UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): January 15, 2015 (January 12, 2015)

ALCOA INC.
(Exact name of Registrant as specified in its charter)

Pennsylvania	1-3610	25-0317820
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

390 Park Avenue, New York, New York	10022-4608
(Address of Principal Executive Offices)	(Zip Code)

Office of Investor Relations 212-836-2674
Office of the Secretary 212-836-2732
(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On January 12, 2015, Alcoa Inc. held its fourth quarter 2014 earnings conference call, broadcast live by webcast. A transcript of the call and a copy of the slides presented during the call are attached hereto as Exhibits 99.1 and 99.2, respectively, and are hereby incorporated by reference.

* * * * *

The information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is being furnished in accordance with the provisions of General Instruction B.2 of Form 8-K.

Forward-Looking Statements

Certain statements in this report relate to future events and expectations, and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following are furnished as exhibits to this report:

99.1 Transcript of Alcoa Inc. fourth quarter 2014 earnings call.

99.2 Slides presented during Alcoa Inc. fourth quarter 2014 earnings call.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALCOA INC.

By:	/s/ Audrey Strauss
Name:	Audrey Strauss
Title:	Executive Vice President, Chief Legal Officer and Secretary

Dated: January 15, 2015

EXHIBIT INDEX

Exhibit No.	Description
99.1	Transcript of Alcoa Inc. fourth quarter 2014 earnings call.
99.2	Slides presented during Alcoa Inc. fourth quarter 2014 earnings call.

THOMSON REUTERS STREETEVENTS
EDITED TRANSCRIPT
AA—Q4 2014 Alcoa Inc. Earnings Conference Call

EVENT DATE/TIME: JANUARY 12, 2015 / 10:00PM GMT

OVERVIEW:
AA reported FY14 net income of $268m. 4Q14 net income was $0.11 per share.

CORPORATE PARTICIPANTS

Kelly Pasterick *Alcoa Inc.—VP of IR*

Klaus Kleinfeld *Alcoa Inc.—Chairman and CEO*

William Oplinger *Alcoa Inc.—EVP and CFO*

CONFERENCE CALL PARTICIPANTS

Brian Yu *Citigroup—Analyst*

Josh Sullivan *Sterne, Agee & Leach—Analyst*

Jorge Beristain *Deutsche Bank—Analyst*

Sal Tharani *Goldman Sachs—Analyst*

Timna Tanners *BofA Merrill Lynch—Analyst*

David Gagliano *Barclays Capital—Analyst*

Andrew Lane *Morningstar—Analyst*

Tony Rizzuto *Cowen and Company—Analyst*

Sam Dubinsky *Wells Fargo Securities—Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the fourth-quarter 2014 Alcoa earnings conference call. My name is Tia, and I'll be your operator for today. As a reminder, today's conference is being recorded for replay purposes. I would now like to turn the conference over to your host for today, Ms. Kelly Pasterick, Vice President of Investor Relations. Please proceed.

Kelly Pasterick—*Alcoa Inc.—VP of IR*

Thank you, Tia. Good afternoon, and welcome everyone to Alcoa's fourth-quarter 2014 earnings conference call. I'm joined by Klaus Kleinfeld, Chairman and Chief Executive Officer, and William Oplinger, Executive Vice President and Chief Financial Officer. After comments by Klaus and Bill, we will take your questions.

Before we begin today, I would like to remind you that today's discussion will contain forward-looking statements relating to future events and expectations. You can find factors that could cause the Company's actual results to differ materially from these projections listed in today's press release and presentation, and in our most recent SEC filings. In addition, we have included some non-GAAP financial measures in our discussion.

Reconciliations to the most directly-comparable GAAP financial measures can be found in today's press release, in the appendix of today's presentation, and on our website at www.alcoa.com under the "Invest" section. Any reference in our discussion today to EBITDA means adjusted EBITDA, for which we have provided calculations and reconciliations in the appendix. And with that, I'd like to turn it over to Klaus Kleinfeld.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Thank you, Kelly, and welcome everybody on the phone. So let me in the usual fashion summarize this quarter for you.

I would say the transformation is delivering results, profitability is up year-over-year, so talking about the operational performance, I think there's only one word, strong operational performance, starting with the downstream 19th consecutive quarter year-over-year profit growth, that's excluding Firth Rixson. Midstream, profitability up substantially, more than 200%. Upstream improved performance 13 consecutive quarters.

Look at the alumina segment, profitability stands at $178 million, primary metals, profitability at $267 million. Look at the fourth-quarter cash from ops, $1.5 billion, highest quarter in history. Fourth-quarter free cash flow highest quarter since the fourth quarter 2010.

Look at the full year productivity that we've been able to generate, stands at $1.2 billion. And it's really coming from all across the Company. I mean all segments, all functions. And then, when you look at the free cash flow we have been able to generate, $455 million, 18% improvement versus the year before.

And if you look at the second point here, it's the accelerated portfolio transformation, when we put the slide together, actually it was quite — and listed what had been going on in the fourth-quarter we were surprised ourselves, that this all fell into the fourth-quarter. It almost had too few days to get that all done. So we closed the Firth Rixson $3 billion, we announced the TITAL acquisition, we expected to close this one in this quarter, the first quarter here.

We unveiled the Micromill, exciting with its world's most advanced aluminum alloys that it allows, I think we're only scratching the surface. I'll talk more about it later. We finalized the sale of our three European rolling mills. We safely executed the Australian rolling mills closures.

We sold the Jamalco interest in Jamaica. The Saudi Arabia refinery is now fully operational. It's making first alumina from Saudi Arabian bauxite. That is a historic first in Kingdom, and really fantastic achievement by the whole team there. And we sold the stake in our Mount Holly smelter to Century. So those are the highlights. And with this, why don't we go straight, Bill, over to the numbers, so that you can guide everybody through this?

William Oplinger—*Alcoa Inc.—EVP and CFO*

Sure. Thanks, Klaus. Let's quickly walk through the income statement.

Revenue increased $138 million on a sequential quarter basis. On a year-over-year basis, revenue increased over $790 million or 14% on higher sales in our mid- and downstream businesses. The inclusion of Firth Rixson in the quarter, higher pricing in the upstream, and favorable energy sales.

Versus last year, we recorded strong revenue growth in all of our segments. Cost of goods sold percentage decreased by 60 basis points sequentially, and was down over 6% compared to a year-ago quarter basis, both driven primarily by productivity gains, better prices, and a stronger US dollar, somewhat offset by cost increases.

Overhead costs are up versus both periods, primarily driven by the addition of Firth Rixson. EBITDA was over $1 billion for the second consecutive quarter, resulting in EBITDA of $3.6 billion for the year, $1 billion higher than 2013. Full-year 2014 net income was $268 million.

Our effective tax rate for the quarter is 51%, and for the full year, 64%. These rates are higher than our expected operational rates, primarily due to discrete charges related to tax rate changes, and the fact that some of our special items had little or no tax benefits associated with them.

Our operational tax rate for the year was 31%. Looking forward, we estimate our operational tax rate for 2015 to be at this same level. Overall, results for the quarter are net income of $0.11 per share, but excluding special items, we have net income of $0.33 per share, $0.02 higher than the third quarter, and $0.29 higher than the fourth quarter of last year.

Let's take a closer look at the special items. Included in net income is an after-tax charge of $273 million or $0.22 per share, primarily for restructuring. As Klaus said, during the quarter we took several actions to accelerate the Company's transformation.

We sold three rolling mills in Europe for an after-tax charge of $115 million. We also divested our share of the Jamalco mine and refinery in Jamaica, which accounts for $95 million of the restructuring-related charges. Other charges related to the completion of closure activities at the rolling mills in Australia, and other actions taken across the organization.

These charges were partially offset by gains on the sales of Mount Holly, and the Reybec rod mill in Canada. In total, roughly 80% of the restructuring-related charges are non-cash. Other special items for the quarter were $53 million of discrete tax items, which I already addressed, and roughly $22 million of acquisition fees in the period related to Firth Rixson and the TITAL acquisition. So in aggregate, this results in net income excluding special items of $432 million, or $0.33 per share.

Let's take a look at the year-over-year results. Versus the fourth-quarter last year, favorable LME and a strong US dollar contributed $170 million to fourth-quarter earnings. Also, we delivered $210 million of after-tax productivity gains, and higher aluminum premiums, both regional and value-add, and alumina prices contributed to the favorable price-mix impact.

This performance was somewhat offset by continued pricing pressures in the rolled products business. Year-over-year cost headwinds were primarily driven by higher maintenance costs, portfolio action costs, and LIFO inventory expense. Moving onto the cash flow statement and liquidity, as Klaus said, cash from operations totaled $1.5 billion for the fourth quarter, and that's the highest cash from operations we've ever achieved as a Company, in the history of the Company, and that led to a positive free cash flow of nearly $1 billion in the quarter.

As I mentioned earlier, most of the special items for the quarter are non-cash, and therefore do not impact our liquidity position. We contributed $55 million of cash to the pension plan, for a total of $501 million for the year 2014. The global pension contribution requirement for 2015 is estimated to be at a similar level as 2014. And we ended the year with $1.9 billion of cash on hand, reflecting strong operating performance, working capital management, and higher commodity pricing. Also we had no commercial paper outstanding at the end of the year.

Let's turn to the segments. Before we get into the segment results, I just want to take a moment to note a change in format. We've gone to year-over-year bridges for the value-add businesses, since we think it provides a more representative reflection of the performance. We've also provided the sequential quarter bridges, which are the ones that we normally provide, in the appendix to this presentation.

Regarding EPS, EPS generated ATOI of $165 million this quarter, roughly flat from the fourth quarter of 2013. However, ATOI had an impact related to the acquisition of Firth Rixson, which was negative $12 million, primarily driven by the remeasurement of inventory to fair value, in accordance with purchase accounting requirements. Excluding the impact of Firth Rixson, ATOI was up year-over-year, for the 19th consecutive quarter.

Third-party revenue was $1.6 billion, up 5% versus the third quarter, and 11% versus a year ago, with roughly half of that related to the Firth Rixson acquisition, and the rest due to strong share gains across all the businesses. Currency was a $7 million headwind year-over-year, due to unfavorable impacts of a strengthening dollar, as our non-US businesses have revenue and costs both denominated in local currency.

Volumes positively impacted profitability by $15 million, driven by share gains and market growth in aerospace, building construction, and commercial transportation sectors. The business continued to generate strong productivity gains, largely through process improvements, cost controls and overhead cost reductions. These more than offset year-over-year cost increases, primarily related to employee costs, growth ramp-up of costs, and other costs.

Moving to the first quarter outlook, the aerospace market will remain strong. We expect recovery in the North American non-residential construction market, continues to be a bright spot, with some softness seen in Europe. The heavy duty truck market will remain strong in North America, partially offset by declines in Europe, and we do expect future share gains and productivity improvements across the portfolio.

So in aggregate, EPS had a strong fourth-quarter. For the first quarter of 2015, we expect ATOI to be up 15% to 20% sequentially, and 0% to 5% year-over-year. Foreign currency pressures are expected to continue in the first quarter, anticipating a year-over-year impact of $9 million.

Turning to the rolling segment, as you can see, ATOI in the fourth-quarter was $71 million, compared to $21 million in the fourth-quarter of 2013. The segment continues to ramp up production for automotive demand, and had record auto shipments during the quarter, resulting from the Davenport expansion. Versus a year ago, the higher profitability resulted from higher volume in North American automotive and aerospace, higher metal prices and strong productivity. These impacts are partially offset by pricing headwinds in the packaging and European industrial markets, and costs related to the shutdown of the Australian rolling operations.

As we look out into the first quarter, we expect GRP to be impacted by the strong auto demand for both auto sheet and brazing sheet. The segment will continue to increase production in the first quarter to serve the growing demand for aluminum-intensive vehicles. We are anticipating continued pricing pressure in packaging and European industrial markets. And lastly, cost increases driven by ramp-up costs in Saudi Arabia, R&D spend on the recently unveiled Micromill, and higher regional premiums are impacting the Russian operations. In total, ATOI for the segment is expected to be flat versus last year's result, excluding impacts from metal and currency.

Now let's move to the upstream segments. The combined primary metals and alumina upstream segments produced our 13th consecutive quarter of performance improvement, with combined ATOI totaling $445 million. The alumina segment delivered $178 million ATOI in the fourth quarter, its highest earnings since the second quarter of 2011, and up nearly threefold sequentially.

Three major factors drove the earnings increase: Higher API pricing, as well as higher pricing on legacy LME-based alumina contracts, positive currency impact from the strengthening of the US dollar, and continued productivity gains and lower fuel costs. Higher maintenance costs plus operational costs at the Saudi Arabia refinery resulted in cost increases of $19 million in the quarter.

As we look forward to the first quarter, API pricing, which has rebounded in the fourth quarter, will continue to follow the 30-day lag, while LME-based contracts will follow the typical 60-day lag. API-based and spot sales will be roughly 75% of external sales in 2015.

We expect production to be down slightly in the first quarter by 200,000 metric tons due to the sale of the Jamaica refinery, and two fewer days of production in the quarter. We anticipate startup costs at the Saudi Arabia refinery will increase $5 million in the quarter. In total aside from pricing and ForEx changes, we expect productivity improvements to offset these negative impacts.

