

Third Quarter 2018 Earnings Call

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October 30, 2018



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Important Information

Forward-Looking Statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Arconic's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts and expectations relating to the growth of the aerospace, automotive, commercial transportation and other end markets; statements and guidance regarding future financial results or operating performance; statements about Arconic's strategies, outlook, business and financial prospects; and statements regarding the completion of the Texarkana sale and the expected financial impact of the sale. These statements reflect beliefs and assumptions that are based on Arconic's perception of historical trends, current conditions and expected future developments, as well as other factors Arconic believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) deterioration in global economic and financial market conditions generally; (b) unfavorable changes in the markets served by Arconic; (c) the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; (d) competition from new product offerings, disruptive technologies or other developments; (e) political, economic, and regulatory risks relating to Arconic's global operations, including compliance with US and foreign trade and tax laws, sanctions, embargoes and other regulations; (f) manufacturing difficulties or other issues that impact product performance, quality or safety; (g) Arconic's inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, expansions, or joint ventures; (h) failure or delays in the receipt or satisfaction of, or unacceptable or burdensome conditions imposed in connection with, all required regulatory approvals and the other closing conditions to the Texarkana transaction; (i) the impact of cyber attacks and potential information technology or data security breaches; (j) changes in discount rates or investment returns on pension assets; (k) the impact of changes in aluminum prices and foreign currency exchange rates on costs and results; (l) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Arconic to substantial costs and liabilities; and (m) the other risk factors summarized in Arconic's Form 10-K for the year ended December 31, 2017 and other reports filed with the U.S. Securities and Exchange Commission (SEC). Market projections are subject to the risks discussed above and other risks in the market. The statements in this presentation are made as of the date of this presentation, even if subsequently made available by Arconic on its website or otherwise. Arconic disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

Important Information (continued)

Non-GAAP Financial Measures

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

Any reference to historical EBITDA means adjusted EBITDA, for which we have provided calculations and reconciliations in the Appendix. "Organic revenue" is U.S. GAAP revenue adjusted for Tennessee packaging (due to its planned phase-down), divestitures, and changes in aluminum prices and foreign currency exchange rates relative to prior year period. "Adjusted free cash flow" is cash provided from (used for) operations, less capital expenditures, plus cash receipts from sold receivables.

Other Information

Tennessee Packaging – Arconic expects to fully exit the North America packaging business at its Tennessee operations following the expiration of the Toll Processing and Services Agreement (the "Processing Agreement") with Alcoa Corporation on December 31, 2018, unless sooner terminated by the parties. Pursuant to the Processing Agreement, dated as of October 31, 2016, Arconic provides can body stock to Alcoa Corporation, using aluminum supplied by Alcoa Corporation.

Third Quarter 2018 Highlights

Revenue (YoY)¹

- Revenue growth 9% and organic revenue growth of 7%

Profitability (YoY)

- Operating Income excluding Special Items +4%². Major underlying elements include:
 - Volume growth across all segments
 - Segment Operating Profit growth in EP&S' Engines/Fastening Systems, GRP, and TCS
 - Manufacturing inefficiencies in EP&S' Engineered Structures
- Earnings Per Share excluding Special Items +28%³

Adjusted Free Cash Flow (YoY)⁴

- \$115M 3Q 2018 vs. \$41M 3Q 2017
- Working capital improvement of 8 days to 54 Days Working Capital

Capital Structure

- Cash balance of \$1.5B, Liquidity (cash and available credit facilities) of \$5.3B
- Net Debt-to-LTM EBITDA of 2.43x⁵
- Announced sale of Texarkana facility for \$300M with additional contingent consideration of \$50M

1) YoY= Year over Year. 3Q 2018 Revenue (GAAP) = \$3,524M (up 9%), 3Q 2017 Revenue (GAAP) = \$3,236M

2) 3Q 2018 Operating income (GAAP) = \$345M (up 11%), 3Q 2017 Operating income (GAAP) = \$310M

3) 3Q 2018 EPS (GAAP) = \$0.32, 3Q 2017 EPS (GAAP) = \$0.22

4) 3Q18 (GAAP): Cash provided from operations = \$51M, Cash used for financing activities = (\$32M), Cash provided from investing activities = \$65M;

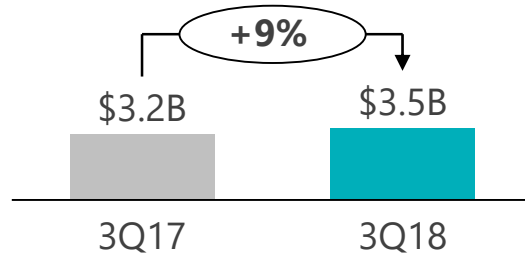
3Q17 (GAAP): Cash used for operations = (\$57M), Cash used for financing activities = (\$15M), Cash provided from investing activities = \$100M

5) Adjusted for special items; Last twelve month (LTM) Arconic adjusted EBITDA

See appendix for reconciliations

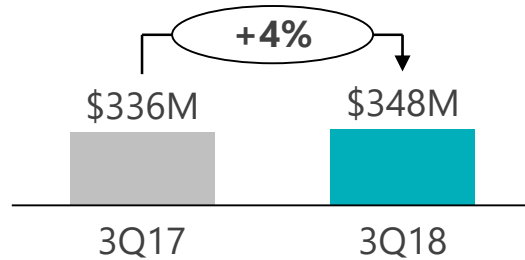
Key Financial Results – 3Q 2018

Revenue¹



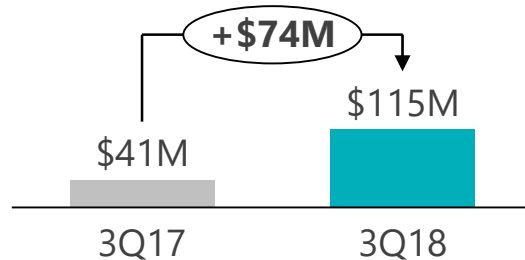
- Revenue growth across all segments
- Organic revenue increased \$233M or 7% YoY

Operating Income Excluding Special Items²



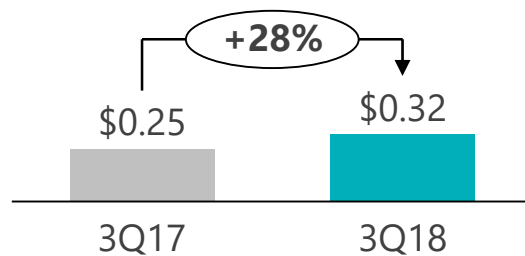
- Volume \$56M: Aero \$28M and Automotive \$16M
- Price/Mix (\$25M): Aero Engine mix and Aero pricing
- Net Cost Savings (\$19M) driven by Transportation

Adjusted Free Cash Flow³



- Days Working Capital 54 days, favorable 8 days YoY
- Capex of \$209M, up \$78M YoY

