strategy and portfolio review:

- Commenced plans to reduce operating costs by approximately $200 on an annual run-rate basis, designed to maximize the impact in 2019;
- Announced the planned separation of its portfolio into Engineered Products and Forgings and Global Rolled Products, with a spin-off of one of the businesses;
- Considering the potential sale of businesses that do not best fit into one of the two segments above;
- Intends to execute its previously authorized $500 share repurchase program in the first half of 2019;
- The Board also authorized an additional $500 of share repurchases, effective through the end of 2020; and
- Expects to reduce its quarterly common stock dividend from $0.06 to $0.02 per share.

On February 6, 2019, the Company announced that the Board appointed John C. Plant, current Chairman of the Board, as Chairman and Chief Executive Officer of the Company, effective February 6, 2019, to succeed Chip Blankenship, who ceased to serve as Chief Executive Officer of the Company and resigned as a member of the Board, in each case as of that date. In addition, the Company announced that the Board appointed Elmer L. Doty, current member of the Board, as President and Chief Operating Officer, a newly created position, effective February 6, 2019. Mr. Doty will remain a member of the Board. The Company also announced that Arthur D. Collins, Jr., current member of the Board, has been appointed interim Lead Independent Director of the Company, effective February 6, 2019.

On February 19, 2019, the Company entered into an accelerated share repurchase (“ASR”) agreement with JPMorgan Chase Bank to repurchase $700 of its common stock, pursuant to the share repurchase program previously authorized by the Board. Under the ASR agreement, Arconic will receive initial delivery of approximately 32 million shares on February 21, 2019. The final number of shares to be repurchased will be based on the volume-weighted average price of Arconic’s common stock during the term of the transaction, less a discount. The ASR agreement is expected to be completed during the first half of 2019.

The Company will evaluate its organizational structure in conjunction with the planned separation of its portfolio and changes to its reportable segments are expected in the first half of 2019.

In 2019, management projects that sales will be up approximately 2% to 4% supported by increases in most of the Company’s key end markets, as robust growth and the Company’s unique position in those markets is expected to continue. These increases will be partly offset by the expected decline in aluminum prices in 2019 compared with 2018. Earnings per share is expected to grow as management continues to focus on operational performance and driving further cost reductions. The Company expects favorable impacts from volume, net cost savings, aerospace pricing, and lower aluminum pricing, which will be pressured by the continuation of new product introductions in aerospace as well as higher transportation costs and aluminum scrap spreads. Cash flows are expected to keep pace for the full year in 2019 compared with 2018, resulting from improved operating performance and the focus on capital efficiency that is expected to drive lower capital expenditures. Cash flows in the first quarter of 2019 are expected to reflect the typical use of cash based on anticipated timing of working capital increases and interest payments.

2016 Separation Transaction. On November 1, 2016, the Company completed the separation of its business into two standalone, publicly-traded companies, Arconic Inc. and Alcoa Corporation. Following the Separation Transaction, Arconic comprises the Global Rolled Products (other than the rolling mill in Warrick, Indiana, and the 25.1% equity ownership stake in the Ma’aden Rolling Company), the Engineered Products and Solutions, and the Transportation and Construction Solutions segments. Alcoa Corporation comprises the Alumina and Primary Metals segments, the rolling mill in Warrick, Indiana, and the 25.1% equity ownership stake in the Ma’aden Rolling Company in Saudi Arabia.

The Separation Transaction was effected by the distribution of 80.1% of the outstanding shares of Alcoa Corporation common stock to the Company’s shareholders (the “Distribution”). The Company’s shareholders of record as of the close of business on October 20, 2016 (the “Record Date”) received one share of Alcoa Corporation common stock for every three shares of the Company’s common stock held as of the Record Date. The Company distributed 146,159,428 shares of common stock of Alcoa Corporation in the Distribution and retained 36,311,767 shares, or approximately 19.9% (see disposition of retained shares under Results of Operations below), of the common stock of Alcoa Corporation immediately following the Distribution. As a result of the Distribution, Alcoa Corporation is now an independent public company trading under the symbol “AA” on the New York Stock Exchange, and the Company trades under the symbol “ARNC” on the New York Stock Exchange.

On October 31, 2016, Arconic entered into several agreements with Alcoa Corporation that govern the relationship of the parties following the completion of the Separation Transaction. These agreements include the following: Separation and Distribution Agreement, Transition Services Agreement, Tax Matters Agreement, Employee Matters Agreement, Alcoa Corporation to Arconic Inc. Patent, Know-How, and Trade Secret License Agreement, Arconic Inc. to Alcoa Corporation Patent, Know-How, and Trade Secret License Agreement, Alcoa Corporation to Arconic Inc. Trademark License Agreement, Toll Processing and Services Agreement, Master Agreement for the Supply of Primary Aluminum, Massena Lease and