Advancing each generation. ALCOA

4th Quarter Earnings Conference

January 12, 2015

Cautionary Statement

Forward-Looking Statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements. Forward-looking statements include those containing such words as "anticipates," "estimates," "expects," "forecasts," "intends," "outlook," "plans," "projects," "sees," "should," "targets," "will," or other words of similar meaning. All statements that reflect Alcoa's 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 aluminum, end market conditions, supply/demand balances, and growth opportunities for aluminum in automotive, aerospace, and other applications; targeted financial results or operating performance; statements about Alcoa's strategies, outlook, and business and financial prospects; and statements regarding Alcoa's portfolio transformation, including the expected benefits of acquisitions. These statements reflect beliefs and assumptions that are based on Alcoa's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Forward-looking statements are subject to a number of risks and uncertainties and are not guarantees of future performance. Important factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: (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, including aerospace, automotive, commercial transportation, building and construction, packaging, and industrial gas turbine; (d) the impact of changes in foreign currency exchange rates on costs and results, particularly the Australian dollar, Brazilian real, Canadian dollar, euro, and Norwegian kroner; (e) increases in energy costs or the costs of other raw materials, or the unavailability or interruption of energy supplies; (f) Alcoa's 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 (including increasing revenues and improving margins in its Engineered Products and Solutions and Global Rolled Products segments and moving its alumina refining and aluminum smelting businesses down on the industry cost curves) anticipated from its restructuring programs and productivity improvement, cash sustainability, technology, and other initiatives; (g) failure to advance or successfully implement, to achieve commercialization of, or to realize expected benefits from, new or innovative technologies, equipment, processes, or products, including, without limitation, the Alcoa Micromill™ continuous casting process, whether due to changes in the regulatory environment, competitive developments, unexpected events, such as failure of equipment or processes to meet specifications, or other factors; (h) Alcoa's inability to realize expected benefits, in each case as planned and by targeted completion dates, from sales of non-core assets, or from newly constructed, expanded, or acquired facilities, or from international joint ventures, including the joint venture in Saudi Arabia; (i) political, economic, and regulatory risks in the countries in which Alcoa operates or sells products, including unfavorable changes in laws and governmental policies, civil unrest, imposition of sanctions, expropriation of assets, or other events beyond Alcoa's control; (j) the outcome of contingencies, including legal proceedings, government investigations, and environmental remediation; (k) the impact of cyber attacks and potential information technology or data security breaches; (l) failure to receive, delays in the receipt of, or unacceptable or burdensome conditions imposed in connection with, required regulatory approvals or the inability to satisfy the other closing conditions to the proposed TITAL acquisition; (m) the risk that Firth Rixson or other acquired businesses will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (n) the loss of customers, suppliers and other business relationships as a result of acquisitions, competitive developments, or other factors; and (o) the other risk factors summarized in Alcoa's Form 10-K for the year ended December 31, 2013 and other reports filed with the Securities and Exchange Commission (SEC). Alcoa 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. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. 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. Any reference to historical EBITDA means adjusted EBITDA, for which we have provided calculations and reconciliations in the Appendix. Alcoa has not provided a reconciliation of any forward-looking non-GAAP financial measure to the most directly comparable GAAP financial measure, due primarily to variability and difficulty in making accurate forecasts and projections, as not all of the information necessary for a quantitative reconciliation is available to Alcoa without unreasonable effort.

Advancing each generation. ALCOA

Klaus Kleinfeld

Chairman and Chief Executive Officer

January 12, 2015

Transformation Delivering Results; Profitability Up YOY

4Q 2014 Overview

Delivering Strong Operational Performance

- **Strong Operational performance:**
  - ***Downstream: 19th Consecutive Quarter of YOY ATOI growth*** *excluding Firth Rixson*
  - ***Midstream: ATOI of $71 million*** *(+238% YOY)*
  - ***Upstream: Improved Performance – 13*** *Consecutive* ***Quarters***

    Alumina *segment:* ***ATOI of $178 million***

    Primary Metals *segment:* ***ATOI of $267 million***
- **4Q14 Cash from Operations of $1.5 billion, *highest quarter in history***

  4Q14 Free Cash Flow of $989 million, *highest quarter since 4Q 2010*
- **2014 Productivity: $1.2 billion Across All Segments**
- **2014 Free Cash Flow[1]: $455 million**, **18% improvement over 2013**

Accelerating Portfolio Transformation

- **Closed** $3.0 billion **Firth Rixson acquisition**
- Announced **TITAL acquisition**; expected to **close** by end of **1Q 2015**

  Expands global *growth* ***platform*** *for* ***titanium aerospace*** *components*
- Unveiled **Micromill™** for the World's **most advanced aluminum alloy**
- Finalized **sale** of three **European rolling mills** to a subsidiary of Atlas Holdings, L.L.C.
- **Safely Executed** Australian rolling mill **closures** of 200 kmt capacity
- **Sold Jamalco** ownership interest[2] to Noble Group Ltd for **$140** million
- Saudi Arabia **refinery** fully **operational**; **first alumina** from Saudi Arabian bauxite
- **Sold** stake in **Mt. Holly smelter** to Century Aluminum Company for **$67.5** million

1) 2014 Cash from Operations of $1.7 billion
2) Jamaica bauxite mine and alumina refinery owned 55% by Alcoa Minerals of Jamaica, L.L.C.

Advancing each generation.

ALCOA

William Oplinger

Executive Vice President and Chief Financial Officer

January 12, 2015

Income Statement Summary

$ Millions, except aluminum prices and per-share amounts	4Q13	3Q14	4Q14	Prior Year Change	Sequential Change
Realized Aluminum Price ($/MT)	$2,157	$2,538	$2,578	$421	$40
Revenue	$5,585	$6,239	$6,377	$792	$138
Cost of Goods Sold	$4,708	$4,904	$4,973	$265	$69
COGS % Revenue	84.3%	78.6%	78.0%	(6.3 % pts.)	(0.6 % pts.)
Selling, General Administrative, Other	$255	$243	$271	$16	$28
SGA % Revenue	4.6%	3.9%	4.2%	(0.4 % pts.)	0.3 % pts.
Other (Income) Expenses, Net	($10)	$23	($6)	$4	($29)
Impairment of Goodwill	$1,731	-	-	($1,731)	-
Restructuring and Other Charges	$380	$209	$388	$8	$179
Effective Tax Rate	(15.6%)	60.3%	51.3%	66.9% pts.	(9.0% pts.)
EBITDA	$565	$1,035	$1,073	$508	$38
Net (Loss) Income	($2,339)	$149	$159	$2,498	$10
Net (Loss) Income Per Diluted Share	($2.19)	$0.12	$0.11	$2.30	($0.01)
Income per Diluted Share excl Special Items	$0.04	$0.31	$0.33	$0.29	$0.02

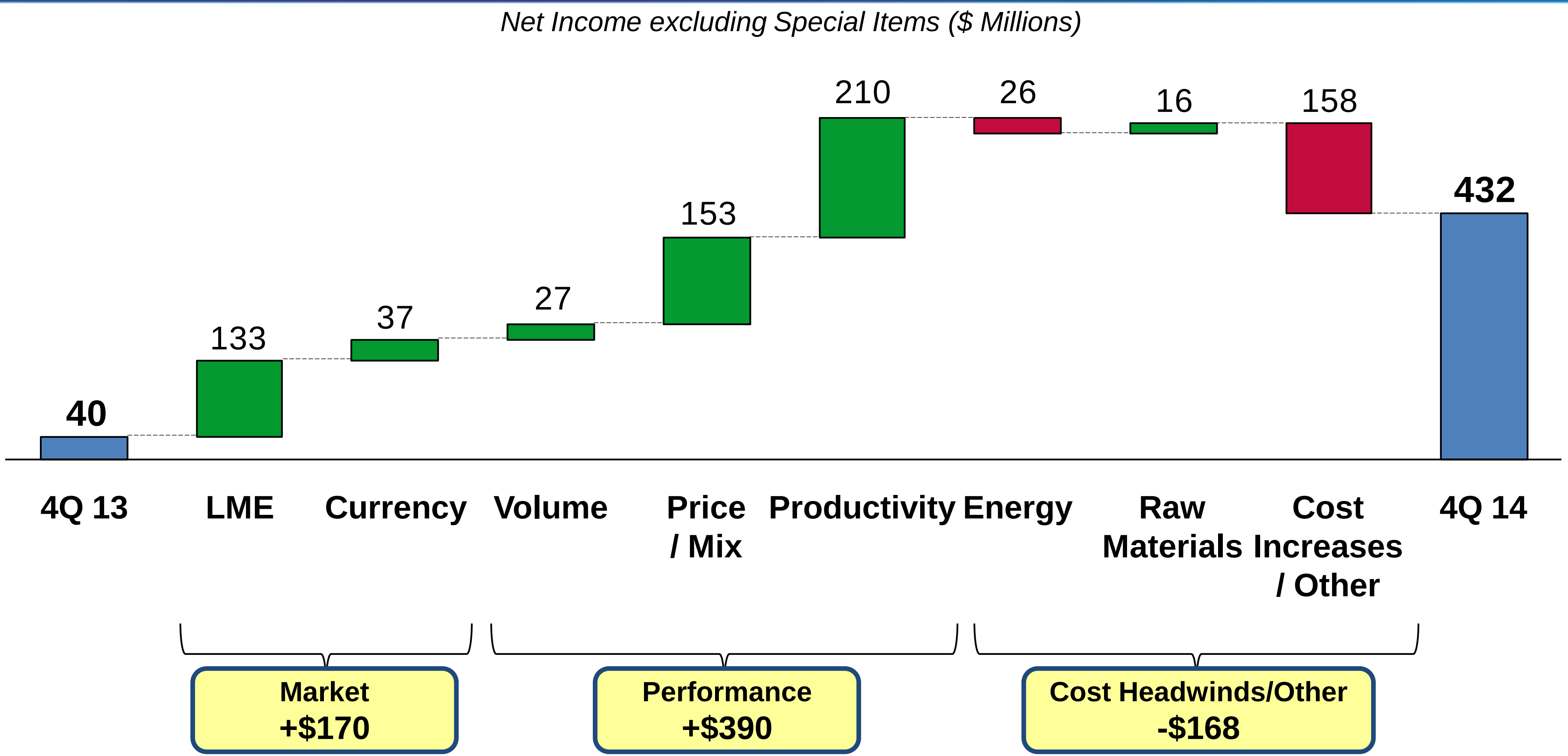
See appendix for Adjusted Income reconciliation.

Special Items

$ Millions, except per-share amounts	4Q13	3Q14	4Q14	Income Statement Classification	Segment
Net (Loss) Income	**($2,339)**	**$149**	**$159**		
Net (Loss) Income Per Diluted Share	**($2.19)**	**$0.12**	**$0.11**		
Restructuring-Related[1]	($46)	($202)	($200)	Restructuring and Other Charges/COGS	Corporate / Primary Metals
Tax Items	($361)	-	($53)	Income Taxes	Corporate
Acquisition Costs	-	($14)	($22)	SG&A/Interest Expense	Corporate
Mark-to-Market Energy Contracts	$7	($14)	$2	Other (Income) Expenses, Net	Corporate
Gain on Asset Sale	-	$9	-	Other Expenses, Net	Corporate
Government Investigations Resolution	($243)	-	-	Restructuring and Other Charges	Corporate
Goodwill Impairment	($1,719)	-	-	Impairment of Goodwill	Corporate
Capital Projects Write-off	($13)	-	-	Restructuring and Other Charges	Corporate
Saudi JV Potline Impact/Massena Fire	($4)	-	-	COGS / Other Income, Net	Primary Metals / EPS / Corporate
Special Items	**($2,379)**	**($221)**	**($273)**		
Net Income excl Special Items	**$40**	**$370**	**$432**		
Net Income per Diluted Share excl Special Items	**$0.04**	**$0.31**	**$0.33**		

1) Total restructuring-related charges in 4Q14 of $200 million (80 percent non-cash, 20 percent cash)
See appendix for Adjusted Income reconciliation

Earnings Growth Driven by Performance and Pricing



4th Quarter Cash Flow Overview

4Q13, 3Q14 & 4Q14 Cash Flow

($ Millions)	4Q13	3Q14	4Q14
Net (Loss) Income before Noncontrolling Interests	($2,310)	$131	$114
DD&A	$350	$346	$336
Change in Working Capital	$522	($411)	$642
Pension Contributions	($108)	($164)	($55)
Other Adjustments	$2,466	$347	$421
Cash from Operations	**$920**	**$249**	**$1,458**
Dividends to Shareholders	($33)	($36)	($56)
Equity Issuance	-	$1,213	-
Change in Debt	($14)	$981	($110)
Net (Distributions)/Contributions from Noncontrolling Interests	($29)	($20)	($36)
Other Financing Activities	$11	$2	$21
Cash from Financing Activities	**($65)**	**$2,140**	**($181)**
Capital Expenditures	($422)	($283)	($469)
Acquisitions/Divestitures/Asset Sales	$5	$5	($2,138)
Other Investing Activities	($8)	($3)	($46)
Cash from Investing Activities	**($425)**	**($281)**	**($2,653)**
Cash on Hand	**$1,437**	**$3,272**	**$1,877**

