c) unfavorable changes in the markets served by Alcoa Corporation; (d) the impact of changes in foreign currency exchange rates on costs and results; (e) increases in energy costs; (f) changes in discount rates or investment returns on pension assets; (g) the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated from restructuring programs and productivity improvement, cash sustainability, technology advancements, and other initiatives; (h) the inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, restarts, expansions, or joint ventures; (i) political, economic, and regulatory risks in the countries in which Alcoa Corporation operates or sells products; (j) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation; (k) the impact of cyberattacks and potential information technology or data security breaches; and (l) the other risk factors discussed in Item 1A of Alcoa Corporation’s Form 10-K for the fiscal year ended December 31, 2016 and other reports filed by Alcoa Corporation with the U.S. Securities and Exchange Commission. Alcoa Corporation disclaims any obligation to update publicly any forward-looking statements, whether in response to new information, future events or otherwise, except as required by applicable law. Market projections are subject to the risks discussed above and other risks in the market.

Important information (continued)

Non-GAAP financial measures

This presentation includes unaudited “non-GAAP financial measures” (GAAP means accounting principles generally accepted in the United States of America) as defined in Regulation G under the Securities Exchange Act of 1934, including Adjusted EBITDA. Alcoa Corporation believes that the presentation of non-GAAP financial measures helps investors by providing additional information with respect to the operating performance of Alcoa Corporation and the ability of Alcoa Corporation to meet its financial obligations. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See the Appendix for reconciliations of the non-GAAP financial measures included in this presentation to their comparable GAAP financial measures. Alcoa Corporation has not provided a reconciliation of any forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures due primarily to the variability and complexity in making accurate forecasts and projections, as not all of the information for a quantitative reconciliation is available to the company without unreasonable effort. References to historical EBITDA herein means adjusted EBITDA, for which we have provided calculations and reconciliations in the Appendix.

Roy Harvey

Chief Executive Officer



Solid start to Alcoa Corporation's first year

Financial results and business update

1Q17 Financial Results	▪ Net income of $225 million, or $1.21 per share; excluding special items, adjusted net income of $117 million, or $0.63 per share ▪ Adjusted EBITDA excluding special items[1] of $533 million, up 59% vs. 4Q16 ▪ Cash balance of $804 million on March 31st; average days working capital (DWC) of 19 days
Key Actions & Updates	▪ Maintaining stable market outlook for 2017 ▪ Holding to $2.1 to $2.3 billion[2] adjusted EBITDA excluding special items outlook and $50 million net performance goal[3] for 2017 ▪ Executing long-term strategic priorities to reduce complexity, drive returns and strengthen the balance sheet ▪ Reduced business segments to three; consolidating administrative locations

1. See appendix for adjusted EBITDA excluding special items reconciliation.
2. Based on actual results for 1Q17; outlook for 2Q17 – 4Q17 at $1,900 LME, $305 API, and updated regional premiums and foreign currencies.
3. Excludes impacts from LME, regional premiums, API and foreign currency.

William Oplinger

Chief Financial Officer

Alcoa

Substantial earnings growth

Quarterly income statement

M, Except realized prices and per share amounts	1Q16	4Q16	1Q17	Prior Year Change	Sequential Change
Realized primary aluminum price ($ / MT)	$1,815	$1,906	**$2,080**	$265	$174
Realized alumina price ($ / MT)	$229	$272	**$325**	$96	$53
Revenue	$2,129	$2,537	**$2,655**	$526	$118
Cost of goods sold	$1,866	$2,123	**$2,043**	$177	$(80)
SG&A and R&D expenses[1]	$96	$99	**$79**	($17)	$(20)
Adjusted EBITDA	$167	$315	**$533**	$366	$218
Depreciation, depletion and amortization	$177	$182	**$179**	$2	$(3)
Other expenses / (income), net	$39	$1	**$(100)**	$(139)	$(101)
Interest expense	$64	$46	**$26**	$(38)	$(20)
Restructuring and other charges	$84	$209	**$10**	$(74)	$(199)
Tax provision	$18	$6	**$110**	$92	$104
Net (loss) income	$(215)	$(129)	**$308**	$523	$437
Less: Net (loss) income attributable to noncontrolling interest	$(5)	$(4)	**$83**	$88	$87
Net (loss) income attributable to Alcoa Corporation	$(210)	$(125)	**$225**	$435	$350
Diluted earnings per share	$(1.15)	$(0.68)	**$1.21**	$2.36	$1.89
Diluted shares outstanding[2]	182.5	182.7	**186.3**	3.8	3.6

1. SG&A refers to selling, general administrative, and other expenses and R&D refers to research and development expenses.
2. Per share amount for 1Q16 is based on the 182.5M shares of Alcoa Corporation common stock distributed on November 1, 2016 in connection with the separation of Alcoa Corporation from its former parent company.