EPS Excluding Special Items⁴



- Pension / OPEB +\$0.03
- Interest expense +\$0.02
- Tax rate +\$0.02

Overview of Segment Results – 3Q 2018

	Revenue ¹	Segment Operating Profit ¹	Segment Operating Profit Comments
EP&S	<p>\$1,566M</p> <p>Up 6%</p> <p>Up 6% Organic</p>	<p>\$238M</p> <p>Approximately Flat</p> <p>Aluminum price impact +\$4M</p>	<ul style="list-style-type: none"> + Aero Engine growth + Aero Defense growth - Aero Engine mix and Aero pricing - Manufacturing inefficiencies in Engineered Structures
GRP	<p>\$1,426M</p> <p>Up 16%</p> <p>Up 9% Organic</p>	<p>\$74M</p> <p>Up 16%, or \$10M</p> <p>Aluminum price impact +\$9M</p>	<ul style="list-style-type: none"> + Automotive growth + Industrial growth - Scrap spreads and volume - Transportation costs
TCS	<p>\$530M</p> <p>Up 1%</p> <p>Up 8% Organic</p>	<p>\$77M</p> <p>Up 4%, or \$3M</p> <p>Aluminum price impact (\$14M)</p>	<ul style="list-style-type: none"> + Commercial Transportation growth + Building and Construction growth - Majority of aluminum price impact non-cash

Third Quarter 2018 Key Achievements

EP&S

- Aero Engines revenue up 15% YoY
- Aero Defense revenue up 38% YoY

GRP

- Auto organic revenue up 20% YoY¹
- Industrial organic revenue up 6% YoY²
- Commercial Transportation organic revenue up 7% YoY³

TCS

- Commercial Transportation organic revenue up 8% YoY⁴
- Building and Construction organic revenue up 7% YoY⁵
- Segment Operating Profit Margin of 15%, up +40 bps YoY incl. -280 bps AI price impact

Cash flows / Other

- Pension/OPEB Contributions of \$347M 3Q 2018 YTD vs. \$327M 3Q 2017 YTD
- 3Q 2018 YTD Pension / OPEB Net Liability reduction of \$519M

1) GRP Auto Revenue including Brazing – Reported: 3Q 2018 = \$481M; 3Q 2017 = \$366M; up 31% 2) GRP Industrial Revenue – Reported: 3Q 2018 = \$258M; 3Q 2017 = \$223M; up 16% 3) GRP Commercial Transportation Revenue – Reported: 3Q 2018 = \$145M; 3Q 2017 = \$123M; up 17% 4) TCS Commercial Transportation Revenue – Reported: 3Q 2018 = \$237M; 3Q 2017 = \$214M; up 11% 5) TCS Building & Construction Revenue – Reported: 3Q 2018 = \$293M; 3Q 2017 = \$286M; up 2%
See appendix for reconciliations

2018 Earnings Per Share¹ Guidance Updated²

- | | |
|--|---|
| + Next Gen Engine ramp | - Transportation and raw material costs |
| + Auto Aluminization | - Aero Engine mix and Aero pricing |
| + Commercial Transportation | - Wide-Body / Narrow-Body mix |
| + Net Cost Savings | - IGT |
| + Building and Construction | - Airbus inventory burn down |
| + Aerospace and Military Aircraft deliveries | - NA Packaging ramp down |

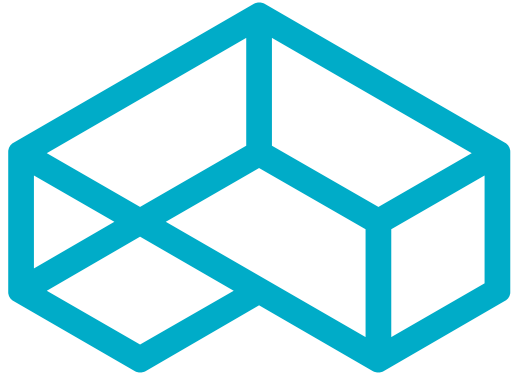
Revenue	
Prior Guidance	\$13.7B – 14.0B
	<i>Unchanged</i>
Current Guidance	\$13.7B – 14.0B

EPS Excluding Special Items	
Prior Guidance	\$1.17 – \$1.27
	<i>Updated</i>
Current Guidance	\$1.28 – \$1.34

Adjusted Free Cash Flow	
Prior Guidance	~\$250M
	<i>Unchanged</i>
Current Guidance	~\$250M

1) Excluding Special Items

2) Guidance AI price assumption: 3Q YTD Actual – \$2,575/MT (LME = \$2,158/MT; Midwest Premiums = \$417/MT)
 4Q Assumption – \$2,520/MT (LME = \$2,063/MT; Midwest Premiums = \$457/MT)
 Annual Average – \$2,561/MT (LME = \$2,134/MT; Midwest Premiums = \$427/MT)



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Appendix



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3Q 2018 Special Items

(\$M)	Income before income taxes	Net Income	Earnings per diluted share
As reported	\$249	\$161	\$0.32
Restructuring-related	(\$2)	(\$3)	
Spain tax indemnification receivable	(\$29)	(\$28)	
Legal and other advisory costs related to Grenfell Tower	\$5	\$4	
Discrete tax items	N/A	\$26	
Special items	(\$26)	(\$1)	
Excluding special items	\$223	\$160	\$0.32