4Q14 CFO
$1.5 billion
Highest quarter in history

$1.9 billion
cash on hand

See appendix for Free Cash Flow reconciliation

Share Gains Drive Engineered Products and Solutions Revenue Growth

4Q14 Actual and 1Q15 Outlook – Engineered Products and Solutions

4th Quarter Results

	4Q 13	3Q 14	**4Q 14***
3rd Party Revenue ($ Millions)	1,405	1,495	**1,566**
ATOI ($ Millions)	168	209	**165**
EBITDA Margin	20.3%	23.5%	**18.9%**

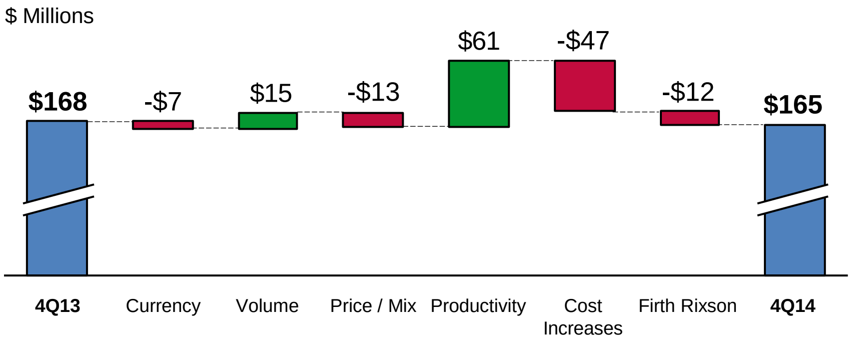
* EBITDA Margin excluding Firth Rixson of 20.6%

4th Quarter Business Highlights

- **Revenue up 11%** year-over-year **(organic up 6%)** driven by **strong share gains** across all markets
- **19th consecutive quarter** of year-over-year **ATOI growth***
- **Firth Rixson integration** ATOI impact of **$12M**
- Year-over-year **improvement** driven by **productivity,** strong **Aero, Commercial Transportation, Building & Construction** revenues*

* Excluding Firth Rixson

4th Quarter Performance Bridge



1st Quarter Outlook

- **Aerospace** market remains **strong**
- Continued **recovery in N.A. Non-Residential Construction**; **European weakness continues**, outlook varies across regions
- **Strong N.A. Heavy Duty Truck** build rates; partially offset by Europe
- **Share gains** through innovation and **productivity continue** across all sectors
- **ATOI up 15% to 20%** sequentially; **0% to 5%** year-over-year as forex pressures are expected to continue **($9M)**

Aero Mix, Auto Sheet Growth, Productivity Drive Strong GRP Earnings

4Q14 Actual and 1Q15 Outlook – Global Rolled Products

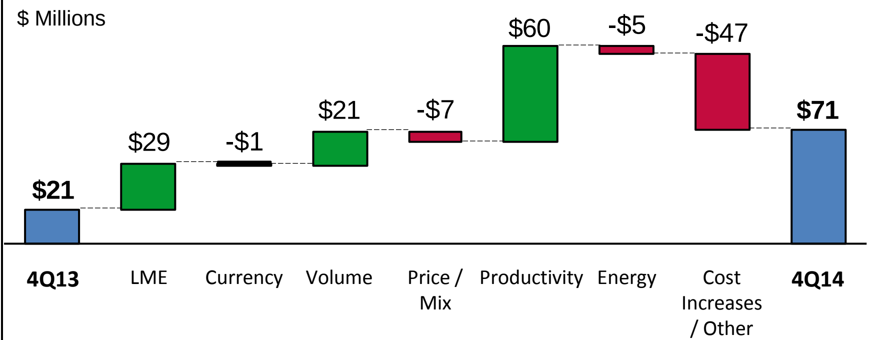
4th Quarter Results

	4Q 13	3Q 14	**4Q 14**
3rd Party Revenue ($ Millions)	1,645	1,926	**1,888**
ATOI ($ Millions)	21	103	**71**
EBITDA/MT ($)	185	409	**317**

4th Quarter Business Highlights

- **Record Auto sheet shipments** and strong **Aerospace** demand
- **Rising metal prices** benefitted results
- **Pricing pressure** in Packaging and EU Industrial
- Cost increases from **automotive ramp-up, deferred maintenance** and **increased regional premiums** in Russia and Europe
- **Continued strong productivity improvement**

4th Quarter Performance Bridge



1st Quarter Outlook

- Expect **record Auto sheet shipments** and continued **strength in Aerospace, N.A. Industrial** and **brazing**
- Continued **pricing pressure** in **Packaging and EU Industrial**
- **Costs** associated with **ramp-up of Saudi Arabia rolling mill, Micromill**™ R&D and **higher regional premiums** in Russia
- **ATOI flat** year-over-year, **excluding** impacts from **metal/currency**

See appendix for EBITDA reconciliation
GRP = Global Rolled Products

Alumina Earnings Nearly Triple Sequentially

4Q14 Actual and 1Q15 Outlook – Alumina

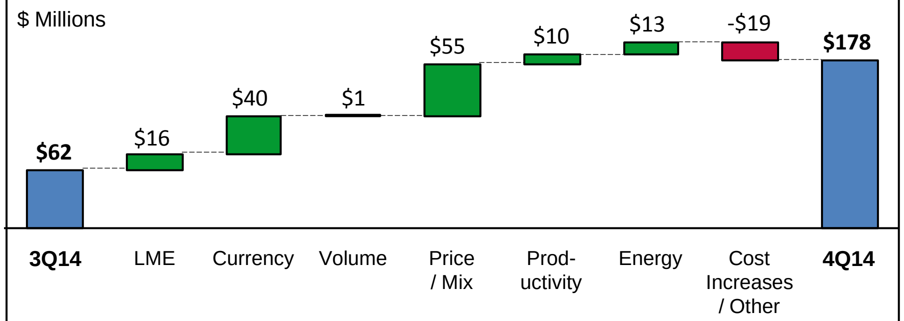
4th Quarter Results

	4Q 13	3Q 14	**4Q 14**
Production (kmt)	4,249	4,196	**4,161**
3rd Party Shipments (kmt)	2,578	2,714	**2,928**
3rd Party Revenue ($ Millions)	832	886	**1,017**
3rd Party Price ($/MT)	316	320	**343**
ATOI ($ Millions)	70	62	**178**

4th Quarter Business Highlights

- **Higher API/Spot** and **LME-based prices** reflecting favorable market conditions
- **Favorable currency** movements in most production regions
- Continued **productivity gains** and **energy benefit** from lower fuel oil costs
- Cost increases due to Saudi Arabia **refinery start up** and timing of **maintenance costs** in the U.S. and Australia

4th Quarter Performance Bridge



1st Quarter Outlook

- **~75%** of 3rd party shipments on API or spot pricing for 2015
- **API** pricing follows **30-day lag**; **LME** pricing follows **60-day lag**
- **Production down slightly** from 4Q14 by **200 kmt**
- **Saudi Arabia** refinery **start-up cost** will increase **$5M**
- **Productivity** will offset impacts of lower **volume, energy** and other **cost increases**, and the Saudi Arabia **refinery start up**

Primary Earnings Up on Productivity, Pricing and Currency

4Q14 Actual and 1Q15 Outlook – Primary Metals

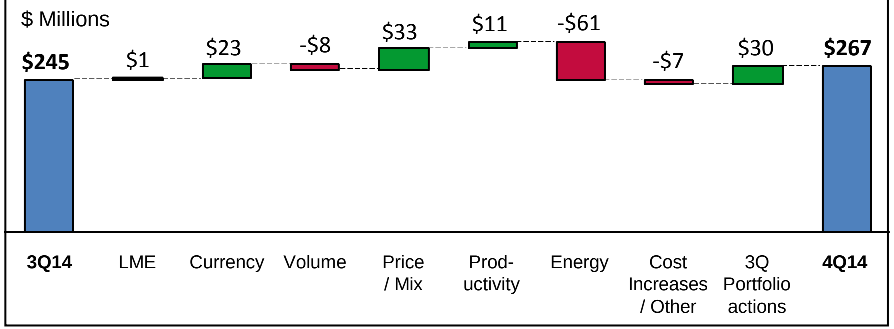
4th Quarter Results

	4Q 13	3Q 14	**4Q 14**
Production (kmt)	866	760	**731**
3rd Party Shipments (kmt)	717	642	**637**
3rd Party Revenue ($ Millions)	1,618	1,865	**1,852**
3rd Party Price ($/MT)	2,157	2,538	**2,578**
ATOI ($ Millions)	(35)	245	**267**

4th Quarter Business Highlights

- **Regional premiums** drive **positive** price/mix
- **Production down** due to **Pt. Henry** closure and **Mt. Holly** sale
- **Higher energy** costs in **Spain** and **lower** energy **sales prices** in **Brazil**
- **Other cost** increases include **higher alumina** costs due to higher API and spot pricing

4th Quarter Performance Bridge



1st Quarter Outlook

- **Pricing** follows a **15-day lag** to LME
- **Production down slightly** from 4Q14 by **35 kmt**
- **Energy unfavorable $45M** due to lower power sales prices in Brazil
- **Productivity** will offset lower **volume**, lower **energy sales** and other **cost increases**

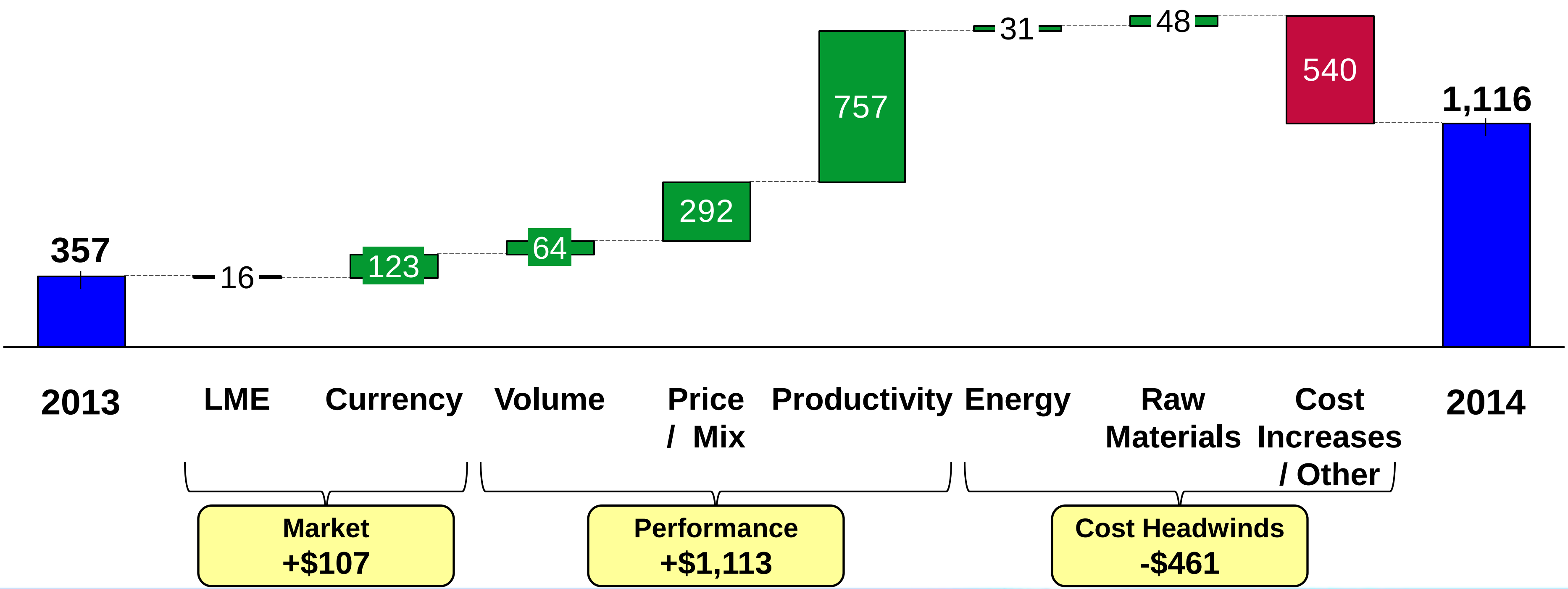
Transformation Leads to Change in Net Income Sensitivities

Alcoa Net Income Sensitivities

	Benchmark	2014 Sensitivity	2015 Sensitivity
LME	+/- $100/MT	$240M	$190M
API	+/- $10/MT	N/A	$20M
AUD	+/- 0.01 USD/AUD	$11M	$11M
BRL	+/- 0.01 BRL/USD	$3M	$1M
EUR	+/- 0.01 USD/EUR	$2M	$2M
CAD	+/- 0.01 CAD/USD	$5M	$4M
NOK	+/- 0.10 NOK/USD	$5M	$4M