Turning to primary metals, in primary, our efforts to transform the segment's profitability continue to bear fruit. Earnings in primary improved $22 million versus the third quarter, to $267 million. Continued strong regional and product premiums, combined with the stronger US dollar, drove much of the earnings profit.

In addition, the Saudi joint venture smelter profit more than doubled this quarter. As we had signaled, energy was a negative in the quarter, as higher power costs, primarily in Spain, and lower energy sales combined for a $61 million negative impact. Alumina costs were also up $17 million, reflecting the higher API and spot prices.

Moving to the first quarter, our pricing will continue to lag by 15 days to the LME price. Production and shipments will be down 35,000 metric tons, due to the Mount Holly sale, and again, two fewer days of production. Energy impacts will be an unfavorable $45 million, primarily due to lower power sales in Brazil.

Just a point on that, from a full-year perspective, we anticipate the lower energy prices in Brazil to have a negative $100 million impact on segment results in 2015. However, in the first quarter, we do expect productivity to offset the lower volume, lower energy sales, and other cost increases. One additional point to note, before I move off of primary, I want to remind you that typically we see a shift in the first quarter from third-party to internal sales as the primary segment restocks the pipeline for our midstream businesses.

With all the changes in the portfolio, I want to take a moment to review our latest sensitivities. Consistent with our overall strategy of profitably growing the mid- and downstream, while creating a globally competitive commodity business, the Alcoa portfolio has changed considerably over the last couple of years, so it's time to update our earnings sensitivities.

Two factors are driving this change to our sensitivities: First in the last two years, we've curtailed or closed 22% of our smelting capacity, and 6% of our refining capacity. Secondly, we've transitioned our alumina portfolio, and as I said earlier, are expecting approximately 75% of our external contracts be sold on API or spot pricing in 2015.

These two changes result in a much lower sensitivity to LME metal prices. $190 million of net income impact from $100 change in the LME prices, and as you can see, we've introduced an API sensitivity so it should be easier to track our results in the upstream segments. In addition, we've adjusted our FX sensitivities due to production rates and product mix in these countries, with the biggest change coming in Brazil, where the curtailment in metal production and corresponding sales of energy have made the results much less sensitive to changes in the Brazilian real.

Now, let me turn to a view of our full-year 2014 results. Adjusted earnings were strong in 2014, the highest level we've seen since 2008. Versus 2013, the LME impact was roughly flat, but the strong US dollar resulted in market impacts of $107 million in total for the year.

$292 million of favorable price mix was driven primarily by higher regional and value-add premiums, as well as higher alumina prices. These tailwinds were offset by packaging and industrial pricing pressure in global rolled products. Disciplined execution across all of our businesses generated $757 million of productivity after-tax, or roughly $1.2 billion pretax, which more than offset some of the cost headwinds that we've seen.

Cost headwinds were largely driven by the higher maintenance costs, labor inflation cost, and some LIFO inventory expenses, and growth spending to support some of the growth projects that we have. So as I said, the results of 2014 were strong, and further demonstrate how the Company's transformation is driving profitability. We're generating profitable growth in our value-add businesses, and lowering the cost base in the commodity business, to drive improvements in results.

Let's take a look at working capital. We continued to manage working capital diligently in 2014.

In the fourth-quarter, we maintained average days working capital at 28 days, down four days from the third quarter, and even with the fourth quarter of 2013, while we supported the growth initiatives in automotive and aerospace. Since the fourth-quarter of 2009, we've reduced working capital by nine days.

We turn to the balance sheet. From a liquidity perspective, we're ending the year with $1.9 billion in cash, and debt is at $8.9 billion, resulting in net debt of $7 billion at year-end. It's important to note that we ended 2014 with a similar net debt level as we entered the year, even after acquiring Firth Rixson. Debt to cap ended the quarter at 37.4%, which was impacted by the stronger US dollar.

Now let's move to a summary of our 2014 targets. At the beginning of the year, we established a set of targets, and for the fifth consecutive year, we met our overarching goal to be free cash flow positive. As you can see from this chart, we met every target with the exception of the debt to cap, which is slightly above the range, due to the strength of the US dollar.

For the year we had nearly $1.2 billion in productivity, and we managed sustaining capital, while investing in the mid- and the downstream segments. Our spend on the Saudi Arabia joint venture was well within budget, and future spend is limited as construction of the world's lowest cost aluminum complex finishes in 2015.

Now let me turn to the 2015 targets. Our annual financial targets have been set to continue to reposition the Company, driving growth and operational improvements. We're targeting productivity improvement of $900 million. This is the highest annual productivity target we have set, since we started releasing annual targets.

On the capital side, we are targeting $750 million of return-seeking capital, and just a note, that is slightly different than the growth capital you have seen in the past, because that includes growth projects, cost savings projects, and the remaining Saudi spend. We are also actively managing our asset base by targeting sustaining capital of $725 million.

Last but certainly not least is our commitment to a strong balance sheet, generating free cash flow will continue to be a focus in 2015. We're targeting minimum free cash flow of $500 million, and have also set a leverage target for 2015, with a goal to attain debt to EBITDA in the range of 2.25 to 2.75 times. All these targets include the recently-acquired Firth Rixson businesses.

Moving to the market fundamentals, as you all know, aluminum pricing has been fairly volatile over the last couple of months. From our perspective, overall market fundamentals remain positive, though. Demand growth remains robust, we're projecting 2015 global growth to continue strong at 7%. China continues to lead global growth of 10%, and the rest of the world North America demand will be 5%, driven by growth in automotive consumption.

In the alumina market, our initial outlook for the 2015 alumina supply-demand situation is that the market will be in surplus of just under 3 million metric tons, or roughly 3%, with new capacity coming online in both the Western world and China. I do want to point out a couple of things, that is dependent on a number of different assumptions.

For instance, that the Indonesian bauxite ban continues, and has built in there that in the Indian refinery expansion will continue, which as we've seen in the past, is not always the case. I want to point out to you that if you recall at the beginning of 2014, we had a 2 million metric ton surplus, and we came into — nearly into balance during the course of the year.

Regarding aluminum we anticipate a balanced market. China continues to add capacity at a measured pace, with expansions occurring largely in the Northwest, and curtailments in central and southwest. In the rest of the world, new expansions of 700,000 metric tons are concentrated in India and the Middle East.

Inventories are at 63 days of consumption, the lowest level since November of 2008. And LME canceled warrants sit at 2.4 million metric tons, or 56% of total LME stocks. These cancellations are largely held by financiers seeking to move metal off exchange for lower storage costs.

Lastly, premiums remain high, driven by strong fundamentals. The US Midwest premium now sits at $0.24, Rotterdam at $490 a metric ton, and Japan at $420 a metric ton. Now, let me turn it back to Klaus.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Thank you very much, Bill. So let's talk about our end markets. What we expect in our major end markets for 2015?

On aerospace, we do believe that there's going to be a growth in this market in 2015 between 9% to 10%. Actually, in large commercial aircraft, we believe the segment is going to even grow above that with 15%. And why we believe so?

Because if you look at the strong commercial jet order book, coming in now stands at eight years of production at the increased 2014 delivery rates, and also, if you look at the airline fundamentals, we are taking here the IATA expectations, what they expect for this year, is 7% increase of passenger or 4.3% increase of cargo demand, airline profits are supposed to go up to a level of $25 billion for the airlines. That's pretty amazing.

This has a reflection also when you look at the jet engine order book, there are now 23,800 engines on firm order. We've also seen outside of the large commercial aircraft segment, the regional jets have been rebounded, and we believe that the growth is going to continue with 8.7%. They have already, today, the highest order book in five years.

So next segment, automotive, probably best to go through it by the different regions. North America, we believe we are going to see a growth between 1% to 4%. That's a pretty big range. Mary Barra, the CEO of GM, last week came out with her estimate of roughly 3%, so that's in that range, and this is obviously on top of the 2014 growth.

In 2014, we've seen the US sales up 5.8%, 16.4 million vehicles, production also strong, stands at 15.7 million vehicles. This is — all of those numbers are year-to-date November numbers. This is up 4.4%, compared to the prior year.

Inventories are down. They are now at 61 days, and that's pretty much in line with the industry targets of 60 to 65. Then, the incentives are high, we saw them high in the last quarter, but we don't think is concerning at all, because it's basing there to advance — in advance of the 2015 model, so basically to clear out the inventories to be ready for the 2015 exciting new models.

We believe 2015 production is going to be bolstered also by the replacement of the older vehicles and the low lending rate. Keep in mind, when you look at average rate age of the US fleet, it stands currently at around 11 years, and historically, it's a little bit below 10 years, so there's some pent-up demand sitting there. Lending rates these days in automotive is around 4%, so very, very attractive. Fundamentals also coming in there, and I didn't even mention the gasoline price.

So Europe, when you look at automotive, different picture. We believe that it can range between minus 1 to plus 3. Registrations have been up, year-to-date November, 5.7%, production has been up by 2.8% year-to-date.

Exports, we believe are going to rise, even though there is a mixed economic picture and some uncertainty. We believe exports are going to be up 5.1% compared to the prior year.

China, good story. We believe 5% to 8% growth, on top of the 6.9% that we saw in the full year of 2014. And the growth is driven very strongly by the middle class, increased middle class and also by the Clean Air Act. The China Clean Air Act is supposed to scrap older, less clean cars, and they are trying to get 15 million vehicles off the roads and replaced, obviously, by 2017 so that's a pretty nice thing to happen there.

Let's go to the next segment, heavy-duty trucks and trailer. North America, we expected to see a growth year between 3% to 7%, that's on top of the pretty outstanding growth that we saw in 2014. Strong production growth there, and until November, 20.5%.

The fundamentals also look very attractive, 3.2% increase on the freight ton miles, 3.6% increase on the freight price. So we believe the outlook for 2015 is positive, the orders are also up. For the full-year 2014 we saw an increase of 42% in the fourth quarter, we saw the highest fourth quarter ever. The order book has been rising. That's very, very nice.

On Europe, we actually see a decline between 5% to 10% for 2015. The production is down in Western Europe 5%, and Eastern Europe roughly 20%. And we believe the same weakness to continue into 2015. We have seen the Western Europe orders to decrease by 8.6%, up until last November, and obviously also on the Eastern Europe side, there is an impact stemming from the Russian sanctions.

Heavy truck and trailer on China, we believe it's going to be a range between minus 2% to plus 2%. The production has been pretty much flat, it's been up 0.6% year-to-date. But always keep in mind there was this enormous growth here in 2013, in a market that is a market that's larger than the US market, 30% growth there. So we see for 2015, pretty much the production being flat. There is an upside, however, from falling oil prices that have a more substantial impact in China than other places, China being a large importer of oil.

Let's go to the next segment, packaging, North America, we believe is going to see minus 1% to minus 2%. This is really a combination of two factors. One is a demand decline for carbonated soft drinks. We saw minus 2.8% year-to-date November last year. At the same time we see an increase in the beer segment by 2.5%, and those two things are going to offset each other.

So next one here on packaging, Europe, nicer story increase 2% to 3%. We believe the 2015 demand is up by 6% through the third quarter last year, and we will continue to see that aluminum cans are replacing steel in Western Europe.

China, on the packaging side we believe is going to see a growth between 8% to 12%, and this is mainly driven by the continued penetration of aluminum in the growing beer segment.

Let's move on to the next end market, building and construction. North America, we believe it's going to continue to grow between 4% to 5%. The early indicators look good.

Non-residential contracts awarded up to 12.5%. Architectural Billings Index stands at a positive 50.9, Case-Shiller home price index showed plus 4.6% year-over-year. So that's all good.

So Europe we see a continued decline, minus 2% to minus 3%. Weakness continues, although the numbers vary, because Europe is not one-size-fits-all. Just when you look at the third-quarter numbers, Germany actually grew by 2%, France shrunk by 5%, UK by 3%. So it's a pretty substantial mix difference here. China, we believe the growth is going to continue, 7% to 9%. So that concludes building and construction.

Last segment industrial gas turbines. Interesting, we see there's a shift happening. We predict for 2015 growth is coming back, and we predict a plus 1% to plus 3%.

This is purely driven by two factors: One is that the market is moving towards higher value-add products and customers are liking the new and high technology turbines. That is one factor. And the second factor is, customers are also going for upgrades for their existing turbines, and both of this has a very positive impact on us, because those upgrades of existing turbines always come along with — it's almost like a spare program.

So with this, that concludes the end market, so let's move on to Alcoa. And let me remind you before we talk more about what's going on here, what do we mean when we talk about transforming Alcoa, when we say we're accelerating the transformation?

We're really treating these two value-generating engines. On the one hand, we're building a lightweight multi-materials innovation powerhouse, and at the same time we are creating a globally competitive commodity business. What do we mean, when we say we're creating a lightweight multi-materials innovation powerhouse? We're increasing share in exciting growth markets, like aerospace, automotive, heavy-duty trucks and trailer, building construction, many of those that I just talked about.

We have a full pipeline of innovative products and solutions. You just saw that again in the last quarter, when we came out with our breakthrough Micromill materials. We are using all growth levers, from organic to inorganic.

We're shifting the mix to higher value-add. You saw that also in the sales of our European mills, and the mill closures in Australia. We're expanding our multimaterials expertise. You've seen that with the acquisition of Firth Rixson and TITAL, and with the organic growth.