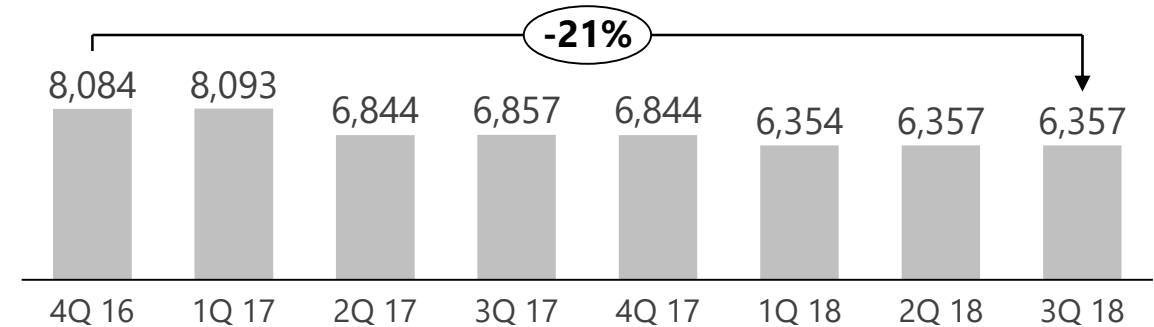
Capital Structure: \$4.8B of Net Debt

Capitalization at September 30, 2018

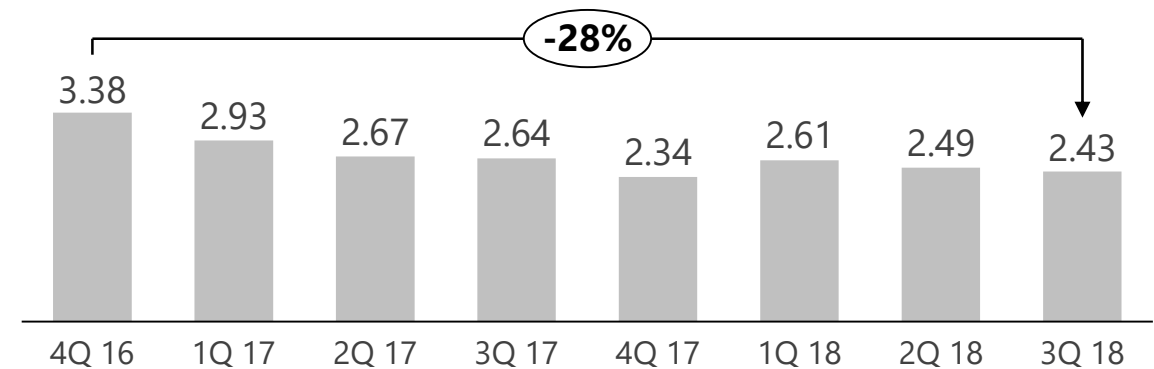
(\$M)	Amount
Cash	\$1,535
Gross Debt	\$6,357
Net Debt	\$4,822
Net Debt-to-LTM EBITDA ¹	2.43

Gross Debt (\$M)

Paid down \$2.5B of debt since Separation on 11/1/2016



Net Debt-to-LTM EBITDA



Key 2018 Guidance Assumptions

2018 Annual Avg. Assumed AI Price¹	AI prices = \$2,561/MT ²	<ul style="list-style-type: none"> • +\$100/MT increase = +~\$115M Revenue impact / ~(\$10M) Operating Income impact
4Q AI Price³	AI prices = \$2,520/MT ⁴	<ul style="list-style-type: none"> • +\$100/MT increase = ~(\$25M) LIFO non-cash impact to Operating Income on a full year basis and is pro-rated on a quarterly basis
Capex	~\$750M	<ul style="list-style-type: none"> • YoY increase associated with increasing manufacturing velocity
Tax Rate	Operational tax % = 27% - 29%	<ul style="list-style-type: none"> • Midpoint 330 bps reduction vs 2017
Adj. Interest Expense	~\$370M	<ul style="list-style-type: none"> • Includes reduced interest after 1Q'18 repayment of Feb 2019 bond
Debt Paydown	\$500M	<ul style="list-style-type: none"> • Feb 2019 bond
FX Rates⁵	EUR: USD 1.20, GBP: USD 1.33	<ul style="list-style-type: none"> • + 0.10 USD/EUR = ~\$120M Revenue / ~\$20M Operating Income • + 0.10 USD/GBP = ~\$25M Revenue / ~(\$10M) Operating Income
Diluted Share Count	~505M	<ul style="list-style-type: none"> • Does not include any potential impact of share repurchases

1) 2017: Annual Avg LME Cash = \$1,968/MT; Midwest Premiums = \$199/MT

2) LME Cash = \$2,134/MT; Midwest Premiums = \$427/MT

3) 4Q 2017: Avg LME Cash = \$2,101/MT; Midwest Premiums = \$209/MT

4) LME Cash = \$2,063/MT; Midwest Premiums = \$457/MT

5) 2017: EUR: USD 1.13, GBP: USD 1.29

Aluminum price impacts 3Q 2018 vs. 3Q 2017

Year-over-Year Impact from Aluminum Price Changes

	3Q 2018		
	Revenue (\$M)	Operating Income (\$M)	Operating Income %
EP&S	(\$1)	\$4	+30 bps
GRP	\$106	\$9	+30 bps
TCS	\$3	(\$14)	-280 bps
Arconic	\$108	(\$1)	-30 bps

	3Q 2018 Year-to-Date		
	Revenue (\$M)	Operating Income (\$M)	Operating Income %
EP&S	\$2	(\$12)	-20 bps
GRP	\$343	(\$8)	-80 bps
TCS	\$21	(\$38)	-260 bps
Arconic	\$366	(\$58)	-90 bps

Organic Revenue¹ Growth for 3Q 2018

	3Q 2017 (\$M)	3Q 2018 (\$M)	% Change
Arconic Revenue	\$3,236	\$3,524	9%
less Tennessee Packaging	45	37	
less Latin America Extrusions	30	-	
less Aluminum Price Impact ²	-	108	
less Foreign Currency Impact ²	-	(15)	
Arconic Revenue, Organic	\$3,161	\$3,394	7%

	3Q 2017 (\$M)	3Q 2018 (\$M)	% Change
EP&S Revenue	\$1,477	\$1,566	6%
less Aluminum Price Impact ²	-	(1)	
less Foreign Currency Impact ²	-	(1)	
EP&S Revenue, Organic	\$1,477	\$1,568	6%

	3Q 2017 (\$M)	3Q 2018 (\$M)	% Change
GRP Revenue	\$1,234	\$1,426	16%
less Tennessee Packaging	45	37	
less Aluminum Price Impact ²	-	106	
less Foreign Currency Impact ²	-	(10)	
GRP Revenue, Organic	\$1,189	\$1,293	9%

	3Q 2017 (\$M)	3Q 2018 (\$M)	% Change
TCS Revenue	\$523	\$530	1%
less Latin America Extrusions	30	-	
less Aluminum Price Impact ²	-	3	
less Foreign Currency Impact ²	-	(4)	
TCS Revenue, Organic	\$493	\$531	8%



1) Organic revenue is U.S. GAAP revenue adjusted for Tennessee packaging (due to its planned phase-down), divestitures, changes in aluminum prices and foreign currency exchange rates relative to prior year period

2) Impacts of changes in aluminum prices and foreign currency exchange rates relative to the prior year period

LIFO (Non Cash) Charges Illustrated

2017	AI Prices (\$/MT) ¹	Annual LIFO ² Estimate (\$M)	Annual Estimate To Book YTD	1Q (\$M)	2Q (\$M)	3Q (\$M)	4Q (\$M)	2018	AI Prices (\$/MT) ¹	Annual LIFO ² Estimate (\$M)	Annual Estimate To Book YTD	1Q (\$M)	2Q (\$M)	3Q (\$M)
	1Q	\$2,174	(\$76M)	25%	(\$19M)	(\$19M)	(\$19M)		(\$19M)	1Q	\$2,433	(\$56M)	25%	(\$14M)
2Q	\$2,097	(\$60M)	50%		(\$11M)	(\$11M)	(\$11M)	2Q	\$2,590	(\$92M)	50%		(\$32M)	(\$32M)
3Q	\$2,267	(\$104M)	75%			(\$48M)	(\$48M)	3Q	\$2,482	(\$71M)	75%			(\$7M)
4Q	\$2,309	(\$110M)	100%				(\$32M)							
YTD Entry				(\$19M)	(\$30M)	(\$78M)	(\$110M)	YTD Entry				(\$14M)	(\$46M)	(\$53M)