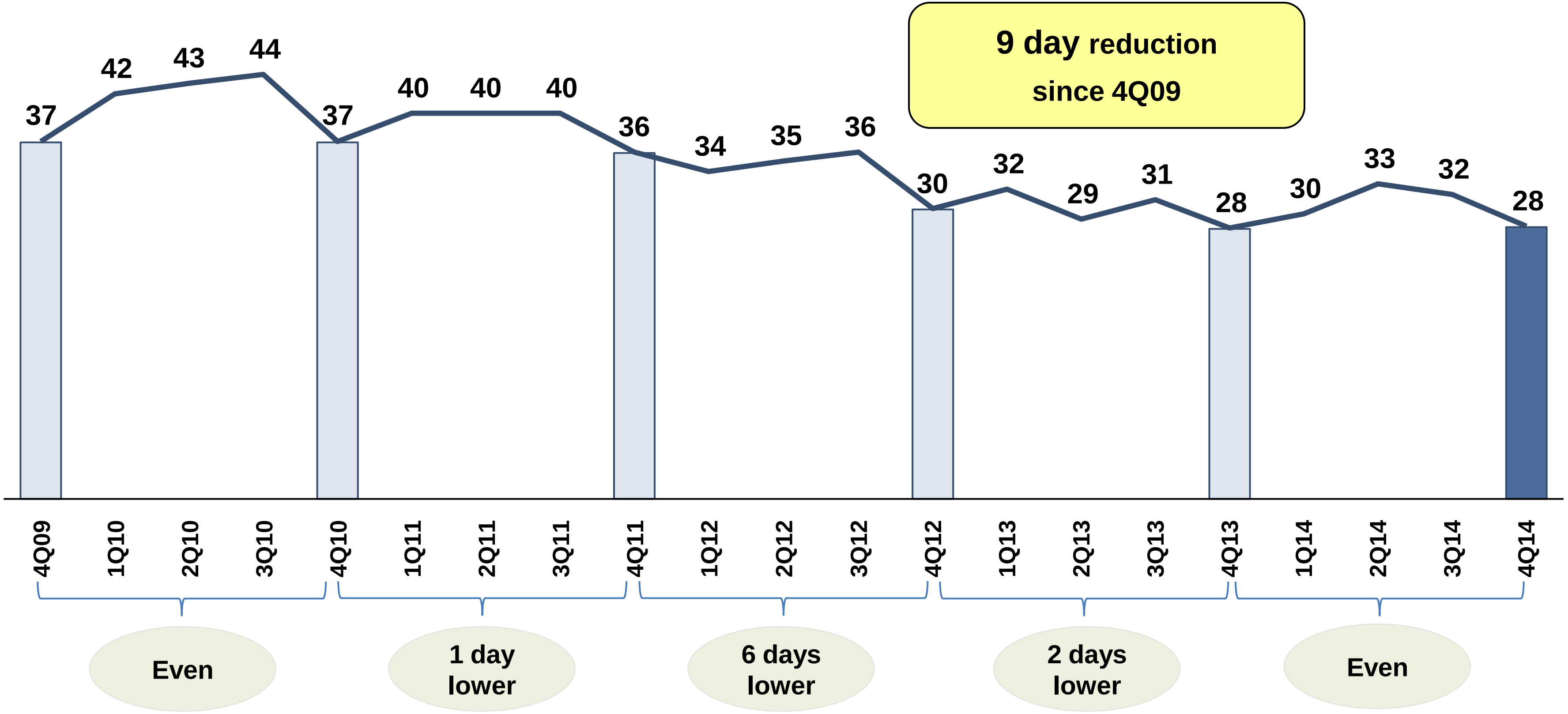
Strong Performance Drives Earnings Growth, Highest Since 2008

Net Income excluding Special Items ($ Millions)



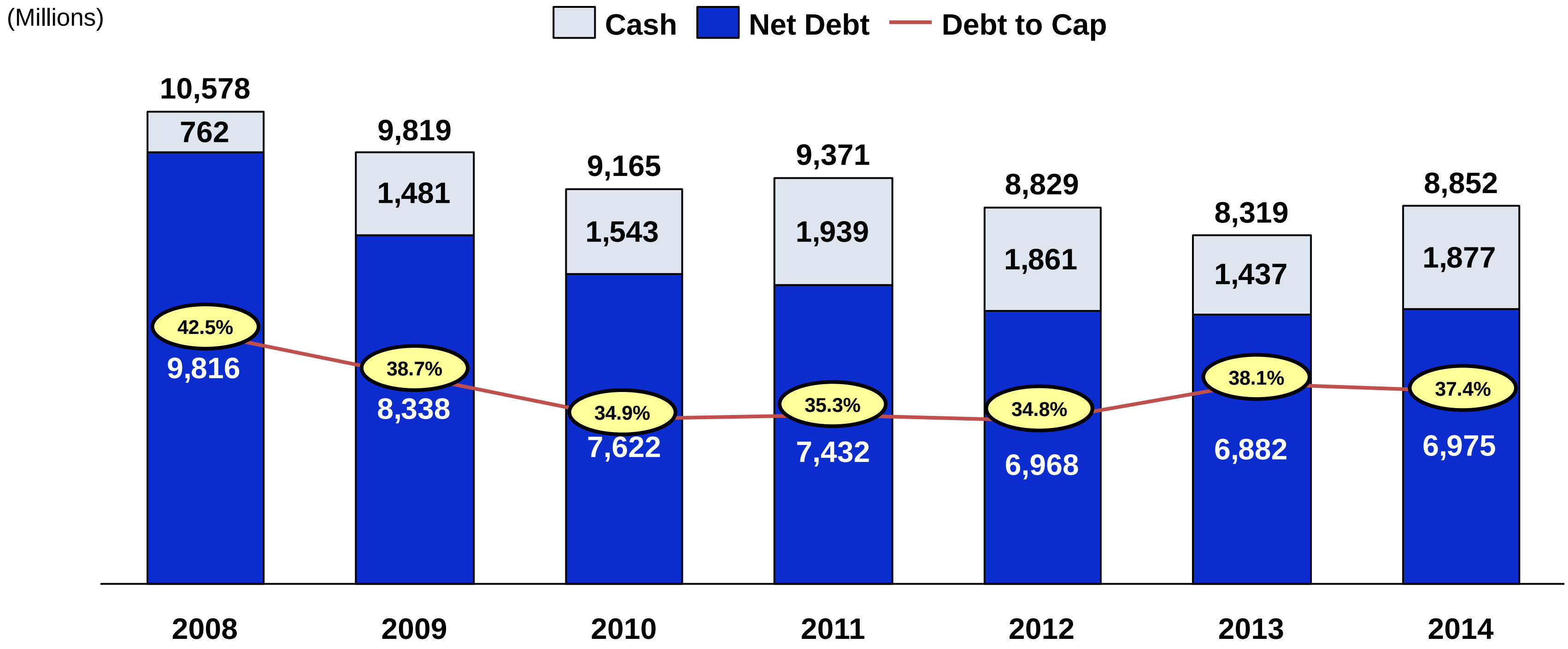
Sustained Working Capital Excellence

Average Days Working Capital since Fourth Quarter 2009



Maintained Strong Balance Sheet

Debt, Net Debt, and Debt-to-Capital %



Achieved Overarching Free Cash Flow Goal; Actions Deployed for 2015

2014 and 2015 annual financial targets and 2014 full year results

Achieved overarching Free Cash Flow goal

Target	Actual	
Productivity $850M	$1,194M	✓
Growth Capital $500M	$484M	✓
Sustaining Capital $750M	$735M	✓
Saudi JV Investment $125M	$91M	✓
Debt-to-Cap 30-35%	37.4%	✗

Positive Free Cash Flow

$455M ✓

Taking the right actions in 2015

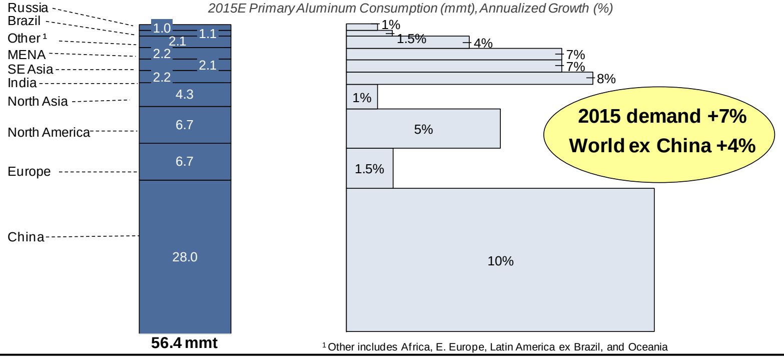
- Capture Productivity Gains of $900M
- Manage Return-Seeking Capital of $750M
- Control Sustaining Capital of $725M
- Attain 2.25 to 2.75 Debt-to-EBITDA

Generate $500M+ of Free Cash Flow

See appendix for Free Cash Flow reconciliation

Market fundamentals remain positive

7% global demand growth

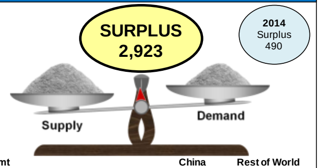


[1] Other includes Africa, E. Europe, Latin America ex Brazil, and Oceania

Alumina surplus, Aluminum balanced

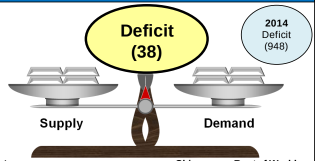
Supply/Demand Analysis

2015E Alumina Supply/Demand Balance



'000 mt	China	Rest of World
2015 Production	47,522	55,407
2015 Production to be added	5,030	3,113
2015 Capacity (curtailed) or restarted	1,331	(496)
Imports/(exports)	3,000	(3,000)
Total supply	56,883	55,024
Demand	(56,883)	(52,101)
Net Balance	**0**	**2,923**

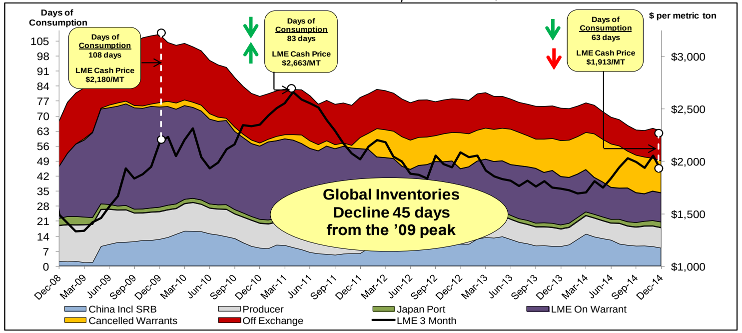
2015E Aluminum Supply/Demand Balance



'000 mt	China	Rest of World
2015 Production	26,773	25,996
2015 Production to be added	4,400	716
2015 Capacity (curtailed) or restarted	(1,700)	226
Total Supply	29,473	26,938
Demand	(28,060)	(28,389)
Net Balance	**1,413**	**(1,451)**

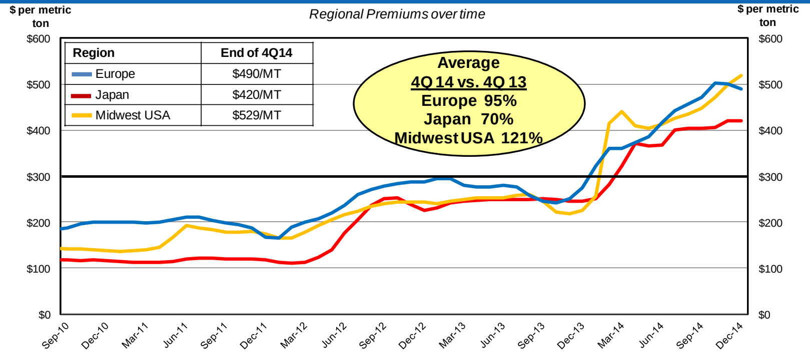
Inventory at lowest level since Nov 2008

Global inventories vs. LME price over time $



Premiums remain high

Regional Premiums over time



Region	End of 4Q14
Europe	$490/MT
Japan	$420/MT
Midwest USA	$529/MT

Advancing each generation. ALCOA

Klaus Kleinfeld

Chairman and Chief Executive Officer

January 12, 2015

Another Strong year for Aerospace; Steady growth in Automotive

Alcoa End Markets: Current Assessment of 2015 vs. 2014

End Market	2015 Growth	Global and Regional Commentary

Aerospace

9% to 10% Global sales growth

- **Large Commercial Aircraft** segment **Growth** of **15.0%**
- **Strong Commercial Jet Order Book:** Over **8 Years of Production** at 2014 delivery rates
- **Solid Airline Fundamentals**[1]: +7.0% Passenger and +4.3% Cargo Demand, Airline Profits Up ($25B in 2015)
- **Strong Commercial Jet Engine Order Book**: **~23,800** Engines on firm order
- **Continued rebound** in **Regional Jet** segment: +**8.7%**; **highest order book** in 5 years

