

The Element of **Possibility**[™]

BMO Capital Markets 27th Global Metals & Mining Conference

Alcoa Corporation

February 2018



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) declines in the discount rates used to measure pension liabilities or lower-than-expected investment returns on pension assets, or unfavorable changes in laws or regulations that govern pension plan funding; (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, 2017 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.

Non-GAAP Financial Measures

Some of the information included in this presentation is derived from Alcoa's consolidated financial information but is not presented in Alcoa'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. Alcoa Corporation believes that the presentation of non-GAAP financial measures is useful to investors because such measures provide both additional information about the operating performance of Alcoa Corporation and insight on the ability of Alcoa Corporation to meet its financial obligations by adjusting the most directly comparable GAAP financial measure for the impact of, among others, "special items" as defined by the Company, non-cash items in nature, and/or nonoperating expense or income items. 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. 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.

This presentation includes a range of forecasted 2018 Adjusted EBITDA for the Company. Alcoa Corporation has not provided a reconciliation of this forward-looking non-GAAP financial measure to the most directly comparable GAAP financial measure for the following reasons. The Company's financial results are heavily dependent on market-driven factors, such as LME-based prices for aluminum, index- and spot-based prices for alumina, and foreign currency exchange rates. As such, the Company may experience significant volatility on a daily basis related to its forecasted Adjusted EBITDA. Management applies estimated sensitivities, such as relating to aluminum and alumina prices and foreign currency exchange rates, to the components that comprise Adjusted EBITDA. However, a similar analysis cannot be performed relating to the components necessary to reconcile Adjusted EBITDA to the most directly comparable GAAP financial measure without unreasonable effort due to the additional variability and complexity associated with forecasting such items. Consequently, management believes such reconciliation would imply a degree of precision that would be confusing and/or potentially misleading to investors.

Glossary of terms

A glossary of abbreviations and defined terms used throughout this presentation can be found in the appendix.

Solid first year as standalone company, just the start



Business framework

Strategic priorities



Keys to Alcoa

Global network of world-class assets;
well-positioned across market cycles

Solid results in 2017; outlook for further
improvements in 2018

Improved balance sheet; disciplined and
transparent approach to capital allocation

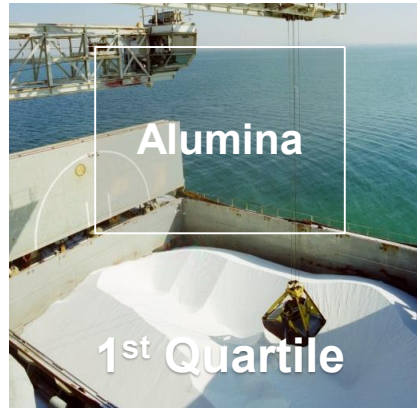
World class, low cost assets well-positioned for the future



2017 Cost curve and business position



- World's second largest bauxite miner, with a first quartile cost position
- Long-lived assets with low-cost growth opportunities
- FY17 adj. EBITDA margin of 35%



- Largest alumina refiner and largest long position, outside of China
- Very low cost, global network of refineries with a collective mid first quartile cost position
- FY17 adj. EBITDA margin of 27%



- Top 10 global aluminum smelter with mid second quartile cost position
- Segment includes Warrick rolling mill and Brazilian energy assets
- FY17 adj. EBITDA margin of 12%

An active, productive 2017; positioned for a strong 2018



2017 Review

Segment operational achievements

- Set annual production records at our three largest mines, our three largest refineries and at three smelters
- Achieved 3rd party sales from all of our major mines
- Reduced our alumina refining cost curve position by ~500 basis points
- Completed restarts at the Portland smelter and Lake Charles calciner
- Began partial restart of Warrick smelter; on track to complete in 2Q18
- Streamlined and consolidated organizational segment structure

