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): April 13, 2015 (April 8, 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 April 8, 2015, Alcoa Inc. held its first quarter 2015 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

This communication contains statements that 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," "believes," "could," "estimates," "expects," "forecasts," "intends," "may," "outlook," "plans," "projects," "seeks," "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 the acceleration of Alcoa's portfolio transformation, including the expected benefits of acquisitions, including the completed acquisition of the Firth Rixson business and TITAL, and the pending acquisition of RTI International Metals, Inc. (RTI). 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, uncertainties, and other factors 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, defense, 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) increases in the costs of other raw materials; (g) 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 moving its alumina refining and aluminum smelting businesses down on the industry cost curves and increasing revenues and improving margins in its Global Rolled Products and Engineered Products and Solutions segments) anticipated from its restructuring programs and productivity improvement, cash sustainability, technology, and other initiatives; (h) Alcoa's inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions (including achieving the expected levels of synergies, revenue growth, or EBITDA margin improvement), sales of assets, closures or curtailments of facilities, newly constructed, expanded, or acquired facilities, or 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 or regulatory investigations, and environmental remediation; (k) the impact of cyber attacks and potential information technology or data security breaches; (l) failure to receive the required votes of RTI's shareholders to approve the merger of RTI with Alcoa; (m) failure to receive, delays in the receipt of, or unacceptable or burdensome conditions imposed in connection with, all required regulatory approvals of the acquisition of RTI, or the failure to satisfy the other closing conditions to the acquisition; (n) the risk that acquisitions (including Firth Rixson, TITAL and RTI) will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (o) the possibility that certain assumptions with respect to RTI or the acquisition could prove to be inaccurate, including the expected timing of closing; (p) the loss of customers, suppliers and other business relationships as a result of acquisitions, competitive developments, or other factors; (q) the potential failure to retain key employees of Alcoa or acquired businesses; (r) the effect of an increased number of Alcoa shares outstanding as a result of the acquisition of RTI; (s) the impact of potential sales of Alcoa common stock issued in the RTI acquisition; (t) failure to successfully implement, to achieve commercialization of, or to realize expected benefits from, new or innovative technologies, equipment, processes, or products, including the Micromill, innovative aluminum wheels, and advanced alloys; and (u) the other risk factors summarized in Alcoa's Form 10-K for the year ended December 31, 2014 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. Market projections are subject to the risks discussed above and other risks in the market. Nothing on Alcoa's website is included or incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following are furnished as exhibits to this report:

99.1	Transcript of Alcoa Inc. first quarter 2015 earnings call.
99.2	Slides presented during Alcoa Inc. first quarter 2015 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: April 13, 2015

EXHIBIT INDEX

Exhibit No.	Description
99.1	Transcript of Alcoa Inc. first quarter 2015 earnings call.
99.2	Slides presented during Alcoa Inc. first quarter 2015 earnings call.

Exhibit 99.1

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

AA - Q1 2015 Alcoa Inc Earnings Call

EVENT DATE/TIME: APRIL 08, 2015 / 09:00PM GMT

OVERVIEW:

Co. reported 1Q15 net income excluding special items of $363m or $0.28 per diluted share.

CORPORATE PARTICIPANTS

Nahla Azmy *Alcoa Inc. – VP of IR*

Klaus Kleinfeld *Alcoa Inc. - Chairman and CEO*

William Oplinger *Alcoa Inc. - EVP and CFO*

CONFERENCE CALL PARTICIPANTS

David Gagliano *BMO Capital Markets - Analyst*

Jorge Beristain *Deutsche Bank - Analyst*

Timna Tanners *BofA Merrill Lynch - Analyst*

Paretosh Misra *Morgan Stanley - Analyst*

Sal Tharani *Goldman Sachs - Analyst*

Josh Sullivan *Sterne, Agee & Leach, Inc. - Analyst*

Brian Yu *Citigroup - Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the first-quarter 2015 Alcoa earnings conference call. My name is Kyle and I will be your operator for today. As a reminder, today's conference is being recorded for replay purposes. I would now like to turn the call over to your host for today, Nahla Azmy, Vice President of Investor Relations. Please proceed.

Nahla Azmy - *Alcoa Inc. - VP of IR*

Thank you, Kyle. Good afternoon and welcome to Alcoa's first-quarter 2015 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, 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 those projections listed in today's press release and presentation and in our most recent SEC filings.

In addition we've 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 to today's presentation, and on our website, www.alcoa.com under the "Invest" section. Any reference in our discussion today to historical EBITDA means adjusted EBITDA, for which we have provided calculations and reconciliations in the appendix.

With that I will turn the call over to Mr. Klaus.

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

Thank you very much, Nahla. Welcome, everybody. Let me in the usual fashion quickly summarize the quarter. I assume that you have had a little chance of looking at it and I hope you all conclude it's been a strong operational quarter and the transformation is fully on track.

Let's look at the operational performance. Let's start with revenue. Revenue has been growing year over year by 7%. And if you look under the hood, you actually see that this has been driven primarily by the organic growth coming from auto and aero.

Obviously over a year, when you look at all the transformational portfolio moves that we have made, that we have had, capacity reductions, as well as some portfolio actions, as well as currency, if you put all of this together, that's pretty much a wash, and the only thing that stands out is the organic growth in the auto and aero. That's been the reason for the 7%, and I assume that we'll have more of a discussion around that. I'm happy to provide more color on that later in the Q&A.

When you then look at profits, you also see, on the downstream side, we have another first-quarter record there with $191 million ATOI. On the midstream, we have $34 million ATOI. There's challenge on the can sheet on the one hand, and at the same time, we have record auto shipments. I'll explain the dynamics and what we are going to do on that and in detail when it comes to my presentation.

On the upstream, good news, 14th consecutive quarter of improvement. Alumina segment stands at $221 million. Primary segment is at $187 million of ATOI. And then you again see in the quarter nice productivity, $238 million productivity.

And the good news is, again, like in the last quarter, it's really coming from all segments and from all functions. And that all falls to the bottom line and also falls, which is equally important, into cash. So we have $1.2 billion cash on hand. So this is kind of the operational side.

On the transformation I would say it's fully on track. Firth Rixson, we just remind you, doubles our aero content. Going well. The TITAL acquisition we completed in this quarter. This is going to give us titanium/aluminium structural castings in Europe.

We announced the RTI acquisition which is titanium and it complements our mid and downstream value chain. We expect to close within the next two to five months.

Sold Belaya Kalitva, one of our Russian rolling mills. And we announced today that we secured 75% of the long-term gas needs for western Australian refineries.

And we announced about six weeks ago that we are putting 2.8 million tons on the refining side and 500,000 tons on the smelting side under review. And followed up, as you know from us, immediately after this with the first set of actions.

And we closed down the last pot line that we had open in Sao Luis, and that was 74,000 tons. And we, almost at the same time, announced that we are curtailing part of our refining in Suriname, another 443,000 tons. And we are exploring at the same time the sale to the Surinamese government.

So, that's pretty much what's been happening, strong operational results, transformation fully on track. So, Bill, why don't you give us a little more details on the numbers side.

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

Thanks, Klaus. Let's review the income statement. First, the year-ago revenue increased $365 million, or 7%. The 7%, as Klaus said, was principally organic growth, largely driven by auto and aerospace volumes, and positive market factors, which were offset by the impact of portfolio actions.

Cost of goods sold percentage decreased by 160 basis points sequentially, primarily driven by the strong US dollar, and productivity partially offset by lower LME pricing. Compared to a year ago quarter basis, the 6 percentage point improvement came from productivity gains, improved prices and a stronger US dollar, somewhat offset by cost increases in energy.

Overhead costs were down sequentially across the organization. The addition of Firth Rixson was more than offset by headcount reduction and favorable currency impacts.

Other income was $12 million in the quarter, including a favorable balance sheet remeasurement impact of $17 million pretax. EBITDA was over $1 billion for the third consecutive quarter, over $400 million higher than the 2014 first quarter.

First-quarter effective tax rate of 47% was higher than our expected operational tax rate, primarily due to a non cash valuation allowance against certain deferred tax assets in our alumina business, the impact of which was entirely offset in non-controlling interests and the fact that a significant portion of our special items had no tax benefits associated with them. Excluding the impact of these items, our operational rate was 31% for the quarter, which is consistent with our expected operational rate for the year.

Overall results for the quarter are net income of $0.14 per share. Excluding special items we have net income of $0.28 per share, $0.19 higher than first quarter last year.

Let's take a closer look at the special items. Included in net income is an after-tax charge of $168 million or $0.14 per share, primarily for restructuring.

During the quarter we took several actions in support of the Company's transformation. We sold Belaya Kalitva – the Belaya Kalitva rolling mill in Russia, which resulted in an after-tax charge of $129 million.

We also announced the curtailment of the remaining capacity at our Sao Luis smelter, resulting in an $11 million charge. The balance relates to a $9 million adjustment for the Mt. Holly sale, which was completed in December of 2014, in addition to other charges related to actions taken across the organization. In total, roughly 90% of the restructuring related charges are non cash.

Other special items for the quarter were $7 million of acquisition fees in the period related to TITAL and RTI. So, in aggregate, this results in net income excluding special items of $363 million, or $0.28 per diluted share.

Let's look at the results versus a year ago. First-quarter earnings of $363 million are more than triple the prior-year quarter. Favorable market factors such as the LME pricing and a strong US dollar contributed $153 million to first-quarter earnings.

Also, we delivered $156 million of after-tax productivity gains across all of our segments. That's $238 million on a pretax basis. And that more than offset cost headwinds due to higher maintenance cost, lower labor wage increases and raw material usage.

As Klaus alluded to, stronger demand and share gains in aerospace, as well as the North American automotive, building and construction and commercial transportation markets, led to favorable volume impact of $42 million. Higher regional premiums account for most of the favorable price mix impact. However, that was somewhat offset by continued pricing pressures in rolled products. The unfavorable energy impact was driven largely by higher energy costs in the Spain smelting operations.

If we move on to the segments, as Klaus noted, EPS generated ATOI of $191 million, up from the first quarter of 2014. EBITDA margin reached 20.1% for the quarter.

Third-party revenue was $1.7 billion, up 8% versus the fourth quarter at 17% versus a year ago, driven by Firth Rixson acquisition and share gains in aerospace, commercial transportation, and the North American building and construction markets. These favorable impacts were partially offset by currency headwinds to revenue of roughly $70 million due to the strong US dollar.

A couple of drivers in the quarter. Firth Rixson contributed $6 million of ATOI in the quarter on EBITDA of $27 million. This is firmly on track with the acquisition business case that we had laid out.

Currency was a negative headwind of $10 million to earnings due to the stronger US dollar. The segment was negatively impacted by weaker prices and mix due primarily to slightly weaker mix in our fastener and wheels businesses and short-term pricing pressures in the European building and construction market. The business continued to generate strong productivity gains of $53 million after tax, more than offsetting $45 million of cost increases.

