

While Arconic intends to continue committing substantial financial resources and effort to the development of innovative new products and services, it may not be able to successfully differentiate its products or services from those of its competitors or match the level of research and development spending of its competitors, including those developing technology to displace Arconic's current products. In addition, Arconic may not be able to adapt to evolving markets and technologies or achieve and maintain technological advantages. There can be no assurance that any of Arconic's new products or services, development programs or technologies will be commercially adopted or beneficial to Arconic.

Arconic could be adversely affected by changes in the business or financial condition or the loss of a significant customer or customers.

A significant downturn or deterioration in the business or financial condition or loss of a key customer or customers supplied by Arconic could affect Arconic's financial results in a particular period. Arconic's customers may experience delays in the launch of new products, labor strikes, diminished liquidity or credit unavailability, weak demand for their products, or other difficulties in their businesses. Arconic's customers may also change their business strategies or modify their business relationships with Arconic, including to reduce the amount of Arconic's products they purchase or to switch to alternative suppliers. If Arconic is unsuccessful in replacing business lost from such customers, profitability may be adversely affected.

Arconic could encounter manufacturing difficulties or other issues that impact product performance, quality or safety, which could affect Arconic's reputation, business and financial statements.

The manufacture of many of Arconic's products is a highly exacting and complex process. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols, specifications and procedures, including those related to quality or safety, problems with raw materials, supply chain interruptions, natural disasters, labor unrest and environmental factors. Such problems could have an adverse impact on the Company's ability to fulfill orders or on product quality or performance. Product manufacturing or performance issues could result in recalls, customer penalties, contract cancellation and product liability exposure, including if any of our products are non-compliant or are used in an unintended and/or unapproved manner that results in injuries or other damages. Because of approval and license requirements applicable to manufacturers and/or their suppliers, alternatives to mitigate manufacturing disruptions may not be readily available to the Company or its customers. Accordingly, manufacturing problems, product defects or other risks associated with our products, including their use or application, could result in significant costs to and liability for Arconic that could have a material adverse effect on its business, financial condition or results of operations, including the payment of potentially substantial monetary damages, fines or penalties, as well as negative publicity and damage to the Company's reputation, which could adversely impact product demand and customer relationships.

Arconic's business depends, in part, on its ability to meet increased program demand successfully and to mitigate the impact of program cancellations, reductions and delays.

Arconic is currently under contract to supply components for a number of new and existing commercial, general aviation, military aircraft and aircraft engine programs and is the sole supplier of aluminum sheet for a number of aluminum-intensive automotive vehicle programs. Many of these programs are scheduled for production increases over the next several years. If Arconic fails to meet production levels or encounters difficulty or unexpected costs in meeting such levels, it could have a material adverse effect on the Company's business, financial condition or results of operations. Similarly, program cancellations, reductions or delays could also have a material adverse effect on Arconic's business.

Arconic could be adversely affected by reductions in defense spending.

Arconic's products are used in a variety of military applications, including military aircraft and armored vehicles. Although many of the programs in which Arconic participates extend several years, they are subject to annual funding through congressional appropriations. Changes in military strategy and priorities, or reductions in defense spending, may affect current and future funding of these programs and could reduce the demand for Arconic's products, which could adversely affect Arconic's business, financial condition or results of operations.

Arconic's global operations and status as a public company expose the Company to risks that could adversely affect Arconic's business, financial condition, results of operations, cash flows or the market price of its securities.

Arconic has operations or activities in numerous countries and regions outside the United States, including Europe, Brazil, Canada, China, Japan, and Russia. As a result, the Company's global operations are affected by economic, political and other conditions in the foreign countries in which Arconic does business as well as U.S. laws regulating international trade, including:

- economic and commercial instability risks, including those caused by sovereign and private debt default, corruption, and changes in local government laws, regulations and policies, such as those related to tariffs, sanctions and trade barriers, taxation, exchange controls, employment regulations and repatriation of earnings;