Financial and enterprise achievements

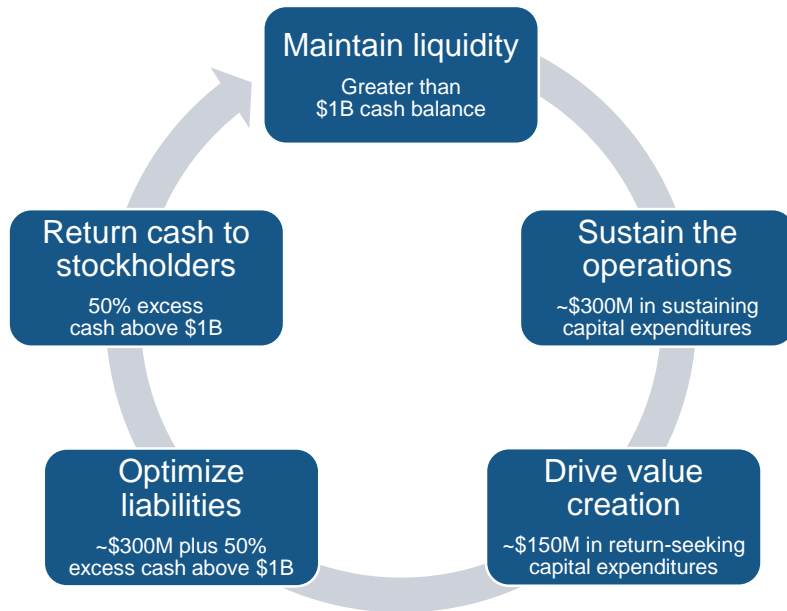
- Generated \$2.35 billion in adjusted EBITDA excl. special items
- Terminated Rockdale power contract, announced closure of site operations
- Successfully renegotiated Revolving Credit Agreement; S&P upgraded Alcoa credit rating to BB and Moody's upgraded to Ba2
- Reduced administrative locations and relocated headquarters to Pittsburgh
- Improved Days Working Capital: 11 days in 4Q17 vs. 14 days in 4Q16
- FY17 year end cash balance of \$1.36 billion; up \$505 million vs. FY16

Capital allocation and other key focus areas for 2018



Business review

2018 Capital allocation framework



Disciplined and operator centric focus

- Revitalize safety systems and culture to improve performance
- Complete partial restart of Warrick smelter by the end of 2Q18
- Deliver 2018 outlook of \$2.6 to \$2.8 billion in adj. EBITDA excl. special items¹
- Maintain focus on generating cash and working capital efficiencies
- Implement announced changes to pension plans and retiree medical programs; provide discretionary funding of approximately \$300 million

1. Outlook provided on January 17, 2018 and based on unpriced sales at \$2,200 LME and \$390 API, and updated regional premiums and foreign currencies.

Alcoa Corporation: a compelling investment



Strategic priorities

Reduce complexity

Simplify the business and control costs

Drive returns

Deliver 2018 adjusted EBITDA outlook¹ and invest in high return projects

Strengthen balance sheet

Position for success across market cycles

1. Outlook provided on January 17, 2018 and based on unpriced sales at \$2,200 LME and \$390 API, and updated regional premiums and foreign currencies.

*The Element of **Possibility***[™]



Appendix

Including reconciliations



Market supply/demand information



Final 2017 and projected 2018 market balances

	Bauxite (3rd-party seaborne)	Alumina (smelter grade)	Aluminum (primary)
Final 2017 Global Balance	Balanced	Balanced	Balanced
2018 Outlook	Balanced	Balanced	Deficit
2018 Supply/Demand Balance, Mmt			
Global	1 to 6; stockpile growth	-0.2 to 0.6; balanced	-0.7 to -0.3; deficit
China	-70 to -65; deficit	-0.1 to 0.3; balanced	1.5 to 1.7; surplus
World ex-China	66 to 71; surplus	-0.1 to 0.3; balanced	-2.2 to -2.0; deficit
2018 Notes	Stockpile growth; Indonesia and Guinea supply growth	Balances assume Chinese alumina imports of 3 Mmt	Demand growth, 2018 vs. 2017 <ul style="list-style-type: none"> • Global = 4.25 to 5.25% • China = 5.75 to 6.25% • World ex-China = 3.25 to 3.75%

As presented on January 17, 2018.

Source: Alcoa analysis, CRU, Wood Mackenzie, CM Group, IAI, CNIA, NBS, Aladdiny, Bloomberg. Alumina and aluminum post-trade balances.