Special items led by $120M gain on Yadkin sale

Breakdown of special items by income statement classification

M, Except per share amounts	1Q16	4Q16	1Q17	Income Statement Classification
Net (loss) income	$(210)	$(125)	**$225**	
Net (loss) income per diluted share[1]	$(1.15)	$(0.68)	**$1.21**	
Special items	$96	$151	**$(108)**	
Restructuring-related items	*$82*	*$123*	***$9***	*Restructuring and Other Charges / COGS*
Discrete tax items	*$5*	*$(7)*	***$(1)***	*Income Taxes*
Mark-to-market energy contracts	*-*	*$8*	***$4***	*Other Income / Expenses, Net*
Gain on asset sales	*-*	*-*	***$(120)***	*Other Income, Net*
Separation-related costs	*$9*	*$27*	*-*	*SG&A / Interest Expense*
Net (loss) income excl. special items	$(114)	$26	**$117**	
Net (loss) income per diluted share excl. special items[1]	$(0.62)	$0.14	**$0.63**	
Diluted shares outstanding[1]	182.5	182.7	**186.3**	

1. Per share amount for 1Q16 is based on the 182.5M shares of Alcoa Corporation common stock distributed on November 1, 2016 in connection with the separation of Alcoa Corporation from its former parent company.

Earnings growth sequentially and year on year

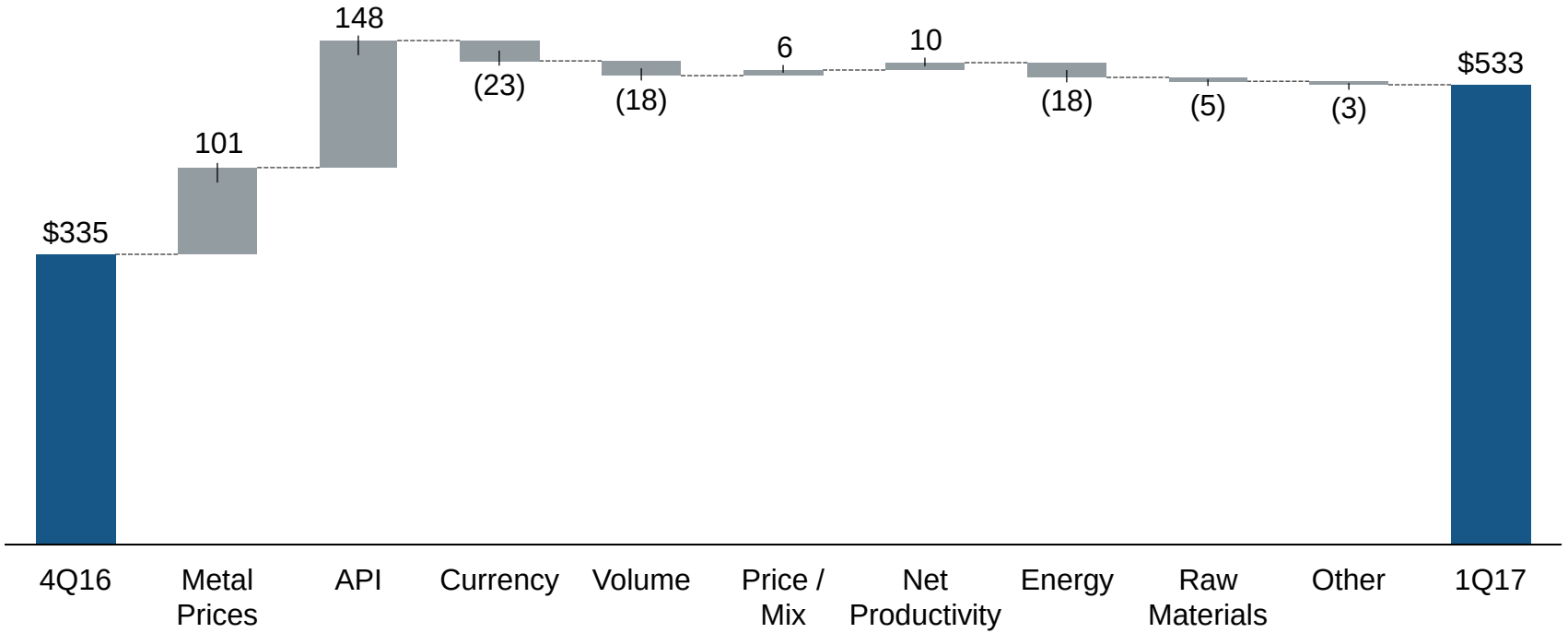
Quarterly income statement excluding special items