If we then move on to the outlook for the second quarter, the aerospace market will remain strong. We expect recovery in the North American nonresidential building construction market to continue to be a bright spot with some softness seen in Europe. Heavy-duty truck will remain strong in North America, partially offset by declines in Europe.

We expect further share gains and productivity improvements across the portfolio. So, in aggregate for the second quarter of 2015, we expect ATOI to be up 3% to 8% year over year, including a negative foreign currency impact of $13 million.

If we turn to the rolled products segment, ATOI in the first quarter was $34 million compared to $59 million in the prior year. A couple of items to note in the segment. The segment had, as Klaus alluded to, record automotive shipments during the quarter resulting from the Davenport expansion, which you can see in the volume growth.

Business has been negatively impacted by the falling metal prices, however, due to the lag of cost in inventory. That's a $27 million negative impact.

Pricing is being impacted by weakness in the can sheet market and a change in input costs in Russia. We're now being charged the Rotterdam premium in Russia and are unable to fully pass that through to our customers currently. Very strong productivity results also in this segment largely offset some of the cost increases that we're experiencing, including labor and maintenance cost increases, the start-up at the Saudi joint venture and expenses associated with the Micromill R&D project.

As we look out into the second quarter, we expect GRP to be impacted by a number of factors. Continued strong demand for both auto sheet and brazing sheet, combined with seasonal volume improvements in the packaging business. However, packaging prices in North America and the inability to pass through metal premiums in Russia will continue to negatively impact ATOI, and we estimate that as about $19 million year over year after tax.

Cost for the ramp-up of the Saudi Arabia rolling mill and investment in the Micromill R&D will also continue. And that's approximately $13 million year over year. And metal lag impacts, as of today, metal lag impacts would result in a negative $15 million at current market prices. So, in total, ATOI for the segment is expected to decrease 30% over last year's result, assuming current metal prices and exchange rates.

Let's move to the alumina segment. Combined primary metals and alumina upstream segments produced our 14th consecutive quarter of performance improvement, with combined ATOI totaling $408 million.

The alumina segment continued to deliver very strong earnings of $221 million, ATOI up 24% sequentially, and more than double last year. The first-quarter result serves as a reminder of the strength of our alumina portfolio and the strides we've made to de-link alumina pricing from LME prices.

Three positive factors drove the sequential earnings gain, significantly stronger US dollar, which lowered local currency-denominated production costs at our non-US mines and refineries; favorable energy costs, fuel oil in Suriname and natural gas prices across the system, as well as the positive impact from converting the San Ciprian refinery to natural gas; and improvements in productivity and costs overall. These gains were partially offset by lower LME-based contract pricing, as well as lower shipments due to the sale of our Jamaican refinery interest and two fewer days in the quarter.

As we look out into the second quarter, API-based and spot sales will be roughly 75% of external sales in 2015. API pricing will continue to follow the 30-day lag while LME-based contracts will follow the typical 60-day lag.

We expect production to be down slightly by 74,000 metric tons from 1Q due to curtailment of the Suriname refinery. This volume impact will be offset by one additional day of production in the quarter, however. Maintenance costs will be slightly higher. So, in total, for the second quarter we expect productivity improvements, volume increases, and the favorable energy environment to offset the aforeseen cost increases.

If we then turn to primary metals, as I highlighted in January, the primary metals segment typically ships more metal internally in the first quarter, and this year was no exception as third-party revenue declined in the quarter. Earnings in primary declined $80 million versus the fourth quarter of 2014 to $187 million, but we're up sharply versus a year ago.

While lower LME prices were a sequential headwind of $84 million for the quarter, the impact of the recent decline in premiums was muted due to the lag on premiums through revenue. Energy and alumina costs were also unfavorable sequentially. Lower energy sales in Brazil were partially offset by lower power prices, particularly in Spain. This impact, combined with higher alumina prices, reduced earnings by $36 million.

Earnings improvement came from several sources, however. As in the alumina segment, the strengthening dollar lowered cost, improving primary's earnings by $22 million. Earnings also improved due to lower costs at curtailed facilities and lower overhead costs.

Looking to the second quarter, our pricing will continue to lag by 15 days to the LME price. Production and shipments will be down 18,000 metric tons due to the Sao Luis curtailment. This volume impact will be partially offset by one additional day of production in the quarter.

We expect negative impact from the current decline in the regional premiums of approximately $65 million based on premium levels as of April 1. We expect energy impacts to be slightly positive in the second quarter.

Favorable energy costs and the additional sales in Brazil will be offset by lower energy sales in other regions. In sum, we expect productivity and favorable energy to offset the lower volume and other cost increases in the segment.

If we move to the day's working capital slide, we continue to focus on maintaining working capital at the lows that we saw last year. We were able to maintain DWC on the underlying business at 30 days, with an additional 3 days associated with the Firth Rixson acquisition. This is an area of opportunity for the integration team as we strive to bring Firth Rixson in line with the other EPS businesses.

Moving on to the cash flow statement and liquidity, as is typical for our business in the first quarter, we had free cash outflow of $422 million. However, this is significantly better than a year-ago quarter.

The outflow is based on a number of factors. In the quarter, working capital needs increased due to higher receivables due to stronger sales in the downstream, and seasonal increases preparing for the typically stronger second quarter. In the first quarter we also make annual incentive compensation payments and semi-annual interest payments. Also, we made the second of five annual payments to the US government for the Department of Justice and SEC settlement in the amount of $74 million.

If we move to pension, the global pension contribution requirement for 2015 is estimated to be $485 million. In the first quarter we contributed $85 million in cash. We now show pension expense net of contribution in the cash flow statement. So based on a cash contribution of $85 million, pension expense was $122 million in the quarter.

Capital expenditures for the quarter were $247 million, with $150 million on return seeking capital projects. $124 million of that, or 83% of that spend, was in the mid and the downstream, including our spend on La Porte and the Davenport for aerospace expansions, and Tennessee for automotive expansion, among others. Also during the quarter we closed on the TITAL acquisition, which we paid a net of $204 million in cash, ending the quarter with $1.2 billion of cash on hand.

If we turn to the balance sheet, we continue to maintain a strong balance sheet. From a liquidity perspective, we’re ending the quarter with $1.2 billion and debt at $8.8 billion, resulting in net debt of $7.6 billion.

You will recall that last quarter we communicated a leverage target for 2015 that represents our commitment to regain full investment grade status. For the quarter, debt to EBITDA was 2.2 times on a trailing four-quarter basis, which is at the bottom of our target range. As you probably noticed, S&P has recognized the improvements in the balance sheet by taking their rating to a neutral outlook.

Lastly, we have agreed to a $260 million loan with the Department of Energy supporting the expansion at Tennessee, which we expect to close within three to four months.

I will conclude the review of the quarter with a discussion of the 2015 targets. Our annual financial targets have been set to continue to reposition the Company, driving growth and operational improvements. Year-to-date productivity is on schedule, with $238 million of productivity actions achieved in the first quarter against a target of $900 million.

Return-seeking capital spend was $150 million and is anticipated to ramp up during the year to meet the $750 million target. Sustaining capital was maintained at $101 million, significantly lower than the run rate of $725 million would suggest, but we would anticipate this will also ramp up during the year. Debt to EBITDA, as I mentioned, is at the bottom of our target range.

Lastly, while we did have a cash outflow in the quarter, we still anticipate generating a minimum of $500 million of free cash flow for the year. This target now includes the prepayment of $300 million in 2015 related to the execution of a 12-year natural gas contract for our refineries in western Australia. To be clear, we’ll deliver the $500 million of free cash flow after making the prepayment for gas in Australia.

Let me turn to a review of the upstream markets. We’ve updated both our 2014 final growth numbers and projected 2015 growth estimates. I will start by updating the final demand growth for 2014.

We upwardly revised global growth to 9% in 2014, an increase on our forecast of 7%, driven by higher than expected growth in China. This results in global consumption of 54 million metric tons, or 1.2 million metric tons higher than we knew in January. This is very positive, and we’re talking about the continued strong growth this year on an even higher base.

We continue to project approximately 3.5 million metric tons of new demand in 2015, resulting in a 6.5% growth rate, and leading to record global demand of 57.5 million metric tons. Just to put this in perspective, that compares to demand in the pre-crisis level in 2008 of approximately 40 million metric tons.

In the alumina market, we tightened our forecast by roughly 230,000 metric tons, driven by slower than expected ramp-up in supply. And regarding aluminum, where the market is relatively balanced with a slight surplus of 326,000 metric tons, China continues to add capacity with expansions occurring largely in the northwest. We’ve lowered our estimate of curtailments by 300,000 metric tons, as smelters have been reluctant to curtail as the SHFE prices have recovered to over $2,159 per metric ton.

In the rest of the world, expansions are concentrated in India where execution will depend on securing sufficient coal to support power needs. And restarts are expected to remain modest due to the decline of the all-in price.

Versus a year ago, inventories continue to fall and are at 66 days of consumption. Global inventories are approaching the 30-year average of 61 days. The reality is demand for aluminum is strong, the industry needs metal to operate, so as metal comes out of inventory it is being absorbed in the market through higher demand.

Lastly, premiums started 2015 down from historical highs but remain strong at average levels roughly 20% to 25% higher compared to last year. We've seen increases in semis exports coming out of China. This is a combination of real semi-fabricated products and what we would call fake semis that are manufactured to capture the difference in tax treatment between semis and primary.

The premiums have responded to this Chinese supply. Now that premiums have adjusted, the economics of Chinese exports have deteriorated. Ultimately the positive fundamentals, we believe, will drive the industry and be reflected in the regional premiums.

So, let me turn it back over to Klaus.

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

Thank you, Bill. That was very good. So let's look at the Alcoa end markets, and let's start with aerospace.

We continue to project for this year growth between 9% to 10%. And the reason for that is because we see large commercial aircraft segment growing at 9.6%. The order book for that large segment stands now at nine years of production.

The airline fundamentals are very solid, 7% increase in passenger demand projected; 4.3% cargo demand; airline profits are up. Those are all the expectations basically from IATA up to $25 billion in 2015.

On top of it, the other segments, the regional jet segment, is also growing nicely, almost at 11%. That's 50% above the 2012 situation. So, that's really good.

Automotive North America, we continue to believe we will see a growth for this year between 1% and 4%. Sales are strong, 5.6%, up year to date. I actually looked at the SAAR rate, the seasonally adjusted annual rate, and in January we project $16.4 million for the year, and the projection now is at $17.1 million.

Very strongly driven by light trucks. We talked about that last time. This is a bit of the impact of lower gasoline prices. We continue to see pent-up demand there. The average fleet age is at 11 years in the US and the historic number roughly is at 10.

Production is flat, and this is mainly a factor of the new models ramping up. So, we see that basically following the sales situation. Inventories are down, which those two things you see go together at 58 days. In March the industry average was rather between 60 and 65 days. Incentives are flat, and on trucks are obviously down because there's a very strong demand there.