FY18 Key metrics

Shipments		
	FY17 Actual	FY18 Outlook
Bauxite (Mdmt)	47.7	47.5 – 48.5
Alumina (Mmt)	13.7	13.8 – 14.0
Aluminum (Mmt)	3.4	3.1 – 3.3

Cash flow impacts		
	FY17 Actual	FY18 Outlook
Minimum required pension/OPEB funding	\$222M	~ \$450M
Discretionary additional pension funding	–	~ \$300M
Return-seeking capital expenditures ²	\$118M	~ \$150M
Sustaining capital expenditures ²	\$287M	~ \$300M
DOJ / SEC (final payment January 2018)	\$74M	\$74M
Environmental and ARO payments ³	\$117M	\$110M – \$130M

Adjusted EBITDA excl. special items impacts		
	FY17 Actual	FY18 Outlook
Adjusted EBITDA excl. special items	\$2.35B	\$2.6 – \$2.8B ¹
Transformation & legacy pension/OPEB	\$103M	~ \$50M
LIFO and metal price lag	\$65M	Varies
Other corporate expenses ⁴	\$160M	~ \$150M

Other income statement excl. special items impacts		
	FY17 Actual	FY18 Outlook
Non-operating pension/OPEB expense	–	~ \$160M
Depreciation, depletion and amortization	\$750M	~ \$750M
Interest expense	\$104M	~ \$110M
Operational tax rate	36.4%	35 – 40%
Net income of noncontrolling interest	\$365M	40% of AWAC NI

As presented on January 17, 2018.

1. Based on unpriced sales at \$2,200 LME and \$390 API, and updated regional premiums and foreign currencies.
2. AWAC portion of FY18 Outlook: ~50% of return-seeking capital expenditures, and ~60% of sustaining capital expenditures.
3. Environmental payments made against remediation reserve balance of \$294M (at December 31, 2017). Carrying value of AROs as of December 31, 2017 was \$725M.
4. Excludes: 1) Transformation & legacy pension/OPEB, and 2) Impact of LIFO and metal price lag.

FY17 Income statement information



Annual income statement

<i>M, Except realized prices and per share amounts</i>	Reported	Special items	Adjusted excl. special items
Realized primary aluminum price (\$/mt)	\$2,224		\$2,224
Realized alumina price (\$/mt)	\$340		\$340
Revenue	\$11,652		\$11,652
Cost of goods sold	\$9,072	\$(86)	\$8,986
COGS % revenue	77.9%		77.1%
SG&A and R&D expenses	\$316	\$(2)	\$314
SG&A and R&D % revenue	2.7%		2.7%
Adjusted EBITDA	\$2,264	\$88	\$2,352
Depreciation, depletion and amortization	\$750		\$750
Other expenses / (income), net	\$(58)	\$97	\$39
Interest expense	\$104		\$104
Restructuring and other charges	\$309	\$(309)	-
Tax provision	\$600	\$(69)	\$531
Tax rate	51.8%		36.4%
Net income	\$559	\$369	\$928
Less: Net income attributable to noncontrolling interest	\$342	\$23	\$365
Net income attributable to Alcoa Corporation	\$217	\$346	\$563
Diluted earnings per share	\$1.16		\$3.01
Diluted shares outstanding	187.0		187.0

4Q17 Financial summary



Three months ending December 31, 2017, excluding special items

\$M	Bauxite	Alumina	Aluminum ^{3,4}	Transformation & Legacy Pension / OPEB Costs	Impact from LIFO & Metal Price Lag	Other Corporate	Alcoa Corporation Total
Total revenue ¹	\$306	\$1,517	\$2,148	\$15	-	\$(812)	\$3,174
Third-party revenue	\$79	\$937	\$2,143	\$15	-	-	\$3,174
Adjusted EBITDA	\$106	\$562	\$234	\$(4)	\$(51)	\$(72)	\$775
<i>Adjusted EBITDA margin %</i>	<i>34.6%</i>	<i>37.0%</i>	<i>10.9%</i>	-	-	-	<i>24.4%</i>
Depreciation, depletion and amortization	\$21	\$52	\$104	\$1	-	\$9	\$187
Other expenses / (income), net ²	-	\$(5)	\$8	-	-	\$7	\$10
Interest expense							\$27
Provision for income taxes							\$204
Adjusted net income							\$347
Net income attributable to noncontrolling interest							\$152
Adjusted net income attributable to Alcoa Corp.							\$195