At the same time, when you go to the right-hand side here, we are creating — we are increasing our competitiveness in the commodity business, and this is a mitigation strategy towards downside risk. We cannot influence where the metal price is going to be, so therefore, our best way to solve for this is to have a low-cost position, so that no matter where prices are, we're making money. One day we're making more, the other day we're making less money, but we are making money, and that's the strategy here.

At the same time, we're also looking at using our casthouses more wisely. That's the level of value-add that we have there, and you've seen how successful — we've moved price and pricing on the alumina side to really reflect the market fundamentals there. I think that was a very, very good move, and now has found a clear acceptance in the market, and you will also continue to see productivity improvements there.

So why don't we go to the value-add business, and I will guide you through what's going on there. On the value-add business, revenues up, profits are up. That's a good thing.

So here, you basically see, when you look at the engineered products and solution business, in 2014, $6 billion of revenues at a margin level of 21.9%. So this is where we stand. This is very much in line and on track to achieve the targets that we set out in our three-year targets, a 2016 target, which you see reflected here on the right-hand side. Right?

And on top of that, those targets, we exclude inorganic growth. We've always said that. So that's why you see now, on top of it, we have Firth Rixson, as well as TITAL. That adds to, not only the revenues, but it will also add over the long run to exceeding our EBITDA margins above the historic highs of 21.5.

Similar story on the GRP side. The actuals for last year, $7.4 billion revenues, added profitability of $339 per metric ton. And here, the story is a little bit, if you go to the targets it's a little bit different, because here, we are also nicely on track, in regards to the profitability, and at the same time, we are shifting our portfolio.

As we said, we're shifting it to higher value, and that's why we divested our closed business, divested for instance the European mills, and the ones in Spain and France. And why we closed the Australian mill. So well on track here to also get to our midterm goal.

So let me highlight a few things out of our value-add business. So we're expanding our multi-materials portfolio with smart investment.

Firth Rixson was — let's start with the acquisitions here on the left-hand side, Firth Rixson was clearly a very, very important step for us, getting us $1.6 billion revenues, more at a $350 million EBITDA level by 2016, and making us a global leader in seamless rolled rings, giving us access to a full range of engine disks, giving us access to a unique technology called isothermal forging, and giving us — increasing the multimaterials mix through having here Firth Rixson 60% nickel-based, 25% titanium, 15% steel and aluminum.

And TITAL falls in the same logic, establishes for Alcoa titanium casting capability. In Europe, it's much smaller obviously. And we believe that the TITAL titanium revenues are going to increase by 70% by 2019.

Same thing that we did inorganically, we also did organically. Lafayette, we established an aluminum-lithium capability that is very outstanding, and also the fourth-quarter brought good news on that end, because on December 19, the FAA basically certified our aluminum-lithium fan blade for the Pratt & Whitney PurePower engine for the A320 neo, that's a great step, and I'm very happy about it.

The Hampton/LaPorte expansion extends our jet engine reach, so we can make blades that are more aerodynamic, or structural castings that are much larger, catering to larger engines. Davenport, we announced that we're going to make thick plate there.

This is first targeted towards making the largest monolithic wing ribs, which is very much needed, to get the structural stability into larger composite-based wings, but is not the only thing that we do, we'll be doing with that. I mean, it will have applications also in transportation, auto, and consumer electronics there.

Let's talk a moment about automotive, because one of the big questions that I've been getting, and Bill has been getting here from you all in the last weeks is, what about lightweighting in a potential environment where the gas price is coming down? So let's address this, so we put a chart together, to make sure how our understanding is there.

To sum it up, before I even go through it, my assumption is lightweighting is here to stay, and the reason for it is because the OEMs need it, and the consumers like it. Why do the OEMs need it? Let's start here on the left-hand side, because there is such a thing called CAFE regulations, and what we have depicted here on the left-hand side, the blue bars basically show the light truck fleet performance in 2014 for different OEMs in the US, right? And then you have this dark green line, that shows the 2025 light truck fuel efficiency target.

You obviously can see, now this is in 10 years, but where does the efficiency stand today? There's a 15 miles per gallon delta to the target, that has to be bridged in the next 10 years. That's not easy. So basically, the OEMs are looking for all kinds of ways how to get their fuel efficiency up. So that's why I said the OEMs need it.

Let's come to the point, why the consumers like it? They like it because they benefit from it. They benefit in multiple ways. They have less fuel consumption.

They can add more payload, they can get more towing capacity. The F-150 and Ford's number is basically more than 700 pounds lighter than the previous version. And that allows also for faster acceleration and improved braking distance.

And we did a calculation here. And looked at, what's the saving? What's the saving that somebody would get who goes in that category of light truck, for more fuel-efficient car, compared to a less fuel-efficient car, and we see at today's rates, you basically get 9 miles per gallon advantage.

So if the price per gallon is at $3, that delta gets you a return of $916, savings of $916 every year basically, and this is multiplied with the average miles that are driven in the US. Now if the gas price goes down to $2 gallons, this drops to $611, so you can see the sensitivity is there. It's a $300 drop, but it's still money. It's still a lot of money that you can save.

The other thing here on the right-hand side which I want to point your attention to, is that while we've seen while in the US, while the gas price has been coming down, the consumer preference has been shifting a bit. It's probably too early to tell whether that's really a trend here, but it's an interesting development.

So lower gas prices, I would say increase — lead to bigger vehicles. Here the blue line shows the gasoline price per gallon and the reddish line shows the percentage, the market share of light trucks, in the share of all automotives sold. That's interesting because it also means it's putting even more pressure on the OEMs to get more fuel-efficient, because the CAFE regulations, as the name says, as the corporate average fuel efficiency, so it takes the whole fleet into account. So that's, I hope, a good answer to a question that at least I've been getting quite a bit.

So let's stay on automotive for a second, because in the fourth quarter, we also announced our breakthrough new materials for automotive. And those materials that are enabled by the breakthrough micro-mill production process. And what is so breakthrough about those materials? I mean, what is breakthrough about it is we cracked the magic formula.

In the past, if you wanted more formability, you typically had to give up strength. If you wanted more strength, you had to give up also on weight. So you typically had stronger, which was heavier, which was less formable. That's breaking the formula.

Now we can give our customers more formability, actually 40% compared to aluminum, double the formability of high strength steel, 30% stronger, and 30% lighter. That's really magic, and creates value for our customers. They have much, much more options, design options here, and improved dent resistance, and the surface quality on top of it is a surface quality that's validated for class A external panels.

So this allows us, at Alcoa, to come out with value-add premium products, and we expect them to be selling at value-add premium margins. We have secured a strategic development customer. We are taking a market, just to give you an idea, that today is $3.5 billion. All of that is steel, and we have completed successfully customer trials, we wouldn't have announced it otherwise, and we are qualifying material currently as we speak for the next generation auto platform.

The way this all came about is we started cracking the code for new automotive materials, and that got us — we only got there basically by cracking the code in manufacturing. So with the cracking the code in manufacturing, we then stayed in applying this, what we invented there, in automotive.

To be crystal clear, the Micromill process can be applied to many other applications. And it's just that we prioritize automotive, because that's what we thought is the highest value. But we haven't yet even scratched the surface on this.

So what is so cool about that? What used to take 20 days to go from melting to the rolling the coil, now in the Micromill process takes 20 minutes. And it all happens in a footprint that's about a quarter of a conventional mill.

And the nice thing is, this is a proprietary technology, Alcoa technology. It's nice and secure, about 130-plus patents. It's the most productive continuous caster. It has 50% lower energy. You can literally shift alloys at the press of a button. The product width is comparable to what we are seeing in other automotive mills.

So much as a deep dive, for our exciting value-add offering, so let me also talk about our commodity business. Let's start with alumina. We have improved an already pretty strong competitive position, and here on the left-hand side, you see where we are, where we were, and where we are on the cost curve.

We started on the 30th percentile, and obviously you can see here, the cost curves are obviously moving. That's also a question that many of you have been asking, so here you can see this now in the detail of the yearly cost curve, and where we are on this, which actually makes the whole thing a little bit more complicated, but more realistic. So we've achieved a 5 percentage point reduction. We are now at the 25th percentile, and our target by 2016, we want to come down another 4 percentage points to the 21st percentile.

What have we done again in 2014? Productivity gains, Bill showed this, how $243 million, and we've increased low cost refinery production by 200,000 tons. What are we going to do going forward, and much of that is already in the works, we will again see productivity gains here.

The sale of our Jamaica interest in Jamalco, we have a memorandum of understanding with the government of Suriname to look into the future of Suriname. We've completed, and are now switching on the natural gas solution for San Ciprian, and the good thing is also always our Saudi joint venture refinery is now fully operational and allows us to go 2 percentage points further down on the cost curve, and we've been able to make the first alumina from the refinery in the last quarter, the fourth quarter. That's very, very good.

So let's also look at the metals side. That's where we started, from a much more difficult starting position. We were actually at the 51st percentile, when we started this undertaking. We've come down 8 percentage points since then. We're now at the 43rd percentile, and we're going to target another 5 percentage points to come down on the 38th percentile.

So we've reduced the high cost capacity and now 31% of our high cost capacity is either curtailed, sold, or closed. That's really massive. We generated $269 million of productivity gains in 2014.

We've been able to get a new energy contract in Quebec. For 2015, we are also going to continue this, productivity is going to continue. Mount Holly, the sale has been completed in the fourth quarter, getting operational in this year, and the Saudi smelter is now fully operational. The ramp-up is done so you'll see for the first year the full impact on the full-year in this year, in [2014] (corrected by company after the call).

Let's not forget also the value-add side. This is just an example. The slab casting is, as a value-add, we are now at a point where — or we were at a point where 65% of all of our shipments have not been shipped as P1020 but as value-add, either in shape or in alloys products. That's been very good, and we'll bring that another 5 percentage points up in the next two years.

So this is all I wanted to share with you, where we were, where we are today, and where we are going. I hope this gives you a better understanding of the course that we are on. And like in every year, Bill already showed that.

We are breaking down the three-year targets into one-year targets. We will continue to deliver our operational performance. We are shooting for productivity gains of $900 million. We invest in the growth, and we manage the base.

Return seeking capital of $750 million, and controlled sustaining capital of $725 million. And we will strengthen our balance sheet. Bill referred to this, as we want to generate $500 million-plus of free cash flow.

So to summarize all this, the transformation is creating a sustainable value. You see the smart investments in expanding our multi-material capabilities. With our innovative differentiation, we are enhancing our value-add growth platforms, and we continue to see disciplined execution all across the board, and also on our upstream profitability. So I guess with this, let's open the lines for questions.

QUESTION AND ANSWER

Operator

(Operator Instructions)

Brian Yu, Citigroup.

Brian Yu—*Citigroup—Analyst*

Question on the engineered products segment. You said in your guidance there, would you be able break out for us how much of that ATOI growth is for existing operations, and then how much is the Firth Rixson contributing?

William Oplinger—*Alcoa Inc.—EVP and CFO*

Brian, to make sure you're clear, we guided to a 0% to 5% increase in year-over-year profitability, and we are just now really starting to see the Firth Rixson profitability kick in. And so, we have not broken out, and we're not planning on breaking out the profitability of Firth Rixson at this point.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

That's correct, but you saw, and I think you showed it in one of your slides that the impact in the fourth quarter was a negative impact.

William Oplinger—*Alcoa Inc.—EVP and CFO*

Sure. It was negative $12 million, with the biggest piece of that being associated with the write-up of the inventory, right? So when you buy a Company, you write the inventory to fair value, and as you sell it, sell that inventory, you don't recognize any margin on it. So that's the preponderance of that $12 million.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

I think the other point Brian, that I think you should have in mind is the $1.6 billion in 2016, that's revenue at a $350 million profitability, that gives you an idea on where we see this, where we see this going. Right? And this was more the oddity of the closing and so. Yes?

Brian Yu—*Citigroup—Analyst*

It's just a wide gap and that's why was hoping maybe you guys provide a little bit more detail. And maybe just the other question is, just on the target of $500 million free cash flow for this year, at minimum, is there an underlying aluminum price that's embedded in there to get that $500 million number?

William Oplinger—*Alcoa Inc.—EVP and CFO*

Yes. We typically don't provide what that is, other than to say that it's very similar to the market fundamentals that we have today in all things including the LME premiums, and currencies also. So it's similar to the market situation that we have today.

Brian Yu—*Citigroup—Analyst*

Okay. Thank you.

Operator

Josh Sullivan, Sterne Agee.

Josh Sullivan—*Sterne, Agee & Leach—Analyst*

Congratulations on a great quarter here. Given your place in the aerospace industry, can you talk about the impact of sliding fuel costs? Do you see demand destruction for new efficient aircraft at a certain price for crude, or do you think the increase in passenger traffic, extended backlogs, or even the airlines holding the economic benefit of the new planes, is enough to sustain demand levels?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Well, that's a very good question. And in fact, we should have put a slide in there also, because we addressed some of the one, and that's why we put slide in there in automotive. And if you look at what's been driving the demand on the aerospace side, it's really been two main factors.

One is the increase of the middle class and the increase of more available money, mainly driven from the growth in Asia. This is going to stay. Nothing has changed there.

I would actually argue, given that many of those places are big importers of oil, that with the oil price having come down so much, if it were to stay at that level, that the available income goes up. But certainly not going to be negatively affected. So that's been one big driver.