Automotive

2% to 4% Global production growth

NA
1% to 4%

- **Sales Up:** U.S. sales **+5.8%** full year **2014,** 16.4M vehicles
- **Production Strong:** 15.7M vehicles **YTD** Nov 2014, **+4.4%** from prior year
- **Inventory Down: 61 days** Dec, in-line with industry target (60 to 65 days)
- **Incentives High:** Average $2,950/unit in advance of 2015 models
- **2015 production** bolstered by older vehicle replacement and low lending rates

EU
-1% to +3%

- **Registrations +5.7% YTD** Nov from prior year; **Production +2.8% YTD** Nov
- **Exports Rise, Economic Uncertainty: Exports +5.1%** from prior year (2015 forecast)

China
5% to 8%

- **Sales +6.9%** full year 2014
- **Moderated 2015 growth** driven by **increasing middle class** and **Clean Air Act**

Source: Alcoa analysis
1) International Air Transport Association 2015 Expectations

Global Heavy Duty Truck and Packaging Markets Stable

Alcoa End Markets: Current Assessment of 2015 vs. 2014

End Market	2015 Growth	Region	Global and Regional Commentary
Heavy Duty Truck and Trailer	**-1% to +3%** Global production flat/growth	**NA** 3% to 7%	• **Strong Production: YTD** Nov +**20.5%** • **Solid Fundamentals:** +3.2% Freight ton miles (YTD Nov); +3.6% Freight prices (3Q14 YoY) • **Positive 2015 Outlook, Orders Up:** Full year **2014 +42%**; **Highest 4Q** ever (130.8k units) with **rising order book:** 151k Nov 2014 (10-year avg. 102k)
		EU -5% to -10%	• **Production down:** W. Eur **-5%**, E. Eur **-20%** 2014E • **2015 Production weak:** W. Eur **orders -8.6% YTD** Nov; Impact of **Russia sanctions**
		China -2% to +2%	• **Production flat:** 2014 **up 0.6% YTD** Nov (Market grew 30% in 2013) • **2015 Production flat;** upside from benefits of falling oil prices
Packaging	**2% to 3%** Global sales growth	**NA** -1% to -2%	• **Demand decline:** Weakness (-2.8% YTD Nov) in **Carbonated Soft Drinks** (CSD) • **Moderate growth** (+2.5% YTD Nov) in **Beer Segment**; Will continue to offset CSD in 2015
		EU 2% to 3%	• **Demand up: +6.7%** through 3Q14; 2015 growth led by Steel to **Aluminum conversion** in **W. Eur**
		China 8% to 12%	• **Growth** driven by continued **penetration of Aluminum** in **Beer** segment

Source: Alcoa analysis

Solid Commercial B&C Growth; Global Airfoil Market Improves

Alcoa End Markets: Current Assessment of 2015 vs. 2014

End Market	2015 Growth		Global and Regional Commentary
Building and Construction 	**5% to 7%** Global sales growth	**NA** 4% to 5%	***Positive Early Indicators:*** • **Non-Residential Contracts Awarded**: +**12.5%** in November (mean of 12-month rolling average) • **Architectural Billing Index**: **Positive at 50.9** in November (7 consecutive months above 50) • **Case-Shiller Home Price Index**: **+4.6%** Oct **YoY;** growth moderated since 1Q14 (10%+)
		EU -2% to -3%	• Decline as **weakness continues**, outlook varies across markets
		China 7% to 9%	• Growth as fundamentals continue to stabilize
Industrial Gas Turbines 	**1% to 3%** Global airfoil market growth		• **2014 orders down: -9% globally YoY** through 3Q14 • **OECD electricity** demand **down 0.7%** through 3Q14 **vs. prior year** (-2.1%, excl. U.S.) • **Spares demand: Negative** impact from **shift in energy mix/usage** in key regions • **Improvement in 2015**: Market moving towards **higher value product** as customers develop **new, high technology** turbines and **upgrades** to existing turbines

Transforming Alcoa – Creating Compelling Sustainable Value

Building a Lightweight Multi-Material Innovation Powerhouse

- **Increasing share** in **exciting** growth **markets**
  e.g., aerospace, automotive, heavy duty truck and trailer, building and construction
- **Full pipeline** of innovative products and solutions
- Using all **growth levers**
- **Shifting** mix to **higher value-add**
- **Expanding multi-material,** technology and process **expertise**

+

Creating a Globally Competitive Commodity Business

- **Increasing competitiveness, mitigating** downside **risk**
- **Optimizing** the **cast house value-add** portfolio
- **Shifting pricing** to reflect market fundamentals
- Continuing to drive **productivity improvements**

Driving Value-Add Growth: Revenues Up, Profits Up

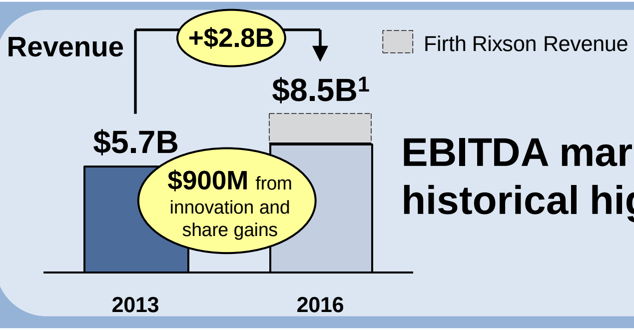
Key value-add business metrics: 2014 actual and 2013-2016 targets

Executed in 2014… | **…Strong progress toward 2016 targets**

EPS

$6.0B
Revenue

21.9%
EBITDA Margin

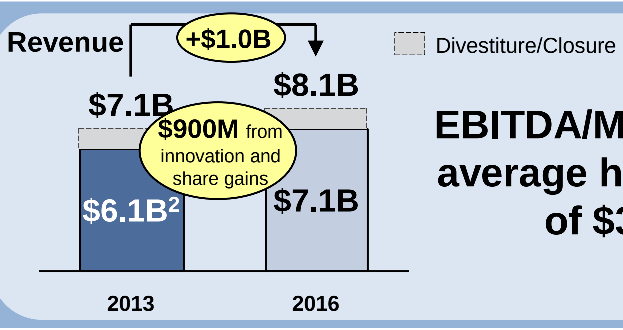


EBITDA margin exceeding historical high of 21.5%

GRP

$7.4B
Revenue

$339
EBITDA/MT



EBITDA/MT at or above average historical high of $344/MT[3]

1) Includes forecasted Firth Rixson revenue of $1.6B in 2016 2) Adjusted to exclude ~$975M related to 5 rolling mills closed or sold in Australia, Spain and France in 2014 3) Represents average of the EBITDA/MT for years 2010 through 2012

Expanding Multi-Material Portfolio through Smart Investments

Alcoa's recent multi-material investments to capture growth

Firth Rixson: Grows multi-material engine capability

2016
$1.6B revenue
$350M EBITDA


Rings

- **Global Leader** in seamless rolled rings
- **Largest** seamless **Rings** 200" in diameter


Disks

- **Specialized Isothermal** process from **Powder Metal**
- Rotating **disks** from **Super** alloys and **Ti** alloys
- **Full Range** forged closed-die aero **Engine Disks**


Metal

- **Multi-Material** mix: 60% **Ni**, 25% **Ti**, 15% **Steel/Al**
- **Integrated Nickel Supply** of cast stick and billet

TITAL[1]: Expands structural casting offerings

~$100M revenue

- Establishes **Ti casting capabilities** in EU
- Expands **Al casting** capacity in EU
- TITAL **Ti revenue** expected to **increase 70%** by 2019

Organic growth extends material range

Lafayette $90M+: Grows Al-Lithium Capability

$100M sales contracted in 2017

- World's **first Al-Li fan blade**;
  - FAA Certifies P&W **PurePower® Engine** for **A320 neo** *(December 19, 2014)*
- **Largest** Al-Li **ingots**
  (~***50% larger*** *than the nearest* ***competitor***)

Hampton/La Porte $125M: Extends Jet Engine Reach

Primarily Ni-based Super alloys

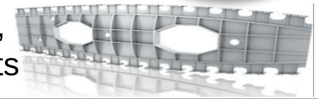
- **Hampton: Cuts** blade **weight 20%**; improved **aerodynamics**
- **La Porte: Structural castings ~60% larger**

APP
$2.2B revenue
in 2016

Davenport $190M: Advances Aero/Industrial Offerings

- Drives **Al penetration** on **CFRP** platforms; enables industry's **largest monolithic wing ribs**
- **Drives growth** in aero, transportation, auto and consumer electronics markets

1st plate
Mid 2017



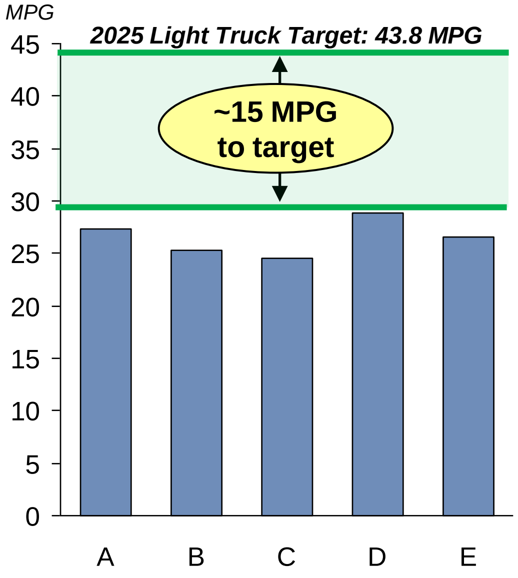
1) Expected to close in 1Q2015
APP = Alcoa Power & Propulsion CFRP = carbon fiber reinforced polymer

Lightweighting: OEMs Need It, Consumers Like It

Multiple trends driving consumer benefits from light truck ownership

OEMS need fuel economy…

Sample OEM 2014 MPG performance vs. 2025 Light Truck CAFE target



OEM 2014 Light Truck Fleet Performance

…And consumers benefit

Better Performance

- ✓ Lighter, **less fuel** consumption
- ✓ Additional **payload** / **towing capacity** (e.g., 700 lbs)
- ✓ **Faster** acceleration; improved **braking distance**

More Savings

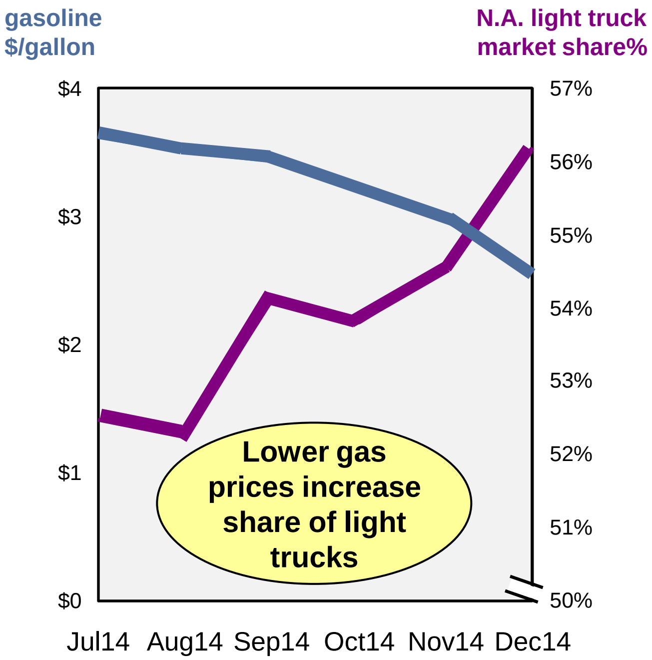
Δ9 MPG= $916/yr savings

Δ9 MPG @ $3/gal = $916 saved/yr

Δ9 MPG @ $2/gal = $611 saved/yr

Lower gas price = bigger vehicles

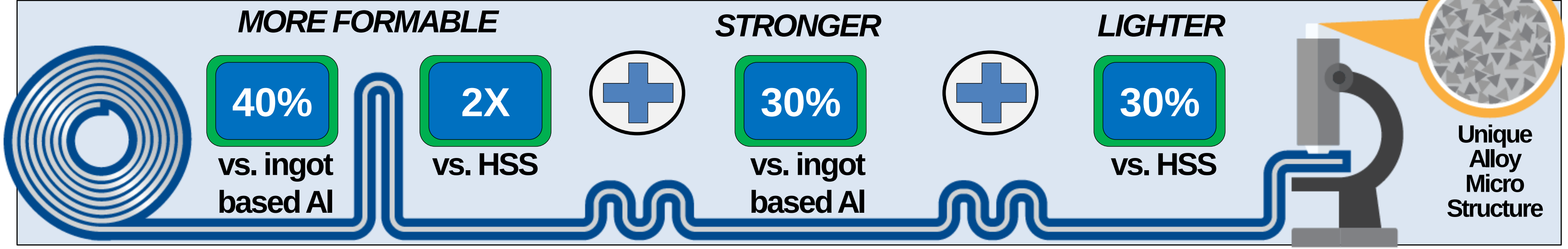
Gasoline prices ($) and N.A. Light Truck Market Share (%)