1. Intersegment eliminations included in Other Corporate.

2. Amounts listed for Alumina and Aluminum include equity loss / (income) from Saudi Arabian joint venture.

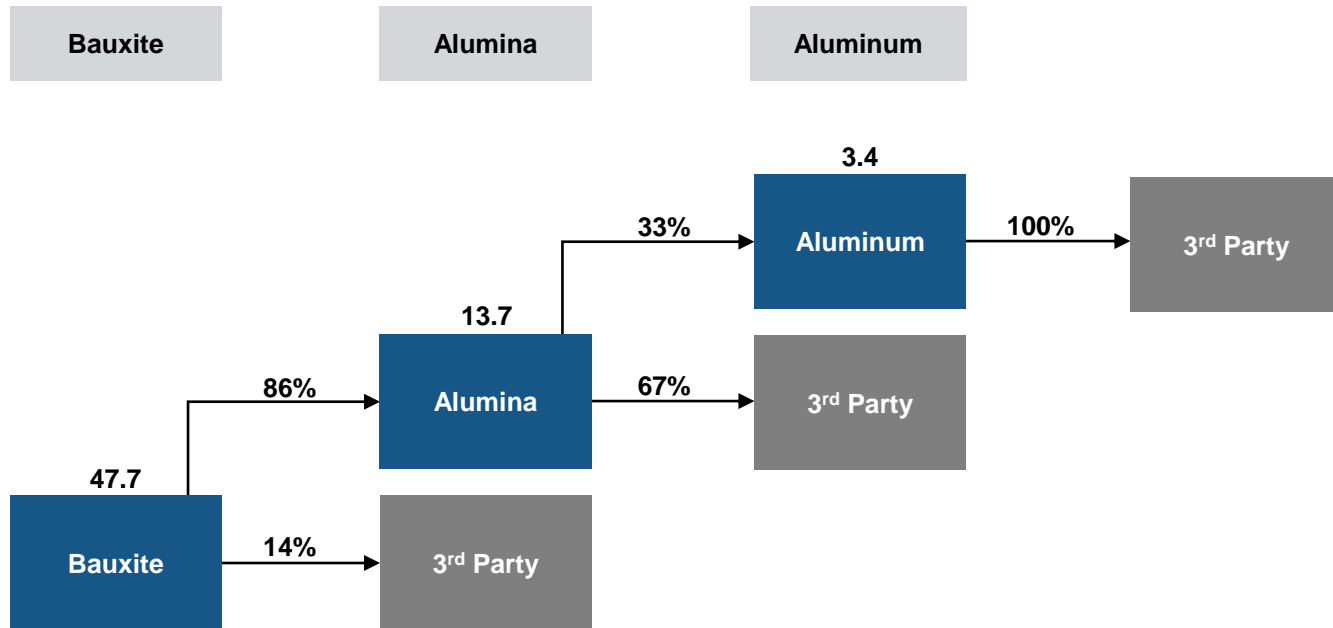
3. Flat rolled aluminum shipments, revenue, and adjusted EBITDA were 0.13 Mmt, \$362M and \$6M, respectively.

4. Third party energy sales volume, revenue and adjusted EBITDA in Brazil were 1,196 GWh, \$73M and \$(3M), respectively.

Aluminum value chain



2017 Alcoa product shipments by segment, Mmt

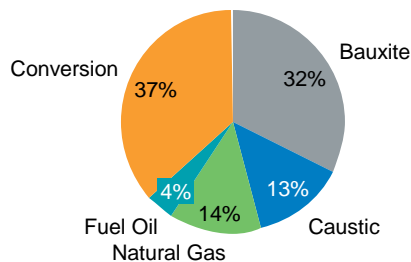


Composition of alumina and aluminum production costs



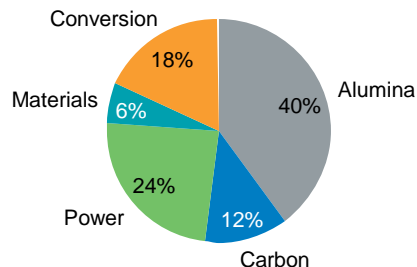
Alcoa 4Q17 production cash costs

Alumina refining



Input Cost	Inventory Flow	Pricing Convention	Estimated Annual Cost Sensitivity
Fuel Oil	1 - 2 Months	Prior Month	\$3M per \$1/bbl
Natural Gas ¹	N/A	N/A	N/A
Caustic Soda	5 - 6 Months	Quarterly	\$9M per \$10/dmt

Aluminum smelting



Input Cost	Inventory Flow	Pricing Convention	Estimated Annual Cost 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.