The second big driver was the increase of efficiency on the planes, and you typically see that new clean planes or new re-engine models, if you look at on average, the claim by Boeing and Airbus is that they give you a 25% increase in efficiency, and that's also not going to go away. So if you look at another indicator of what we have seen recently, have we seen anything — the price has been coming down over the last half year.

And Boeing just announced their order book and I think everybody was pretty impressed by the quality of the order book. So we haven't yet received the final Airbus numbers, but you've seen our prediction for this year is actually, we believe that the growth is not only going to continue but continue to be really strong, Josh.

Josh Sullivan—*Sterne, Agee & Leach—Analyst*

Okay. Great. And then just, with the strong free cash flow coming through here, what are the priorities for cash deployment going forward?

William Oplinger—*Alcoa Inc.—EVP and CFO*

It's pretty simple. The first set of priorities is to sustain the assets that we have, and we talked about a sustaining capital number of $725 million. We have a number of organic growth opportunities that we're pursuing, and a lot of those have already been announced.

So you have heard about us talk about La Porte. You've heard us talk about the thick plate stretcher in global rolled products, so we have those. And the other one is, we'll spend about $500 million on the pension plan again next year. Beyond that, cash that's generated after that, we'll have to make a determination of whether we pay down debt, or continue to grow in the downstream.

Josh Sullivan—*Sterne, Agee & Leach—Analyst*

Great. Thank you.

Operator

Jorge Beristain, Deutsche Bank.

Jorge Beristain—*Deutsche Bank—Analyst*

Congrats on the quarter. I guess maybe my question first is for Klaus. Could you walk us through how you think right now about the alumina price holding up, given that fuel oil is such an important component of that industry's costs? And to your earlier point about moving down the cost curve, do you think that into 2015, 2016, we could see a structural shift down in the cost curve of alumina globally, because of cheaper oil? That's my first question.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Well let's start with the second part of the question, yes that is possible. Now keep in mind that not everybody uses oil, right? Exactly. Because you saw some of those things, by the way, happening. And then you have another factor that you didn't talk about.

There you have an FX movement also, so that's going to negatively impact refineries that are in the US. Right? So that's clearly going on. You will see that reflected in the cost curve.

The other thing, in regards to the alumina price, the alumina price is not a function of the cost. It's a function of supply and demand. And much more than what we see in the LME, because luckily, we see today, as the alumina pricing index, that is the biggest determinant, the biggest indicator for the alumina pricing.

And that fortunately is more a function of the supply and demand, because it does not allow for the financialization that we so strongly see entering the LME and impacting the LME pricing. And taking it so far away from the supply and demand, and allowing the regional premiums to come in. So that's the reason why you don't see this strange things happening in alumina.

In alumina, I think the biggest, I cannot predict where it's going to go. It's impossible to predict that. I think we gave a lot of guidance. One thing that Bill showed in his summary there is more than 2 million surplus.

I think Bill also was very clear that you have to put that into relative perspective. First of all, Jorge, you know us, and others know us too. We are very conservative when it comes to predictions and I think Bill said it when it came to last year, we were looking at, we were almost taking at face value announcement of people that are saying we are going to bring capacity up, and thus you'll be starting with 2 million, and I think we ended with 400,000 and that's in a market that has 100 million. So that's my best guess on this, Jorge.

Jorge Beristain—*Deutsche Bank—Analyst*

Perfect. Thanks. Since I have Bill here, quickly could I just also get your view on the $500 million free cash flow target you have? I'm assuming that is before pension possible contributions this year?

William Oplinger—*Alcoa Inc.—EVP and CFO*

No. That's after pension contributions, Jorge. So the $500 million of pension contributions is baked into that number.

Jorge Beristain—*Deutsche Bank—Analyst*

Great. And then, where do you stand on the pursuit of going back to investment grade? Is this something that's a priority for Alcoa, or will you take it as it comes over the next few years?

William Oplinger—*Alcoa Inc.—EVP and CFO*

We're committed to getting back to investment grade. I think, and I know some of the rating agencies are probably listening, but we did generate well in excess of over $3 billion of EBITDA this year, which I know some were very interested in seeing us do. And as you see, it's the first year in a number of years that we've set a positive free cash flow target, so we're fully expecting to generate positive free cash flow in 2015. So it is a priority for us to get back to investment grade, and I think we're doing all the right things to get there.

Jorge Beristain—*Deutsche Bank—Analyst*

Great. Thanks very much.

Operator

Sal Tharani, Goldman Sachs.

Sal Tharani—*Goldman Sachs—Analyst*

I have a couple of questions on Micromill. What is the scale of this mill you talk about? Usual BIW lines are 100,000 tons. Is this like a quarter of everything? And then also, how far you think you are in supplying a commercial quantity of this product? And lastly, is this technology you're going to keep to yourself or you are thinking of licensing over time?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

All right. Okay. In terms of the mill size, we haven't published that, but I think if you put the numbers together, you'll get there.

So in regards to the question of where do we stand with this? Before we announced it, we actually had customer tests. Right? So we were confident that this works and fulfills the very stringent requirements of our customers.

We are now going through the qualification for some of those materials for specific platforms. Right? So that's where we stand. So, this is nothing, Sal, you know this, this is not for a substantial amount in 2015. This is a thing that needs a little while, but it's so breakthrough that we are very, very confident that this will be meaningfully contributing, to it.

And then on your last part of the question, do we want to keep it for ourselves? We are not decided on this, but directionally, we are open to thinking of licensing this out. We do however believe that — that's a function of — we are lucky to have a portfolio that allows us to have many, many options and many businesses, so we don't need to base it all on Micromill technology.

As I said in my remarks, we have focused here on automotive, because we believe that's where it's going to create a lot of value, but that's just the first application. I think there's many more applications that we will see, where it also creates value. So we are focusing currently on getting the qualification done with our customers.

So once we know that, we will also then decide on the commercialization strategy. Right? So that's where we are. We are leaning towards not keeping it to ourselves, but licensing it out.

Sal Tharani—*Goldman Sachs—Analyst*

That's great. My last question is, Bill, you mentioned the Brazilian impact of $45 million on the power sale. And you have given the full year of $100 million. So should we just consider that the first quarter will be much higher than the rest of the three quarters combined?

William Oplinger—*Alcoa Inc.—EVP and CFO*

Yes, because we are coming off — the $45 million is in relation to the fourth quarter. But we actually said that we would overcome all of that in productivity gains in the quarter. So $100 million is spread over the course of the four.

Sal Tharani—*Goldman Sachs—Analyst*

Including $45 million, so $55 million plus $45 million, is that the way we should look at it?

William Oplinger—*Alcoa Inc.—EVP and CFO*

Yes.

Sal Tharani—*Goldman Sachs—Analyst*

Okay. Thank you.

Operator

Timna Tanners, Bank of America — Merrill Lynch.

Timna Tanners—*BofA Merrill Lynch—Analyst*

I just wanted to summarize and make sure I was clear on your overall view, on the impact of lower energy prices, because it's been such a hot topic. As I understood, fuel efficiency still intact as a thesis for customer demand, in both auto and aerospace. And then on alumina, some benefit from fuel oil, but there's some concern that this could flatten the cost curve for aluminum. Is that a worry, do you think? Do you think there's a lot of your other producers that use like nat gas or oil as a fuel?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Timna, on aluminum I'm not concerned at all, because typically on aluminum, if I look at the structure of our energy portfolio, you typically self-own it or — and then it's a cost game, and that determines where you are on the cost curve. Or, you have 20- to 30-year long-term contracts, and many of those have some kind of LME impact built in there, so an LME variable built in there, and not an oil price index.

There is going to be a shift, I think, more importantly, it's a shift on the FX side, which I mentioned before. Obviously, everybody who is sitting in places where the FX is going down versus the dollar is benefiting, and everybody else is going to go up. So for us, it means some challenges, for instance, those smelters that we still have here, and the one refinery that we have here in the US. But overall, as you've seen in the numbers, the strength of the dollar has a positive impact.

But one thing that I don't think I mentioned is, because you asked on the oil sensitivities, we actually, I think I said it last time, or Bill said it last time, the direct impact that Alcoa has outside of the industry impact here, for every $10 per barrel up or down it means for us $40 million pretax profitability impact. That's after minority interest.

That basically comes to two factors. One is the two oil-based refineries that we still have in the portfolio, one in Suriname and other one is Sao Luis. And the second one is the transportation costs. Simply the transportation costs, so that's really the direct impact.

Timna Tanners—*BofA Merrill Lynch—Analyst*

Okay. Sorry. I was asking about aluminum a little bit, because there's some concern among people that this will help flatten out the cost curve, for some of the other producers. I'm just wondering your thoughts on that.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Aluminum, you said, right?

Timna Tanners—*BofA Merrill Lynch—Analyst*

Right.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

That's what I meant. On aluminum, I cannot see how this is going to happen, because the oil price reduction is not going to impact most people's energy prices, because most people have long-term energy contracts or sales on energy, right? In both those cases, the oil price is not usually — if it's indexed to anything, it's indexed to LME. Right?

Timna Tanners—*BofA Merrill Lynch—Analyst*

Okay. Got you, that's helpful. And then you changed your forecast a little bit for the aluminum outlook, instead of being at a deficit, to being more balanced. Is there is there risk that you tip back into oversupply globally? Are you overly concerned about Chinese supply?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

I don't think so. I really don't think so. Frankly, there's a whole host of moving pieces in this whole supply-demand side. The Chinese have no interest.

First of all, they have not been exporting — the Chinese government has no interest for anybody to export. You basically see the 15% export tax or whatever they call it there, export tax for aluminum, primary aluminum is still in place, and we double checked recently, there's no intention for them to drop it. So I don't think so.

They are going to continue to move to close facilities in the high cost area, which is mostly on the Eastern seafront, and they're going to continue to increase the production in the Western side, which is along the line of what they have been doing, right? So no concern really.

And then what I said before on alumina, at the beginning of the year, the look we take is probably a very conservative look. On the Western side, we also look at who has announced that they will be increasing capacity, and therefore those capacity increases are built in there, and Kelly is just giving me the numbers here, so we have the rest of the world we have an increase of 716,000 tons. And that's a moving piece, which is by no means clear. I don't know, Bill, whether you have what number we had in the beginning of 2014, comparable to this?

William Oplinger—*Alcoa Inc.—EVP and CFO*

At the beginning of 2014, we had — we were pretty accurate as far as going into the year on the deficit. Right? So we were actually on the side that we would see a fairly significant deficit in 2014, and that deficit did play out during the course of 2014.

And I guess to be clear, Timna, while we are showing the market imbalance, we're pretty upbeat on the overall metal market. The demand picture is still in place. 7% demand growth again this year. We had 7% in 2014.

The warehousing situation and the inventory situations has improved. The premiums are still very strong, and we see the dynamics for the premiums to continue to be strong. Contangos are back in the market, so there's an incentive to finance metal. So I guess overall, even though we've brought our supply-demand into balance, we're pretty upbeat.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

You always have to look at what the total size of the market. These are really small numbers.

Timna Tanners—*BofA Merrill Lynch—Analyst*

Got you. Super helpful. If I could ask one last housekeeping question, I just didn't follow the tax rate that you are guiding to for next year, flat with an adjusted number? What was that value again?

William Oplinger—*Alcoa Inc.—EVP and CFO*

31%. So we're guiding to an operational effective tax rate of 31%.

Timna Tanners—*BofA Merrill Lynch—Analyst*

Okay. Super. Thanks a lot.

Operator

David Gagliano, Bank of Montreal.

David Gagliano—*Barclays Capital—Analyst*

I just wanted to ask one question regarding the Body-in-White story. Obviously, this time last year, it was the topic of the day, and not that it has changed at all, but it does seem to have faded a bit, from a demand perspective, or from an incremental announcement perspective. And yet, over the last 12 months, we've seen quite a bit of new announcements on the supply side.

So my questions, I have two of them. One, at what point are you or would you get a bit concerned that there's too much supply coming on, i.e., if you build it they will come, and they don't come? And then number two, what's a reasonable EBITDA per ton assumption in your view, over time for that business?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Right. Look, on the first one, there's a whole host of answers on this. This is one of the reasons, Dave, why we put in this one slide. On the — that explains more what is really going on in lightweighting which what number — I have 9 here on my deck, but might not be the right number.

The one that says lightweighting OEMs need it, and consumers like it. Because keep in mind, the driver is CAFE regulations plus consumer preferences. Right? So I'm relatively optimistic that it's going to stay that way. And that's the first thing.

The second thing is, I have said multiple times and last time I think when I got asked at the investor conference, why are you not building more capacity, as there's more demand? And frankly, the good news is that we have more optionality. And I think it became hopefully clear to you what I meant with my comments there, when we announced the Micromill technology and the Micromill materials. For us, the whole idea is to have — to avoid the commoditization of anything, because and only way you do it is by constantly innovating. Constantly coming up with stuff that nobody else has, and that substantially allows the customers to benefit, and when the customers benefit, we also benefit.

So our intention clearly is to that this in our view is the next step in automotive that we will be going. And also keep in mind, as Davenport automotive expansion has been in ramp-up mode so far, so the first time you see it in full operation, the financial impact is going to be 2015. And then by mid-2015 we are bringing on our Tennessee automotive mill. So that's still quite a bit that you will be seeing. All right? But we have no intention at this point in time to do something, same old same old again here.