If you look at Europe automotive, we also believe that we see a range that could go up to 3% growth, but it could also go down to minus 1%. Where do we see it today? Production is pretty much flat up to now.

We see western Europe improve, offset by Russia. Registrations are up 7%. Exports are up 3.6%.

On China we continue to believe to see a growth between 5% and 8%. Production is up 6.2%, sales are up 4.3%. The growth is driven by the increased middle class and also by this thing that they call the Clean Air Act. We still, even after looking at the numbers of vehicles that have already been taken off the roads, there are still roughly 9 million vehicles that are not complying with the Clean Air Act and that need to get off the road by 2017.

Let's move on to the next segment, heavy-duty truck and trailer. North America, we project 6% to 8%. Actually, we are tightening our range to the up side here. We used to say in the early part of this year, when I talked about it last, that we see the range between 4% and 8%.

And the reason for this is what we saw in orders in the fourth quarter Record orders in the fourth quarter – 131,000 units. Orders are up. Rising order book, 66% year over year, highest since July 2006. Solid fundamentals, 3.4%, freight ton miles up, 4.3% freight prices up, and the production is up by 16% with an almost 50,000 trucks in February, the number.

On Europe, actually we are tightening our range a little bit. We believe it is going to shrink between minus 5% and minus 7%. Earlier in the year, we actually thought it could even go to minus 10%, but we don't believe that any more given some of the signs that we see in western Europe.

Production forecast is pretty much unchanged. Western Europe minus 5%, Eastern Europe minus 10%. But we do see improving signs in Western Europe. Orders are up 4.3%, registrations are up 8.2%.

In China, we actually do see it further down. We believe minus 9% to minus 11%. And we see the production as down by 31%.

But keep in mind, you have a little bit of an off situation here when you compare this with the last year because in the last year we had in the production particularly we had this pull-ahead effect due to the regulatory changes that led to a growth rate in orders of 30% in 2013. And that obviously rippled through on the production side in the first half of the year in 2014. So, that's what's happening there.

Packaging North America, unchanged. We see it continue to shrink a little bit, minus 1% to minus 2%. That's mainly the demand decline of the carbonated soft drink side, and partially offset by moderate growth in the beer segment.

Europe, we believe, is going to grow 1% to 2%, very strongly driven by steel to aluminum conversion in Western Europe, and partially offset by declining Eastern European markets. China, 8% to 12% growth here. It's mainly the penetration of aluminum into the beer segment.

Then when you go to building and construction, North America, we believe it is going to grow 4% to 5%. If you look at some of the early indicators, nonresidential contract award, plus 13% in March. Architectural building index positive 50.4. Case-Shiller home price index 4.5%. So that's that for North America.

Europe, we believe minus 2% to minus 3%. Weakness continues. Obviously strong variation across market. China we also continue to believe 7% to 9%. Fundamentals continue to stabilize.

Last but not least, industrial gas turbines, we believe we're going to see a plus 1% to plus 3% this year. And let me explain that, because we do see that the new capacities are down 16%. Electricity demand is down 0.9%, and the spare shift, with the energy – the spares are negative, and with the energy mix and usage different there.

But what we do see is actually a new trend, strongly driven by our customers as they bring out new high technology turbines and also offer upgrades of existing turbines. That's obviously the major factor, very, very important for us and that's why we've come to this 1 to 3%. I think I've mentioned that already in the last call and we stick to it.

So, let's with this move from the general tone of the end markets into what's happening at Alcoa. And let me remind you of our overarching strategic direction.

We are creating two value engines. This is an old picture, but sometimes I think it's important to get the frame right. We are building really two value engines.

One is lightweight multi-material innovation powerhouse. And the other one is we are creating the globally competitive commodity business. So you will always see actions around those two things in the quarter if we do our job well.

We're increasing the share in exciting growth markets. I will come to that. We have a full pipeline of innovative products. We are really using all growth levers. We are shifting to higher value add and we are expanding in multi-materials and we are increasing our expertise in multiple technology areas.

And on the globally competitive commodity side, we are really increasing our competitiveness. And we do this to mitigate the downside, which I've said multiple times, we cannot influence the commodity prices, but what we can influence is where we are on the competitiveness side. And that's also – and I hope we'll come to that at least in the Q&A – that's also why we have been doing a lot of actions around the capacity and why you have to take that into account when you look at the revenue growth. So we've taken quite a bit off revenues out there.

We're optimizing also on the value-add side. Casthouse value-add on the smelting side. And we've shifted to API basically on the alumina side to reflect the market fundamentals. And we're continuing to drive productivity improvements.

Let's start looking at what we have been doing. And let's first start with our value-add businesses. We used organic as well as inorganic growth.

This is a full slide, but actually it's only a selection of the things that we have done, particularly on the left-hand side. And I think that we sometimes lose sight when people get so excited about from acquisitions. But when you look at the growth, and it's nicely reflected in this quarter, the 7% growth that you see year over year primarily comes from organic growth in the auto and aero side.

When you look at this, and just think about automotive organic growth, the aluminum-intense vehicles, the A951, the really industry-enabling bonding technology, the Micromill, all of this is big. I'll cover that later. Auto sheet alone we believe will have $1.3 billion revenues in 2018 for Alcoa.

Look at a segment that we almost never have time to talk about, commercial transportation and wheels. We have the lightest wheel in the industry with Ultra One, and the cleanest with Dura-Bright. We are winning share and we're growing the business. It is going to be $1 billion by 2016. And it is nicely profitable.

Aerospace, a lot of the attention has gone into the acquisitions that we've recently done, and taken a lot of the limelight. But I really want to mention the hard work of a lot of Alcoans to bring the organic growth in here.

Just look at aluminum lithium. We recently had in this quarter the announcement that Pratt & Whitney qualified us on the pure power fan blade for the A320. This is a big breakthrough.

If you add all of these things on aluminum lithium alone, we currently have a projection of $100 million revenues that are contracted by 2017. This is all happening relatively soon.

Now, on the right-hand side, I think it would be foolish if we would not also look at opportunities on the inorganic growth side, if we have a good idea on how to create value. And I will talk about that because I believe we have a very good idea how to create value.

Firth Rixson RTI, TITAL, I'm going to do a deep dive. TITAL is very small. If there's a question on it, I'll be happy to answer that, but I'm not going to do a deep dive.

I'm going to start with a deep dive on Firth Rixson here. First of all, let me remind you, what Firth Rixson is as an acquisition is really a jet engine acquisition. It doubles the content that we will have, or that we do have from now on, in every jet engine platform.

If you look at how was that enhancing our portfolio, on the financials, we plan to get $40 million synergies in year two, $100 million in year five. We plan to build this by next year into $1.6 billion revenues and $350 million EBITDA.

And currently, as Bill mentioned, the integration is going really as planned. We're actually a little bit ahead of our own plan. Keep in mind, we only announced the closure on November 19. So, happy to talk more about that.

We're building capabilities through this. We became the leader in seamless rolled rings as well as added aero engines. We now have a full range of aero engine discs.

Multi-materials, the multi-material mix 60% nickel, 25% titanium, 15% steel and aluminum. And we got access to really leading edge technology, like isothermal forging. I cannot emphasize that enough because isothermal forging gives us capabilities that are of unbelievably high value for our customers, for the engine makers. It's all about efficiency.

What isothermal forging does, it allows 70 degrees Fahrenheit, higher temperature in the combustion chamber. This alone increases the combustion efficiency by 40%. It's big and customers are paying for it. This is why – we are not in love with technology, but we are in love when we can use technology to create customer value and get the benefit and reap the rewards from this. Last but not least, it gives us access to largest, most advanced, closed-die forge presses.

Here on the right-hand side you see this. I kind of love this simple diagram. It's kind of a virtual blowup of an engine. Everything is blue in it.

Why is everything blue in it? Because all of these components Alcoa can make now with Firth Rixson. So, over 90% of those structural and rotated components we can make. Unfortunately, not for every engine. We do make them, but that's what I call potential.

We are in the hot section with nickel and ti-aluminide. We are in the cold section with titanium, aluminum, and steel. So this is fantastic.

Now, how we capture the value. We had a lot of discussions, how do you capture the value? I want to give you a little bit more color on this so that you understand how we are doing it.

We basically took Firth Rixson and broke it up into two parts. We had this idea already from the start on in the preparation towards. We never approve an acquisition if we don't understand how we want to manage it, including the people that we want to have managing this.

So, we broke Firth Rixson up and integrated it into two engineered products and solutions business units. On the ring side they became part of Alcoa Fasteners. The reason for that is because of the major locations for rings are in California. And we wanted to make sure that the proximity of the locations is there and that an experienced management team of AFS can basically get their hands around it and bring the value to them.

The disc part we integrated into our forging and extrusion business. And here the logic was very simple. The logic is around technological synergies from forging, and also because the AFE team is a very experienced team.

Now, what are we doing there? We are basically using the exact same discipline that we call our Alcoa operating system to manage the integration. Way before we go through with the acquisition we do the planning so that on day one when we close we are ready to basically go full blast ahead and know exactly where we are having to go after.

I would say, if you were to go to any Firth Rixson facility today, you would already see that that's an Alcoa facility. And that I think if you were to ask people they would say well, those and those and those examples here, we are managing differently and we're managing to the Alcoa operating system book.

What is that book? The book is a book that to those that follow us is very simple to understand. We have those three strategic priorities, profitable growth, Alcoa advantage, disciplined execution.

Those are the things that have brought us over the last years through the crisis, $9.7 billion productivity, reduced the days working capital. Bill showed it again. Generated $3 billion of free cash flow. And has shown a nice profitable growth also on the organic side.

And we are applying that same thought onto Firth Rixson. And how are we doing it? We're breaking it down. Let's take a look at the synergies.

We're breaking the $40 million synergies in 2016 down into those three buckets, – operational productivity where we want to get $22 million out. You see some examples here. Happy if anybody wants to know more color on that to answer that later. Procurement savings of $14 million, overhead reductions of $8 million.

Now you see this yellow bubbles there and you wonder what does that mean? 200% deployed, 250%, 150%, and in total 190%. We are using the exact same systematic on the disciplined execution, which we call degrees of implementation. We are using that from the start of the planning on to the execution of the full integration.

What this means, let me pick out the $22 million on operational productivity. We currently have actions identified that have a value that's 150% of the $22 million. That is in our action plan. Now, I don't want you to – and the total is 190% of the $40 million.

I don't want you to put that into your model because in reality, this is one of the reasons why we are so good in productivity, because we always find ways to overdeploy, because reality hits sooner than later, and then you find that something cannot get done in exactly that fashion. So, you need to be overdeployed to do it right and basically deliver, deliver our promises, which we've done every time from 2008 onwards.

I also want to mention the isothermal press. The isothermal press, this is a very important piece of technology that I described beforehand. And the question is – it's hard to quantify that. The question is, where do we stand currently on the isothermal press?