Micromill™ Differentiated Alloy: Win-Win for Customers and Alcoa

Micromill™ alloy characteristics and benefits to the customer and Alcoa

World's most advanced aluminum alloy for Next-Gen automotive products



Creating value for the customer

- ✓ **Lower weight**, improved **formability** and **design options**
- ✓ **Stronger** for **improved dent resistance**
- ✓ Reduces **complexity** of scrap separation
- ✓ **Lowers** OEM system **cost** from **streamlined alloy** portfolio
- ✓ **Validated** Class A **surface quality** for **external** panels

Hood Inner

Creating additional opportunity for Alcoa

- ✓ Anticipate **value-add, premium** margins
- ✓ Secured strategic **development customer**
- ✓ Enables Alcoa to attack the **$3.5B** total **market** for **steel** automotive applications with **differentiated** metal
  - ✓ Completed **successful** customer **trials**
  - ✓ **Qualifying** material for **next-gen** auto **platforms**

HSS = High Strength Steel

Breakthrough Casting Technology: Fast and Flexible; Small and Powerful

Micromill™ process description and advantages over conventional technology

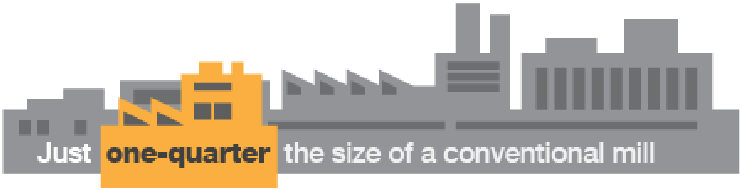
Taking a 20 day traditional rolling process…

Melt/Cast → **WIP** → **Hot Line** → **WIP** → **Anneal** → **WIP** → **Cold Mill**

…to 20 minutes with the Micromill™

Melt/Cast → **Hot / Cold Mill**

…and reducing the footprint to ~150 ft



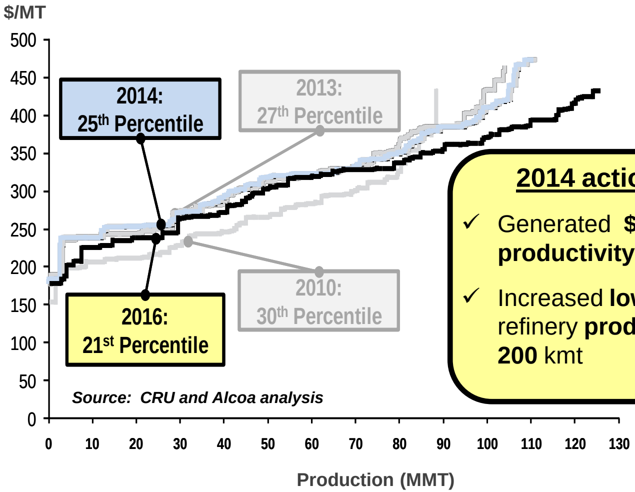
- **130+ patents worldwide**
- World's **most productive continuous caster**
- **50% lower energy** use
- **Shifts alloys** at the **press of a button**
- Offers **product widths comparable** to **our** other **automotive mills**

WIP = Work In Process

Improving Strong Alumina Position: Lower Cost, Continuing Price Shift

Global alumina cost curve, actions to lower cost position, and API/spot conversion rates

2014 cost position down, 4% pts to go



Source: CRU and Alcoa analysis

2014 actions

- ✓ Generated **$243M** in **productivity gains**
- ✓ Increased **low-cost** refinery **production** **200** kmt

Pulling multiple levers to enhance cost position

- Generate **additional productivity** gains
- **Jamalco** interest[1] **sale** in 4Q14; **~780** kmt Alcoa **capacity**
- **Evaluating Suralco** via MOU with Suriname Government
- San Ciprian **NG** solution; **~$20/MT improvement** in 2015

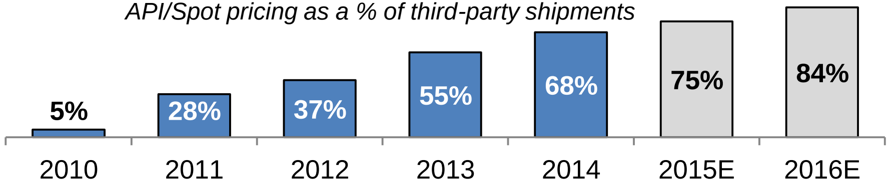
Saudi JV **refinery fully operational**

- **Saudi JV** Bauxite **mine 83% complete**
- **1st Alumina** from refinery in **4Q14**
- Refinery production of **1.1 Mmt in 2015**
- **2% pt** cost curve **reduction** in 2016

While transforming alumina pricing

Shifting pricing to reflect market fundamentals

API/Spot pricing as a % of third-party shipments

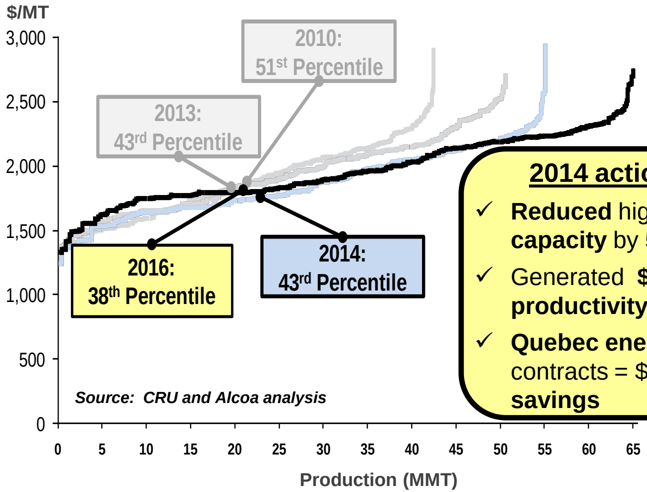


1) Jamaica bauxite mine and alumina refinery owned 55% by Alcoa Minerals of Jamaica, L.L.C.
NG = Natural Gas

Reshaping the Smelting Portfolio: More Competitive, Growing Value-Add

Global aluminum cost curve, actions to lower cost position, and value-add cast house product growth

2014 cost position stable, 5% pts to go



2014 actions

- ✓ **Reduced** high cost **capacity** by **549 kmt**
- ✓ Generated **$269M** in **productivity gains**
- ✓ **Quebec energy** contracts = $38/MT **savings**

Executing to improve global competitiveness

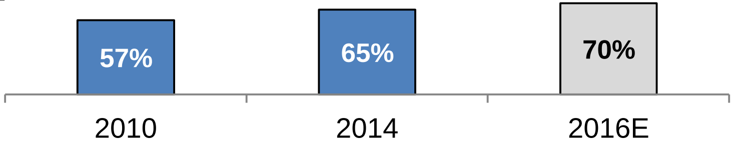
- Generate **additional productivity** gains
- **Sale** of **Mt. Holly complete** in 4Q14; **115** kmt Alcoa **capacity**

Saudi JV **smelter fully operational**

Growing value-add products to meet end market demand

e.g., **Slab** casting supporting **automotive** growth

Value-add products as % of total shipments



The Right Actions to Drive Growth, Operational Performance in 2015

2015 annual financial targets

Deliver Operational Performance	**Capture Productivity Gains of $900M**
Invest in Growth; Manage the Base	**Manage Return-Seeking Capital of $750M** **Control Sustaining Capital of $725M**
Strengthen the Balance Sheet	**Attain 2.25 to 2.75 Debt-to-EBITDA**

Generate $500M+ of Free Cash Flow

Transformation is Creating Compelling Sustainable Value

Smart Investments Expand Multi-Material Capabilities

Innovative Differentiation Enhances Value-Add Growth Platform

Disciplined Execution Improves Upstream Competitiveness

Additional Information

Kelly Pasterick

Vice President, Investor Relations

Alcoa

390 Park Avenue

New York, NY 10022-4608

Telephone: (212) 836-2674

www.alcoa.com

Annual Sensitivity Summary

LME Aluminum Annual Net Income Sensitivity

+/- $100/MT = +/- $190 million

API/Spot Alumina Annual Net Income Sensitivity

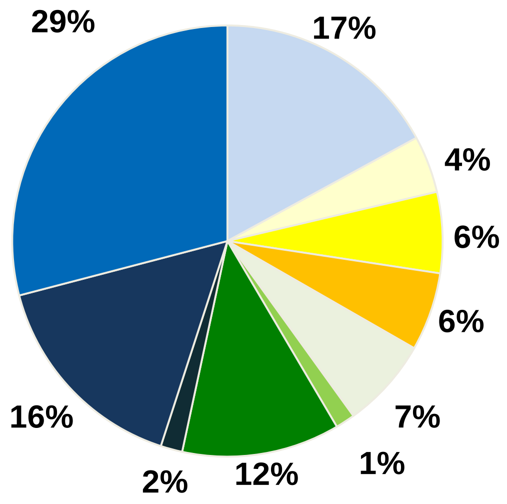
+/- $10/MT = +/- $20 million

Currency Annual Net Income Sensitivity

Australian $	+/- $11 million	per 0.01 change in USD / AUD
Brazilian $	+/- $ 1 million	per 0.01 change in BRL / USD
Euro €	+/- $ 2 million	per 0.01 change in USD / EUR
Canadian $	+/- $ 4 million	per 0.01 change in CAD / USD
Norwegian Kroner	+/- $ 4 million	per 0.10 change in NOK / USD

Revenue Change by Market

4Q14 Third-Party Revenue



	Sequential Change	Year-Over-Year Change
Aerospace	6%	10%
Automotive	28%	43%
B&C	(3%)	6%
Comm. Transport	(1%)	19%
Industrial Products	(5%)	3%
IGT	9%	(5%)
Packaging	(11%)	10%
Distribution/Other	24%	28%
Alumina	15%	22%
Primary Metals	(1%)	15%

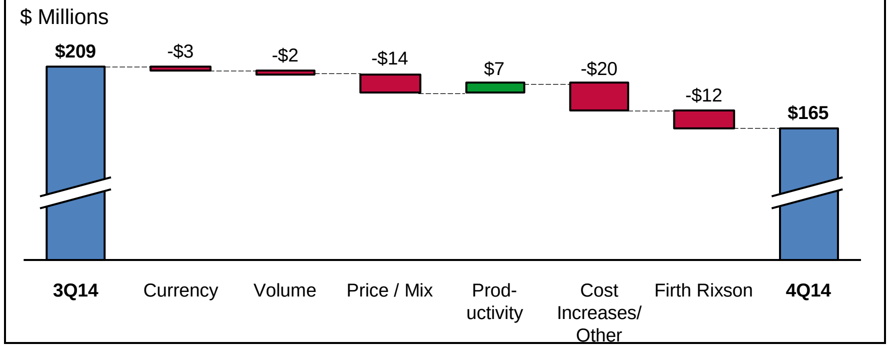
Special Items

$ Millions, except per-share amounts	Pre-tax, Before NCI 3Q14	Pre-tax, Before NCI 4Q14	After-tax, After NCI 3Q14	After-tax, After NCI 4Q14	Income Statement Classification	Segment
Income from Continuing Operations	**$330**	**$234**	**$149**	**$159**		
Income Per Diluted Share	**-**	**-**	**$0.12**	**$0.11**		
Restructuring-Related	($242)	($388)	($202)	($200)	Restructuring and Other Charges/COGS	Corporate / All
Tax Items	-	-	-	($53)	Income Taxes	Corporate
Acquisition Costs	($20)	($25)	($14)	($22)	SG&A/Interest Expense	Corporate
Mark-to-Market Energy Contracts	($27)	$2	($14)	$2	Other Expenses, Net	Corporate
Gain on Asset Sale	$15	-	$9	-	Other Expenses, Net	Corporate
Special Items	**($274)**	**($411)**	**($221)**	**($273)**		
Income from Continuing Ops excl Special Items	**$604**	**$645**	**$370**	**$432**		
Income per Diluted Share excl Special Items	**-**	**-**	**$0.31**	**$0.33**		

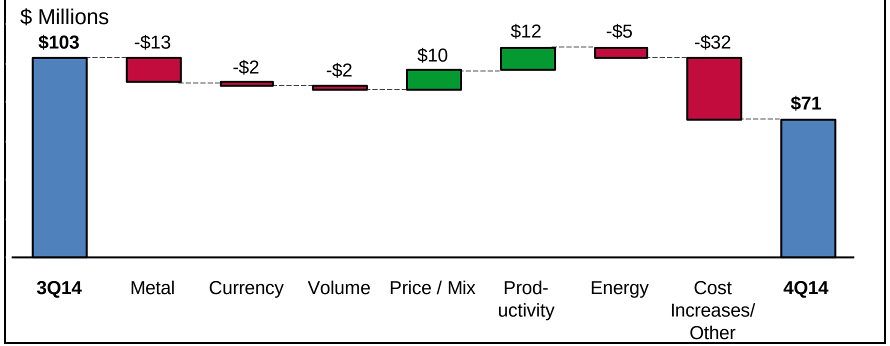
See appendix for Adjusted Income reconciliation.