David Gagliano—*Barclays Capital—Analyst*

And then on the second part of the question, what's a reasonable margin per ton assumption or EBITDA assumption?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

As you know, we're not giving margins, but I think we have said before that on the relative scheme, it's somewhere — what have we said actually?

William Oplinger—*Alcoa Inc.—EVP and CFO*

We've said the external target is around $344 a metric ton for 2016 for GRP in total. And clearly the automotive business will be accretive to that, because of the closeness of the relationships with the customers, we're not disclosing the actual EBITDA levels.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Exactly.

David Gagliano—*Barclays Capital—Analyst*

Okay. Thank you.

Operator

Andrew Lane, Morningstar.

Andrew Lane—*Morningstar—Analyst*

Congrats on another good quarter. First of all, regarding your smelting operations, it looks like since 2007, about two-thirds of the capacity you've taken off-line has been permanently closed, and the balance has been curtailed. One of your competitors, who also has curtailed a great deal of capacity, indicated that LME spot prices would have to increase above $2,500 per metric ton, before they'd even consider bringing some capacity back online. I'm curious what LME spot price or what all-in price you'd need to see, before you'd consider doing the same?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

To get the numbers right, I think you said it, but just to be sure, 31% of our total smelting capacity that has been curtailed, closed, or sold basically since the start of the crisis. And when you take those type of sensitivities, those sensitivities are never correct for a portfolio, because you have to look at those smelter by smelter. And specific — because the situation is very specific, there, you have a site-specific ramp-up costs.

It all depends on what contracts you have. Typically energy contracts what optionality you have, as you know and you've seen the benefits in the 2014 numbers, we currently have curtailed most of the smelting capacity in Brazil, because we are selling the energy that we self-own into the market, and that's very beneficial, I think, to everybody, and certainly to our shareholders.

So at this point in time, Andrew, just to give you an idea, we have no intention to bring capacity that has been curtailed back online. All right? However, we are very happy that the ramp-up of our Saudi Arabia joint venture has been going so well, because it's the lowest on the cost curve. And as Bill pointed out, it has nicely contributed also to profits in the fourth-quarter as well as in the third quarter, and also for the first time, you will see the full impact this year, in 2015.

Andrew Lane—*Morningstar—Analyst*

Okay. Great. Thanks, Klaus. Also, you're guiding to $750 million of growth capital in 2015, which marks a pretty sizable increase from 2014 levels. So now that all four of your reporting segments are firing on all cylinders, and investments related to the Saudi Arabian JV are coming to an end or winding down, I'd be interested to hear where you're going to allocate that capital, if you could provide some additional color as to the major projects that might command the lion's share of that for that total?

William Oplinger—*Alcoa Inc.—EVP and CFO*

Sure. Let me try to clarify that just a little bit. That is what we're calling return-seeking capital so it has three components to it. It's got a growth component, it's got a cost savings component, and it still has the remaining of the Saudi spend. So it is not directly comparable to the growth spend that we had projected this year, or I should say 2014, which is around $500 million.

So where is that spend going? I listed in my comments, some of the bigger areas. We are investing in La Porte in the EPS business. And that's in the airfoil business. We're investing in a thick plate stretcher in our rolled products business.

In our rolled products business, we have some fairly large investments on upgrading the capacity, and the capability of some of the facilities there. So the majority, the vast majority of that growth capital, and I called it (multiple speakers) I did not. It will be finishing, I should have mentioned that, we'll be finishing the automotive expansion in Tennessee, which is the other big component of it. So the vast majority of that capital will be spent in the mid- and the downstream business. From a growth perspective, limited capital going into the upstream, again in 2015.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

We have on the upstream we have La Porte, Hampton —

William Oplinger—*Alcoa Inc.—EVP and CFO*

In the downstream.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

In the downstream we have La Porte and Hampton, exactly.

Andrew Lane—*Morningstar—Analyst*

Much appreciated. Thank you.

Operator

Tony Rizzuto, Cowen and Company.

Tony Rizzuto—*Cowen and Company—Analyst*

My first question is just a follow-up on China. Klaus, you indicated that you're not concerned about Chinese exports of primary aluminum, but we continue to hear more reports that China is becoming more active in trade of semi-finished products — semi-fabricated products. I wonder if you could just elaborate on this a little bit. Do you see this as a growing concern?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

That's a good point. And I think I've said that. I think we already talked about that before.

We're monitoring this obviously very, very closely. And we've seen an increase on semis, but at the current, I have the number here, at the current US — at the current US share, it's around 7%. 7% of the total consumption of semis here in the US. And it increased a bit from 2013 to 2014, right? But it's pretty much been staying on that level.

I'm not sure how much of that is really intended. We have to look at it, particularly because there is this 13% rebate that you get in China kind of as a subsidy, if you export semis. And this has become already a pretty critical issue in discussions between China and Europe.

And that's we're monitoring it, and seeing whether it gets to that same level. Obviously we don't want to have an unfair cost advantage, we are all for level playing field competition. We love it, in fact, but we don't like if anybody receives an unfair incentive.

The thing that I find a little concerning also is something that we equally strongly monitor, is these, what I call fake semis. And they pop up here and there. There's all kinds of numbers floating around. And I think half a year ago, I thought we saw this warehouse in Mexico that has enormous amounts of so-called semis, that actually received this 13% rebate, but in reality it's fake stuff that is cast into some odd shape, and declared semis, but in reality it's remelt.

That is purely scams, and those ones are clearly illegal, and we have made the experience whenever we brought that to the attention of the Chinese authorities, they are extremely fast in closing the operation down. So that's clearly something that is also not in line with what they want. But we'll watch it, we'll watch it.

Tony Rizzuto—*Cowen and Company—Analyst*

Yes. Absolutely. We are seeing them make some changes in other product categories is why asked it, I appreciate your insight there. And the second question I have is with regard to market premiums, and as it relates to the ability to pass through to the customer. And I was wondering if you are making further progress in your contracts with European customers?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Well, don't even get me going on this, Tony. The answer is mildly, and with some relapse, because somewhere I think you have in my prepared remarks, what we have in Russia, Russia really didn't have a regional premium for the last years.

And now Rusal has been allowed, by the antitrust authorities by end of last year, to be able to charge regional premiums and basically charge the European regional premiums, whereas our contacts at this point in time do not allow us to pass through this, because at that time, there was no regional premium. That's obviously not acceptable. And we are in this discussion as we speak with the customers, and also I believe that you're going to see some progress on that, but currently that's where that stands.

I mean, I find it very hard to understand how this cannot be a pass-through. Very, very hard to understand, and you pointed out Tony, correctly here in the US, accepted — it's an accepted practice I think it's a good practice, and it's very hard to understand why in Europe this practice is different. Very hard to understand.

Tony Rizzuto—*Cowen and Company—Analyst*

All right. Sounds like more opportunity. Congrats on all the progress.

Operator

Sam Dubinsky, Wells Fargo.

Sam Dubinsky—*Wells Fargo Securities—Analyst*

Congrats on the good quarter. Can you give some thoughts on recent supply disruptions in the can sheet market, given the competitor outage? Do you think there would be any material benefit to your business or the market as a whole? And I have a follow-up.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Yes. In fact, you are referring to the Logan Mill outage I assume right?

Sam Dubinsky—*Wells Fargo Securities—Analyst*

Correct.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

As you know, that has gone down, I think it was December 30, we are working, since then there's pretty much a frenzy going on in the industry. Everybody's been scrambling. We are very actively working with our customers, who find a way how to assist them with this supply shortage.

We expect that, and we have had some success, but it's not yet fully done. We expect to pick up some additional volume in this quarter and the first quarter. And this is included in the outlook that Bill has given in his overview.

Sam Dubinsky—*Wells Fargo Securities—Analyst*

Great. Just a follow-up, in terms of Brazilian power sales, do you know what's the duration of the new rate caps, and how often those rates ever get reopened? Maybe give us an overview of how the Brazilian power market works?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Yes. I think that it's more political decision. You've seen that they capped the spot price down from what was BRL822, and now the cap is a BRL388. So I would actually say, and you've seen that.

This is not something that's legally binding. It's basically a political decision. Where do they think that prices should be? So that's how I think about it.

Sam Dubinsky—*Wells Fargo Securities—Analyst*

Is this a duration of a year or does it ever get reopened?

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

BRL388 is the current status of the cap for 2015.

William Oplinger—*Alcoa Inc.—EVP and CFO*

Klaus put it well. It's largely a political decision and subject to change. And the best that we can see today, in the guidance that we gave you which was $100 million impact in 2015, was based on the fact that BRL388 cap is in place.

Sam Dubinsky—Wells Fargo Securities—Analyst

Okay. Great. Thank you very much.

Operator

That is all the time we have for today. I would now like to turn the call over to Mr. Kleinfeld, for closing remarks.

Klaus Kleinfeld—*Alcoa Inc.—Chairman and CEO*

Very good. And thank you for staying online and following us. I hope you also see that the fourth-quarter really capped a pivotal year, where we significantly accelerated Alcoa's transformation. We continue to aggressively optimize our portfolio, divesting, closing assets, and — that don't match our profitability criteria, and we're building out our footprint in highly attractive growth markets. That's what you've seen.

We are reshaping the Company so that it is fundamentally stronger. We've seen here, deliver us results best full-year operating results since 2008. And as we enter 2015, we believe we are on solid footing. Obviously, a lot of volatility in the market. What we are poised for, continuing our transformation and continuing to generate whatever the external environment allows us to do.

So thank you very much. Stay tuned to the station. Looking forward to talking to and meeting you soon again. Thank you.

Operator

Ladies and gentlemen, that concludes today's conference. Thank you for your participation. You may now disconnect. Have a great day.

Exhibit 99.2

Advancing each generation.

[Alcoa logo]

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 TM 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.

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 logo]

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.

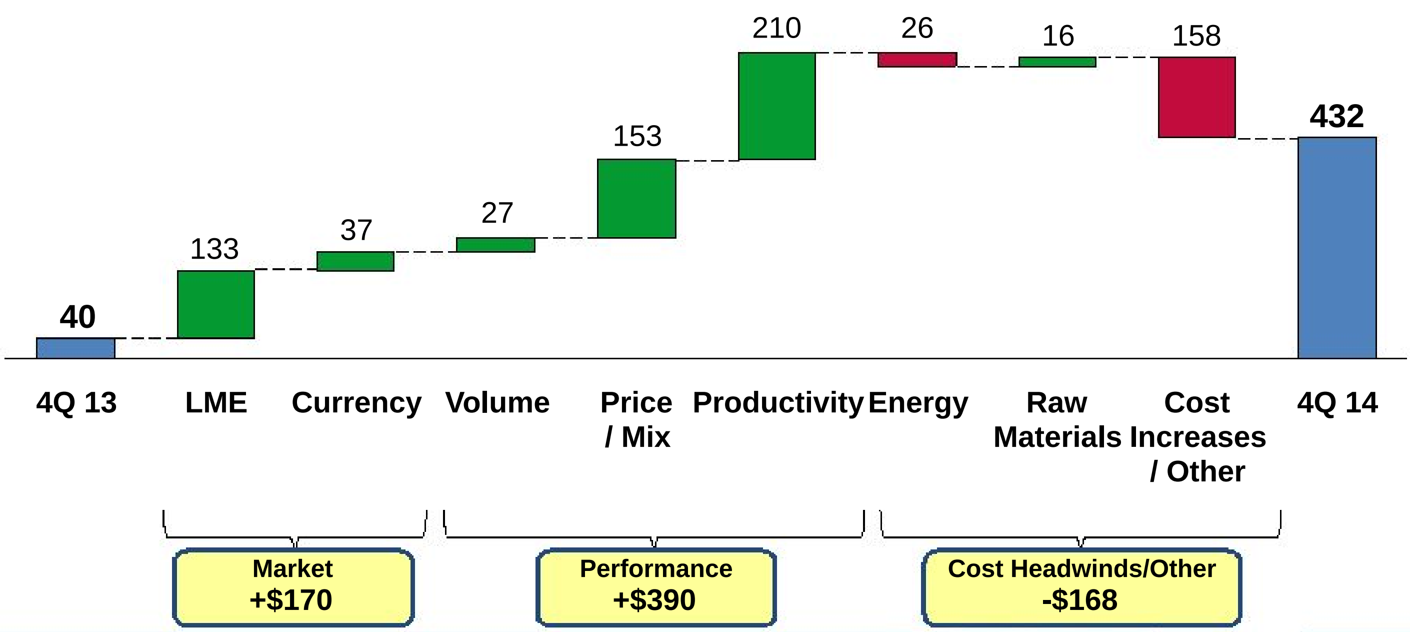
Special Items

$ 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

Net Income excluding Special Items ($ Millions)



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%**

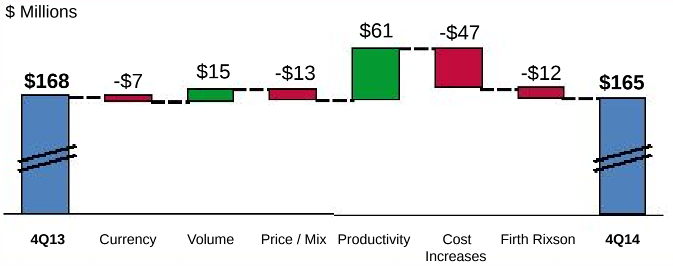
* EBITDA Margin excluding Firth Rixson of 20.6%