2018 Business sensitivities



Estimated annual EBITDA sensitivities

\$M	LME	API	Midwest	Europe	Japan	AUD	BRL	CAD	EUR	ISK	NOK
Segment	+ \$100/mt	+ \$10/mt	+ \$100/mt	+ \$100/mt	+ \$100/mt	+ 0.01 USD/AUD	+ 0.10 BRL/USD	+ 0.01 CAD/USD	+ 0.01 USD/EUR	+ 10 ISK/USD	+ 0.10 NOK/USD
Bauxite						(3)	4				
Alumina		119				(16)	6		(1)		
Aluminum	203	(39)	106	102	24	(1)	(3)	3	(4)	6	3
Alcoa Corp.	203	80	106	102	24	(20)	7	3	(5)	6	3

Pricing conventions

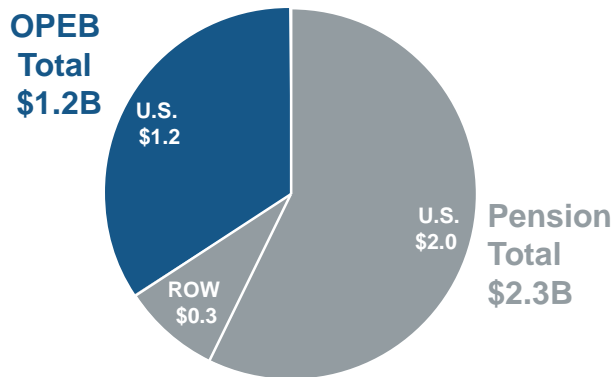
Segment	3 rd -Party Revenue	Primary aluminum % of 2018 shipments	Regional premiums
Bauxite	<ul style="list-style-type: none"> Negotiated prices 	~45%	Midwest
Alumina	<ul style="list-style-type: none"> ~95% of third-party smelter-grade alumina priced on API/Spot API pricing follows 30-day lag 	~45%	Rotterdam Duty Paid
Aluminum	<ul style="list-style-type: none"> 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 net liability and financial impacts

Pension & OPEB net liability, \$3.5B



Pension funding status as of December 31, 2017

- U.S. ERISA ~83%
- GAAP Worldwide ~70%

U.S. pension contributions currently not tax deductible

Financial impacts, \$M

Expense impact	2017	2018
Segment pension	\$89M	~80%
Segment OPEB	\$23M	~5%
Legacy operations	\$36M	N/A
Corporate	\$13M	~15%
Total adj. EBITDA impact	\$161M	~\$80M
Non-operating ¹	N/A	~\$160M
Total expense impact²	\$161M	~\$240M

Cash flow impact	2017	2018
Minimum required pension funding	\$106M	~40%
Discretionary pension funding	-	~40%
OPEB payments	\$116M	~20%
Total cash impact	\$222M	~\$750M

1. Non-operating costs in 2017 are included in adj. EBITDA impact.
 2. 2017 Total expense impact excludes \$8 million in settlements and special termination benefits.

Investments summary



Investee	Country	Nature of Investment ⁴	Ownership Interest	Carrying Value as of December 31, 2017	P&L Location of Equity Earnings
Ma'aden Aluminum Company ¹	Saudi Arabia	Aluminum smelter	25.1%		
Ma'aden Bauxite and Alumina Company ¹	Saudi Arabia	Bauxite mine and Alumina refinery	25.1% ⁵		
Ma'aden Rolling Company ¹	Saudi Arabia	Aluminum rolling mill	25.1%		
Subtotal Ma'aden				\$887M	Other Expenses / (Income)
Halco Mining, Inc. ²	Guinea	Bauxite mine	45% ⁵		
Energetica Barra Grande S.A.	Brazil	Hydroelectric generation facility	42.18%		
Mineração Rio do Norte S.A.	Brazil	Bauxite mine	18.2% ⁵		
Pechiney Reynolds Quebec, Inc. ³	Canada	Aluminum smelter	50%		
Consortio Serra do Facão	Brazil	Hydroelectric generation facility	34.97%		
Manicouagan Power Limited Partnership	Canada	Hydroelectric generation facility	40%		
Subtotal other				\$523M	COGS
Total investments				\$1,410M	