Lower Annual YoY Aluminum Price Headwind; Favorable \$30M

Year-over-Year Operating Income Impact from Aluminum Price Changes

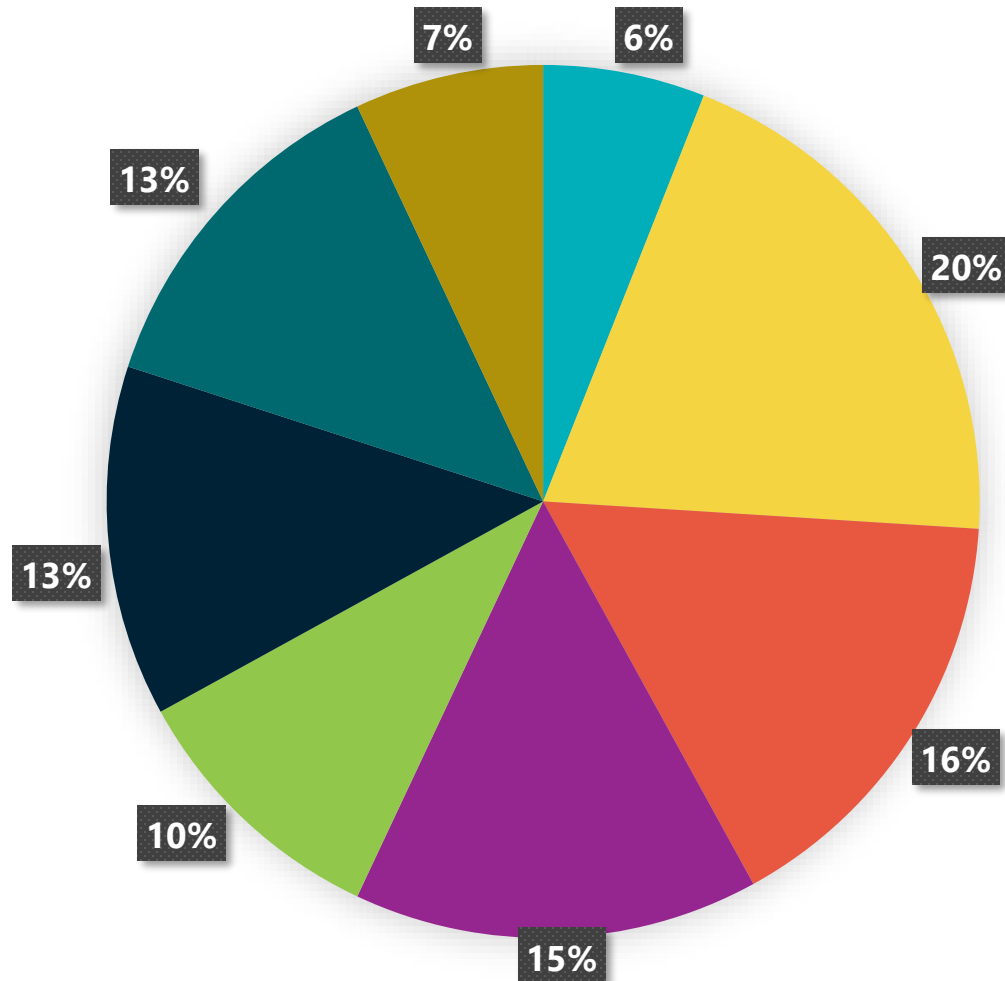
USD Millions	Year '18 vs Year '17 (\$M) Prior Guidance	Year '18 vs Year '17 (\$M) Current Guidance
LIFO ¹ / Metal Lag	~(\$50)	~(\$15)
Trading Desk	~(\$20)	~(\$20)
Scrap Spreads	~(\$10)	~(\$30)
Operational	~(\$50)	~(\$35)
Arconic Total	~(\$130)	~(\$100)

Full Year
 2018 Current Guidance: \$2,561
 2018 Prior Guidance: \$2,664
 2017 Actual: \$2,167

Year-over-year impact based on
 ~\$2,520/MT for the remainder
 of the year

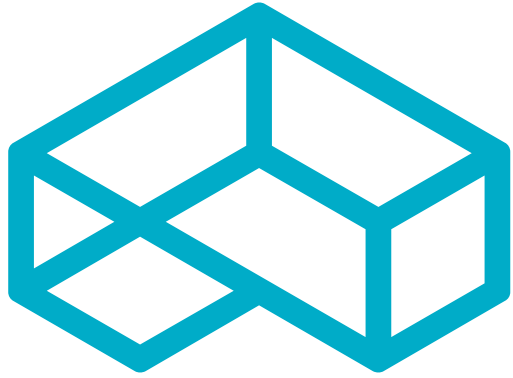
Revenue by Market – 3Q 2018

**Revenue by Market
(% of total)**



**Year-over-Year
(% change)**

Aerospace - Defense	34%
Aerospace - Commercial Airframe	(1%)
Aerospace - Commercial Engine	15%
Automotive ¹	31%
Building & Construction	3%
Commercial Transportation	12%
Industrial & Other ²	(5%)
Packaging ³	5%



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Reconciliation of Net income excluding Special items

(\$ in millions, except per-share amounts)

	Net income excluding Special items		Diluted EPS excluding Special items	
	Quarter ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income	\$161	\$119	\$0.32	\$0.22
Special items:				
Restructuring and other charges	(2)	19		
Discrete tax items ⁽¹⁾	26	2		
Other special items ⁽²⁾	(24)	—		
Tax impact ⁽³⁾	(1)	(8)		
Net income excluding Special items	\$160	\$132	\$0.32	\$0.25

Net income excluding Special items and Diluted EPS excluding Special items are non-GAAP financial measures. Management believes that these measures are meaningful to investors because management reviews the operating results of Arconic excluding the impacts of Restructuring and other charges, Discrete tax items, and Other special items (collectively, “Special items”). There can be no assurances that additional special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Net income determined under GAAP as well as Net income excluding Special items.