Alcoa Segment Bridges

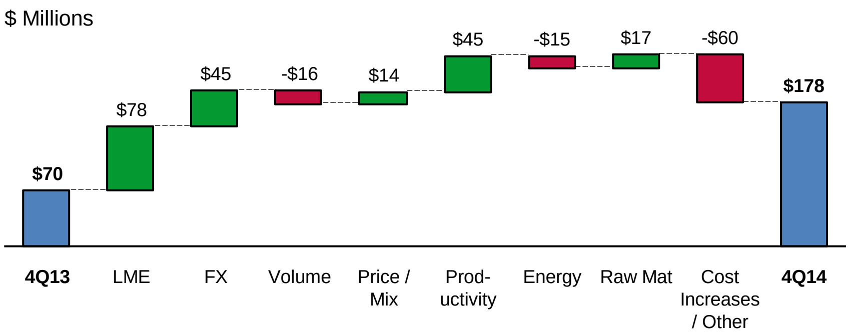
EPS Sequential Quarter Bridge



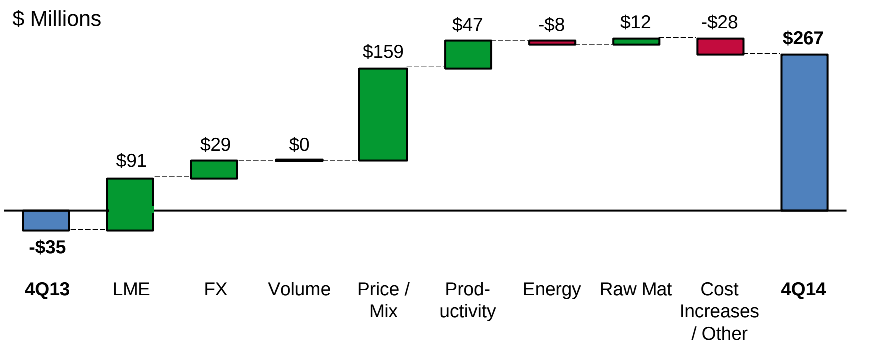
GRP Sequential Quarter Bridge



Alumina Year-over-Year Bridge



Primary Metals Year-over-Year Bridge



EPS = Engineered Products and Solutions
GRP = Global Rolled Products

Composition of Regional Premium Pricing Convention

2015E Shipments	Regional Premiums	Estimated Pricing Convention
50%	Midwest – Platts	15-day lag
35%	Rotterdam DDP – Metal Bulletin	45-day lag
10%	CIF Japan – Platts	Month prior to Quarter start
5%	Negotiated	Annual

Alcoa smelting closures and curtailments

Alcoa smelting capacity closures, since Dec 2007

Location	Year	kmt
Baie Comeau	2008	53
Eastalco	2010	195
Badin	2010	60
Warrick	2010	40
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	2014	150
Mt. Holly*	2014	115
Total		**1,368**

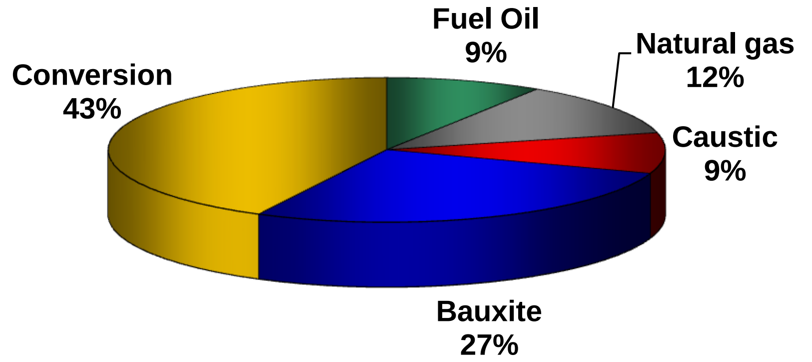
Alcoa smelting capacity curtailments

Location	kmt
Rockdale	191
Sao Luis	194
Pocos	96
Intalco	49
Wenatchee	41
Aviles	36
Portland	30
La Coruna	28
Total	**665**

* In 4Q14 Alcoa sold its ownership stake in the Mt. Holly smelter

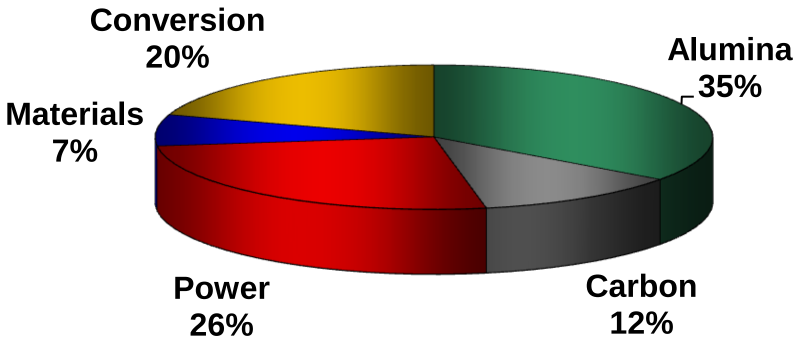
Composition of Upstream Production Costs

Refining Cost Structure



Input Cost	Inventory flow	Pricing convention	Annual ATOI Sensitivity
Fuel oil	1 – 2 months	Prior month	$2m per $1/bbl
Natural gas	N/A	Spot[1]	$13m per $1/GJ[1]
Caustic soda	3 - 6 months	Spot & semi-annual	$8m per $10/DMT

Smelting Cost Structure

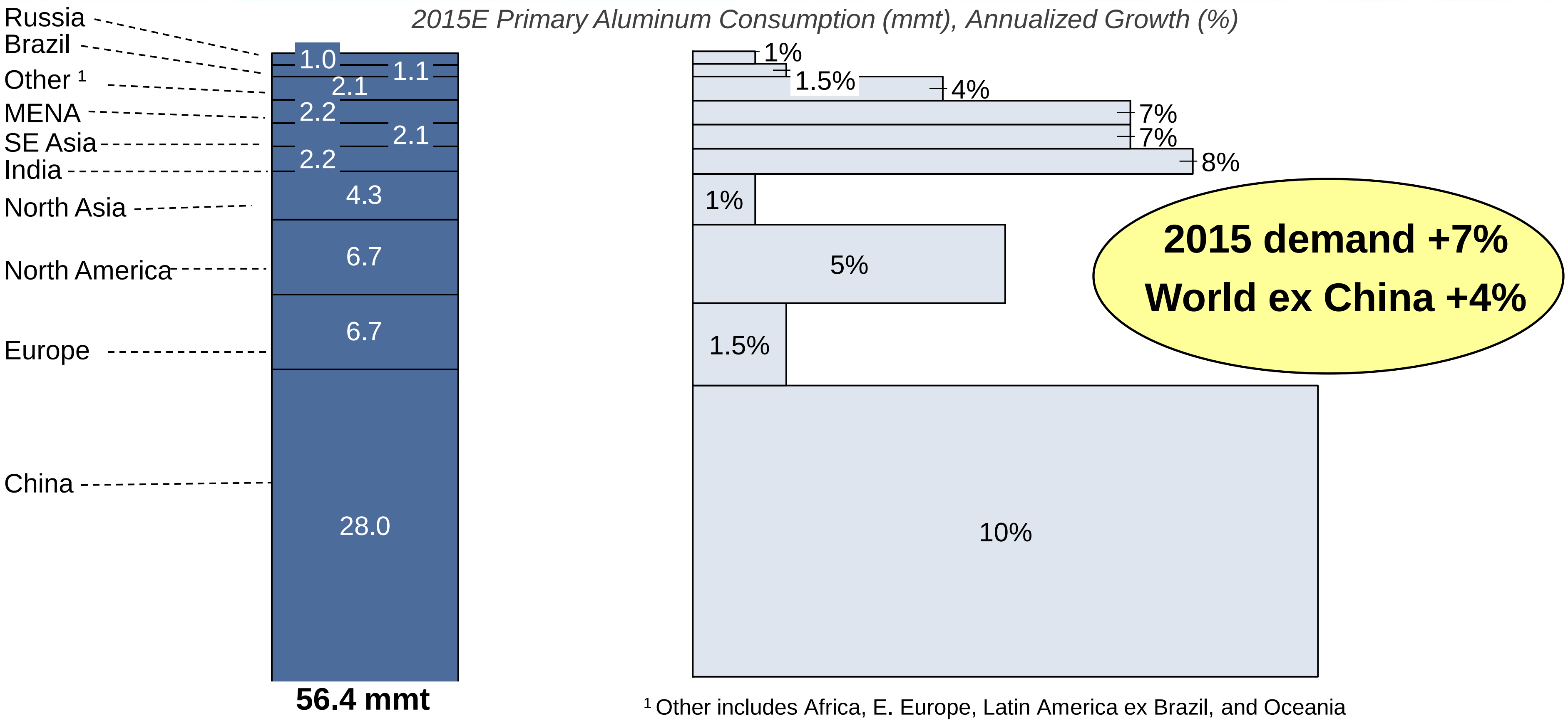


Input Cost	Inventory flow	Pricing convention	Annual ATOI Sensitivity
Coke	1 - 2 months	Spot, quarterly & semi-annual	$7m per $10/MT
Pitch	1 - 2 months	Spot, quarterly & semi-annual	$2m per $10/MT

[1]Natural gas information corresponds to Point Comfort, as Australia is priced on a rolling 16 quarter average

2015 growth maintains momentum from 2014

2015E Primary Aluminum Consumption (mmt), Annualized Growth (%)



¹ Other includes Africa, E. Europe, Latin America ex Brazil, and Oceania

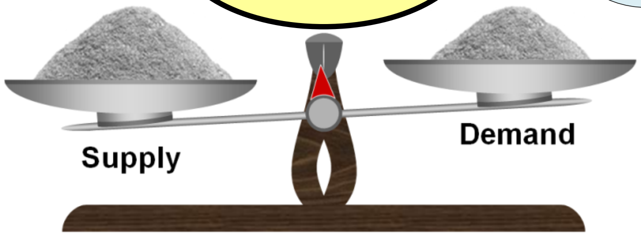
Alumina in surplus; Aluminum remains essentially balanced

Supply/Demand Analysis

2015E Alumina Supply/Demand Balance

SURPLUS 2,923

2014 Surplus 490

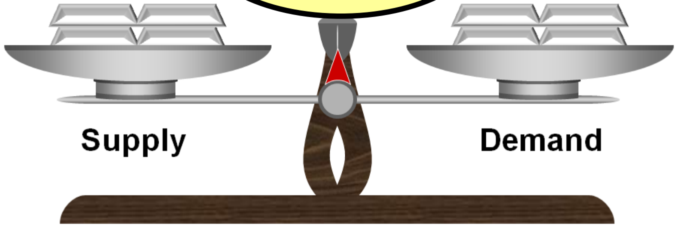


'000 mt	China	Rest of World
2015 Production	47,522	55,407
2015 Production to be added	5,030	3,113
2015 Capacity (curtailed) or restarted	1,331	(496)
Imports/(exports)	3,000	(3,000)
Total supply	56,883	55,024
Demand	(56,883)	(52,101)
Net Balance	**0**	**2,923**

2015E Aluminum Supply/Demand Balance

Deficit (38)