- Alcoa Corporation has an investment in a joint venture related to the ownership and operation of an integrated aluminum complex (bauxite mine, alumina refinery, aluminum smelter, and rolling mill) in Saudi Arabia. The joint venture is owned 74.9% by the Saudi Arabian Mining Company (known as "Ma'aden") and 25.1% by Alcoa Corporation.
- Halco Mining, Inc. owns 100% of Boké Investment Company, which owns 51% of Compagnie des Bauxites de Guinée.
- Pechiney Reynolds Quebec, Inc. owns a 50.1% interest in the Bécancour smelter in Quebec, Canada thereby entitling Alcoa Corporation to a 25.05% interest in the smelter. Through two wholly-owned Canadian subsidiaries, Alcoa Corporation also owns 49.9% of the Bécancour smelter.
- Each of the investees either owns the facility listed or has an ownership interest in an entity that owns the facility listed.
- A portion or all of each of these ownership interests are held by wholly-owned subsidiaries that are part of AWAC.

Capacity closed, sold and curtailed



Smelting and Refining capacity information as of December 31, 2017

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 ¹	2014	150
Mt. Holly (sale)	2014	115
Poços de Caldas	2015	96
Rockdale	2017	191
Total		1,615

Curtailed

Facility	Year	kmt
Intalco	2007	49
Portland	2008	30
Avilés	2012	32
La Coruña	2012	24
São Luís	2013	97
São Luís	2014	97
São Luís	2015	74
Wenatchee	2015	184
Warrick ²	2016	269
Total		856

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

1. On December 21, 2017, announced an agreement to divest the Portovesme primary aluminum smelter to Invitalia.

2. On July 11, 2017, announced restart of 161 kmt to be completed in the second quarter of 2018.

Special items detail, net of tax and noncontrolling interest



<i>\$M</i>	4Q16	3Q17	4Q17	FY17	P&L classification
Special items	\$151	\$22	\$391	\$346	
Warrick restart costs	-	17	29	46	Cost of goods sold
Portland restart power exposure	-	3	-	9	Cost of goods sold
Rockdale inventory writedown	-	-	6	6	Cost of goods sold
Becancour labor negotiation costs	-	-	3	3	Cost of goods sold
Brazil tax settlements	-	7	-	7	Cost of goods sold / selling, general administrative and other
Separation-related costs	27	-	-	-	Selling, general administrative and other / interest expense
Mark-to-market energy contracts	8	7	2	19	Other expenses / (income), net
Gain on asset sales	-	-	(2)	(122)	Other expenses / (income), net
Restructuring-related items	123	(14)	290	296	Restructuring and other charges
Income tax items	(7)	2	63	82	Tax provision

Adjusted EBITDA reconciliation



<i>\$M</i>	4Q16	FY16	3Q17	4Q17	FY17
Net income (loss) attributable to Alcoa Corporation	\$(125)	\$(400)	\$113	\$(196)	\$217
Add:					
Net income (loss) attributable to noncontrolling interest	(4)	54	56	140	342
Provision for income taxes	6	184	119	272	600
Other expenses / (income), net	1	(89)	27	9	(58)
Interest expense	46	243	26	27	104
Restructuring and other charges	209	318	(10)	297	309
Depreciation, depletion and amortization	182	718	194	187	750
Adjusted EBITDA	315	1,028	525	736	2,264
Special items before tax and noncontrolling interest	20	80	36	39	88
Adjusted EBITDA excl. special items	\$335	\$1,108	\$561	\$775	\$2,352

Alcoa Corporation's definition of Adjusted EBITDA 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



<i>\$M</i>	4Q16	4Q17
Short-term borrowings	\$1	\$8
Long-term debt due within one year	21	16
Long-term debt, less amount due within one year	1,424	1,388
Total debt	1,446	1,412
Less: Cash and cash equivalents	853	1,358
Net debt	\$593	\$54

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 considering available cash that could be used to repay outstanding debt.