M, Except realized prices and per share amounts	1Q16	4Q16	1Q17	Prior Year Change	Sequential Change
Realized primary aluminum price ($ / MT)	$1,815	$1,906	**$2,080**	$265	$174
Realized alumina price ($ / MT)	$229	$272	**$325**	$96	$53
Revenue	$2,129	$2,537	**$2,655**	$526	$118
Cost of goods sold	$1,863	$2,122	**$2,043**	$180	$(79)
COGS % revenue	87.5%	83.6%	**76.9%**	(10.6%) pts.	(6.7%) pts.
SG&A and R&D expenses[1]	$87	$80	**$79**	$(8)	$(1)
SG&A and R&D % revenue	4.1%	3.2%	**3.0%**	(1.1%) pts.	0.2% pts.
Adjusted EBITDA	$179	$335	**$533**	$354	$198
Depreciation, depletion and amortization	$177	$182	**$179**	$2	$(3)
Other expenses / (income), net	$39	($1)	**$25**	$(14)	$26
Interest expense	$64	$38	**$26**	$(38)	$(12)
Tax provision	$18	$39	**$106**	$88	$67
Operational tax rate	(17.8%)	33.6%	**35.3%**	53.1% pts.	1.7% pts.
Adjusted net (loss) income	$(119)	$77	**$197**	$316	$120
Less: Net (loss) income attributable to noncontrolling interest	$(5)	$51	**$80**	$85	$29
Adjusted net (loss) income attributable to Alcoa Corporation	$(114)	$26	**$117**	$231	$91
Adjusted diluted earnings per share	$(0.62)	$0.14	**$0.63**	$1.25	$0.49
Diluted shares outstanding[2]	182.5	182.7	**186.3**	3.8	3.6

1. SG&A refers to selling, general, administrative, and other expenses and R&D refers to research and development expenses.
2. Per share amount for 1Q16 is based on the 182.5M shares of Alcoa Corporation common stock distributed on November 1, 2016 in connection with the separation of Alcoa Corporation from its former parent company.

Improved market prices drive higher earnings

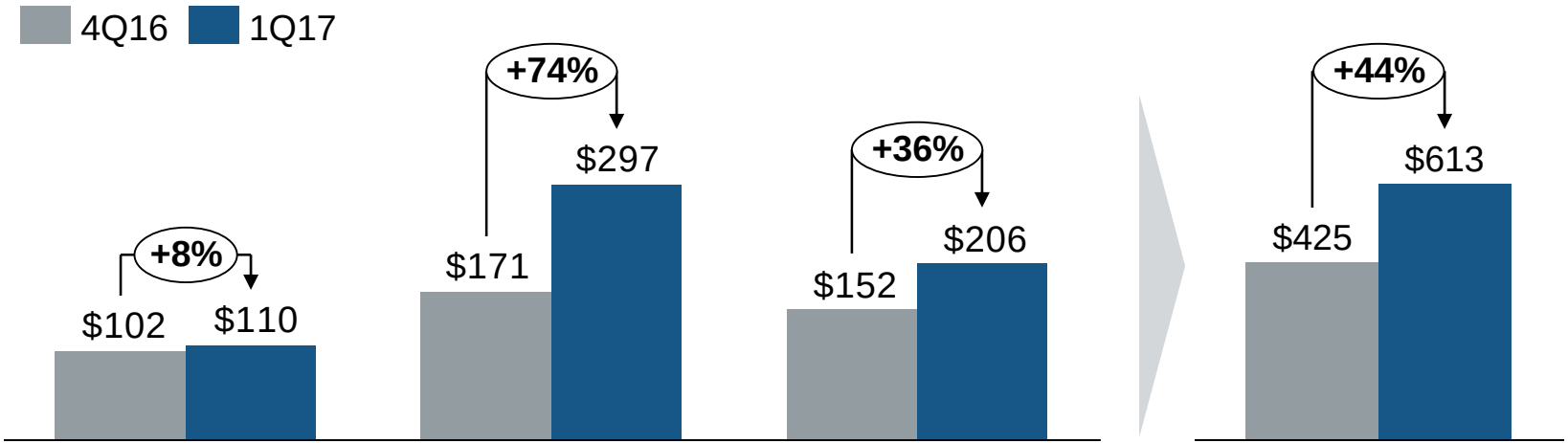
Adjusted EBITDA excl. special items[1] sequential change by key impact area, $M



1. See appendix for adjusted EBITDA excl. special items reconciliation.

Segment profits growing, margins expanding

Adjusted EBITDA[1] sequential comparison, $M



	Bauxite	Alumina	Aluminum	Segment Total
1Q17 Segment Adj. EBITDA Margin %	38.1%	27.1%	11.4%	19.2%
Change vs. 4Q16, Margin %	+3.3% pts	+9.9% pts	+2.9% pts	+5.4% pts

1. See appendix for adjusted EBITDA reconciliation.

Combined non-segment costs improved $10 million

1Q17 Adjusted EBITDA excluding special items[1] breakdown by component, $M

	4Q16	1Q17	$ Change
Segment total adjusted EBITDA	**$425**	**$613**	**$188**
Transformation & legacy pension/OPEB[2]	(36)	(32)	4
Impact of LIFO and metal price lag	(24)	(9)	15
Other corporate expenses[3]	(30)	(39)	(9)
Total adjusted EBITDA excl. special items	**335**	**533**	**198**
Add back: all pension/OPEB	35	41	6
Total adjusted EBITDAP[4] excl. special items	**$370**	**$574**	**$204**

1. See appendix for adjusted EBITDA excluding special items reconciliation.
2. Legacy pension/OPEB costs include those associated with closed locations and allocated to Alcoa Corporation in connection with the separation.
3. Includes SG&A, R&D, intercompany profit elimination and pension/OPEB costs for corporate employees (current and retired).
4. Adjusted EBITDAP equals adjusted EBITDA excluding special items plus all pension/OPEB expenses.

