

Arconic Inc.  
Form DFAN14A  
April 26, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of The Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule  
14a-12

ARCONIC INC.  
(Name of Registrant as Specified in Its Charter)

ELLIOTT ASSOCIATES, L.P.

ELLIOTT INTERNATIONAL, L.P.

PAUL E. SINGER

ELLIOTT CAPITAL ADVISORS, L.P.

ELLIOTT SPECIAL GP, LLC

BRAXTON ASSOCIATES, INC.

ELLIOTT ASSET MANAGEMENT LLC

ELLIOTT INTERNATIONAL CAPITAL ADVISORS INC.

HAMBLEDON, INC.

ELLIOTT MANAGEMENT CORPORATION

THE LIVERPOOL LIMITED PARTNERSHIP

LIVERPOOL ASSOCIATES LTD.

LARRY A. LAWSON

CHRISTOPHER L. AYERS

ELMER L. DOTY

BERND F. KESSLER

PATRICE E. MERRIN  
(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Elliott Associates, L.P. and Elliott International, L.P., together with the other participants in such proxy solicitation (collectively, “Elliott”), have filed a definitive proxy statement and accompanying **BLUE** proxy card with the Securities and Exchange Commission to be used to solicit votes for the election of its slate of four highly-qualified director nominees at the 2017 annual meeting of shareholders of Arconic Inc., a Pennsylvania corporation (the “Company”).

Item 1: Elliott issued the following letter and the materials attached hereto as Exhibit 1 to the Company’s shareholders:

April 24, 2017

Dear Fellow Arconic Shareholder:

You are receiving this letter because **you are a shareholder of Arconic Inc.** (“Arconic” or the “Company”), which was formerly a part of Alcoa Inc. This letter contains **important information** about your investment.

You may have heard that Arconic Chairman and CEO Klaus Kleinfeld recently resigned when it came out that he sent a letter threatening a senior officer at the Company’s largest shareholder.

**The problem is, Arconic’s Board of Directors should have fired Dr. Kleinfeld long ago.**

Under Dr. Kleinfeld:

- Shares declined nearly 70% in value
- Shareholder returns were the worst in the S&P 500
- 2016 performance targets were missed in every business segment
- Shareholder rights have been frustrated by poor corporate governance practices
- Dr. Kleinfeld was paid \$128 million by the Board

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For the past nine years, Arconic's Board, led by former Alcatel-Lucent CEO Patricia Russo, aided and abetted Klaus Kleinfeld in destroying enormous amounts of shareholder value.

The Board ignored the warning signs that Dr. Kleinfeld was acting unethically to save his job, even after he was caught trading away Company assets in exchange for an investor's agreement to vote for management.

In its previous letters to you, Arconic's Board asked you to trust its judgment and stick with Dr. Kleinfeld.

Then Dr. Kleinfeld **threatened a shareholder**. Now he has resigned in disgrace. But incredibly, the Board is *still* asking shareholders to trust its judgment, even though **it continues to praise the "strategy" and "leadership"** that produced the abysmal results listed above.

**It is time for us to ask:** If a 70% decline in the value of **your investment** is the "strategy" and "leadership" endorsed by Arconic's Board, then **why should we trust this Board with our Company's future?**

For questions or assistance, please contact Elliott's proxy solicitor, Okapi Partners LLC, toll-free at 1-877-869-0171 or via email at [info@okapipartners.com](mailto:info@okapipartners.com).

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**You have a choice**

The enclosed **BLUE** proxy card gives you the power to choose a brighter future for a New Arconic. A vote for **BLUE** is a vote to:

- Instill a culture dedicated to operational focus and excellence
- Empower employees to share in the gains from improved operational performance
- Eliminate the “celebrity” culture brought to the Company by Dr. Kleinfeld
- Overhaul the Company’s worst-in-class corporate governance regime and adopt modern best practices demonstrating that “New Arconic” welcomes accountability
- Drive higher asset utilization at Arconic’s facilities
- Allocate capital away from wasteful projects and toward more prudent growth strategies

We think this “New Arconic” plan could increase the value of your investment substantially – **to as much as \$33-\$46 per share.**

By contrast, the white proxy card is a **white flag of surrender** to a Board that has promised to continue the same failed strategy that produced a **70% decline** in the value of your investment.

Our firm, Elliott Management, manages funds with a combined 13.2% economic interest in Arconic, making us the Company’s largest shareholder. We have no special rights and enjoy no preferences. Our decision to make such a large investment was not made to produce a quick buck. **We are long-term investors**, and we are highly committed to seeing Arconic improve in ways that will maximize investment returns for all shareholders.

We are asking for your support for four new independent, highly qualified directors:

- **Christopher L. Ayers** – Former Alcoa and experienced business executive, expert in specialty materials
- **Elmer L. Doty** – Former CEO of Vaught Aircraft, over 40 years of leadership experience in heavy industry
- **Bernd F. Kessler** – Former CEO of SR Technics, strong background in operational excellence
- **Patrice E. Merrin** – Experienced business executive and board director, has led two CEO search processes

More information on these high-caliber nominees can be found in the appendix attached.



You can take action to protect your investment and help us bring much needed change to Arconic. Please vote using only the **BLUE** proxy card today.