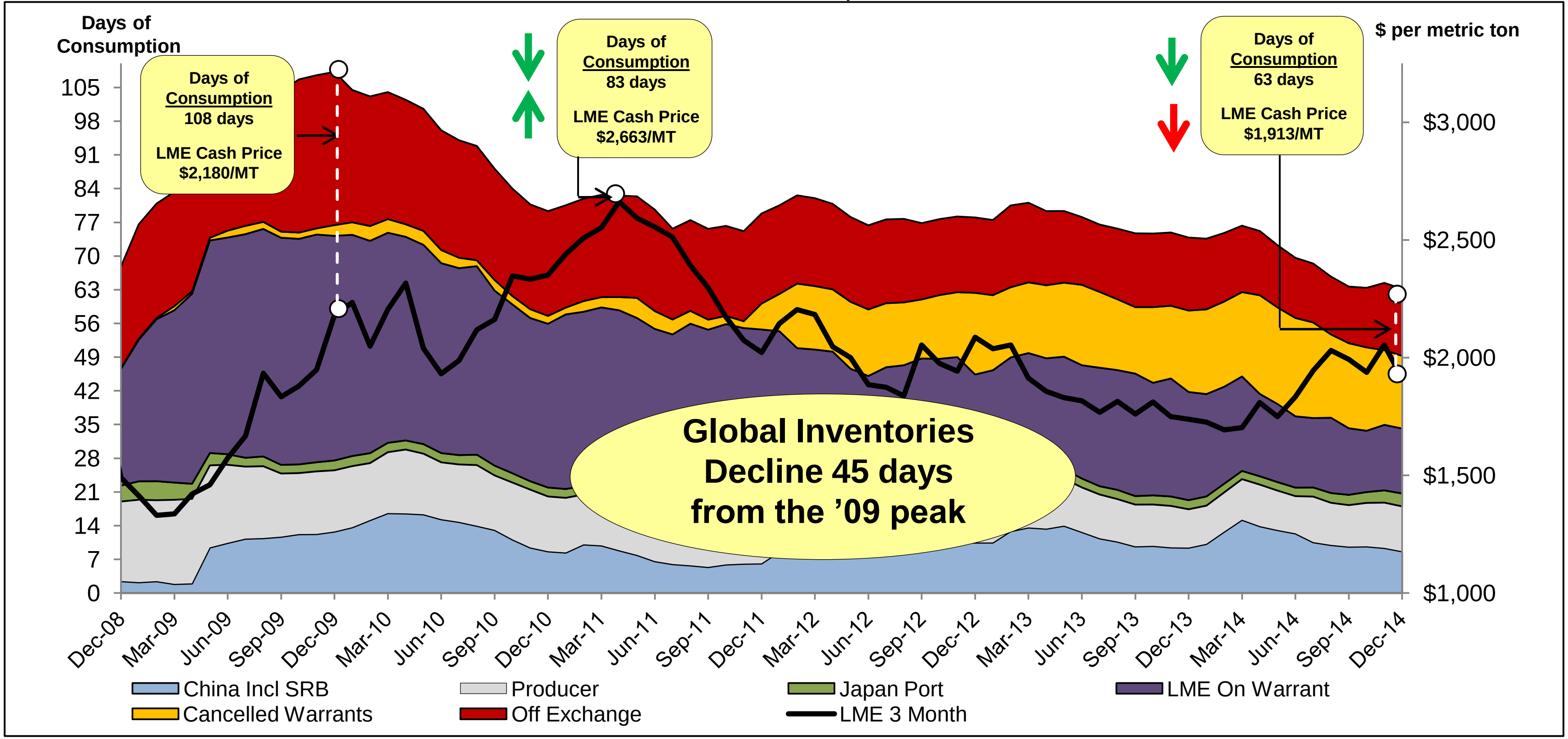
2014 Deficit (948)



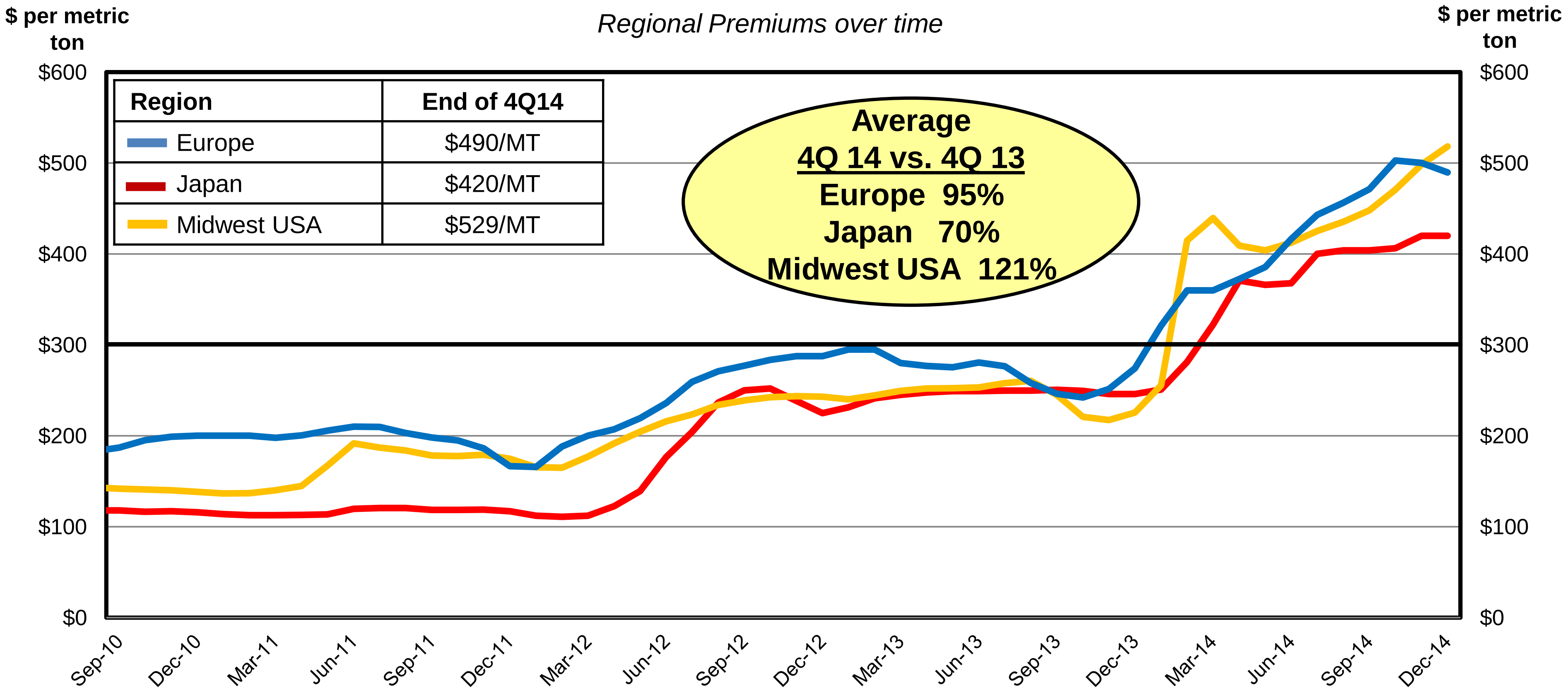
'000 mt	China	Rest of World
2015 Production	26,773	25,996
2015 Production to be added	4,400	716
2015 Capacity (curtailed) or restarted	(1,700)	226
Total Supply	29,473	26,938
Demand	(28,060)	(28,389)
Net Balance	**1,413**	**(1,451)**

Inventory declines 7 days in 2H, lowest level since Nov 2008

Global inventories vs. LME price over time $



Premiums remain at record highs



Source: Monthly average of daily prices - Platts Metals Week

Reconciliation of ATOI to Consolidated Net (Loss) Income Attributable to Alcoa

(in millions)	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Total segment ATOI	$224	$1,217	$325	$418	$619	$681	$2,043
Unallocated amounts (net of tax):							
Impact of LIFO	40	52	(7)	(8)	(18)	(21)	(54)
Interest expense	(73)	(294)	(78)	(69)	(81)	(80)	(308)
Noncontrolling interests	(29)	(41)	19	9	18	45	91
Corporate expense	(72)	(284)	(67)	(70)	(74)	(83)	(294)
Impairment of goodwill	(1,731)	(1,731)	–	–	–	–	–
Restructuring and other charges	(283)	(607)	(321)	(77)	(189)	(307)	(894)
Other	(415)	(597)	(49)	(65)	(126)	(76)	(316)
Consolidated net (loss) income attributable to Alcoa	$(2,339)	$(2,285)	$(178)	$138	$149	$159	$268

Reconciliation of Adjusted Income

(in millions, except per-share amounts)	Income			Diluted EPS		
	Quarter ended			Quarter ended		
	December 31, 2013	September 30, 2014	December 31, 2014	December 31, 2013	September 30, 2014	December 31, 2014
Net (loss) income attributable to Alcoa	$(2,339)	$149	$159	$(2.19)	$0.12	$0.11
Restructuring and other charges	302	175	200			
Discrete tax items*	364	25	16			
Other special items**	1,713	21	57			
Net income attributable to Alcoa – as adjusted	$40	$370	$432	0.04	0.31	0.33

Net income attributable to Alcoa – as adjusted is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of Alcoa excluding the impacts of restructuring and other charges, discrete tax items, and other special items (collectively, "special items"). There can be no assurances that additional special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Net (loss) income attributable to Alcoa determined under GAAP as well as Net income attributable to Alcoa – as adjusted.

* Discrete tax items include the following:

- for the quarter ended December 31, 2014, a charge for the remeasurement of certain deferred tax assets of a subsidiary in Spain due to a tax rate change ($16), a benefit for an adjustment to the remeasurement of certain deferred tax assets of a subsidiary in Brazil due to a tax rate change ($3), and a net charge for a number of small items ($3);
- for the quarter ended September 30, 2014, a charge for the remeasurement of certain deferred tax assets of a subsidiary in Brazil due to a tax rate change ($34) and a net benefit for a number of small items ($9); and
- for the quarter ended December 31, 2013, a charge for valuation allowances related to certain Spain and U.S. deferred tax assets ($372) and a net benefit for other miscellaneous items ($8).

** Other special items include the following:

- for the quarter ended December 31, 2014, an unfavorable tax impact resulting from the difference between Alcoa's consolidated estimated annual effective tax rate and the statutory rates applicable to special items ($81), a favorable tax impact related to the interim period treatment of operational losses in certain foreign jurisdictions for which no tax benefit was recognized ($44), costs associated with current and future acquisitions of aerospace businesses ($22), and a net favorable change in certain mark-to-market energy derivative contracts ($2);
- for the quarter ended September 30, 2014, a favorable tax impact resulting from the difference between Alcoa's consolidated estimated annual effective tax rate and the statutory rates applicable to special items ($33), a write-down of inventory related to the permanent closure of smelters in Italy and Australia ($27), costs associated with a planned acquisition of an aerospace business ($14), a net unfavorable change in certain mark-to-market energy derivative contracts ($14), a gain on the sale of an equity investment in a China rolling mill ($9), and an unfavorable tax impact related to the interim period treatment of operational losses in certain foreign jurisdictions for which no tax benefit was recognized ($8); and
- for the quarter ended December 31, 2013, an impairment of goodwill ($1,719), an unfavorable impact related to a temporary shutdown of one of the two smelter potlines at the joint venture in Saudi Arabia due to a period of pot instability ($9), a net favorable change in certain mark-to-market energy derivative contracts ($7), an insurance recovery related to the March 2012 cast house fire at the Massena, NY location ($5), and a favorable tax impact related to the interim period treatment of operational losses in certain foreign jurisdictions for which no tax benefit was recognized during the nine months ended September 30, 2013 ($3).

Reconciliation of Adjusted Income, continued

(in millions, except per-share amounts)	Income		Diluted EPS	
	Year ended		Year ended	
	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014
Net (loss) income attributable to Alcoa	$(2,285)	$268	$(2.14)	$0.21
Restructuring and other charges	585	703		
Discrete tax items*	360	33		
Other special items**	1,697	112		
Net income attributable to Alcoa – as adjusted	$357	$1,116	0.33	0.92

Net income attributable to Alcoa – as adjusted is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of Alcoa excluding the impacts of restructuring and other charges, discrete tax items, and other special items (collectively, "special items"). There can be no assurances that additional special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Net (loss) income attributable to Alcoa determined under GAAP as well as Net income attributable to Alcoa – as adjusted.

* Discrete tax items include the following:

• for the year ended December 31, 2014, a charge for the remeasurement of certain deferred tax assets of a subsidiary in Brazil due to a tax rate change ($31), a charge for the remeasurement of certain deferred tax assets of a subsidiary in Spain due to a tax rate change ($16), and a net benefit for a number of other items ($14); and

• for the year ended December 31, 2013, a charge for valuation allowances related to certain Spain and U.S. deferred tax assets ($372), a benefit related to the reinstatement under the American Taxpayer Relief Act of 2012 of two tax provisions that were applied in 2013 to Alcoa's U.S income tax return for calendar year 2012 ($19), a charge related to prior year taxes in Spain and Australia ($10), and a net benefit for other miscellaneous items ($3).

** Other special items include the following:

• for the year ended December 31, 2014, the write-down of inventory related to the permanent closure of a smelter in Italy, a smelter and two rolling mills in Australia, and a smelter in the United States ($47), costs associated with current and future acquisitions of aerospace businesses ($47), a gain on the sale of both a mining interest in Suriname and an equity investment in a China rolling mill ($20), an unfavorable impact related to the restart of one potline at the joint venture in Saudi Arabia that was previously shut down due to a period of pot instability ($19), costs associated with preparation for and ratification of a new labor agreement with the United Steelworkers ($11), a net unfavorable change in certain mark-to-market energy derivative contracts ($6), and a loss on the write-down of an asset to fair value ($2); and

• for the year ended December 31, 2013, an impairment of goodwill ($1,719), a net insurance recovery related to the March 2012 cast house fire at the Massena, NY location ($22), a net favorable change in certain mark-to-market energy derivative contracts ($15), an unfavorable impact related to a temporary shutdown of one of the two smelter potlines at the joint venture in Saudi Arabia due to a period of pot instability ($9), and a write-down of inventory related to the permanent closure of two potlines at a smelter in Canada and a smelter in Italy ($6).