Solid cash position with 0.5x net debt to adjusted EBITDA

Key financial metrics as of March 31, 2017

- Manage cash position
- Optimize working capital

Cash	1Q17 Days Working Capital
$804M	19 Days

- Maintain assets
- Invest in return seeking projects

1Q17 Capital Expenditures[1]	1Q17 Return on Capital[2]
$71M	6.2%

- Manage leverage
- Focus on pension and OPEB

Net Debt-to-LTM Adjusted EBITDA	Underfunded Pension & OPEB Liability
0.5x	$3.0B

1. $19M in return seeking capital expenditures and $52M in sustaining capital expenditures.
2. Annualized; see appendix for 1Q17 Annualized return on capital (ROC) reconciliation and calculation.

Progress on 2017 outlook

FY17 Key metrics

Shipments

	1Q17 Actual	FY17 Outlook
Bauxite (Mbdmt)	11.6	47.5 – 48.5
Alumina (Mmt)	3.2	13.8 – 13.9
Aluminum[1] (Mmt)	0.8	3.2 – 3.4

Financial metrics

		1Q17 Actual	FY17 Outlook
INCOME STATEMENT IMPACTS	Transformation & legacy pension/OPEB	$32M	~ $165M
	Other corporate expenses[2]	$39M	~ $150M
	Depreciation, depletion and amortization	$179M	~ $750M
	Interest	$26M	~ $110M
	Operational tax rate[3]	35%	Varies
	Net income of noncontrolling interest	$80M	40% of AWAC NI
CASH FLOW IMPACTS	Pension/OPEB	$44M	< $250M
	Return-seeking capital expenditures[4]	$19M	~ $150M
	Sustaining capital expenditures[4]	$52M	< $300M
	DOJ / SEC payments (January)	$74M	$74M
	Environmental and ARO payments	$23M	$150M – $170M

1. Includes volume tolled through Tennessee.
2. Does not include Transformation & legacy pension / OPEB and Impact of LIFO and metal price lag.
3. Varies with jurisdictional profitability.
4. AWAC portion of FY17 Outlook: ~55% of return-seeking capital expenditures, and ~45% of sustaining capital expenditures.

Roy Harvey

Chief Executive Officer



Stable market outlook in 2017

Projected market balances

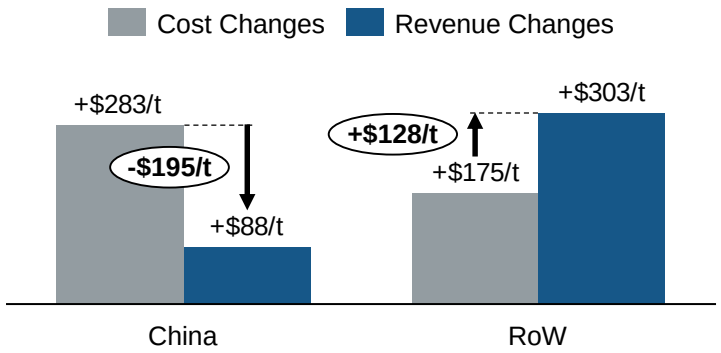
	Bauxite (3rd-party Seaborne)	Alumina (Smelter grade)	Aluminum
Outlook	**Relative balance**	**Relative balance**	**Modest surplus**
Supply/Demand Balance, million metric tons (Mmt)			
Global	**0 to 6; stockpile growth**	**0 to 0.8; balanced to surplus**	**0.3 to 0.7; surplus**
China	60 to 61; deficit	0.1 deficit to 0.3 surplus; balanced	1.9 to 2.1; surplus
World ex-China	60 to 66; surplus	0.1 to 0.5; surplus	1.4 to 1.6; deficit
Notes	Chinese stockpile growth: Risks include changes to Malaysian and Indonesian export policies and Chinese ramp up in Guinea	Balances assume Chinese alumina imports of 3.3 Mmt	Demand growth, 2017 vs. 2016 • Global = 4.5 to 5% • China = 6.5 to 7% • World ex-China = 2.5 to 3%

Source: Alcoa analysis, CRU, Wood Mackenzie, CM Group, IAI, CNIA, NBS, Aladdiny, Bloomberg. Post-trade balances.