We've received the isothermal forge and heat treat testing method approval by our customer. This is the foundation to be cleared for qualification. That allowed us to forge six batches of qualification materials here that are currently in machining.

And they will basically then go to the customer for testing. We will see the first revenue in the second half of 2015. So, all very well on track and pretty much operating as one.

So let's also talk a bit about RTI. Obviously, RTI is in a very different stage. RTI, we announced the plan to acquire RTI. So we are currently waiting regulatory as well as RTI shareholder approval.

We believe this is going to take from now on about two to five months. We filed with the respective agency about two weeks ago, so all well on track.

Alcoa and RTI is a combination that expands basically the titanium customer solutions. So what are the benefits there? We believe we're going to get, by 2019, $1.2 billion revenue, and we're going to increase the EBITDA margin by 10 percentage points to 25%.

If you look at what this means, $30 million net synergies in year two, $100 million net in year four. We believe, as I said, 10 percentage points increase of EBITDA margin by 2019. 65% of the $1.2 billion revenues are supported by contracts. That's the nice thing. We saw the same thing also in Firth Rixson. That's the nice thing about being strong on the aerospace side.

We are building capabilities. Currently we only have VAR furnaces And we have only a few of those. And now we get our hands around, assuming that this thing will get closed, plasma and electron beam melting, have a lot of advantages. All titanium, by the way. Titanium, billetizing, mill products, machining and sub assembly.

On the multi-material side, we get titanium, we get intellectual property on multi-material 3-D printing. And we can establish a closed loop goes through scrap processing.

Leading edge technology, it doesn't stop right there. Ti-alumina ingots. And we already have ideas what we can do with this because we can bring the ti-aluminide into the low pressure turbine blades, which is a great application. Without RTI we would have had a much harder time to do. And we can also do the near net shape components as through cold and hot isothermal pressing.

If you look here on the right-hand side, you pretty much get what's happening there. You see how Alcoa's portfolio here looks on the titanium side and how RTIs look, on the right-hand side you see how those look together. Nice complementing the mid and the downstream value-add.

The integration preparation is really in full swing from both sides. I personally visited four sites in the last weeks and saw and met pretty much with all major leaders of RTI, and many of the RTI employees. I am happy to give you some more color on this if anybody has an interest on that.

So, let me also talk about what is our idea on the integration, again, assuming that this will go through. First on structure, once we've received all approvals, we plan to have RTI as a new business unit reporting in to EPS. So, as always, we will use the Alcoa operating system to ensure a fast capture of value. And that value basically means a net synergy of $100 million, and I mentioned 30% year two, 100% in year four.

That breaks down into those four categories here, process productivity $44 million, procurement $20 million, overhead $20 million, growth $20 million. I'm not going to go through all of this examples again. Happy to go more into it if anybody has an interest.

And on the right-hand side, you see there are some, what I call growth technologies, foundational technologies like machining, like ti-aluminide, like additive manufacturing. I mentioned an example on ti-aluminide, that we can bring that into the cold section on the investment casting side, which is a totally separate division. Additive manufacturing, waiting that, we see there at RTI, fits very well.

Then there's upside, also, through the oil and gas business. We have a small oil and gas business, they have a bigger oil and gas business. They are focused more on titanium steel, we are all aluminum. Nice fit. They have some medical business which has very, very nice position and we will see how we can develop that further.

So all of that is fascinating and I think according to plan. As I said, we expect to have the approvals in two to five months.

Another fascinating transformation is happening in our global rolled products. Let me also provide you some insights on that. And let's start with a downer here on the left-hand side.

The downer is what we see on the can sheet side happening. The can sheet situation is dragging GRP down. Because we clearly see overcapacity. And we, as others, are trying to take capacity out by converting into auto. But the fact is, it's overcapacitized.

At the same time, we see declining carbonated soft drink demand, particularly in the US. And then beer growth, US and China. But all of that is not sufficient to balance off the supply overhang. That strongly impacts margins and volumes, and that is a big drag on GRP.

Now I think Kay has shown you that diagram here on the right-hand side when we had investor day, but I don't think he showed it for 2016. We haven't updated that because we are going through a fundamental transition here in the portfolio.

You can see here, this is basically structural along the value side. The higher it is, the more value – it's a simplification – the more value it has. But what we are doing, we're building out the higher value and we're reducing the lower value. That's very simple.

You can see some examples there. Again, I would be happy to illuminate some of those at a later point in time. So, we're shifting to higher margin, we're shifting to differentiated product, we're driving GRP's year-on-year profit to lift in 2016 versus 2015.

What is the really, really good news here? The good news is that we have invested in the innovation, in the growth on the aero side. That is happening. It's happening, I would say better actually than what we expected.

It's driven by two factors. One is the regulatory side with CAFE regulations. The others are the consumer benefits from fuel consumption, braking, distance safety, and those types of things. What does it do? It actually increases the North America aluminum sheet demand by 3 times until 2020.

But let's not look so far out. Let's look much closer to what's happening in Alcoa, and that you see here on the right-hand side. Davenport, our automotive expansion is fully operational. It's at capacity, and it's running really, really well. Tennessee will come online middle of this year, and it's basically booked out.

So what will happen to our revenues? You will see already this year our revenues in auto sheet alone will double to $660 million revenues. And in 2016, we actually see that it's coming up to $1 billion revenues.

What will be the results if you go – don't go back to the chart now, but I think most of you will remember. The mix will change. The mix on automotive will change from 2014 where we presented 10% of GRP's volume to 20% of GRP's volume. And obviously, this will mean we will see higher volumes as well as higher margins there.

And that's not even where the excitement stops, because if you look at what we announced end of last year with the Micromill, we announced that the first Micromill-enabled materials we announced the next-generation automotive alloys. What does the Micromill do? It allows us to offer products that are 2 times more formable, while 30% lighter than high-strength steel. That allows us to attack the steel market.

We can roll something, from hot to cold, from hot metal to rolling, we can do in 20 minutes what today takes 20 days. 50% lower energy, one-fourth of the footprint. It allows us also to attack other markets inside of the automotive with products that today are mainly steel, crash resistance with lighter components, 30% to 40% lighter. Higher formability, reduces assembly costs also, higher strength, reduces weight.

So, where do we stand in qualifying the Micromill? A lot of folks have asked us this. We completed successfully customer trials. We did it actually before we announced it because we wanted to have the validation.

Now we have a qualification process at the first customer, and we have an additional agreements with five customers for qualification. And we are on the road to have the first commercial coil being done. And then we are at the same time in parallel exploring whether and where to do a full-scale capacity expansion optionality.

If we do that, we will do that in exactly the same fashion that we've done Davenport and Tennessee. And both of those pretty much were sold out before we even committed to the project. So it's not a build and wait and see attitude, but the customer will be there before we come to a conclusion, because we clearly know how to deploy capital and have shown that.

So, let's close with talking a little bit on the commodity upstream side. You saw the first-quarter results. They really don't need much of an explanation. They have been really, really good.

Now, why is that so? Because we have been coming down on the cost curve on alumina, we have been enhancing our revenues. We now have, for this year, we will have 75% of the revenues on API and spot. Remember, we only introduced that around 2010. That's a market changing dynamics.

Primary come down on the cost curve. We've come down quite far. We have a lot of additional action. We are increasing the value-add, and we're now at around 70% already with this.

We continue to have a robust process of maximizing our global competitiveness. We have reduced 33% of our smelting operating capacity since 2007. We announced on March 6 that we put another 2.8 million tons on refining and 500,000 tons on smelting under a strategic review.

And the principles are always the same. We look pretty much at cash, we look side by side. The logic that we use is a logic of fix, sell, curtail, or close. You can see some examples here on the right-hand side on fix.

The announcement that came out today on western Australia natural gas clearly falls in that category. Long term, we got our hands around competitive gas, closed the deal, done, moving in that direction. Suriname, moving in the direction of a sale, as another example.

Curtailment and closing, this is not a digital thing. It goes through a number of steps because you can do it in multiple steps. This is what's shown there.

And on Suriname, we announced that we are taking up another 443,000 tons. And in Sao Luis, that we are also – that we have closed the last potline in Sao Luis with another 74,000 tons off-line.

Some of you also might have noticed that we changed the organizational structure of our GPP business. We are now fully verticalized in five business units with global P&Ls, mining, refining, energy, smelting, and casting.

Why are we doing that? We are doing that to increase performance transparency, to focus on a faster global rollout of best practice sharing. So, more productivity. We are doing it to improve the commercial as well as the operational side. And we are doing it to optimize capital allocation.

What do I mean with that? I mean that we have pretty much been breaking down the last remaining resource of potential regional fiefdoms. This is global, this is a global responsibility. Now, for you outside, we will continue to report on alumina and aluminum, so we're really on the outside reporting really nothing will change.

So let me conclude. Lots going on. We are creating a sustainable value for our shareholder. We continue to deliver strong operational results, profitable growth, driven organic as well as inorganic, fully on track, disciplined execution, improved our upstream competitiveness.

With this, let's open the Q&A.

QUESTION AND ANSWER

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

(Operator Instructions)

Your first question comes from the line of David Gagliano from BMO Capital Markets. Your line is open.

David Gagliano - *BMO Capital Markets - Analyst*

Great. Thank you. I thought we could focus in on the topic of the day for a minute, which from my seat is the premium – the Midwest premium, regional premiums, Europe, and America, North America. My first question, we're hearing many transactions are happening below the Platts or the Metal Bulletin prices. My first question, where are premiums for you in terms of your physical transactions currently?

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

Dave, we basically stick to the quoted premiums. The way the premiums work is, as transactions get done, they get reported to Platts and Midwest, and it moves the premium. So, we're sitting currently at around $0.185 for the Midwest spot premium, and that's down from the highs of $0.24.

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

But, Dave, I would recommend, as you know, it's very hard to predict where prices or commodities will go. And therefore I think it is good to remind ourselves of what drives what.

The LME price is driven, as we've been saying for now years, by sentiment. It moved up and down depending on what Mario Draghi or Janet Yellen wear on a day. Whereas the regional premium is really driven by the market fundamentals.

And then let's go back and take a look at the chart that Bill showed at the end of his presentation and look at where this stands. We pretty much see that the market on aluminum is pretty much balanced. And I'll come to that.

And on the alumina side, you see a bit of an overhang, but in reality we already are taking the overhang down from the first quarter because again we're seeing that some of this capacity announcement are not coming through. And when you put it in perspective, we are projecting roughly 2 million or so, and we are talking about 100 million market, 100 million tons market roughly.

But let me come to what we've been hearing a lot also on the premium side. The reason why we've seen a little bit of additional pressure on the premiums is because we have seen that the high premiums have attracted some, what we call, Chinese fake semis. And the fake semis really are completely – they are remelts. They got completely directed towards competing with primary.

And now that the premium has adjusted, we are looking at the economics of this, and the economics actually has turned negative. So we believe that to come to an end.