Thank you,

Elliott Management Corporation

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## Appendix – Shareholder Nominee Biographies

**Chris Ayers** is the former head of the Forging Division at Precision Castparts (“PCC”). At PCC, Chris started out as an operations manager for one of its casting facilities. Within six months he was promoted to general manager of that business. He did so well that PCC gave him multi-plant responsibility for similar facilities in England, and he was eventually promoted to lead a whole division of facilities in PCC’s forging business. After eight years, he left to join Alcoa as the COO of Alcoa’s Cast, Forged, and Extruded Products Business – part of EPS. Chris’s help was subsequently needed in the aluminum smelting business, so he was promoted to Executive Vice President and President of Global Primary Products (aluminum smelting, alumina refining and bauxite mining), which he ran for two years before leaving to become CEO of a private company. Chris is a no-nonsense operator, and he knows Arconic well.

**Elmer Doty** is the former President and CEO of Vought Aircraft Industries (“Vought”) – one of the largest producers of commercial and military aerostructures. Under Elmer’s leadership, Vought increased revenues from \$1.3 billion to \$1.9 billion and net income from negative \$230 million to positive \$330 million. Immediately prior to Vought, Elmer was Executive Vice President of United Defense Industries. Between United Defense and Vought, Elmer managed two businesses that were major customers of Alcoa and Arconic. Elmer has a long track record of success at improving difficult businesses through operational excellence and restructuring. He will demand the same attention to operational detail from Arconic’s management.

**Bernd Kessler** is the former CEO of SR Technics, a world-leading maintenance and repair organization for the civil aviation sector. Bernd has spent his career in the guts of the aerospace business. At SR Technics, Bernd’s job was simple: to fix planes – with no errors – as quickly and as cheaply as possible. He brings valuable insights from a long career as an international business executive, including as a director of Polaris Industries, former President and CEO of MTU Maintenance and former executive at Honeywell International. His strong background in engineering, operational excellence and organizational development will serve shareholders well in the boardroom.

**Patrice Merrin** is the former Executive Vice President and COO of Sherritt International, a publicly traded Canadian natural resources company. Patrice brings extensive experience serving as a director of some of the most complex and challenging companies, and she is currently on the Board of Directors of Glencore, Stillwater Mining, and Novadaq Technologies. Having chaired two CEO search committees, Patrice knows how to take an objective look at an organization and determine what kind of leader it needs for the challenges it faces. She is a proven change-agent with a track record of implementing sound corporate governance practices and holding management teams accountable for their performance. She possesses the ideal fortitude for Arconic at this critical time.

**Please vote for these highly qualified nominees using the BLUE CARD only**

**Please disregard and discard any white card you receive**

For questions or assistance, please contact Elliott's proxy solicitor, Okapi Partners LLC, toll-free at 1-877-869-0171 or via email at [info@okapipartners.com](mailto:info@okapipartners.com).

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## **Additional Information**

Elliott Associates, L.P. and Elliott International, L.P. (collectively, “Elliott”), together with the other participants in Elliott’s proxy solicitation, have filed a definitive proxy statement and accompanying BLUE proxy card with the Securities and Exchange Commission (“SEC”) to be used to solicit proxies in connection with the 2017 annual meeting of shareholders (the “Annual Meeting”) of Arconic Inc. (the “Company”). Shareholders are advised to read the proxy statement and any other documents related to the solicitation of shareholders of the Company in connection with the Annual Meeting because they contain important information, including information relating to the participants in Elliott’s proxy solicitation. These materials and other materials filed by Elliott with the SEC in connection with the solicitation of proxies are available at no charge on the SEC’s website at <http://www.sec.gov>. The definitive proxy statement and other relevant documents filed by Elliott with the SEC are also available, without charge, by directing a request to Elliott’s proxy solicitor, Okapi Partners LLC, at its toll-free number 1-877-869-0171 or via email at [info@okapipartners.com](mailto:info@okapipartners.com).

## **About Elliott**

Elliott Management Corporation manages two multi-strategy hedge funds which combined have more than \$32 billion of assets under management. Its flagship fund, Elliott Associates, L.P., was founded in 1977, making it one of the oldest hedge funds under continuous management. The Elliott funds’ investors include pension plans, sovereign wealth funds, endowments, foundations, funds-of-funds, high net worth individuals and families, and employees of the firm.

## **IMPORTANT**

**Your vote is important, no matter how many or how few shares of Common Stock you own. Elliott urges you to sign, date, and return the enclosed BLUE proxy card today to vote FOR the election of the Nominees and in accordance with Elliott’s recommendations on the other proposals on the agenda for the 2017 Annual Meeting.**

Since only your latest dated proxy card will count, we urge you not to return any proxy card you receive from the Company. Even if you return the WHITE management proxy card marked “withhold” as a protest against the incumbent directors, it will revoke any proxy card you may have previously sent to us. Remember, you can vote for our four Nominees only on our **BLUE** proxy card. So please make certain that the latest dated proxy card you return is the **BLUE** proxy card.

Okapi Partners is assisting Elliott with its effort to solicit proxies. If you have any questions or require assistance in authorizing a proxy or voting your shares of Common Stock, please contact:

**1212 Avenue of the Americas, 24th Floor**

**New York, NY 10036**

**(212) 297-0720**

**Call Toll-Free at: (877) 869-0171**

**E-mail: [info@okapipartners.com](mailto:info@okapipartners.com)**

For questions or assistance, please contact Elliott's proxy solicitor, Okapi Partners LLC, toll-free at 1-877-869-0171 or via email at [info@okapipartners.com](mailto:info@okapipartners.com).

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Item 2: The following materials were posted by Elliott to [www.NewArconic.com](http://www.NewArconic.com):