Chinese margins under pressure, supporting outlook

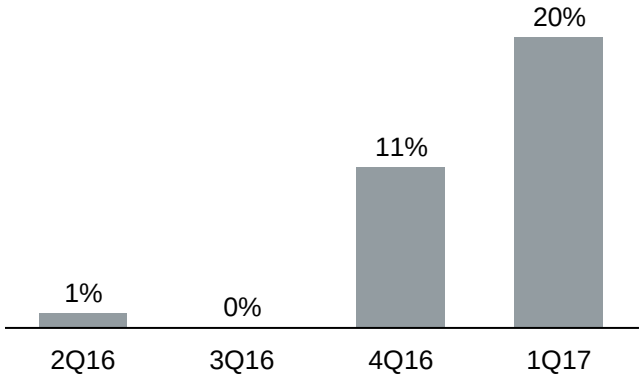
Analysis of smelting costs and revenues

Changes in costs and revenues from Q2 2016 to Q1 2017



Divergent trends driving $323/t relative margin difference

Portion of Chinese Smelting Production Underwater



Falling margins support Alcoa estimated 2017 Chinese curtailments

China not expected to export surplus: Primary exports unprofitable, fake semis shipments lower YoY

Source: Alcoa analysis, CRU, Aladdiny; RoW Al Price includes average regional premiums; China price is SHFE; cost includes estimated casthouse profitability.

Reduced business segments; consolidating locations

Streamlined company structure and administrative locations

New segment structure



Prior segment structure

Bauxite	*Alumina*	*Aluminum, Cast Products Rolled Products & Energy*

Streamlining administrative locations

- Closing eight administrative offices in the U.S., Europe and Asia over the next 18 months
- Relocating corporate headquarters to existing offices in Pittsburgh
- Expect annual savings of $5 million once the changes are fully implemented

New long-term executive compensation metrics

Long-term incentive plan (LTIP) overview

Metric	Three year target	Weight	Note
Normalized Return on Capital (ROC) Improvement	Increase 200 basis points vs. 2016 baseline[1]	50%	▪ Normalized for commodity prices and foreign currency exchange fluctuation
Relative Total Shareholder Return (TSR)	Equal return to the S&P 500 Index	50%	▪ Relative to S&P 500 Index performance over the performance period
Total		100%	▪ Performance period: January 1, 2017 to December 31, 2019

1. See appendix for 2016 Baseline ROC for Long-Term Incentive Plan (LTIP) reconciliation and calculation.

Executing strategy; focused on delivering results

Progress on strategic priorities

Reduce Complexity	▪ Successfully streamlined organization into three business segments ▪ Reducing global administrative locations ▪ Relocating corporate headquarters to Pittsburgh
Drive Returns	▪ Delivered $533 million of adjusted EBITDA excluding special items in 1Q17 ▪ Holding to $2.1 to $2.3 billion[1] adjusted EBITDA excluding special items outlook and $50 million net performance goal[2] for 2017 ▪ Implemented long-term executive compensation metrics aligned with stockholders
Strengthen Balance Sheet	▪ $804 million cash balance and net debt of $650 million as of March 31st ▪ Preserving cash optionality for remainder of 2017 ▪ Driving improvement in working capital throughout the year

1. Based on actual results for 1Q17; outlook for 2Q17 – 4Q17 at $1,900 LME, $305 API, and updated regional premiums and foreign currencies.
2. Excludes impacts from LME, regional premiums, API and foreign currency.

Questions?

Alcoa Corporation

Appendix

1Q17 Financial summary

Three months ending March 31, 2017, excluding special items

$M	Bauxite	Alumina	Aluminum[3,4]	Transformation & Legacy Pension / OPEB Costs	Impact from LIFO & Metal Price Lag	Other Corporate Expenses	Alcoa Corporation Total
Total revenue[1]	$289	$1,095	$1,810	$46	-	$(585)	$2,655
Third-party revenue	$70	$734	$1,806	$45	-	-	$2,655
Adjusted EBITDA	$110	$297	$206	$(32)	$(9)	$(39)	$533
Adjusted EBITDA margin %	*38.1%*	*27.1%*	*11.4%*	*-*	*-*	*-*	*20.1%*
Depreciation, depletion and amortization	$18	$49	$101	$2	-	$9	$179
Other expenses / (income), net[2]	-	$(1)	$7	-	-	$19	$25
Interest expense							$26
Provision for income taxes							$106
Adjusted net income							$197
Net income attributable to noncontrolling interest							$80
Adjusted net income attributable to Alcoa Corp.							$117

1. Intersegment eliminations included in Other Corporate Expenses.
2. Amounts listed for Alumina and Aluminum include equity loss / (income) from Saudi Arabian joint venture.
3. Flat rolled aluminum shipments, revenue, and adjusted EBITDA were 0.15M mt, $423M and $11M, respectively.
4. Third party energy sales volume, revenue and adjusted EBITDA in Brazil were 0.7 GWh, $30M and $11M, respectively.