However, there's a component in it where they are misusing – where those people that are exporting semis, fake semis, are basically misusing or abusing the Chinese tax policies and acting against the declared Chinese policy. The declared Chinese policy clearly doesn't want primary to be exported. They have a 15% export duty on primaries.

So, they are declaring this as semis, and therefore they get the 13% value at rebate. And in reality it is remelt. That policy has not changed. All what we are seeing and all that we are hearing from the Chinese is that they have no intention to allow this to further happen. So we believe the market is pretty much going to come back to the classical market fundamentals.

David Gagliano - *BMO Capital Markets - Analyst*

That's very helpful. Thank you. As a follow-up, based on that commentary, is it Alcoa's view then that premiums will stabilize at $0.18 a pound?

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

Our view is that – that's why I had such a long answer. In the end it all depends on the physical supply and demand. That is different, depending on regions. Because also, don't forget, and what Bill showed, we always talk about the inventory overhang. I think most people have slept through the last years. We have been growing demand.

In 2008, the total market was roughly 40 million. Now it's almost 60 million. 9% growth, demand growth, for last year. This is the compound interest.

And you see it very nicely in the inventory. In the height of the crisis we were around 108 days inventory. Now we're back to roughly around 66 or something like this. The historic average, I think Bill said it, is around 61. So we're pretty much back to normal.

So, you are seeing the little spot things, as I said, abusing Chinese tax policies. China doesn't want that – declared policy. I think it's a very limited phenomenon. And I think we are going to see this thing falling back exactly where it belongs and showing what is the regional supply and what is the regional demand.

Then also keep in mind, there are some regions where the supply chain has become very long. We saw that when part of Logan went down and how all of a sudden the packaging folks were scrambling for material because they were very worried, having to stop their facilities.

David Gagliano - *BMO Capital Markets - Analyst*

Okay, great. That's very helpful. Thank you.

Operator

Your next question comes from the line of Jorge Beristain from Deutsche Bank. Your line is open.

Jorge Beristain - *Deutsche Bank - Analyst*

Good afternoon, everybody. Two questions, more for Bill. But just if you could talk a little bit more about, on page 11 on the slide deck, on GRP. You intoned of about a 30% year-on-year decline for ATOI as we head into 2Q for that business. I'm just trying to understand how much of that can ultimately be worked through. Because some of it seems to be the inability to do the pass through in Russia of premium, but that ultimately should be recoupable in the medium term.

And then just some other timing issues. I'm just trying to understand, do you see GRP getting back to normalized margins by second half, or is this really just a reset of the basis for that business because of the Russian issue?

William Oplinger - Alcoa Inc. - EVP and CFO

No, you have a couple of things going on. First of all, let me address the Russian issue right off the bat. The Russian issue is something that's hitting us this year. We would expect that that will persist probably through 2015, and potentially into 2016 as we work to pass through that to our customers.

The other things that are going on, and remember that 30% is a year-over-year number, that's not a sequential number, it's 30% from the baseline from last year. A couple of things that we have going on. We've got the investment in the Saudi Arabia rolling mill. That's in the start-up phase, and that continues to cost us money. And we are spending money on the Micromill. Klaus alluded to the fact that we've got five partners signed up.

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

Six in total.

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

Six in total. And that is costing us a little bit of money also. So, ultimately that will pay a reward. So those are really the things.

And then the other piece of it that I should allude to, we talked a little bit about the metal price lag. And when metal prices are going down, inventory costs stay high in the GRP segment. The opposite occurs when metal prices go up. And at this point we would say $15 million of that decline is purely the impact from the metal price lag.

Jorge Beristain - *Deutsche Bank - Analyst*

Okay. And my second question was just related to working capital. I know that you mentioned there's some one-off issues due to acquisition integration. But do you think that working capital will actually be, on a year-over-year basis, a net source of funds, or is that tapped out?

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

And let me just make sure that I'm very clear around the increase in working capital year over year. The EPS business, as you probably know, the EPS business, because it's not a very capital intensive business, and due to the structure of the marketplace, has traditionally has had higher working capital than the rest of Alcoa. And Firth Rixson is even higher than that.

So the simple fact of blending in the Firth Rixson acquisition raises the working capital level on a day's basis for Alcoa in total. And so we see that as – right now we have 3 additional days of working capital over the lows of 30 last year. We see it as an opportunity to bring it down.

The working capital levels are pretty high in Firth Rixson so our teams will be going after that. I do not see necessarily working capital be a cash generator for the Company in the year simply because working capital levels are pretty low to start the year.

Jorge Beristain - *Deutsche Bank - Analyst*

Thank you.

Operator

Your next question comes from the line of Timna Tanners from Bank of America Merrill Lynch. Your line is open.

Timna Tanners - *BofA Merrill Lynch - Analyst*

Good afternoon. I wanted to also focus on China but on the finished aluminum side, because the day that you came out with your announcement that you were exiting smelting capacity in Brazil, my Chinese colleague counterpart told me that, he was saying that Humin Chou – I think I pronounced it wrong, I don't know – is adding 750,000 tons for the year. So, they're clearly adding. And I get that they're demanding more.

But my question is, we're hearing that the Chinese are starting to talk about actually removing the tariffs on exports. It sounds like there's a lot of chatter on that. Are you concerned about it? What's your view? Is there any way that Alcoa can respond to that level of support, government support for the industry?

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

That's a very good question, Timna. The declared policy and the policy that's in place, and that economically makes sense, I have great admiration for what the Chinese government has done over the last four years. And the smartness of the economic team is unbelievably good. I had a chance to be exposed to them many times.

What they are doing here in regard to the policy is a very intelligent policy. On the one hand they are saying we don't want primary to be exported. And that's why they established this 15% export duty.

The logic is very simple. Because what primary, in their view, is a lot of resources that are scarce. And the scarce resources are bauxite. You know that they have to import 50% to 60% of that bauxite.

And it's energy which is non-clean energy, and they are running out of air, literally. And then they are running out of water. And you, unfortunately, need a lot of water when you have a coal-fired power plant.

So, in reality you see all of this in the primary aluminum bar. And that's why they basically say we don't want this to be exported. So that's why they have the 15% export duty. I don't think that that's going to change. I rather think that they are going to enhance this because they are literally running out of air.

The second logic is another logic. The logic is they want to upgrade the jobs. They want their people to earn more per hour. To do that they have to increase the value add of their businesses.

So, they are basically saying if you now take a base metal and refine it into something better, we want to encourage you to be able to export it. That's why they have established this 13% value-add tax rebate. It makes a hell of a lot of sense.

And we've heard the chatter. And obviously we are very well established in China. I think it's chatter. Obviously there are some people that are interested in doing it. I don't think that we're going to see any of this going through.

In fact, I think what on top of it is the problem here and often gets mixed up is the real semi products. China has been an exporter of semis for a long time. There are markets where the Chinese semis actually are dominant, in foil, for instance.

Typically these are not highly differentiated markets. And our semis typically are not competing against those because we are in much higher value-add semis.

The new phenomenon is this thing called fakes. We call it fake semis. Because the fake semis are not competing against semis because they aren't semis. They are competing against primary because people immediately remelt them as primary. They have basically the primariest primary that you can think of.

So, in reality people are abusing – Chinese people are abusing – the intention of the Chinese government. All that we are picking up is that there's quite a bit of noise also on the Chinese political front about this.

And obviously, I think I've said that before, we are monitoring the situation very well, and are looking at whether these unfair cost advantages continue to exist. And I'm pretty optimistic that the Chinese government enforces their policies and stops this abuse.

Timna Tanners - ***BofA Merrill Lynch - Analyst***

Okay, great, Thank you.

Operator

Your next question comes from the line of Paretosh Misra from Morgan Stanley.

Paretosh Misra - *Morgan Stanley - Analyst*

I have a question on slide 41, actually. Is that something changed in the way you do business? Because I'm seeing your distribution revenues grew 43%, and you have a very sharp decline in industrial products and housing. Just hoping you could comment on that.

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

To comment on that, the distribution jump that you see is, in large part, a portion of the Firth Rixson revenues, Paretosh. Firth Rixson does about 75% of their revenue in aerospace. At this point we're putting the rest into distribution, hence that big jump in year over year.

The industrial products, I believe, is mostly related to the fact that we've exited some of the exits that Klaus talked about, especially in our rolled products business where lower margin products, and hence we got out of some of those industrial product segments in the rolling business. Those are the big drivers there.

Paretosh Misra - *Morgan Stanley - Analyst*

Got it. And if I could ask one more. You have purchased, RTI and Firth Rixson. I was hoping if you could just remind us, where do you see your revenues for the engineered products segment next year, or 2018 or 2019? And how much of that would be aerospace on a pro forma basis?

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

I think we've put the – you can pretty much add those things. For Firth Rixson we have the $1.6 billion revenues with $350 million out there. And then you can add into it the organic growth target.

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

$1.2 billion the first year.

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

$900 million of that organic growth. And that you can pretty much add into it. We've also said that we will continue to bring up our profitability on the existing EPS portfolio.

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

So, those are the two big changes. $1.2 billion of organic growth, $1.6 billion the first year.

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

$1.2 billion of all growth. $900 million of organic growth.

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

Right. And $1.6 billion associated with Firth Rixson.

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

Exactly. And then you have the TITAL.

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

$100 million.

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

$100 million there.

Paretosh Misra - ***Morgan Stanley - Analyst***

Got it. Thank you.

Operator

Your next question comes from the line of Sal Tharani from Goldman Sachs. Your line is open.

Sal Tharani - ***Goldman Sachs - Analyst***

Good afternoon. I wanted to ask you on the acquisition strategy, you have two major acquisitions, Firth Rixson and now going to RTI. I'm just wondering what your goal is on the end game. Is there something else you think? Or should we consider that you will materialize that before going to some big acquisition, particularly on the sourcing side, and you now have titanium source available. I'm just wondering. You're also becoming very big in nickel. Is that something you would be looking into?

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

Yes, good question. Sal, let me address the specific question at the end first. There was actually a question when we announced the RTI transaction. We have looked into this.

We've looked for backward integration, and there's two steps of potential backward integration. One is sponge, and the other one is rutile and aluminite. Hard to pronounce. We'll get used to it.

And we've studied the market and we see that both markets, there's no need in further upstream integration there. There's plenty of supply there. We have good long-term contracts, and I think we can even get better long-term contracts there. We are a customer of those suppliers, and I think I said last time that the supply source for RTI is mainly Japanese.

We also looked one level further back on the ore side, aluminite, as well as rutile. And also on that end we see plenty of supply there. So, no need for that.

Then on the bigger question, that's why I put this one chart together there, which is, I know, very full, but I wanted to make sure that people have put a lot of attention on the acquisition. But in my mind, the best thing to create value always will be organic growth. And we have been very, very strong on the organic growth side. And we've been carrying this through and you see it in bringing the profitability up.