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

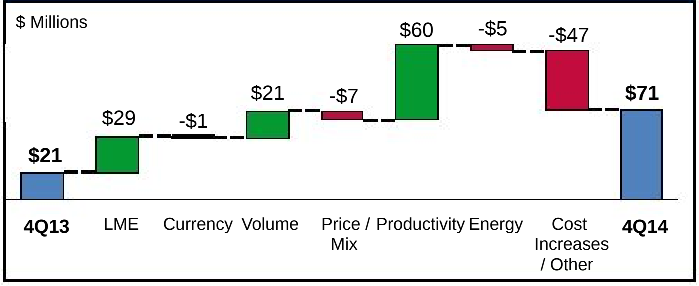
4th Quarter Results

	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

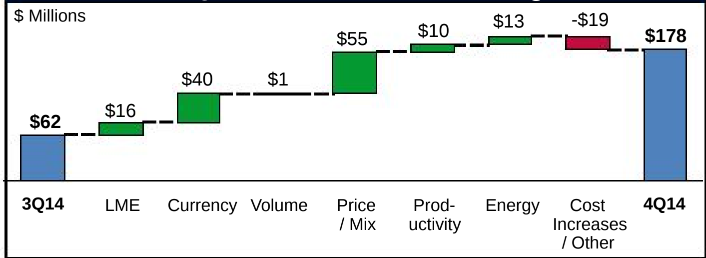
4th Quarter Results

	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

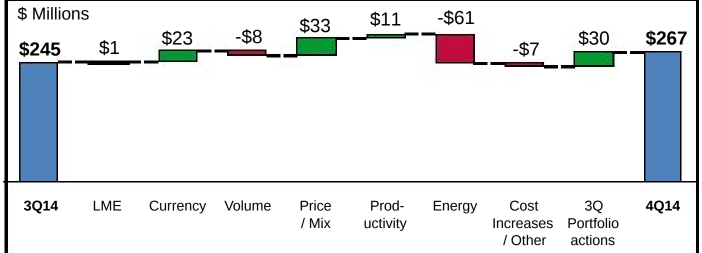
4th Quarter Results

	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**

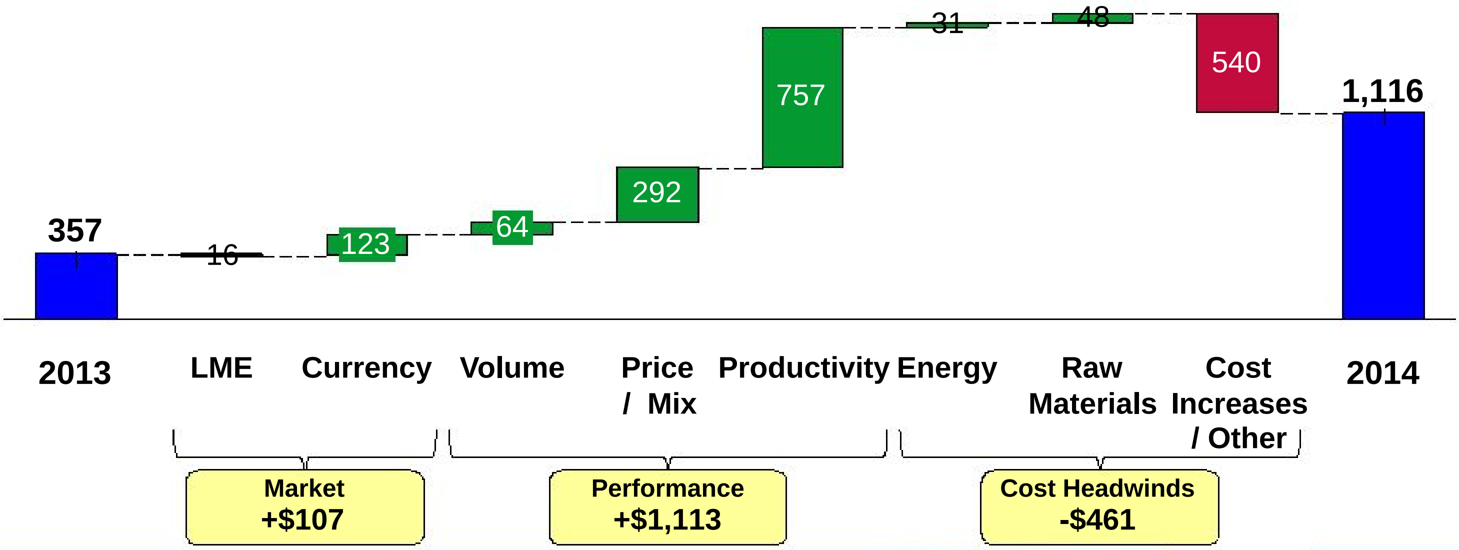
Transformation Leads to Change in Net Income Sensitivities

Alcoa Net Income Sensitivities

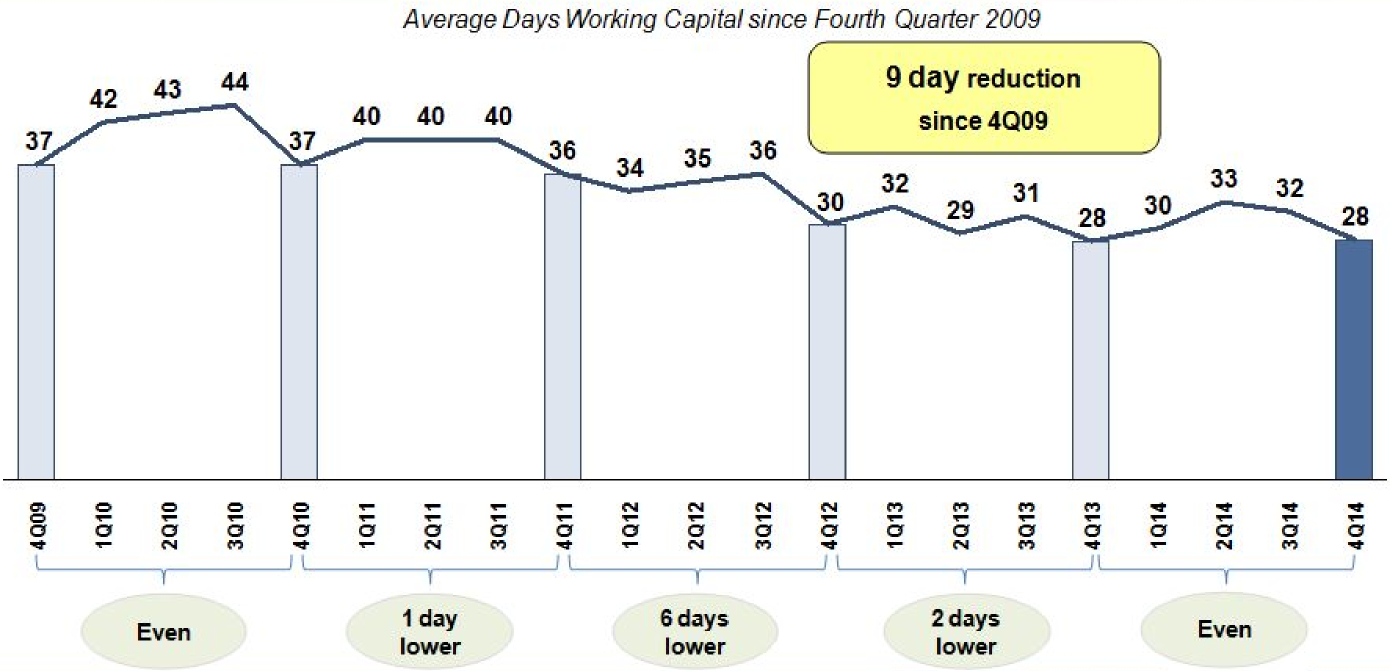
	Benchmark	2014 Sensitivity	2015 Sensitivity
LME	+/- $100/MT	$240M	$190M
API	+/- $10/MT	N/A	$20M
AUD	+/- 0.01 USD/AUD	$11M	$11M
BRL	+/- 0.01 BRL/USD	$3M	$1M
EUR	+/- 0.01 USD/EUR	$2M	$2M
CAD	+/- 0.01 CAD/USD	$5M	$4M
NOK	+/- 0.10 NOK/USD	$5M	$4M

Strong Performance Drives Earnings Growth, Highest Since 2008

Net Income excluding Special Items ($ Millions)

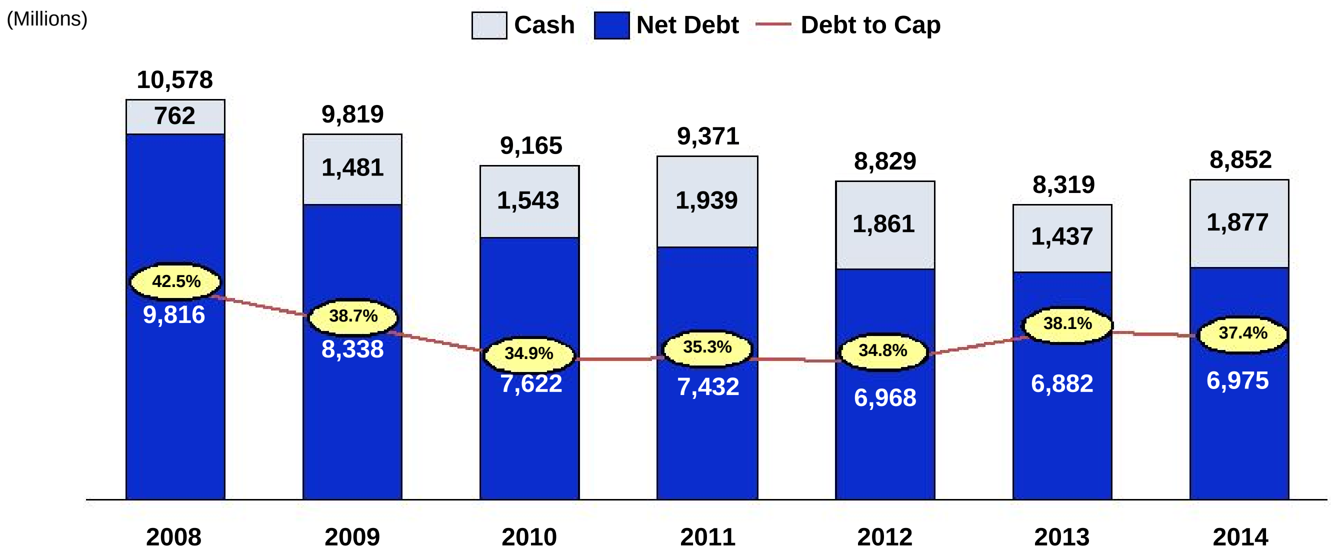


Sustained Working Capital Excellence



Maintained Strong Balance Sheet

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



See appendix for Net Debt reconciliation

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

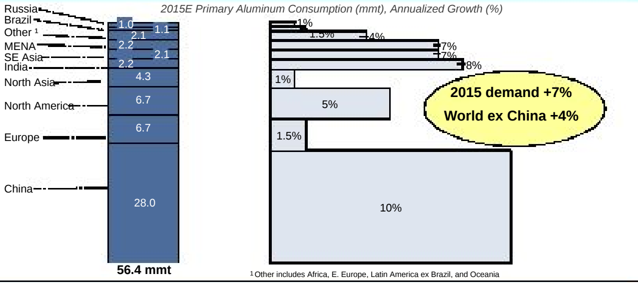
- **Capture Productivity Gains of $900M**
- **Manage Return-Seeking Capital of $750M**
- **Control Sustaining Capital of $725M**
- **Attain 2.25 to 2.75 Debt-to-EBITDA**

Generate $500M+ of Free Cash Flow

See appendix for Free Cash Flow reconciliation

Market fundamentals remain positive

7% global demand growth

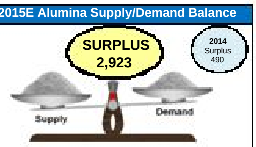


1 Other includes Africa, E. Europe, Latin America ex Brazil, and Oceania

Alumina surplus, Aluminum balanced

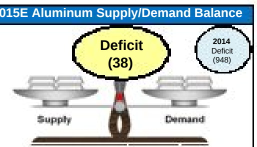
Supply/Demand Analysis

2015E Alumina Supply/Demand Balance



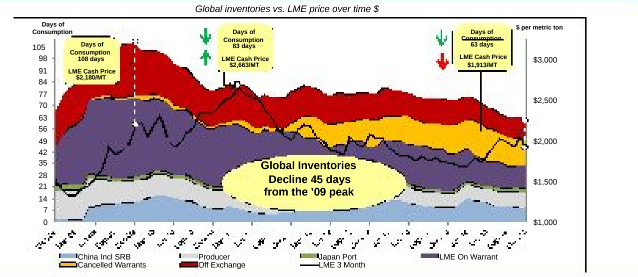
'000 mt	China	Rest of World
2015 Production	47,522	55,407
2015 Production to be added	5,030	3,113
2015 Capacity (curtailed) or restarted	1,331	(496)
Imports/(exports)	3,000	(3,000)
Total supply	56,883	55,024
Demand	(56,883)	(52,101)
Net Balance	**0**	**2,923**