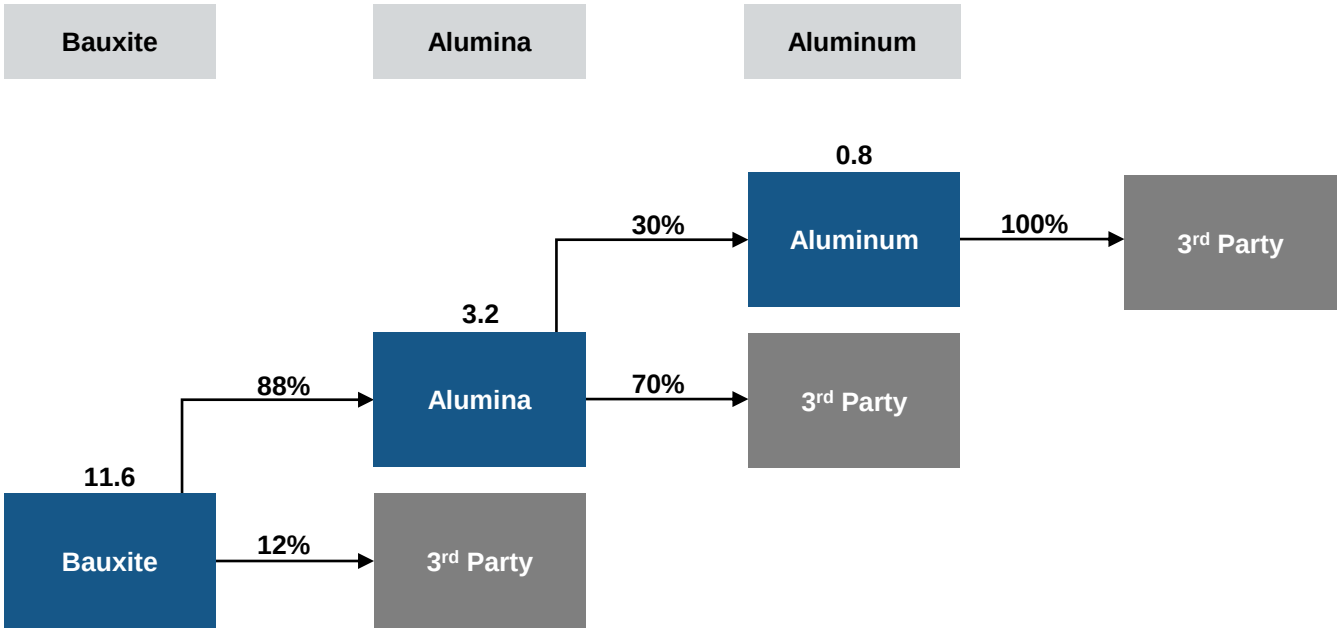
1Q17 Adjusted EBITDA drivers by segment

Sequential Adjusted EBITDA change impacts by segment vs. 4Q16, $M

Segment	Adj. EBITDA 4Q16	Metal Prices	API	Currency	Volume	Price/Mix	Net Product-ivity	Energy	Raw Materials	Other	Adj. EBITDA 1Q17
Bauxite	**$102**	0	0	(3)	(10)	1	(1)	(2)	0	23	**$110**
Alumina	**$171**	3	180	(24)	(12)	8	6	(5)	(4)	(26)	**$297**
Aluminum	**$152**	96	(37)	4	3	(3)	5	(11)	(1)	(2)	**$206**
Segment Total	**$425**	**99**	**143**	**(23)**	**(19)**	**6**	**10**	**(18)**	**(5)**	**(5)**	**$613**

Aluminum value chain

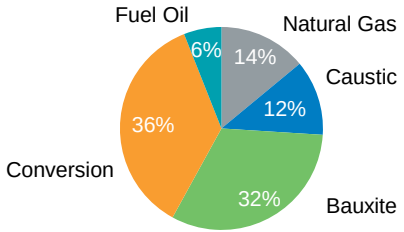
Product shipments by segment (1Q17 shipments in millions of metric tons)



Composition of production costs

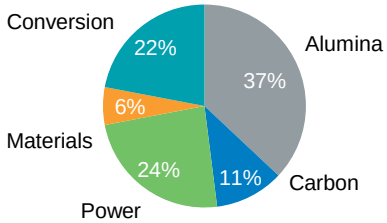
1Q17 Production cost information

Alcoa alumina refining cost structure



Input Cost	Inventory Flow	Pricing Convention	Estimated Annual EBITDA Sensitivity
Fuel Oil	1 - 2 Months	Prior Month	$3M per $1/bbl
Natural Gas[1]	N/A	N/A	N/A
Caustic Soda	3 - 6 Months	Spot & Semi-annual	$9M per $10/DMT

Alcoa aluminum smelting cost structure



Input Cost	Inventory Flow	Pricing Convention	Estimated Annual EBITDA Sensitivity
Petroleum Coke	1 - 2 Months	Spot, Quarterly & Semi-annual	$7M per $10/MT
Alumina	~2 Months	30-day lag to API	$43M per $10/MT
Coal Tar Pitch	1 - 2 Months	Spot, Quarterly & Semi-annual	$1.5M per $10/MT

1. Natural gas information related to Point Comfort will no longer apply as we have curtailed the plant. Australia is priced on a rolling 16 quarter average.