EPS profitability – and some of you might not even remember that because you didn't cover us – but in 2008 the EPS profitability was 8%. 8% profitability. And look where we are today. And, frankly, we continue to be optimistic to bring it further up. But that's a question of hard work in every single one of their business.

Innovation has played an enormously important role. You cannot do this by simply cutting the costs out. The great thing is that we have great technical skills on it.

And at the same time, on the inorganic side, we have the opportunities with Firth Rixson. It took us a long time to get that transaction done. Would have wished to have had it done earlier but you always need two to tango.

TITAL is a small one, a nice addition in Europe. And RTI was and is a great opportunity.

On Firth Rixson, when you look, I've visited Fontana a while ago. I typically visit those sites right after we announce. And I visited Fontana which is the rings facility.

On the rings side, for instance, they do the rolled forging of rings. After this it goes to machining. When they machine, they machine titanium off and basically you create titanium chips. They send it to local scrap dealers.

We saw the process already early on and said we can actually find a better way to capture the value by getting those chips and cutting out bigger pieces and shipping it to Whitehall, because at Whitehall we have VAR furnaces and we could then turn it into sponge and create value. This was what we had originally planned in the integration, and that falls into the productivity or, how do we call this, the synergy, the operational synergies.

But the interesting thing is now is we are on the track to do that. But assuming that RTI goes through, we even have more capabilities on that because RTI has plasma as well as electron beam furnaces, which are better suitable for remelts. Plus, we have cleaning capabilities then with RTI.

So in reality, we will get even a synergy on top of the synergy. And we see that all the time.

On the procurement side, one of the actions that we have in store is that we basically went after the non-destructive testing. And they have a supplier in house. We went and renegotiated with the supplier, and basically got them down to give us a nice reduction here, and saving of roughly $4.5 million. Then we realized that we could actually bring the same logic to our own facilities, which we had never planned in the synergies.

This is what typically happens. And I could give you hundreds of those examples and also hundreds of those things that we see already on RTI. When I went to Claro and to the Minnesota facilities, of RTI, they have unbelievably good machining capabilities. Today we pretty much have no machining capabilities.

But we do use machining because the customers don't want the unmachined parts. So, we are using external machining shops. So, in future we don't need to go to external, we can do it internally, which does two things. It brings the capacity utilization up there and saves an enormous amount of cost.

Those are the type of stuff that we're doing there. That's why I continue to be really optimistic on those things working out.

But it is not that we now feel that we need to go on another round of acquisitions. That's not our mind set. It was a bit coincidental that these things came one after the other but it was not lighthearted. We would not have done any single one of those had we not known how to manage the post-merger integration.

One of the things, I heard a lot in your conversation, is aren't the same people affected by it. In reality, the leadership, yes, Bill and I are affected by it, and then the four or five leaders on EPS on top. But then it's different people, it's different division and different people. So, in terms of how much capacity do we have, the human capacity element is the most critical one that we look at even before we consider going after an acquisition. Long answer to a short question.

Sal Tharani - *Goldman Sachs - Analyst*

I just want to ask one more thing, on the upstream side. Two announcements you've done, and one announcement including the 12-month capacity review. How much do you think you need to get to the targeted cost that you are talking about, 38% and 21% on the cost curve? And how much of this you think you can do by the end of this 12 months?

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

We wouldn't have announced – you know how we're doing these things. There's a reason why we now have 33% of all primary capacity curtailed, and why we see the results, like the ones that we see today and the primary as well as the alumina segment.

I think we are all basically reaping the benefits of our strategy there. We have been making the upstream business much less vulnerable to swings on the metal side, on the commodity side. We are looking at these in a relatively relaxed fashion.

Now, we would love to have a higher metal price and we'll probably see it with the premiums. But it's not earth shaking. I've always said that.

And you see also we announced it one week. The next week we were able to get to conclusion with our partner, in Sao Luis, BHP, or future South 32. We came to the conclusion, okay let's close that remaining pot line down there. And it frees up the self owned energy which we can sell onto the open market, so we have a benefit.

We've done the same thing on Suriname, curtailed further. Also, we will go to more of those reviews, and do what is right, always with an eye on cash.

Sal Tharani - ***Goldman Sachs - Analyst***

Great. Thank you very much.

Operator

Our next question comes from the line of Josh Sullivan from Sterne Agee. Your line is open.

Josh Sullivan - ***Sterne, Agee & Leach, Inc. - Analyst***

Good afternoon. Can you just talk a little bit about how you see the cadence of the Firth Rixson ramp? Clearly getting from, I think you said $27 million in this quarter to the 2016 target. It's a big jump. Can you just give us an idea on the outlook of how we should be thinking about that ramp? Is it any particular contract, share shift, or maybe when the isothermal press finally comes on line?

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

The isothermal, I said already, will start to generate revenues as of the second half of this year. I think you actually do see – I think we provided so many numbers. I think the most important short-term number is the $1.6 billion revenues for next year, with a $350 million EBITDA.

And then I think we had an addition, if I recall that correctly, the $1 billion growth until 2019 where we basically said that the major part of it, 7%, is locked in. That's the beauty of aerospace contract, locked in with contracts. So I think there's quite a bit of numbers. I don't know –.

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

But a big piece of the driver for 2016 will be the ramp-up of Savannah as that comes on line, produces revenue and produces profits.

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

We will also have to be in a normal – I think I would not call the first quarter here, and I think you explained it very well, Bill, I would not call that a normal quarter.

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

In the first quarter, we had a number of things that were going on still. We still had the inventory turns issue that we had in the fourth quarter, so that was a partial impact. We have all the integration costs.

And you probably noticed that we don't pull out the integration costs. We have the integration costs embedded in the operating results that I gave you, the $27 million EBITDA and $6 million of ATOI. So, that's some of the things that are impacting it in the first quarter.

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

Yes, I think people always – we are all moving so fast. But keep in mind, we were only allowed to get our hands around this on November 19. That was the first day for us.

Josh Sullivan - ***Sterne, Agee & Leach, Inc. - Analyst***

Right. Okay, good. And then just a second one. In the global rolled products segment, can you just talk a little bit about the aerospace aluminum plate market and just what's going on there with pricing?

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

What do you mean specifically?

Josh Sullivan - ***Sterne, Agee & Leach, Inc. - Analyst***

In your global rolled products business, the aerospace business.

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

You might be referring, Josh, on whether there's any overhang. We've talked about overhang in the past about plate, and we have not really seen a significant impact from plate overhang over the last year or so.

Josh Sullivan - ***Sterne, Agee & Leach, Inc. - Analyst***

Okay, great, thank you.

Operator

Your next question comes from the line of Brian Yu from Citigroup. Your line is open.

Brian Yu - ***Citigroup - Analyst***

Great. The first question is just on the $500 million prepayment on the western Australia gas deal. Can you talk about how – I presume that this is a prepayment – how that recovery works? And what's the anticipated cost savings associated with the new gas deal?

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

I'm really glad you asked the question, Brian, because that deal has come together fairly quickly. We announced it today. Our partners announced it in Australia today. And the selling company that the partners are buying this asset from announced it after the market closed. So, let me give you just very briefly a couple of things about the structure of that deal.

It's a $500 million prepayment. $300 million gets paid this year, $200 million gets paid next year. It's to secure energy in WA for combined with a couple of other smaller deals. We'll secure the natural gas for the refineries in WA for about 75% of our needs.

And it starts in 2020, and so it'll run from 2020 to 2032. Just to be clear, if you look at the results of the alumina segment, you see that under normalized environment, those assets are great assets, so it secures those assets for the long term.

And one other point – two other points. The way we recapture that cash is that we get a tranche of free gas during that 2020 to 2032 time frame, and we get a discounted gas level from market rate. So, those are the two ways that we recover the money.

And then my last point on this subject, we had a $500 million free cash flow target at the beginning of the year. We are saying that we're going to spend $300 million on this prepayment this year. We're still going to deliver $500 million of free cash flow even after having paid that $300 million.

So, we're essential absorbing an additional $300 million that we will deliver this year. So, $500 million of free cash flow after that $300 million payment. So it's actually, I think, a pretty good story for us all around, both mid term and long term.

Brian Yu - ***Citigroup - Analyst***

Okay. And that $300 million, just so I'm clear, is that on a 100% basis, or is that Alcoa's 60% ownership?

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

That is 100% basis, Brian. So that $500 million is 100% basis. Clearly our partners will absorb 40% of that $500 million.

Brian Yu - ***Citigroup - Analyst***

Got it. And then second one, just going back to your comments earlier on the inventory impact at Firth Rixson, can you quantify what did the purchase inventory mark-up, what was that head wind in the quarter?

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

That's a hold-over from last quarter. Just whenever you do purchase accounting you have to mark your inventory up to market levels. So, when you turn that inventory the first time, you make no profit on it because you've marked your inventory up to market. And so in this quarter, that was a couple of million dollar impact negative on the EPS segment.

Brian Yu - ***Citigroup - Analyst***

Got it. Okay. Appreciate it. Thanks.

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

Okay. Thank you very much. Before we close, let me ask myself a question, because a question that has not been asked but I'm sure is on the mind of some of you, but we're running out of time here, given some other commitments. The question that I think I have seen before I came in after the release that's floating around in the space, is around revenue growth.

I want to address that to make sure that everybody understands that, because we've grown year over year, 7% on the revenue side. And I know that there's been some comparisons on what the expectations are out there. But in reality it's 7%. So let's lock that in. And I have also said the primary drivers of that 7% has been organic growth coming from auto and aero.

Now, let me give you some more color on this and remind you – and please help me explain that to the outside world, because people are going to look at you to explain this, and I think you understand what's going on there – so that they understand why this is a really good growth quarter.

If you look at the exact number, the exact growth number year over year is 6.7%. Then when you break it down to how much of that has changed through portfolio moves, you have to really have two buckets. One bucket is reductions. And we have two large segments where we have reduced our portfolio over a year. And it's a lot that we've done.

Those of you all that know us well, remember that. But we sometimes forget a year is 12 months, it's a long time, and we've done a lot of things. Let me list some of those. And I'm almost certain I will not be complete with this.

On GPP, on primary, we closed Point Henry. We sold Mt. Holly, Massena East, Poços de Caldas. Sao Luis, entire curtailment. Suriname. So all of these revenues basically leave our revenues. So you have to subtract those.

In addition to that, on the GRP side, Australia rolling mills, Spain two rolling mills, and a rolling mill in France. Again, subtract that all. And then you can add in on the portfolio side Firth Rixson and TITAL. So, this together, the net effect of that, inside of the 6.7% is a negative 2.3%. Negative 2.3% of the 6.7%.

The second thing is a benefit coming from the external things – metal price, as well as the ForEx side. That's a positive 1.8%. So, I would say that's a wash.

So, then, what remains sitting there is the organic growth. And the organic growth is a positive 6.8%. And it is coming very strongly from automotive and also strongly from aero. Those are the two big drivers. And a little bit from GPP additional volumes organically, basically through value add and creep there.