2015E Aluminum Supply/Demand Balance

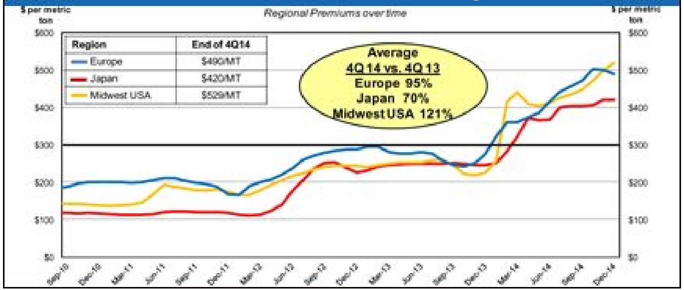


'000 mt	China	Rest of World
2015 Production	26,773	25,996
2015 Production to be added	4,400	716
2015 Capacity (curtailed) or restarted	(1,700)	226
Total Supply	29,473	26,938
Demand	(28,060)	(28,389)
Net Balance	**1,413**	**(1,451)**

Inventory at lowest level since Nov 2008



Premiums remain high



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

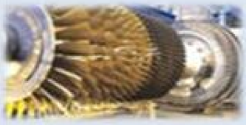
Alcoa End Markets: Current Assessment of 2015 vs. 2014

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% (up)	• **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% (down)	• **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% (flat)	• **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% (down)	• **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% (up)	• **Demand up: +6.7%** through 3Q14; 2015 growth led by Steel to **Aluminum conversion** in **W. Eur**
		China 8% to 12% (up)	• **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

Source: Alcoa analysis
B&C = Building and construction

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**

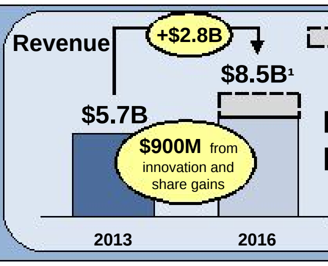
Driving Value-Add Growth: Revenues Up, Profits Up

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

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

EPS

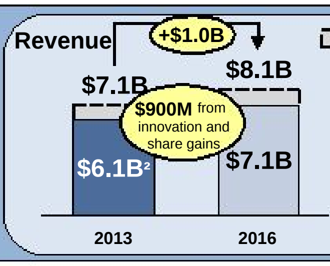
$6.0B
Revenue
21.9%
EBITDA Margin



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

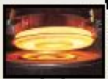
Alcoa's recent multi-material investments to capture growth

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

1st plate Mid 2017

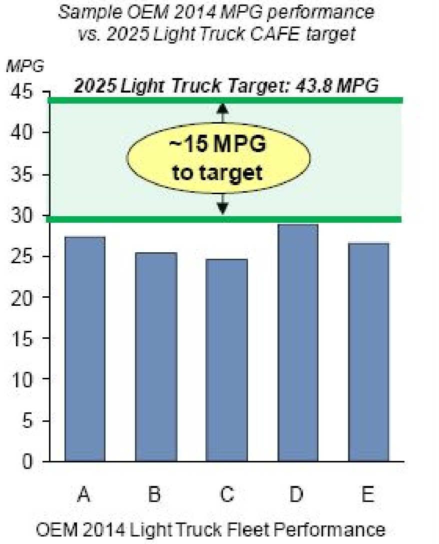
- Drives **Al penetration** on **CFRP** platforms; enables industry's **largest monolithic wing ribs**
- **Drives growth** in aero, transportation, auto and consumer electronics markets

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…



…And consumers benefit

Better Performance

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

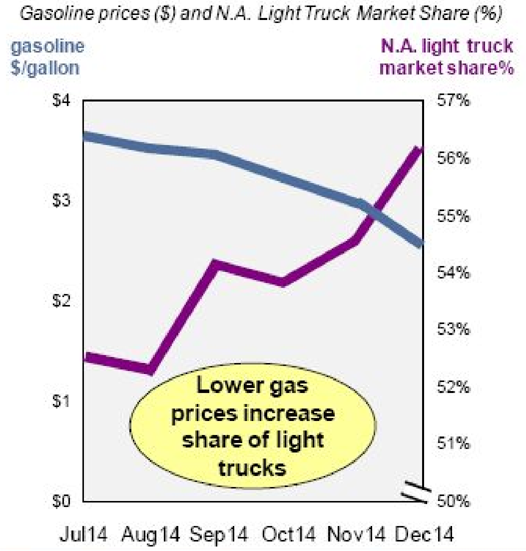
More Savings

Δ9 MPG = $916/yr savings

Δ9 MPG @ $3/gal = $916 saved/yr

Δ9 MPG @ $2/gal = $611 saved/yr

Lower gas price = bigger vehicles



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

MORE FORMABLE		*STRONGER*	*LIGHTER*
40% vs. ingot based Al	**2X** vs. HSS	**30%** vs. ingot based Al	**30%** vs. HSS

Unique Alloy Micro Structure

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

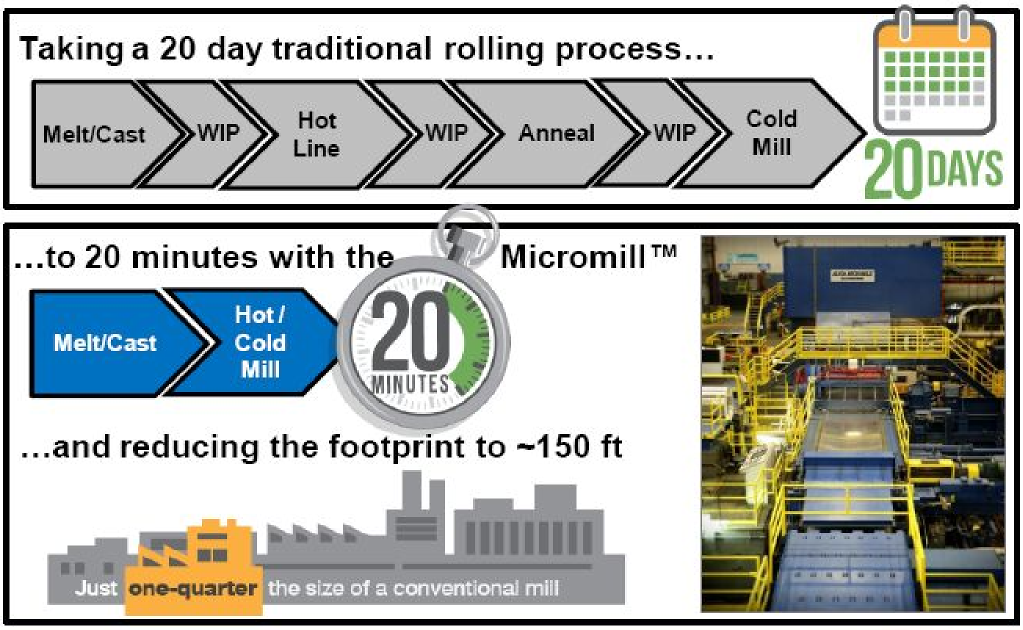
Hood Inner

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**

Breakthrough Casting Technology: Fast and Flexible; Small and Powerful

Micromill™ process description and advantages over conventional technology



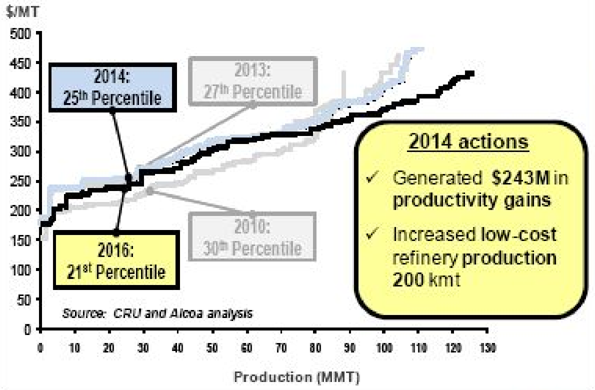
- **130+ patents worldwide**
- World's **most productive continuous caster**
- **50% lower energy** use
- **Shifts alloys** at the **press of a button**
- Offers **product widths comparable** to **our** other **automotive mills**

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

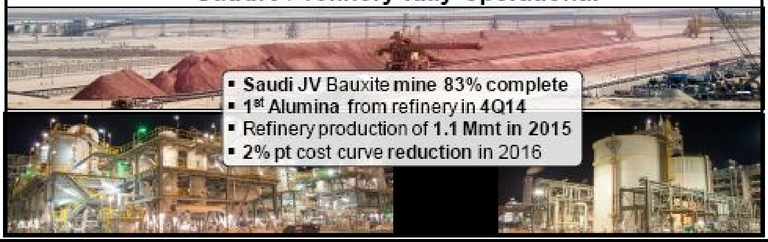
2014 cost position down, 4% pts to go



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**

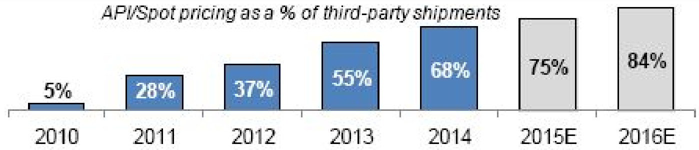


- **Saudi JV** Bauxite mine **83%** complete
- **1st** Alumina from refinery in **4Q14**
- Refinery production of **1.1 Mmt in 2015**
- **2%** pt cost curve reduction in 2016

While transforming alumina pricing

Shifting pricing to reflect market fundamentals

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

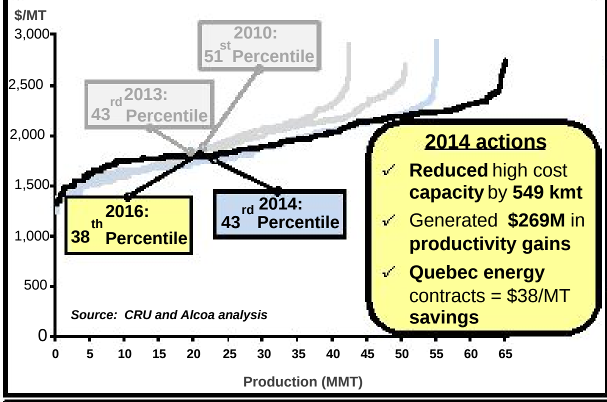


1) Jamaica bauxite mine and alumina refinery owned 55% by Alcoa Minerals of Jamaica, L.L.C.
NG = Natural Gas

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

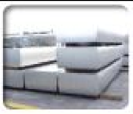


Executing to improve global competitiveness

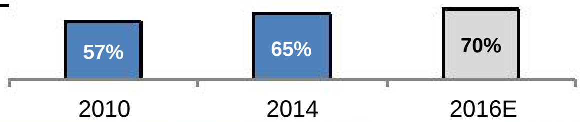
- Generate **additional productivity** gains
- **Sale** of **Mt. Holly complete** in 4Q14; **115** kmt Alcoa **capacity**

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

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Annual Sensitivity Summary

LME Aluminum Annual Net Income Sensitivity

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

API/Spot Alumina Annual Net Income Sensitivity

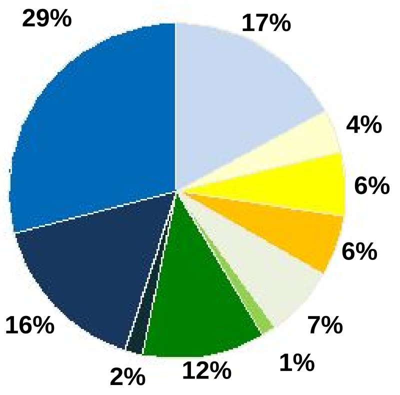
+/- $10/MT = +/- $20 million

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%

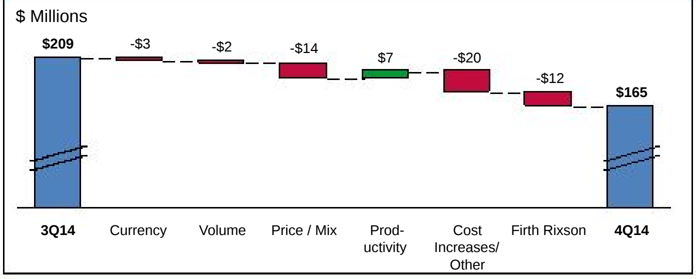
Special Items

$ 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**		

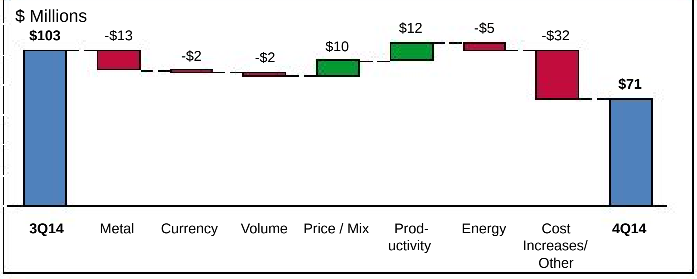
See appendix for Adjusted Income reconciliation.

