TAX BASIS INFORMATION FOR ARCONIC SHARES AFTER THE SEPARATION OF ALCOA CORPORATION

On November 1, 2016, Arconic Inc. ("Arconic," f/k/a Alcoa Inc.) completed the separation of Alcoa Corporation ("Alcoa Corporation," f/k/a Alcoa Upstream Corporation) from Arconic. The record date was the close of business on October 20, 2016. As a result of the separation, Alcoa Corporation became an independent, publicly-traded company.

All holders of Arconic common stock are urged to consult their own tax advisors for a complete description of the tax consequences of the separation to them. Tax matters can be complicated, and the tax consequences of the separation to any holder may depend on such holder's individual facts and circumstances.

A. Allocation of Basis

In this separation, holders of Arconic common stock received one share of Alcoa Corporation common stock for every three shares of common stock of Arconic held as of the record date for the separation. Fractional shares of Alcoa Corporation common stock were not distributed; instead, fractional shares that Arconic shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by a distribution agent, and the net cash proceeds of these sales will be distributed pro rata (based on the fractional share such shareholder would otherwise be entitled to receive) to those shareholders who would otherwise have been entitled to receive fractional shares.

Each Arconic shareholder will need to allocate the tax basis in Arconic common stock that they held immediately before the separation between their shares of Arconic common stock and the shares of Alcoa Corporation common stock received in the separation (including any fractional shares of Alcoa Corporation common stock for which cash is received from the distribution agent).

For U.S. federal income tax purposes, the aggregate tax basis of the Arconic common stock and the Alcoa Corporation common stock received in the separation (including any fractional shares of Alcoa Corporation common stock for which cash is received) held by a shareholder as of immediately after the separation will equal the aggregate basis of the Arconic common stock held by such shareholder immediately before the separation. The allocation of tax basis between Arconic common stock and Alcoa Corporation common stock is based on the relative fair market value of each on the date of the separation. There are many potential ways to determine the fair market value of Arconic and Alcoa Corporation common stock, and we recommend that you consult your tax advisor in making this determination. One method is to use the average of the high and low trading prices of the Alcoa Corporation and Arconic common stock on November 1, 2016. If this method is used, the pre-distribution tax basis in Arconic common stock would be allocated 73.14% to Arconic common stock and 26.86% to Alcoa Corporation common stock, calculated as shown in the following example:

	Average Price[1]	Exchange Ratio	Price Divided by Exchange Ratio	Allocation Ratio
Arconic	$20.59	1	$20.59	$20.59/$28.15 = 73.14%
Alcoa Corporation	$22.67	3	$7.56	$7.56/$28.15 = 26.86%
Total			$28.15	

If an Arconic shareholder held different blocks of Arconic common stock (generally shares of Arconic common stock acquired on different dates or at different prices), such Arconic shareholder should consult with his, her or its own tax advisor regarding the determination of the basis and holding period of shares of Alcoa Corporation common stock received in the separation in respect of particular blocks of Arconic common stock.

B. Significant Distributees

Any holder of Arconic common stock that is a "significant distributee" within the meaning of applicable U.S. Treasury Regulations is required to attach a statement describing the details of the separation to his, her or its U.S. federal income tax return for the taxable period that includes the date of the separation. Each "United States shareholder" (within the meaning of section 951(b) of the Code) with respect to each significant distributee that is a "controlled foreign corporation" (within the meaning of section 957 of the Code) must also include this statement on or with such shareholder's return. Any person who may be a significant distributee or a United States shareholder in a controlled foreign corporation should consult his, her or its tax advisor with respect to the required statement.

C. Consult Your Tax Advisor

The information in this document is for general information purposes only and does not constitute tax advice. Holders of Arconic common stock that received shares of Alcoa Corporation common stock in the separation should consult their own tax advisors as to the consequences of the separation to them under U.S. federal state, local, and foreign tax laws in light of their particular circumstances.

For further information, please see Arconic's IRS Form 8937.

[1] All values rounded to the nearest hundredth.