So, please help me explain this. That's why I'm providing this. And I'm sure that that has been one of the questions that's floating around out there.

So, forgive me for asking myself a question. Let me close with this. I think this is a very strong quarter performance, and we should all be pleased with this. The acquisition strategy is showing real dividends.

And keep in mind for some of this it's really only been a few short months that we got our hands around it. And I must say, I'm very comfortable with where we are, and I think things are really nicely on track.

Also, please stay focused on all this discussion on our strategic direction. I think we've been crystal clear – don't get distracted, this is what we're doing, this is the direction we are following. And whether it's revenues versus expectations, yes, we understand that, but please then put it in perspective. And that's why I've been providing these additional color on this. And let's continue to stay focused on the bottom line and our ability to drive additional synergies plus organic growth.

And I would also point out, put it in perspective. Let's look at where we started. We've come a long way in the last years. At the same time, I would say the best is yet to come, and we are very well positioned to get that done.

And I think it's one thing – when I look at Alcoa and the Alcoans, how pumped up they all are and the capabilities that they have. I would say old and new Alcoans. And at the same time I'm looking at the end markets that we're in. And the good thing is the end markets are also positive, the ones that we are in.

So all of this gives me really good confidence. And with this, I close and stay tuned to this station. Thank you very much.

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

Thank you.

Operator

That concludes today's conference call. You may now disconnect.

Forward-Looking Statements

This communication contains statements that 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,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “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 the acceleration of Alcoa's portfolio transformation, including the expected benefits of acquisitions, including the completed acquisition of the Firth Rixson business and TITAL, and the pending acquisition of RTI International Metals, Inc. (RTI). 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, uncertainties, and other factors 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, defense, 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 unavailability or interruption of energy supplies; (f) increases in the costs of other raw materials; (g) 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 moving its alumina refining and aluminum smelting businesses down on the industry cost curves and increasing revenues and improving margins in its Global Rolled Products and Engineered Products and Solutions segments) anticipated from its restructuring programs and productivity improvement, cash sustainability, technology, and other initiatives; (h) Alcoa's inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions (including achieving the expected levels of synergies, revenue growth, or EBITDA margin improvement), sales of assets, closures or curtailments of facilities, newly constructed, expanded, or acquired facilities, or 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 or regulatory investigations, and environmental remediation; (k) the impact of cyber attacks and potential information technology or data security breaches; (l) failure to receive the required votes of RTI's shareholders to approve the merger of RTI with Alcoa; (m) failure to receive, delays in the receipt of, or unacceptable or burdensome conditions imposed in connection with, all required regulatory approvals of the acquisition of RTI, or the failure to satisfy the other closing conditions to the acquisition; (n) the risk that acquisitions (including Firth Rixson, TITAL and RTI) will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (o) the possibility that certain assumptions with respect to RTI or the acquisition could prove to be inaccurate, including the expected timing of closing; (p) the loss of customers, suppliers and other business relationships as a result of acquisitions, competitive developments, or other factors; (q) the potential failure to retain key employees of Alcoa or acquired businesses; (r) the effect of an increased number of Alcoa shares outstanding as a result of the acquisition of RTI; (s) the impact of potential sales of Alcoa common stock issued in the RTI acquisition; (t) failure to successfully implement, to achieve commercialization of, or to realize expected benefits from, new or innovative technologies, equipment, processes, or products, including the Micromill^{TM}, innovative aluminum wheels, and advanced alloys; and (u) the other risk factors summarized in Alcoa's Form 10-K for the year ended December 31, 2014, 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. Market projections are subject to the risks discussed above and other risks in the market. Nothing on Alcoa's website is included or incorporated by reference herein.

Additional Information and Where to Find It

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Participants in the Solicitation

Alcoa, RTI, and certain of their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from RTI shareholders in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of RTI shareholders in connection with the proposed transaction is set forth in the proxy statement/prospectus. You can find information about Alcoa's executive officers and directors in its definitive proxy statement filed with the SEC on March 19, 2015, its Annual Report on Form 10-K filed with the SEC on February 19, 2015 and in the above-referenced Registration Statement on Form S-4. You can find information about RTI's executive officers and directors in the proxy statement/prospectus and in RTI's Annual Report on Form 10-K filed with the SEC on February 26, 2015. You can obtain free copies of these documents from Alcoa and RTI as described in the preceding paragraph.

Exhibit 99.2

Advancing each generation.

[Alcoa logo]

1st Quarter Earnings Conference

April 8, 2015

Important Information

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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 the acceleration of Alcoa’s portfolio transformation, including the expected benefits of acquisitions, including the completed acquisition of the Firth Rixson business and TITAL, and the pending acquisition of RTI International Metals, Inc. (RTI). 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, uncertainties, and other factors 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, defense, 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 unavailability or interruption of energy supplies; (f) increases in the costs of other raw materials; (g) 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 moving its alumina refining and aluminum smelting businesses down on the industry cost curves and increasing revenues and improving margins in its Global Rolled Products and Engineered Products and Solutions segments) anticipated from its restructuring programs and productivity improvement, cash sustainability, technology, and other initiatives; (h) Alcoa’s inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions (including achieving the expected levels of synergies, revenue growth, or EBITDA margin improvement), sales of assets, closures or curtailments of facilities, newly constructed, expanded, or acquired facilities, or 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 or regulatory investigations, and environmental remediation; (k) the impact of cyber attacks and potential information technology or data security breaches; (l) failure to receive the required votes of RTI’s shareholders to approve the merger of RTI with Alcoa; (m) failure to receive, delays in the receipt of, or unacceptable or burdensome conditions imposed in connection with, all required regulatory approvals of the acquisition of RTI, or the failure to satisfy the other closing conditions to the acquisition; (n) the risk that acquisitions (including Firth Rixson, TITAL and RTI) will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (o) the possibility that certain assumptions with respect to RTI or the acquisition could prove to be inaccurate, including the expected timing of closing; (p) the loss of customers, suppliers and other business relationships as a result of acquisitions, competitive developments, or other factors; (q) the potential failure to retain key employees of Alcoa or acquired businesses; (r) the effect of an increased number of Alcoa shares outstanding as a result of the acquisition of RTI; (s) the impact of potential sales of Alcoa common stock issued in the RTI acquisition; (t) failure to successfully implement, to achieve commercialization of, or to realize expected benefits from, new or innovative technologies, equipment, processes, or products, including the Micromill, innovative aluminum wheels, and advanced alloys; and (u) the other risk factors summarized in Alco a’s Form 10-K for the year ended December 31, 2014, 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. Market projections are subject to the risks discussed above and other risks in the market. Nothing on Alcoa’s website is included or incorporated by reference herein.

Important Information (continued)

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.

Additional Information and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The proposed business combination transaction between Alcoa and RTI will be submitted to the shareholders of RTI for their consideration. Alcoa has filed with the Securities and Exchange Commission (SEC) a Registration Statement on Form S-4 (Registration No. 333-203275) containing a preliminary proxy statement of RTI that also constitutes a prospectus of Alcoa. These materials are not yet final and will be amended. RTI will provide the proxy statement/prospectus to its shareholders after the registration statement has become effective. Alcoa and RTI also plan to file other documents with the SEC regarding the proposed transaction. This document is not a substitute for any prospectus, proxy statement or any other document which Alcoa or RTI may file with the SEC in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF RTI ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website (www.sec.gov). You may also obtain these documents, free of charge, from Alcoa's website (www.alcoa.com). You may also obtain these documents, free of charge, from RTI's website (www.rtiintl.com).

Participants in the Solicitation

Alcoa, RTI, and certain of their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from RTI shareholders in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of RTI shareholders in connection with the proposed transaction is set forth in the proxy statement/prospectus. You can find information about Alcoa's executive officers and directors in its definitive proxy statement filed with the SEC on March 19, 2015, its Annual Report on Form 10-K filed with the SEC on February 19, 2015 and in the above-referenced Registration Statement on Form S-4. You can find information about RTI's executive officers and directors in the proxy statement/prospectus and in RTI's Annual Report on Form 10-K filed with the SEC on February 26, 2015. You can obtain free copies of these documents from Alcoa and RTI as described in the preceding paragraph.

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Klaus Kleinfeld

Chairman and Chief Executive Officer

April 8, 2015

Strong Operational Results + Transformation Fully on Track

1Q 2015 Overview

Delivering Strong Operational Performance

- ***Revenue up 7%** Y-O-Y ($5.8B): Driven primarily by **organic growth** in auto & aero; **positive market** factors partially **offset** by capacity reductions and **portfolio actions***
- ***Profits substantially up***
  - *Downstream: **ATOI** of **$191** million, **first quarter record** result*
  - *Midstream: **ATOI** of **$34** million, **challenge** in **can sheet + record auto** shipments*
  - *Upstream: Improved Performance – **14 Consecutive** Quarters*
    - *Alumina segment: **ATOI** of **$221** million, more than **double Y-O-Y***
    - *Primary Metals segment: **ATOI** of **$187** million, **+△$200** million **Y-O-Y***
- **Productivity: $238 million** across **all segments**
- **Cash on Hand:** $1.2 billion

Portfolio Transformation Fully On Track

- Integration of **Firth Rixson on track** – *Doubles Aero-Engine Content*
- **Completed TITAL** acquisition – *Titanium/aluminum structural castings in Europe*
- **Announced RTI acquisition** – *Titanium + Complements mid and downstream Value Chain*
  - *Expected to **close** in **2 to 5 months***
- **Sold Belaya Kalitva** *(Russia rolling mill)*
- **Secured 75%** of **long term gas** needs for Western Australia **refineries**
- Announced **12-month** capacity **review: 2.8 MMT** Refining, **500 kmt** Smelting
  - *São Luís (Alumar) **smelting curtailment** of remaining **74 kmt***
  - *Suriname **refining curtailment** of **443 kmt; exploring sale** to Suriname government*

Note: Close of RTI transaction expected in 2-5 months subject to regulatory approvals and RTI shareholder approval.

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William Oplinger

Executive Vice President and Chief Financial Officer

April 8, 2015

Income Statement Summary

$ Millions, except aluminum prices and per-share amounts

	1Q14	4Q14	1Q15	Prior Year Change	Sequential Change
Realized Aluminum Price ($/MT)	**$2,205**	**$2,578**	**$2,420**	**$215**	**($158)**
Revenue	**$5,454**	**$6,377**	**$5,819**	**$365**	**($558)**
Cost of Goods Sold	**$4,495**	**$4,973**	**$4,443**	**($52)**	**($530)**
COGS % Revenue	82.4%	78.0%	76.4%	(6.0 % pts.)	(1.6 % pts.)
Selling, General Administrative, Other	**$236**	**$271**	**$232**	**($4)**	**($39)**
SGA % Revenue	4.3%	4.2%	4.0%	(0.3 % pts.)	(0.2 % pts.)
Other (Income) Expenses, Net	**$25**	**($6)**	**($12)**	**($37)**	**($6)**
Restructuring and Other Charges	**$461**	**$388**	**$177**	**($284)**	**($211)**
Effective Tax Rate	**28.1%**	**51.3%**	**47.0%**	**18.9% pts.**	**(4.3% pts.)**
EBITDA	**$672**	**$1,073**	**$1,089**	**$417**	**$16**
Net (Loss) Income	**($178)**	**$159**	**$195**	**$373**	**$36**
Net (Loss) Income Per Diluted Share	**($0.16)**	**$0.11**	**$0.14**	**$0.30**	**$0.03**
Income per Diluted Share excl Special Items	**$0.09**	**$0.33**	**$0.28**	**$0.19**	**($0.05)**

See appendix for Adjusted Income reconciliation.