- (1) Discrete tax items included the following:
- for the quarter ended September 30, 2018, a charge to establish a tax reserve in Spain (\$59), a net charge related to prior year adjustments in various jurisdictions (\$13), a benefit to reverse a foreign tax reserve that is effectively settled (\$38), and benefits resulting from the Company’s ongoing analysis of the U.S. Tax Cuts and Jobs Act of 2017 related to the one-time transition tax (\$2) and U.S. rate change impacts (\$6); and
 - for the quarter ended September 30, 2017, a net charge for a number of small items (\$2).
- (2) Other special items included the following:
- for the quarter ended September 30, 2018, a benefit from establishing a tax indemnification receivable (\$29) reflecting Alcoa Corporation’s 49% share of the Spanish tax reserve and legal and other advisory costs related to Grenfell Tower (\$5); and
 - for the quarter ended September 30, 2017, legal and other advisory costs related to Grenfell Tower (\$7) and a favorable tax impact resulting from the difference between Arconic’s consolidated estimated annual effective tax rate and the statutory rate applicable to special items (\$7).
- (3) The tax impact on special items is based on the applicable statutory rates whereby the difference between such rates and Arconic’s consolidated estimated annual effective tax rate is itself a Special item.

The average number of shares applicable to diluted EPS excluding Special items, includes certain share equivalents as their effect was dilutive. For all periods presented, share equivalents associated with outstanding employee stock options and awards and shares underlying outstanding convertible debt (acquired through the acquisition of RTI) were dilutive based on Net income excluding Special items.

For the quarter ended September 30, 2017, share equivalents associated with mandatory convertible preferred stock were anti-dilutive based on Net income excluding Special items.

Reconciliation of Net income excluding Special items

(\$ in millions, except per-share amounts)

	Net income excluding Special items		Diluted EPS excluding Special items	
	Nine months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income	\$424	\$653	\$0.86	\$1.31
Special items:				
Restructuring and other charges	20	118		
Discrete tax items ⁽¹⁾	49	3		
Other special items ⁽²⁾	43	(348)		
Tax impact ⁽³⁾	(22)	40		
Net income excluding Special items	\$514	\$466	\$1.04	\$0.91

Net income excluding Special items and Diluted EPS excluding Special items are non-GAAP financial measures. Management believes that these measures are meaningful to investors because management reviews the operating results of Arconic excluding the impacts of Restructuring and other charges, Discrete tax items, and Other special items (collectively, “Special items”). There can be no assurances that additional special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Net income determined under GAAP as well as Net income excluding Special items.

(1)

Discrete tax items included the following:

- for the nine months ended September 30, 2018, a charge to establish a tax reserve in Spain (\$59); a net charge related to prior year adjustments in various jurisdictions (\$13); a net charge resulting from the Company’s ongoing analysis of the U.S. Tax Cuts and Jobs Acts of 2017 related to an increase in the one-time transition tax (\$16) and a charge for AMT credits expected to be refunded upon filing the 2018 tax return that will result in no benefit under government sequestration (\$3), partially offset by beneficial U.S. rate change impacts (\$6); a benefit to reverse a foreign tax reserve that is effectively settled (\$38), and a charge for a number of small items (\$2); and
- for the nine months ended September 30, 2017, a net charge for a number of small items (\$3).

(2)

Other special items included the following:

- for the nine months ended September 30, 2018, costs related to settlements of certain customer claims primarily related to product introductions (\$38), a benefit from establishing a tax indemnification receivable (\$29) reflecting Alcoa Corporation’s 49% share of the Spanish tax reserve, costs related to the early redemption of the Company’s outstanding 5.720% Senior Notes due 2019 (\$19), legal and other advisory costs related to Grenfell Tower (\$14), and a charge for a number of small tax items (\$1); and
- for the nine months ended September 30, 2017, a gain on the sale of a portion of Arconic’s investment in Alcoa Corporation common stock (\$351), and a gain on the exchange of the remaining portion of Arconic’s investment in Alcoa Corporation common stock (\$167), costs associated with the Company’s early redemption of \$1,250 of outstanding senior notes (\$76), proxy, advisory, and governance-related costs (\$58), costs associated with the separation of Alcoa Inc. (\$18), legal and other advisory costs related to Grenfell Tower (\$7), an unfavorable tax impact resulting from the difference between Arconic’s consolidated estimated annual effective tax rate and the statutory rate applicable to special items (\$6) and an unfavorable tax impact related to the interim period treatment of operational losses in certain foreign jurisdictions for which no tax benefit was recognized (\$5).

(3)

The tax impact on special items is based on the applicable statutory rates whereby the difference between such rates and Arconic’s consolidated estimated annual effective tax rate is itself a Special item.

The average number of shares applicable to diluted EPS excluding Special items, includes certain share equivalents as their effect was dilutive. For all periods presented, share equivalents associated with outstanding employee stock options and awards and shares underlying outstanding convertible debt (acquired through the acquisition of RTI) were dilutive based on Net income excluding Special items.

For the nine month ended September 30, 2017, share equivalents associated with mandatory convertible preferred stock were anti-dilutive based on Net income excluding Special items.

Reconciliation of Operational Tax Rate

(\$ in millions)

	Quarter ended September 30, 2018			Nine months ended September 30, 2018		
	As reported	Special items ⁽¹⁾	As adjusted	As reported	Special items ⁽¹⁾	As adjusted
Income before income taxes	\$249	\$(26)	\$223	\$642	\$62	\$704
Provision for income taxes	88	(25)	63	218	(28)	190
Operational tax rate	35.3%		28.3%	34.0%		27.0%

Operational tax rate is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of Arconic excluding the impacts of Special items. There can be no assurances that additional Special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both the Effective tax rate determined under GAAP as well as the Operational tax rate.

⁽¹⁾ See Net income excluding Special items reconciliation for a description of Special items.

Calculation of Engineered Products and Solutions Segment Operating Profit Margin

(\$ in millions)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
Segment operating profit ⁽¹⁾	\$247	\$250	\$239	\$228	\$964	\$221	\$212	\$238
Third-party sales	\$1,487	\$1,485	\$1,477	\$1,494	\$5,943	\$1,541	\$1,596	\$1,566
Segment operating profit margin	16.6%	16.8%	16.2%	15.3%	16.2%	14.3%	13.3%	15.2%

In the first quarter of 2018, the Company changed its primary measure of segment performance from Adjusted EBITDA to Segment operating profit. Arconic's definition of Segment operating profit is Operating income (loss) excluding Special items. Special items include Restructuring and other charges, and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies. Prior period amounts have been recast to conform to current period presentation.

Segment operating profit also includes certain items which under the previous segment performance measure were recorded in Corporate, such as the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities.

⁽¹⁾ Segment operating profit in the second quarter of 2018 included the impact of a \$23 charge related to a physical inventory adjustment at one plant.

Calculation of Global Rolled Products Segment Operating Profit Margin

(\$ in millions)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
Segment operating profit	\$136	\$133	\$64	\$91	\$424	\$112	\$123	\$74
Third-party sales	\$1,248	\$1,271	\$1,234	\$1,247	\$5,000	\$1,366	\$1,451	\$1,426
Segment operating profit margin	10.9%	10.5%	5.2%	7.3%	8.5%	8.2%	8.5%	5.2%
Third-party aluminum shipments (kmt)	310	307	297	283	1,197	308	315	318

In the first quarter of 2018, the Company changed its primary measure of segment performance from Adjusted EBITDA to Segment operating profit. Arconic's definition of Segment operating profit is Operating income (loss) excluding Special items. Special items include Restructuring and other charges, and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies. Prior period amounts have been recast to conform to current period presentation.