2017 Business sensitivities

Estimated annual EBITDA sensitivities

$ in millions Segment	LME + $100/mt	API + $10/mt	Midwest + $100/mt	Europe + $100/mt	Japan + $100/mt	AUD + 0.01 USD/AUD	BRL + 0.10 BRL/USD	CAD + 0.01 CAD/USD	EUR + 0.01 USD/EUR	ISK + 10 ISK/USD	NOK + 0.10 NOK/USD
Bauxite						(3)	4				
Alumina	11	110				(16)	5		(1)		
Aluminum	215	(41)	105	104	23	(1)	(3)	3	(4)	8	3
Alcoa Corp.	226	69	105	104	23	(20)	6	3	(5)	8	3

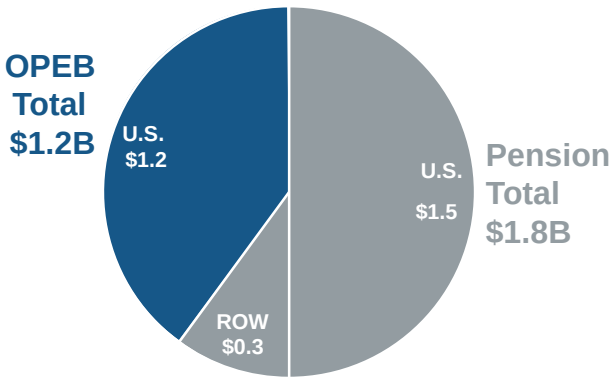
Pricing conventions

Segment	3rd-Party Revenue	Primary aluminum % of 2017 shipments	Regional premiums
Bauxite	• Negotiated prices	~50%	Midwest
Alumina	• ~85% of third-party smelter grade alumina priced on API/Spot • API pricing follows 30-day lag; LME pricing follows 60-day lag	~40%	Rotterdam Duty Paid
Aluminum	• LME + Regional Premium + Product Premium • Primary aluminum 15-day lag; flat rolled aluminum 30-day lag • Brazilian hydroelectric sales at market prices	~10%	CIF Japan

Pension and OPEB summary

Pension and OPEB overview

$3.0B in unfunded liability as of March 31, 2017



Pension funding status as of December 31, 2016

- U.S. ERISA **~86%**
- GAAP Worldwide **~75%**

2017 Impacts, $M

	Pension	OPEB
Segments	~50%	~10%
Legacy Operations	~15%	~20%
Corporate	~5%	-
Total Expense	~ $175M	

	Pension	OPEB
Cash Impacts	~50%	~50%
Total Cash	< $250M	

2017 Service cost estimates (component of expense)

- Pension: < $75M (~95%+ in Segments)
- OPEB: < $10M (~95%+ in Segments)

Capacity closed, sold and curtailed

Smelting and Refining capacity information

Smelting capacity

Closed / Sold since December 2007

Facility	Year	kmt
Baie Comeau	2008	53
Eastalco	2010	195
Badin	2010	60
Tennessee	2011	215
Rockdale	2011	76
Baie Comeau	2013	105
Fusina	2013	44
Massena East	2013	41
Massena East	2014	84
Point Henry	2014	190
Portovesme	2014	150
Mt. Holly (sale)	2014	115
Poços de Caldas	2015	96
Warrick	2016	269
Total		**1,693**

Curtailed

Facility	Year	kmt
Intalco	2007	49
Portland	2008	30
Rockdale	2008	191
Avilés	2012	32
La Coruña	2012	24
São Luís	2013	97
São Luís	2014	97
São Luís	2015	74
Wenatchee	2015	184
Total		**778**

Refining capacity

Closed / Sold since December 2007

Facility	Year	kmt
Jamalco (sale)	2014	779
Suralco	2016	2,207
Total		**2,986**

Curtailed

Facility	Year	kmt
Point Comfort	2008	295
Point Comfort	2015	375
Point Comfort	2016	1,635
Total		**2,305**

Prior segment structure and new structure

4Q16 Adjusted EBITDA excluding special items comparison

Adjusted EBITDA excl. special items, $M	Prior structure	Adjusted EBITDA excl. special items, $M	New structure	Notes
Bauxite	*$102*	*Alcoa Bauxite*	*$102*	
Alumina	*$167*	*Alcoa Alumina*	*$171*	▪ Moved Suralco refinery to Transformation.
Aluminum	*$42*	*Alcoa Aluminum*	*$152*	▪ Combined Aluminum, Cast Products, Rolled Products and majority of Energy assets into Aluminum. ▪ Moved Warrick smelter, Anglesea and Afobaka energy assets into Transformation. ▪ Transferred commodity trading desk, certain cost allocations, and Aluminum and Cast Products intercompany profit elimination from Other corporate expense into Aluminum.
Cast Products	*$69*			
Rolled Products	*$(12)*			
Energy	*$38*			
Segment total	**$406**	**Segment total**	**$425**	
Transformation	*$(20)*	*Transformation & legacy pension / OPEB*	*$(36)*	▪ Additions noted above. ▪ Added pension / OPEB costs from legacy operations.
Corp. pension / OPEB	*$(5)*			
Impact of LIFO and metal price lag	*$(24)*	*Impact of LIFO and metal price lag*	*$(24)*	
Other corporate expense	*$(22)*	*Other corporate expense*	*$(30)*	▪ Transfers noted above.
Corporate total	**$(71)**	**Corporate total**	**$(90)**	
Alcoa Corporation Total	**$335**	**Alcoa Corporation Total**	**$335**	