Days Working Capital



<i>\$M</i>	4Q16	1Q17	2Q17	3Q17	4Q17
Receivables from customers	\$668	\$708	\$789	\$840	\$811
Add: Inventories	1,160	1,294	1,287	1,323	1,453
Less: Accounts payable, trade	1,455	1,434	1,508	1,618	1,898
DWC working capital	\$373	\$568	\$568	\$545	\$366
Sales	\$2,537	\$2,655	\$2,859	\$2,964	\$3,174
Number of days in the quarter	92	90	91	92	92
Days Working Capital ¹	14	19	18	17	11

1. Days Working Capital = Working Capital divided by (Sales / number of days in the quarter).

2016 and 2017 Return on Capital (ROC)



Reconciliation and calculation information

<i>\$M</i>	2016	2017
<i>Numerator:</i>		
Net income (loss) attributable to Alcoa Corporation	(400)	217
Add: Net income attributable to non-controlling interest	54	342
Add: Provision for income taxes	184	600
Profit before taxes (PBT)	(162)	1,159
Add: Interest expense	243	104
Less: Interest income	6	13
Add: Special items ¹	245	300
ROC earnings before taxes	320	1,550
ROC earnings after fixed tax rate of 35%	208	1,008
<i>Denominator²:</i>		
Total assets	16,390	17,177
Less: Cash, cash equivalents, restricted cash and short-term investments	450	1,071
Less: Current liabilities	2,338	2,812
Add: Long-term debt in current year and short-term borrowings	21	23
Average capital base²	13,623	13,317
ROC	1.5%	7.6%

$$\text{ROC \%} = \frac{(\text{PBT} + \text{net interest}^3 + \text{special items}) \times (1 - \text{fixed tax rate}^4)}{(\text{Assets} - \text{cash} - \text{current liabilities} + \text{short term debt})} \times 100$$

$$\text{2016 ROC \%} = \frac{(-\$162 + \$237 + \$245) \times (1 - 0.35)}{(\$16,390 - \$450 - \$2,338 + \$21)} \times 100 = 1.5\%$$

$$\text{2017 ROC \%} = \frac{(\$1,159 + \$91 + \$300) \times (1 - 0.35)}{(\$17,177 - \$1,071 - \$2,812 + \$23)} \times 100 = 7.6\%$$

1. Special items are before taxes and non-controlling interest.
2. 2016 and 2017 denominator items calculated using the quarterly ending balances.
3. Interest expense less interest income.
4. Fixed tax rate of 35%.

Abbreviations listed in alphabetical order

Abbreviation	Description
% pts	Percentage points
1Q##	Three months ending March 31
2Q##	Three months ending June 30
3Q##	Three months ending September 30
4Q##	Three months ending December 31
Adj.	Adjusted
API	Alumina Price Index
Approx.	Approximately
ARO	Asset retirement obligations
AUD	Australian dollar
AWAC	Alcoa World Alumina and Chemicals
B	Billion
bbl	Barrel
BRL	Brazilian real
CAD	Canadian dollar
CIF	Cost, insurance and freight
COGS	Cost of goods sold
dmt	Dry metric ton
DOJ	Department of Justice
DWC	Days working capital
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDAP	Adjusted EBITDA excl. special items and non-service pension/OPEB expenses
EPS	Earnings per share
ERISA	Employee Retirement Income Security Act of 1974
EROA	Expected return on assets
EUR	Euro
excl.	Excluding
FY##	Twelve months ending December 31

Abbreviation	Description
GAAP	Accounting principles generally accepted in the United States of America
IRR	Internal rate of return
ISK	Icelandic Krona
kmt	Thousand metric tons
LIFO	Last in first out method of inventory accounting
LME	London Metal Exchange
M	Million
Mdmt	Million dry metric tons
Mmt	Million metric tons
mt	Metric ton
Mmtpa	Million metric tons per annum
N/A	Not applicable
NA	North America
NCI	Noncontrolling interest
NI	Net income
NOK	Norwegian Krone
OPEB	Other postretirement employee benefits
P&L	Profit and loss
PBT	Profit before taxes
R&D	Research and development
ROC	Return on capital
ROW	Rest of world
SEC	Securities and Exchange Commission
SG&A	Selling, general administrative and other
SHFE	Shanghai Futures Exchange
U.S.	United States of America
USD	United States dollar
WA	Western Australia

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