Alcoa Segment Bridges

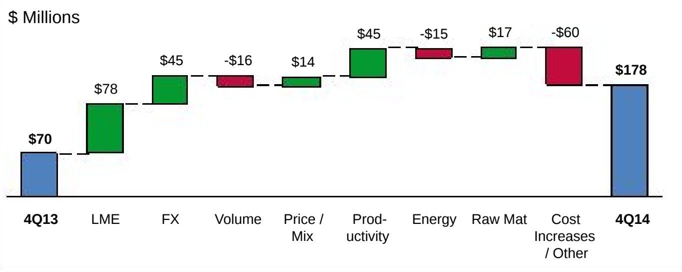
EPS Sequential Quarter Bridge



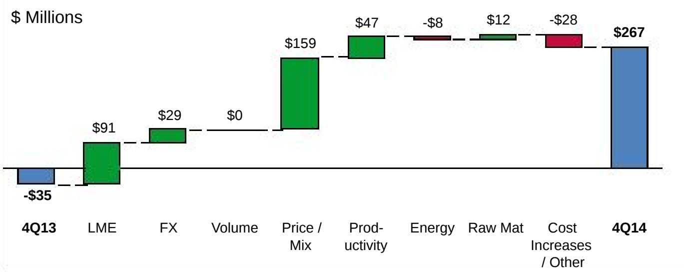
GRP Sequential Quarter Bridge



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**

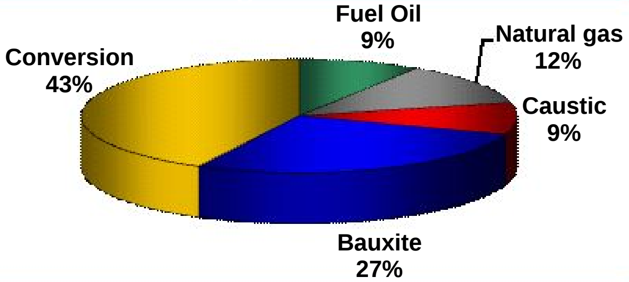
Alcoa smelting capacity curtailments

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

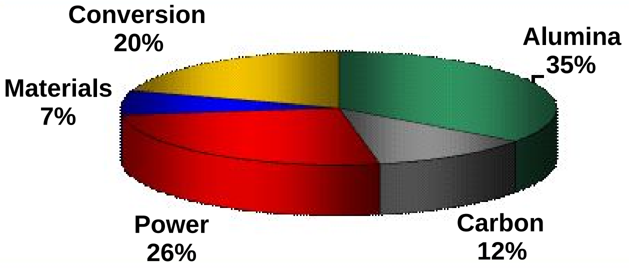
Composition of Upstream Production Costs

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

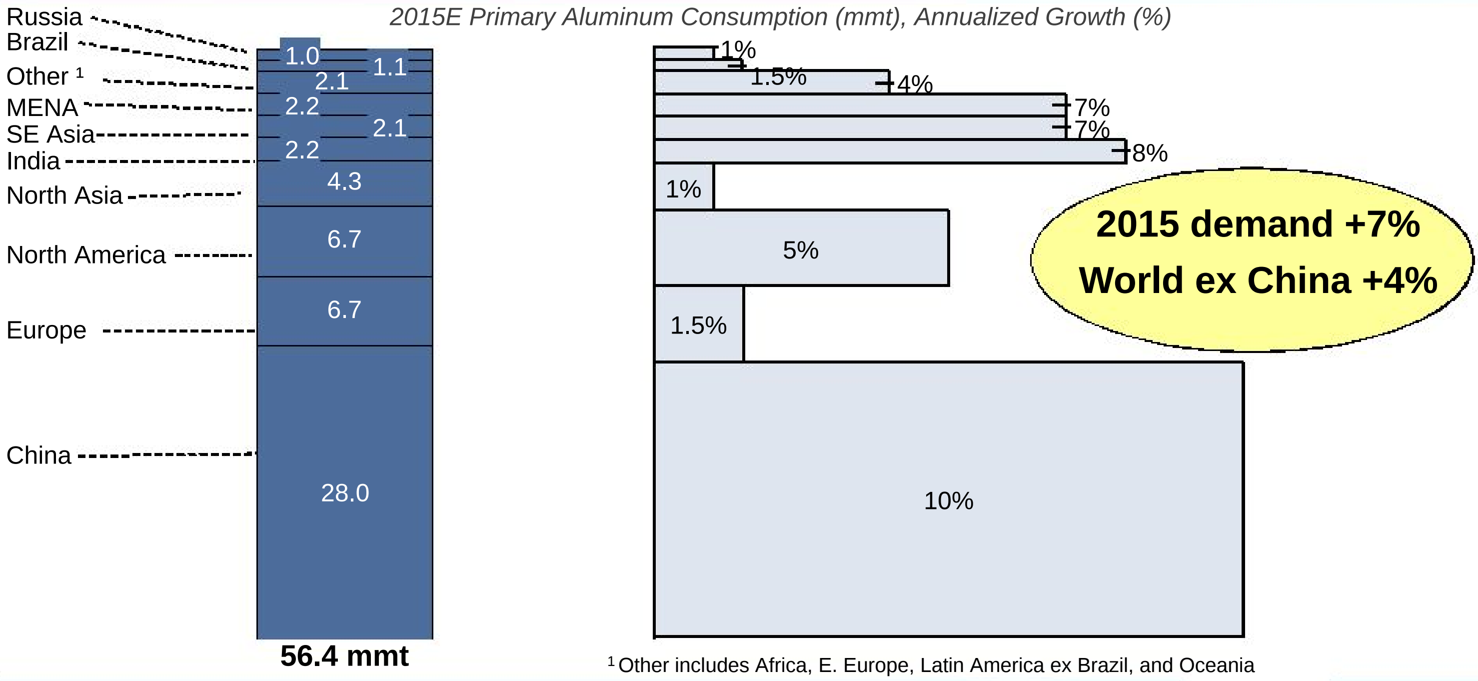


Input Cost	Inventory flow	Pricing convention	Annual ATOI Sensitivity
Coke	1 - 2 months	Spot, quarterly & semi-annual	\$7m per \$10/MT
Pitch	1 - 2 months	Spot, quarterly & semi-annual	\$2m per \$10/MT

[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

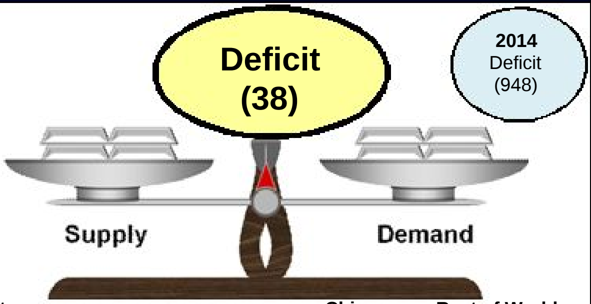
Alumina in surplus; Aluminum remains essentially balanced

Supply/Demand Analysis

2015E Alumina Supply/Demand Balance

’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

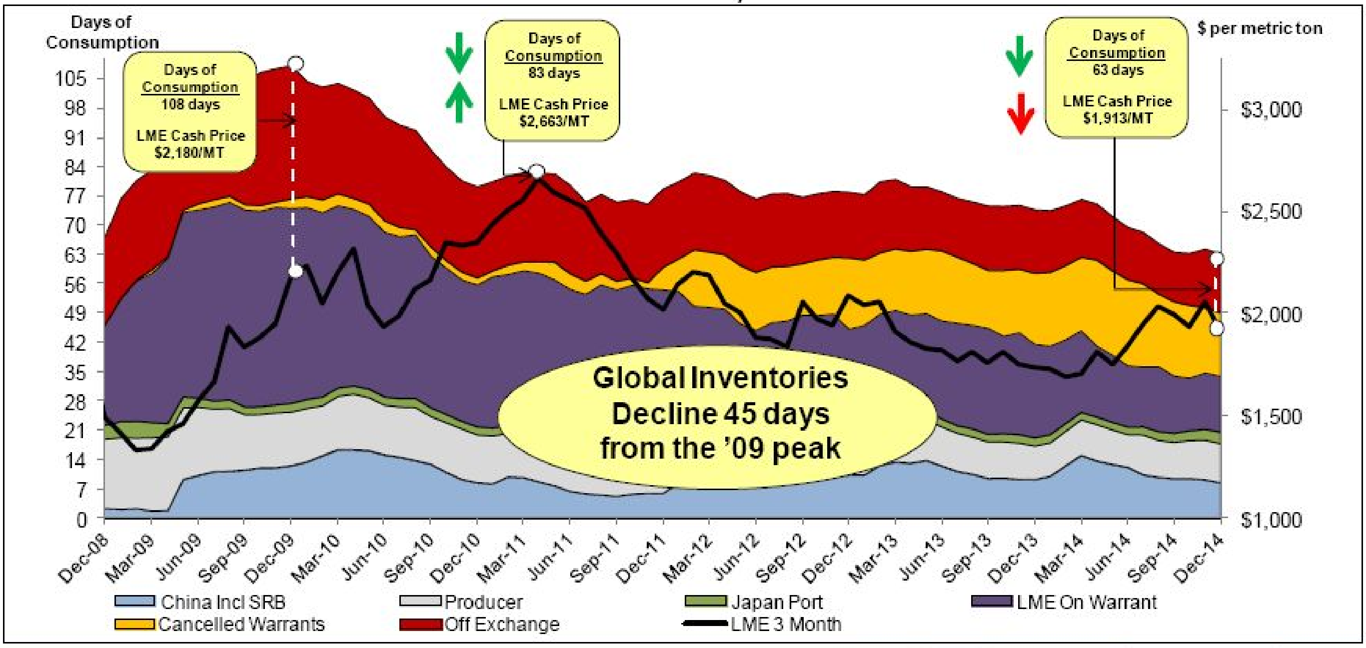


’000 mt	China	Rest of World
2015 Production	26,773	25,996
2015 Production to be added	4,400	716
2015 Capacity (curtailed) or restarted	(1,700)	226
Total Supply	29,473	26,938
Demand	(28,060)	(28,389)
Net Balance	**1,413**	**(1,451)**

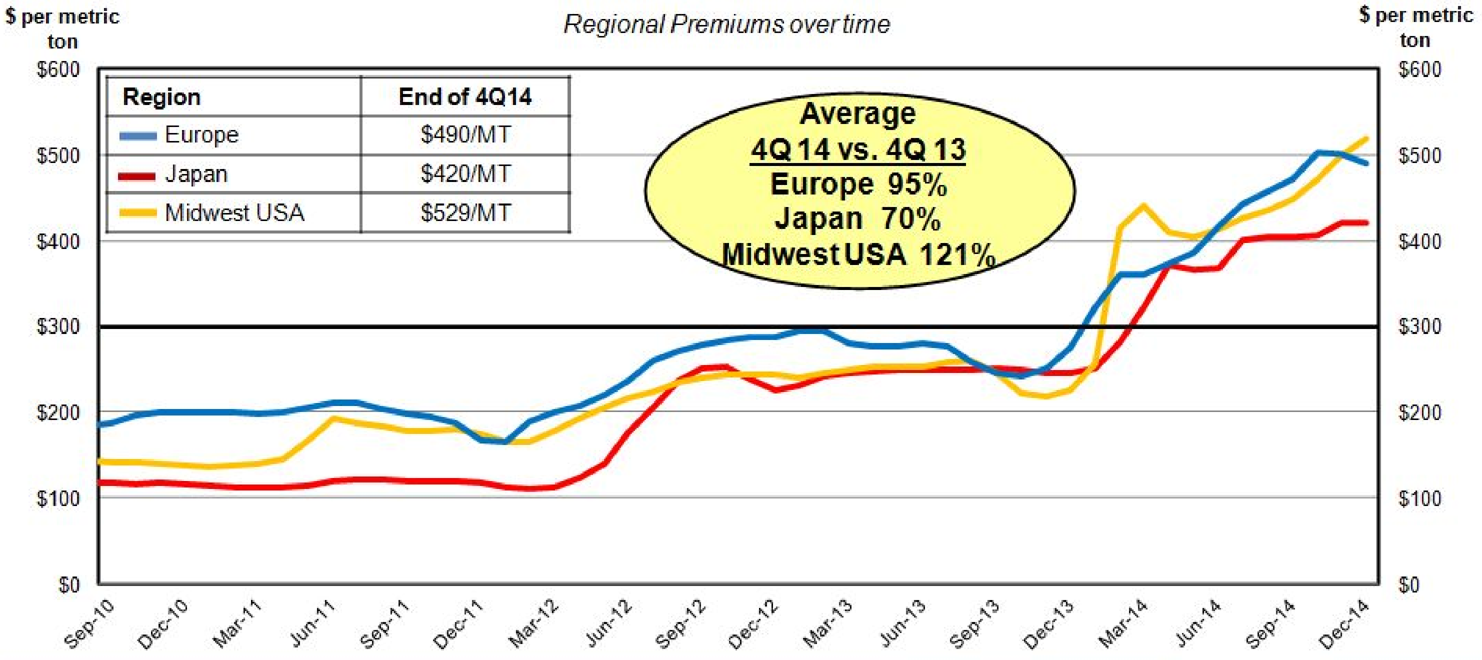
Source: Alcoa analysis, Brook Hunt, CRU, CNIA, NBS, Chinese Customs

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

(in millions)	Quarter ended 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 logo]