Reconciliation of Alcoa Adjusted EBITDA

($ in millions)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	4Q13	3Q14	4Q14
Net income (loss) attributable to Alcoa	$1,310	$1,233	$2,248	$2,564	$(74)	$(1,151)	$254	$611	$191	$(2,285)	$268	$(2,339)	$149	$159
Add:														
Net income (loss) attributable to noncontrolling interests	233	259	436	365	221	61	138	194	(29)	41	(91)	29	(18)	(45)
Cumulative effect of accounting changes	–	2	–	–	–	–	–	–	–	–	–	–	–	–
Loss (income) from discontinued operations	27	50	(22)	250	303	166	8	3	–	–	–	–	–	–
Provision (benefit) for income taxes	546	464	853	1,623	342	(574)	148	255	162	428	320	312	199	120
Other (income) expenses, net	(266)	(478)	(236)	(1,920)	(59)	(161)	5	(87)	(341)	(25)	47	(10)	23	(6)
Interest expense	271	339	384	401	407	470	494	524	490	453	473	112	126	122
Restructuring and other charges	(29)	266	507	268	939	237	207	281	172	782	1,168	380	209	388
Impairment of goodwill	–	–	–	–	–	–	–	–	–	1,731	–	1,731	–	–
Provision for depreciation, depletion, and amortization	1,142	1,227	1,252	1,244	1,234	1,311	1,450	1,479	1,460	1,421	1,371	350	347	335
Adjusted EBITDA	$3,234	$3,362	$5,422	$4,795	$3,313	$359	$2,704	$3,260	$2,105	$2,546	$3,556	$565	$1,035	$1,073
Sales	$21,370	$24,149	$28,950	$29,280	$26,901	$18,439	$21,013	$24,951	$23,700	$23,032	$23,906	$5,585	$6,239	$6,377
Adjusted EBITDA Margin	15.1%	13.9%	18.7%	16.4%	12.3%	1.9%	12.9%	13.1%	8.9%	11.1%	14.9%	10.1%	16.6%	16.8%

Alcoa’s definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) 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’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.

Reconciliation of Alumina Adjusted EBITDA

($ in millions, except per metric ton amounts)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	4Q13	3Q14	4Q14
After-tax operating income (ATOI)	$632	$682	$1,050	$956	$727	$112	$301	$607	$90	$259	$370	$70	$62	$178
Add:														
Depreciation, depletion, and amortization	153	172	192	267	268	292	406	444	455	426	387	102	100	90
Equity (income) loss	(1)	–	2	(1)	(7)	(8)	(10)	(25)	(5)	4	29	2	7	10
Income taxes	240	246	428	340	277	(22)	60	179	(27)	66	153	21	26	75
Other	(46)	(8)	(6)	2	(26)	(92)	(5)	(44)	(8)	(6)	(28)	(1)	(2)	2
Adjusted EBITDA	$978	$1,092	$1,666	$1,564	$1,239	$282	$752	$1,161	$505	$749	$911	$194	$193	$355
Production (thousand metric tons) (kmt)	14,343	14,598	15,128	15,084	15,256	14,265	15,922	16,486	16,342	16,618	16,606	4,249	4,196	4,161
Adjusted EBITDA / Production ($ per metric ton)	$68	$75	$110	$104	$81	$20	$47	$70	$31	$45	$55	$46	$46	$85

Alcoa's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) 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. The Other line in the table above includes gains/losses on asset sales and other non-operating items. 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'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.

Reconciliation of Primary Metals Adjusted EBITDA

($ in millions, except per metric ton amounts)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	4Q13	3Q14	4Q14
After-tax operating income (ATOI)	$808	$822	$1,760	$1,445	$931	$(612)	$488	$481	$309	$(20)	$594	$(35)	$245	$267
Add:														
Depreciation, depletion, and amortization	326	368	395	410	503	560	571	556	532	526	494	128	124	117
Equity (income) loss	(58)	12	(82)	(57)	(2)	26	(1)	7	27	51	34	22	–	(11)
Income taxes	314	307	726	542	172	(365)	96	92	106	(74)	203	(34)	95	89
Other	20	(96)	(13)	(27)	(32)	(176)	(7)	2	(422)	(8)	(6)	(6)	1	(2)
Adjusted EBITDA	$1,410	$1,413	$2,786	$2,313	$1,572	$(567)	$1,147	$1,138	$552	$475	$1,319	$75	$465	$460
Production (thousand metric tons) (kmt)	3,376	3,554	3,552	3,693	4,007	3,564	3,586	3,775	3,742	3,550	3,125	866	760	731
Adjusted EBITDA / Production ($ per metric ton)	$418	$398	$784	$626	$392	$(159)	$320	$301	$148	$134	$422	$87	$612	$629

Alcoa's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) 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. The Other line in the table above includes gains/losses on asset sales and other non-operating items. 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'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.

Reconciliation of Global Rolled Products Adjusted EBITDA

($ in millions, except per metric ton amounts)	2004	2005	2006	2007	2008	2009	2010*	2011*	2012*	2013	2014	4Q13	3Q14	4Q14
After-tax operating income (ATOI)	$290	$300	$317	$151	$(41)	$(106)	$241	$260	$346	$252	$312	$21	$103	$71
Add:														
Depreciation, depletion, and amortization	200	220	223	227	216	227	238	237	229	226	235	58	62	57
Equity loss	1	–	2	–	–	–	–	3	6	13	27	4	8	8
Income taxes	97	135	113	77	14	12	103	98	159	108	124	5	42	25
Other	1	1	20	1	6	(2)	1	1	(2)	–	(1)	1	–	–
Adjusted EBITDA	$589	$656	$675	$456	$195	$131	$583	$599	$738	$599	$697	$89	$215	$161
Total shipments (thousand metric tons) (kmt)	2,136	2,250	2,376	2,482	2,361	1,888	1,755	1,866	1,943	1,989	2,056	481	526	508
Adjusted EBITDA / Total shipments ($ per metric ton)	$276	$292	$284	$184	$83	$69	$332	$321	$380	$301	$339	$185	$409	$317

* The average Adjusted EBITDA per metric ton of these three years equals $344.

Alcoa's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) 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. The Other line in the table above includes gains/losses on asset sales and other non-operating items. 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'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.

Reconciliation of Engineered Products and Solutions Adjusted EBITDA

($ in millions)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*	4Q13	3Q14	4Q14*
After-tax operating income (ATOI)	$161	$276	$382	$423	$522	$311	$419	$537	$612	$726	$767	$168	$209	$165
Add:														
Depreciation, depletion, and amortization	168	160	152	163	165	177	154	158	158	159	173	40	40	52
Equity loss (income)	–	–	6	–	–	(2)	(2)	(1)	–	–	–	–	–	–
Income taxes	70	120	164	184	215	138	198	258	297	348	374	79	100	81
Other	106	(11)	(2)	(7)	2	1	–	(1)	(9)	(2)	–	(2)	2	(2)
Adjusted EBITDA	$505	$545	$702	$763	$904	$625	$769	$951	$1,058	$1,231	$1,314	$285	$351	$296
Third-party sales	$4,283	$4,773	$5,428	$5,834	$6,199	$4,689	$4,584	$5,345	$5,525	$5,733	$6,006	$1,405	$1,495	$1,566
Adjusted EBITDA Margin	11.8%	11.4%	12.9%	13.1%	14.6%	13.3%	16.8%	17.8%	19.1%	21.5%	21.9%	20.3%	23.5%	18.9%

* In the quarter and year ended December 31, 2014, the Third-party sales and Adjusted EBITDA of Engineered Products and Solutions includes $81 and $(10), respectively, related to the acquisition of an aerospace business, Firth Rixson. Excluding these amounts, EBITDA Margin was 20.6% and 22.3% for the quarter and year ended December 31, 2014, respectively.

Alcoa's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) 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. The Other line in the table above includes gains/losses on asset sales and other non-operating items. 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'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.

Reconciliation of Free Cash Flow

(in millions)	Quarter ended March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Cash from operations	$(236)	$537	$263	$933	$(70)	$514	$214	$920	$(551)	$518	$249	$1,458
Capital expenditures	(270)	(291)	(302)	(398)	(235)	(286)	(250)	(422)	(209)	(258)	(283)	(469)
Free cash flow	$(506)	$246	$(39)	$535	$(305)	$228	$(36)	$498	$(760)	$260	$(34)	$989

Free Cash Flow is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures due to the fact that these expenditures are considered necessary to maintain and expand Alcoa's asset base and are expected to generate future cash flows from operations. It is important to note that Free Cash Flow does not represent the residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure.

Reconciliation of Free Cash Flow, continued

	Quarter ended											
(in millions)	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011
Cash from operations	$(271)	$328	$184	$1,124	$199	$300	$392	$1,370	$(236)	$798	$489	$1,142
Capital expenditures	(471)	(418)	(370)	(363)	(221)	(213)	(216)	(365)	(204)	(272)	(325)	(486)
Free cash flow	$(742)	$(90)	$(186)	$761	$(22)	$87	$176	$1,005	$(440)	$526	$164	$656

Free Cash Flow is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures due to the fact that these expenditures are considered necessary to maintain and expand Alcoa's asset base and are expected to generate future cash flows from operations. It is important to note that Free Cash Flow does not represent the residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure.

Days Working Capital

($ in millions)	Quarter ended											
	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13	30-Jun-13	30-Sep-13	31-Dec-13	31-Mar-14	30-Jun-14	30-Sep-14	31-Dec-14
Receivables from customers, less allowances	$1,709	$1,650	$1,600	$1,573	$1,704	$1,483	$1,427	$1,383	$1,391	$1,401	$1,526	$1,513
Add: Deferred purchase price receivable*	85	144	104	53	50	223	347	339	238	371	438	395
Receivables from customers, less allowances, as adjusted	1,794	1,794	1,704	1,626	1,754	1,706	1,774	1,722	1,629	1,772	1,964	1,908
Add: Inventories	3,079	3,097	3,051	2,894	2,961	2,949	2,932	2,783	2,974	3,201	3,194	3,064
Less: Accounts payable, trade	2,660	2,594	2,496	2,587	2,656	2,820	2,746	2,816	2,813	2,880	3,016	3,021
Working Capital**	$2,213	$2,297	$2,259	$1,933	$2,059	$1,835	$1,960	$1,689	$1,790	$2,093	$2,142	$1,951
Sales	$6,006	$5,963	$5,833	$5,898	$5,833	$5,849	$5,765	$5,585	$5,454	$5,836	$6,239	$6,377
Days Working Capital	34	35	36	30	32	29	31	28	30	33	32	28

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

*The deferred purchase price receivable relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. Alcoa is adding back this receivable for the purposes of the Days Working Capital calculation.

** Beginning January 1, 2014, management changed the manner in which Working Capital is measured by moving from an end of quarter Working Capital to an average quarter Working Capital. This change will now reflect the capital tied up during a given quarter. As such, the components of Working Capital for each period presented represent the average of the ending balances in each of the three months during the respective quarter.

Reconciliation of Net Debt

(in millions)

	December 31,						
	2008	2009	2010	2011	2012	2013	2014
Short-term borrowings	$478	$176	$92	$62	$53	$57	$54
Commercial paper	1,535	–	–	224	–	–	–
Long-term debt due within one year	56	669	231	445	465	655	29
Long-term debt, less amount due within one year	8,509	8,974	8,842	8,640	8,311	7,607	8,769
Total debt	10,578	9,819	9,165	9,371	8,829	8,319	8,852
Less: Cash and cash equivalents	762	1,481	1,543	1,939	1,861	1,437	1,877
Net debt	$9,816	$8,338	$7,622	$7,432	$6,968	$6,882	$6,975

Net debt is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management assesses Alcoa's leverage position after factoring in available cash that could be used to repay outstanding debt.

Reconciliation of Net Debt-to-Capital

($ in millions)	December 31, 2013*			December 31, 2014		
	Debt-to-Capital	Cash and Cash Equivalents	Net Debt-to-Capital	Debt-to-Capital	Cash and Cash Equivalents	Net Debt-to-Capital
Total Debt						
Short-term borrowings	$57			$54		
Long-term debt due within one year	655			29		
Long-term debt, less amount due within one year	7,607			8,769		
Numerator	$8,319	$1,437	$6,882	$8,852	$1,877	$6,975
Total Capital						
Total debt	$8,319			$8,852		
Total equity	13,512			14,813		
Denominator	$21,831	$1,437	$20,394	$23,665	$1,877	$21,788
Ratio	38.1%		33.7%	37.4%		32.0%

* In the fourth quarter of 2013, Alcoa recorded an impairment of goodwill and valuation allowances related to certain Spain and U.S. deferred tax assets, which represent significant, unusual noncash items that are relevant to this metric. As such, if these items were excluded from the denominator, Debt-to-Capital and Net Debt-to-Capital at December 31, 2013 would be 34.8% and 30.6%, respectively.

Net debt-to-capital is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management assesses Alcoa's leverage position after factoring in available cash that could be used to repay outstanding debt.

Advancing each generation.

ALCOA