Segment operating profit also includes certain items which under the previous segment performance measure were recorded in Corporate, such as the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities.

Calculation of Transportation and Construction Solutions Segment Operating Profit Margin

(\$ in millions)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
Segment operating profit	\$68	\$71	\$74	\$77	\$290	\$67	\$97	\$77
Third-party sales	\$456	\$504	\$523	\$528	\$2,011	\$537	\$562	\$530
Segment operating profit margin	14.9%	14.1%	14.1%	14.6%	14.4%	12.5%	17.3%	14.5%

In the first quarter of 2018, the Company changed its primary measure of segment performance from Adjusted EBITDA to Segment operating profit. Arconic's definition of Segment operating profit is Operating income (loss) excluding Special items. Special items include Restructuring and other charges, and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies. Prior period amounts have been recast to conform to current period presentation.

Segment operating profit also includes certain items which under the previous segment performance measure were recorded in Corporate, such as the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities.

Calculation of Total Segment Operating Profit Margin

(\$ in millions)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
Sales – Engineered Products and Solutions	\$1,487	\$1,485	\$1,477	\$1,494	\$5,943	\$1,541	\$1,596	\$1,566
Sales – Global Rolled Products	1,248	1,271	1,234	1,247	5,000	1,366	1,451	1,426
Sales – Transportation and Construction Solutions	456	504	523	528	2,011	537	562	530
Total segment sales	\$3,191	\$3,260	\$3,234	\$3,269	\$12,954	\$3,444	\$3,609	\$3,522
Total segment operating profit ⁽¹⁾	\$451	\$454	\$377	\$396	\$1,678	\$400	\$432	\$389
Total segment operating profit margin	14.1%	13.9%	11.7%	12.1%	13.0%	11.6%	12.0%	11.0%

In the first quarter of 2018, the Company changed its primary measure of segment performance from Adjusted EBITDA to Segment operating profit. Arconic's definition of Segment operating profit is Operating income (loss) excluding Special items. Special items include Restructuring and other charges, and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies. Prior period amounts have been recast to conform to current period presentation.

Segment operating profit also includes certain items which under the previous segment performance measure were recorded in Corporate, such as the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities.

⁽¹⁾ See Reconciliation of Total segment operating profit to Consolidated income (loss) before income taxes.

Reconciliation of Total segment operating profit to Consolidated income (loss) before income taxes

(\$ in millions)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
Total segment operating profit ⁽¹⁾	\$451	\$454	\$377	\$396	\$1,678	\$400	\$432	\$389
Unallocated amounts:								
Restructuring and other charges	(73)	(26)	(19)	(47)	(165)	(7)	(15)	2
Impairment of goodwill	—	—	—	(719)	(719)	—	—	—
Corporate expense ⁽²⁾	(95)	(108)	(48)	(63)	(314)	(60)	(93)	(46)
Consolidated operating income (loss)	283	320	310	(433)	480	333	324	345
Interest expense ⁽³⁾	(115)	(183)	(100)	(98)	(496)	(114)	(89)	(88)
Other income (expense), net ⁽⁴⁾	316	132	(38)	76	486	(20)	(41)	(8)
Consolidated income (loss) before income taxes	\$484	\$269	\$172	\$(455)	\$470	\$199	\$194	\$249

In the first quarter of 2018, the Company changed its primary measure of segment performance from Adjusted EBITDA to Segment operating profit. Arconic's definition of Segment operating profit is Operating income (loss) excluding Special items. Special items include Restructuring and other charges, and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies. Prior period amounts have been recast to conform to current period presentation.

Segment operating profit also includes certain items which under the previous segment performance measure were recorded in Corporate, such as the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities.

The difference between certain segment totals and consolidated amounts is Corporate.

- (1) For the quarter ended June 30, 2018, Segment operating profit for the Engineered Products and Solutions segment included the impact of a \$23 charge related to a physical inventory adjustment at one plant.
- (2) For the quarter ended March 31, 2017, Corporate expense included \$18 of costs associated with the separation of Alcoa Inc. and \$16 of proxy, advisory and governance-related costs. For the quarter ended June 30, 2017, Corporate expense included \$42 of proxy, advisory and governance-related costs. For the quarter ended June 30, 2018, Corporate expense included \$38 of costs related to settlements of certain customer claims primarily related to product introductions.
- (3) For the quarter ended June 30, 2017, Interest expense included \$76 related to the early redemption of the Company's 2018 Senior Notes and a portion of the Company's outstanding 5.720% Senior Notes due 2019. For quarter ended March 31, 2018, Interest expense included \$19 related to the early redemption of the Company's outstanding 5.720% Senior Notes due 2019.
- (4) For the quarter ended March 31, 2017, Other income (expense), net included a \$351 gain on the sale of a portion of Arconic's investment in Alcoa Corporation common stock. For the quarter ended June 30, 2017, Other income (expense), net included a \$167 gain on the exchange of Arconic's remaining investment in Alcoa Corporation common stock for a portion of the Company's outstanding 2018 Senior Notes. For the quarter ended December 31, 2017, Other income (expense), net included favorable adjustments of \$81 to the Firth Rixson earn-out and \$25 to a separation-related guarantee liability.

Reconciliation of Operating Income Excluding Special Items

(\$ in millions)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
Operating income (loss)	\$283	\$320	\$310	\$(433)	\$480	\$333	\$324	\$345
Special items:								
Restructuring and other charges	73	26	19	47	165	7	15	(2)
Impairment of goodwill	—	—	—	719	719	—	—	—
Separation costs	18	—	—	—	18	—	—	—
Proxy, advisory and governance-related costs	16	42	—	—	58	—	—	—
Delaware reincorporation costs	—	—	—	3	3	—	—	—
Legal and other advisory costs related to Grenfell Tower	—	—	7	7	14	5	4	5
Settlements of certain customer claims primarily related to product introductions	—	—	—	—	—	—	38	—
Operating income excluding Special items	\$390	\$388	\$336	\$343	\$1,457	\$345	\$381	\$348

Operating income excluding Special items is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of Arconic excluding the impacts of Special items. There can be no assurances that additional Special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Operating income determined under GAAP as well as Operating income excluding Special items.