Adjusted EBITDA reconciliation

$M	1Q16	4Q16	1Q17	Last Twelve Months (LTM)
Net (loss) income attributable to Alcoa Corporation	**$(210)**	**$(125)**	**$225**	**$35**
Add:				
Net (loss) income attributable to noncontrolling interest	(5)	(4)	83	142
Provision for income taxes	18	6	110	276
Other expenses / (income), net	39	1	(100)	(228)
Interest expense	64	46	26	205
Restructuring and other charges	84	209	10	244
Depreciation, depletion and amortization	177	182	179	720
Adjusted EBITDA[1]	167	315	533	1,394
Special items before tax and noncontrolling interest	12	20	-	68
Adjusted EBITDA excl. special items	**$179**	**$335**	**$533**	**$1,462**

1. Alcoa Corporation's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation, depletion, and amortization. Net margin is equivalent to Sales minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation, depletion, and amortization. Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Adjusted EBITDA provides additional information with respect to Alcoa Corporation's operating performance and the Company's ability to meet its financial obligations. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

Net Debt reconciliation

$M	**March 31, 2017**
Short-term borrowings	$3
Long-term debt due within one year	20
Long-term debt, less amount due within one year	1,431
Total debt	1,454
Less: Cash and cash equivalents	804
Net debt[1]	$650

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

2016 Baseline ROC for Long-Term Incentive Plan (LTIP)

Reconciliation and calculation information

$M	*For the twelve months ending*	December 31, 2016
Numerator:		
Net loss attributable to Alcoa Corporation		(400)
Add: Net income attributable to non-controlling interest		54
Add: Provision for income taxes		184
Profit Before Taxes (PBT)		**(162)**
Add: Interest expense		243
Less: Interest income		6
Add: Special items[1]		245
ROC Earnings Before Taxes		**320**
ROC Earnings After Fixed Tax Rate of 35%		**208**
Denominator[2]:		
Total Assets		16,390
Less: Cash, cash equivalents, restricted cash and short-term investments		450
Less: Current Liabilities		2,338
Add: Long term debt in current year and short-term borrowings		21
Average Capital Base[2]		**13,623**
ROC		**1.5%**

$$\text{ROC \%} = \frac{\text{(PBT + Net Interest}^{3}\text{ + Special Items) x (1 – Fixed Tax Rate}^{4}\text{)}}{\text{(Assets – Cash – Current Liabilities + Short Term Debt)}} \times 100$$

$$\text{ROC \%} = \frac{\text{(-\$162 + \$237 + \$245) x (1 – 0.35)}}{\text{(\$16,390 – \$450 – \$2,338 + \$21)}} \times 100 = 1.5\%$$

LTIP achievement will be measured as 2019 results compared to a 2016 baseline, and normalized for commodity prices and foreign currency exchange fluctuations

1. Special items are before taxes and non-controlling interest.
2. All denominator items calculated using the quarterly ending balances in 2016.
3. Interest income + interest expense.
4. Fixed tax rate of 35%.

1Q17 Annualized ROC

Reconciliation and calculation information

($ in millions)	*For the three months ending* March 31, 2017
Numerator:	
Net loss attributable to Alcoa Corporation	225
Add: Net income attributable to non-controlling interest	83
Add: Provision for income taxes	110
Profit Before Taxes (PBT)	**418**
Add: Interest expense	26
Less: Interest income	2
Add: Special items[1]	(114)
ROC Earnings Before Taxes	**328**
ROC Earnings Before Taxes multiplied by Four[2]	**1,312**
ROC Earnings After Fixed Tax Rate of 35%	**853**
Denominator[3]:	
Total Assets	17,076
Less: Cash, cash equivalents, restricted cash and short-term investments	824
Less: Current Liabilities	2,623
Add: Long term debt in current year and short-term borrowings	23
Average Capital Base[3]	**13,652**
ROC	**6.2%**

1. Special items are before taxes and non-controlling interest.
2. Annualized for comparability.
3. All denominator items calculated using the quarterly ending balance.
4. Interest income + interest expense.
5. Fixed tax rate of 35%.

$$\text{ROC \%} = \frac{\text{(PBT + Net Interest}^4\text{ + Special Items) x Four}^2\text{ x (1 – Fixed Tax Rate}^5\text{)}}{\text{(Assets – Cash – Current Liabilities + Short Term Debt)}} \text{ X 100}$$

$$\text{ROC \%} = \frac{\text{(\$418 + \$24 - \$114) x 4) x (1 – 0.35)}}{\text{(\$17,076 – \$824 – \$2,623 + \$23)}} \text{ X 100 = 6.2\%}$$

Free Cash Flow reconciliation

$M	1Q16	4Q16	1Q17
Cash from operations	$(359)	$239	$74
Capital expenditures	(86)	(146)	(71)
Free cash flow[1]	$(445)	$93	$3

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

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