Reconciliation of Adjusted Free Cash Flow

(\$ in millions)	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18
Cash (used for) provided from operations	\$(395)	\$79	\$(57)	\$323	\$(50)	\$(436)	\$176	51
Capital expenditures	(103)	(126)	(131)	(236)	(596)	(117)	(171)	(209)
Cash receipts from sold receivables	95	190	229	289	803	136	284	273
Adjusted free cash flow	\$(403)	\$143	\$41	\$376	\$157	\$(417)	\$289	\$115

Net cash funding from the sale of accounts receivables has remained unchanged at \$350 million each quarter since the first quarter of 2016.

There has been no change in the net cash funding in the sale of accounts receivable program in the third quarter of 2018. It remains at \$350.

Adjusted free cash flow is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures (due to the fact that these expenditures are considered necessary to maintain and expand Arconic's asset base and are expected to generate future cash flows from operations), as well as cash receipts from net sales of beneficial interest in sold receivables. In conjunction with the implementation of the new accounting guidance on changes to the classification of certain cash receipts and cash payments within the statement of cash flows, specifically as it relates to the requirement to reclassify cash receipts from net sales of beneficial interest in sold receivables from operating activities to investing activities, the Company has changed the calculation of its measure of Adjusted free cash flow to include cash receipts from net sales of beneficial interest in sold receivables. This change to our measure of Adjusted free cash flow is being implemented to ensure consistent presentation of this measure across all historical periods. The adoption of this accounting guidance does not reflect a change in our underlying business or activities. It is important to note that Adjusted 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.

Reconciliation of Organic Revenue

(\$ in millions)	Quarter ended		Quarter ended		Nine months ended	
	September 30,		June 30,		September 30,	
	2018	2017	2018	2017	2018	2017
Arconic						
Sales – Arconic	\$3,524	\$3,236	\$3,573	\$3,261	\$10,542	\$9,689
Less:						
Sales – Tennessee packaging	37	45	46	51	126	150
Sales – Fusina rolling mill	—	—	—	9	—	54
Sales – Latin America extrusions	—	30	—	30	25	86
Aluminum price impact	108	n/a	149	n/a	366	n/a
Foreign currency impact	(15)	n/a	38	n/a	89	n/a
Arconic Organic revenue	\$3,394	\$3,161	\$3,340	\$3,171	\$9,936	\$9,399
Engineered Products and Solutions (EP&S)						
Sales	\$1,566	\$1,477	\$1,596	\$1,485	\$4,703	\$4,449
Less:						
Aluminum price impact	(1)	n/a	2	n/a	2	n/a
Foreign currency impact	(1)	n/a	15	n/a	39	n/a
EP&S Organic revenue	\$1,568	\$1,477	\$1,579	\$1,485	\$4,662	\$4,449
Global Rolled Products (GRP)						
Sales	\$1,426	\$1,234	\$1,451	\$1,271	\$4,243	\$3,753
Less:						
Sales – Tennessee packaging	37	45	46	51	126	150
Sales – Fusina rolling mill	—	—	—	9	—	54
Aluminum price impact	106	n/a	128	n/a	343	n/a
Foreign currency impact	(10)	n/a	8	n/a	14	n/a
GRP Organic revenue	\$1,293	\$1,189	\$1,269	\$1,211	\$3,760	\$3,549
Transportation and Construction Solutions (TCS)						
Sales	\$530	\$523	\$562	\$504	\$1,629	\$1,483
Less:						
Sales – Latin America extrusions	—	30	—	30	25	86
Aluminum price impact	3	n/a	19	n/a	21	n/a
Foreign currency impact	(4)	n/a	15	n/a	36	n/a
TCS Organic revenue	\$531	\$493	\$528	\$474	\$1,547	\$1,397

Organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents revenue on a comparable basis for all periods presented due to the impact of the ramp-down and Toll Processing and Services Agreement with Alcoa Corporation at the North America packaging business at its Tennessee operations, the sale of the Fusina, Italy rolling mill, the sale of Latin America extrusions, and the impact of changes in aluminum prices and foreign currency fluctuations relative to the prior year periods.

Reconciliation of Net Debt

(\$ in millions)	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Short-term debt	\$42	\$45	\$45	\$38	\$55	\$48	\$47	\$40
Long-term debt, less amount due within one year	6,315	6,312	6,309	6,806	6,802	6,796	8,046	8,044
Total debt	6,357	6,357	6,354	6,844	6,857	6,844	8,093	8,084
Less: Cash and cash equivalents	1,535	1,455	1,205	2,150	1,815	1,785	2,553	1,863
Net debt	\$4,822	\$4,902	\$5,149	\$4,694	\$5,042	\$5,059	\$5,540	\$6,221

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

Reconciliation of Net debt to Adjusted EBITDA Excluding Special Items

(\$ in millions)

	Trailing-12 months ended							
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Net loss attributable to Arconic	\$ (303)	\$ (345)	\$ (253)	\$ (74)	\$ (605)	\$ (558)	\$ (635)	\$ (941)
Discontinued operations	—	—	—	—	(33)	(133)	(215)	(121)
Loss from continuing operations after income taxes and non-controlling interests	\$ (303)	\$ (345)	\$ (253)	\$ (74)	\$ (638)	\$ (691)	\$ (850)	\$ (1,062)
Add:								
Provision for income taxes	490	455	438	544	1,518	1,521	1,587	1,477
Other (income) expense, net	(7)	23	(150)	(486)	(435)	(453)	(298)	42
Interest expense	389	401	495	496	526	552	493	499
Restructuring and other charges	67	88	99	165	240	224	212	155
Impairment of goodwill	719	719	719	719	—	—	—	—
Provision for depreciation and amortization	568	567	560	551	543	539	535	535
Adjusted EBITDA	\$ 1,923	\$ 1,908	\$ 1,908	\$ 1,915	\$ 1,754	\$ 1,692	\$ 1,679	\$ 1,646
Add:								
Separation costs	\$ —	\$ —	\$ —	\$ 18	\$ 94	\$ 148	\$ 193	\$ 193
Proxy, advisory and governance-related costs	—	—	42	58	58	58	16	—
Legal and other advisory costs related to Grenfell Tower	21	23	19	14	7	—	—	—
Settlements of certain customer claims primarily related to product introductions	38	38	—	—	—	—	—	—
Delaware reincorporation costs	3	3	3	3	—	—	—	—
Adjusted EBITDA excluding Special items	\$ 1,985	\$ 1,972	\$ 1,972	\$ 2,008	\$ 1,913	\$ 1,898	\$ 1,888	\$ 1,839
Net debt	\$ 4,822	\$ 4,902	\$ 5,149	\$ 4,694	\$ 5,042	\$ 5,059	\$ 5,540	\$ 6,221
Net debt to Adjusted EBITDA excluding Special items	2.43	2.49	2.61	2.34	2.64	2.67	2.93	3.38

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

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

Reconciliation of Return on Net Assets (RONA)

(\$ in millions)	Nine months ended September 30,	
	2018	2017
Net income	\$424	\$653
Special items ⁽¹⁾	90	(187)
Net income excluding Special items	\$514	\$466
Annualized net income excluding Special items	\$685	\$621
Net Assets:		
Add: Receivables from customers, less allowances	\$1,147	\$1,150
Add: Deferred purchase program ⁽²⁾	362	238
Add: Inventories	2,622	2,453
Less: Accounts payable, trade	2,061	1,656
Working capital	2,070	2,185
Properties, plants, and equipment, net (PP&E)	5,645	5,526
Net assets - total	\$7,715	\$7,711
RONA	8.9%	8.1%

RONA is a non-GAAP financial measure. RONA is calculated as Net income excluding Special items divided by working capital and net PP&E. Management believes that this measure is meaningful to investors as RONA helps management and investors determine the percentage of net income the company is generating from its assets. This ratio tells how effectively and efficiently the company is using its assets to generate earnings.

(1) See Reconciliation of Net income excluding Special items for a description of Special items.

(2) The Deferred purchase program relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. Arconic is adding back the receivable for the purposes of the Working capital calculation.

Reconciliation of Days Working Capital

(\$ in millions)	Quarter ended September 30,	
	2018	2017
Receivables from customers, less allowances	\$ 1,147	\$ 1,150
Add: Deferred purchase program ⁽¹⁾	362	238
Add: Inventories	2,622	2,453
Less: Accounts payable, trade	2,061	1,656
Working capital	\$ 2,070	\$ 2,185
Sales	\$ 3,524	\$ 3,236
Days Working Capital	54	62

Days Working Capital is a non-GAAP financial measure and is calculated as Working Capital / (Sales / number of days in quarter). Management believes that this measure is meaningful to investors because Days Working Capital reflects the capital tied up during a given quarter.

⁽¹⁾ The Deferred purchase program relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. Arconic is adding back the receivable for the purposes of the Working capital calculation.

Reconciliation of Arconic Auto¹ and Aero Engines Organic Revenue

Reconciliation of Arconic Auto¹ Organic Revenue

(\$ in millions)	<u>3Q18</u>	<u>3Q17</u>
Arconic Auto ¹ Revenue	\$525	\$400
Aluminum price impact	42	n/a
Arconic Auto ¹ Organic Revenue	<u>\$483</u>	<u>\$400</u>

Arconic auto¹ organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents Arconic auto revenue on a comparable basis for all periods presented due to the impact of changes in aluminum prices relative to the prior year period.

Reconciliation of Arconic Aero Engines Organic Revenue

(\$ in millions)	<u>3Q18</u>	<u>3Q17</u>
Arconic Aero Engines Revenue	\$568	\$492
Aluminum price impact	(1)	n/a
Arconic Aero Engines Organic Revenue	<u>\$569</u>	<u>\$492</u>

Arconic aero engines organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents Arconic aero engines revenue on a comparable basis for all periods presented due to the impact of changes in aluminum prices relative to the prior year period.

1) Includes Brazing and Automotive Sheet

Reconciliation of Arconic Commercial Transportation and Building and Construction Organic Revenue

Reconciliation of Arconic Commercial Transportation Organic Revenue

(\$ in millions)	3Q18	3Q17
Arconic Commercial Transportation Revenue	\$449	\$402
Aluminum price impact	21	n/a
Foreign currency impact	(3)	n/a
Arconic Commercial Transportation Organic Revenue	\$431	\$402

Arconic commercial transportation organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents Arconic commercial transportation revenue on a comparable basis for all periods presented due to the impact of changes in aluminum prices and foreign currency exchange rates relative to the prior year period.

Reconciliation of Arconic Building and Construction Organic Revenue

(\$ in millions)	3Q18	3Q17
Arconic Building and Construction Revenue	\$352	\$342
Aluminum price impact	8	n/a
Foreign currency impact	(3)	n/a
Latin America extrusions	—	13
Arconic Building and Construction Organic Revenue	\$347	\$329

Arconic building and construction organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents Arconic building and construction revenue on a comparable basis for all periods presented due to the divestiture of Latin America extrusions and the impact of changes in aluminum prices and foreign currency exchange rates relative to the prior year period.

Reconciliation of Global Rolled Products Auto¹, Industrial, and Commercial Transportation Organic Revenue

Reconciliation of Global Rolled Products (GRP) Auto¹ Organic Revenue

(\$ in millions)	3Q18	3Q17
GRP Auto ¹ Revenue	\$481	\$366
Aluminum price impact	42	n/a
GRP Auto ¹ Organic Revenue	\$439	\$366

GRP auto¹ organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents GRP auto¹ revenue on a comparable basis for all periods presented due to the impact of changes in aluminum prices relative to the prior year period.

Reconciliation of GRP Industrial Organic Revenue

(\$ in millions)	3Q18	3Q17
GRP Industrial Revenue	\$258	\$223
Aluminum price impact	24	n/a
Foreign currency impact	(2)	n/a
GRP Industrial Organic Revenue	\$236	\$223

GRP industrial organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents GRP industrial revenue on a comparable basis for all periods presented due to the impact of changes in aluminum prices and foreign currency exchange rates relative to the prior year period.

Reconciliation of GRP Commercial Transportation Organic Revenue

(\$ in millions)	3Q18	3Q17
GRP Commercial Transportation Revenue	\$145	\$123
Aluminum price impact	14	n/a
GRP Commercial Transportation Organic Revenue	\$131	\$123

GRP commercial transportation organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents GRP commercial transportation revenue on a comparable basis for all periods presented due to the impact of changes in aluminum prices relative to the prior year period.

1) Includes Brazing and Automotive Sheet

Reconciliation of Transportation and Construction Solutions Commercial Transportation and Building and Construction Organic Revenue

Reconciliation of Transportation and Construction Solutions (TCS) Commercial Transportation Organic Revenue

(\$ in millions)	3Q18	3Q17
TCS Commercial Transportation Revenue	\$237	\$214
Aluminum price impact	8	n/a
Foreign currency impact	(2)	n/a
TCS Commercial Transportation Organic Revenue	\$231	\$214

TCS commercial transportation organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents TCS commercial transportation revenue on a comparable basis for all periods presented due to the impact of changes in aluminum prices and foreign currency exchange rates relative to the prior year period.

Reconciliation of TCS Building and Construction Organic Revenue

(\$ in millions)	3Q18	3Q17
TCS Building and Construction Revenue	\$293	\$286
Aluminum price impact	1	n/a
Foreign currency impact	(1)	n/a
Latin America extrusions	—	13
TCS Building and Construction Organic Revenue	\$293	\$273

TCS building and construction organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents TCS building and construction revenue on a comparable basis for all periods presented due to the divestiture of Latin America extrusions and the impact of changes in aluminum prices and foreign currency exchange rates relative to the prior year period.