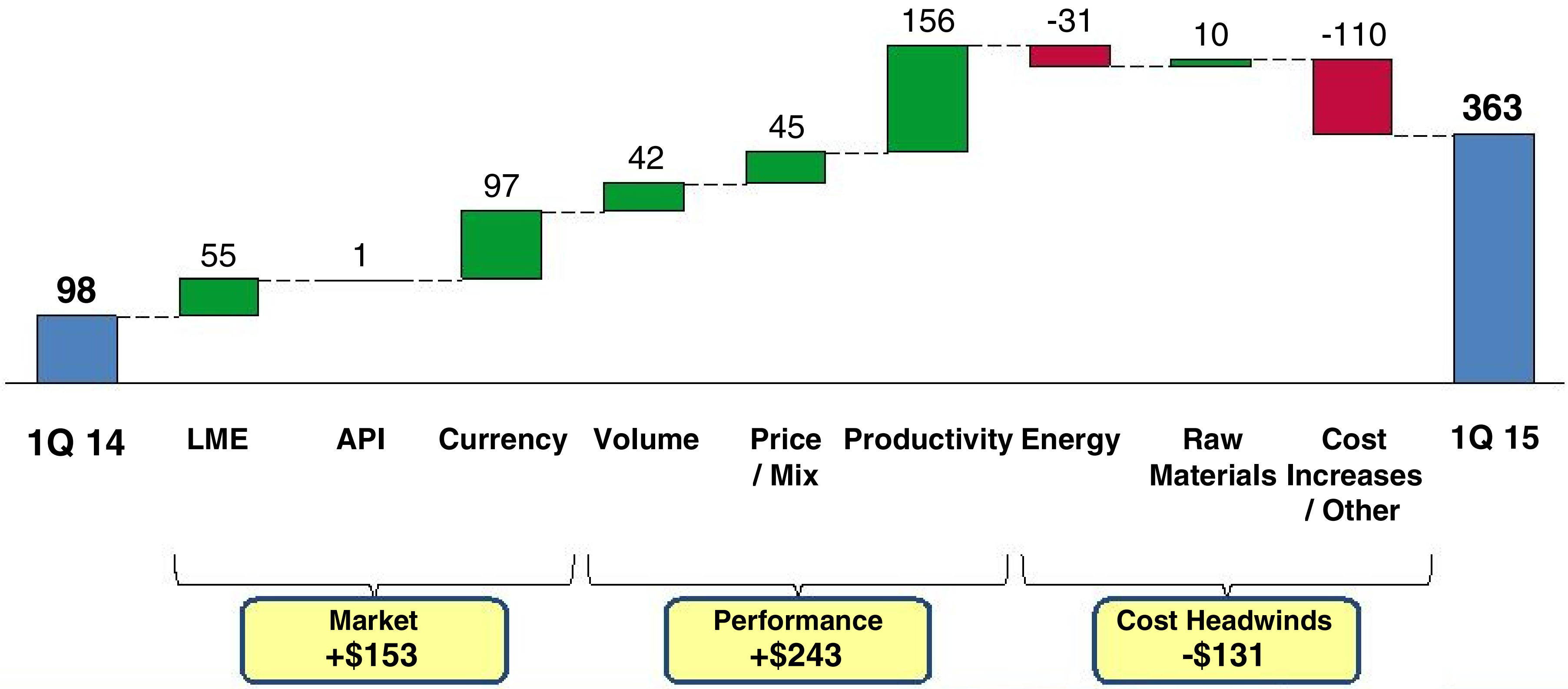
Special Items

$ Millions, except per-share amounts	1Q14	4Q14	1Q15	Income Statement Classification	Segment
Net (Loss) Income	**($178)**	**$159**	**$195**		
Net (Loss) Income Per Diluted Share	**($0.16)**	**$0.11**	**$0.14**		
Restructuring -Related [1]	($296)	($200)	($158)	Restructuring and Other Charges/COGS	Corporate / All
Tax Items	$22	($53)	($4)	Income Taxes	Corporate
Acquisition Costs	-	($22)	($7)	SG&A/Interest Expense	Corporate
Mark-to-Market Energy Contracts	-	$2	$1	Other (Income) Expenses, Net	Corporate
Surgold Gain	$11	-	-	Other Expenses, Net	Alumina
Saudi JV Potline Impact/Massena Fire	($13)	-	-	COGS / Other Income, Net	Primary Metals
Special Items	**($276)**	**($273)**	**($168)**		
Net Income excl Special Items	**$98**	**$432**	**$363**		
Net Income per Diluted Share excl Special Items	**$0.09**	**$0.33**	**$0.28**		

1) Total restructuring-related charges in 1Q15 of $158 million (88 percent non-cash, 12 percent cash)
See appendix for Adjusted Income reconciliation

Operating results more than triple Y-O-Y on Performance and Market factors

Net Income excluding Special Items ($ Millions)



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EPS: Higher volumes, productivity offset currency and cost headwinds

1Q15 Actual and 2Q15 Outlook – Engineered Products and Solutions

1st Quarter Results

	1Q 14	4Q 14*	**1Q 15***
3 rd Party Revenue ($ Millions)	1,443	1,566	**1,689**
ATOI ($ Millions)	189	165	**191**
EBITDA Margin	22.2%	18.9%	**20.1%**

* Includes Firth Rixson. EPS Base Business EBITDA Margin: 20.6% for 4Q14, 21.5% for 1Q15

1st Quarter Business Highlights

- **Revenue up 17%** year-over-year, **EBITDA margin** of **20.1%**
- **Revenue growth** driven by **Firth Rixson** and **share gains** in **Aerospace, Heavy Duty Truck** and **N.A. Non-Residential Construction**
- **Unfavorable currency** impact due to **stronger U.S. Dollar**
- Year-over-year **improvement** driven by **productivity,** strong **Aerospace, Commercial Transportation** revenues

1st Quarter Performance Bridge

2nd 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** is expected to **increase 3% to 8% year-over-year,** including **$13m** of **currency** pressure

GRP: Productivity and record Auto offset by cost increases and pricing

1Q15 Actual and 2Q15 Outlook – Global Rolled Products

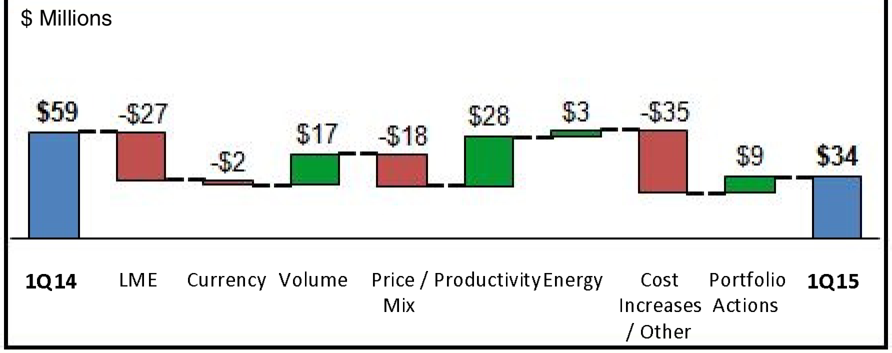
1st Quarter Results

	1Q 14	4Q 14	**1Q 15**
3rd Party Revenue ($ Millions)	1,677	1,888	**1,621**
ATOI ($ Millions)	59	71	**34**
EBITDA/MT ($)	315	317	**280**

1st Quarter Business Highlights

- **Strong productivity** and **record Auto shipments**
- Unfavorable **metal price lag** impact
- **Russia impacted by** higher **metal premiums**
- Continued **pricing pressures** in **Packaging**
- Cost increases due to **Micromill ™** R&D and **Saudi** JV **ramp-up**
- 1Q14 costs associated with **portfolio actions did not repeat**

1st Quarter Performance Bridge



2nd Quarter Outlook

- **Auto demand** expected to **remain strong,** combined **with seasonal** volume increases in **Packaging**
- **Russia** impacts and negative **packaging price pressures** continue **($19M)**
- **Costs** associated with **ramp-up of Saudi Arabia rolling mill** and **Micromill ™** R&D **($13m)**
- At **current prices, metal lag** will be a **negative impact** of **$15m**
- **ATOI** is expected to **decrease 30%** year-over-year, assuming **current metal** price and **currency rates**

See appendix for EBITDA reconciliation
GRP = Global Rolled Products

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Alumina: Stronger US dollar and lower energy costs

1Q15 Actual and 2Q15 Outlook – Alumina

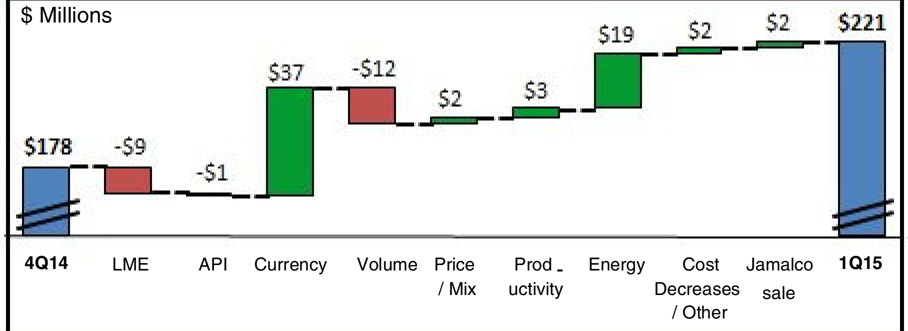
1st Quarter Results

	1Q 14	4Q 14	**1Q 15**
Production (kmt)	4,172	4,161	**3,933**
3rd Party Shipments (kmt)	2,649	2,928	**2,538**
3rd Party Revenue ($ Millions)	845	1,017	**887**
3rd Party Price ($/MT)	314	343	**344**
ATOI ($ Millions)	92	178	**221**

1st Quarter Business Highlights

- **Production down** due to Jamaica refinery sale and fewer days
- **Favorable currency** movements in production regions
- **Energy benefit** from lower oil and gas prices, and San Ciprian refinery conversion to natural gas
- **Lower LME-based** contract prices

1st Quarter Performance Bridge



2nd 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** 74 kmt due to **Suriname curtailment,** offset by one additional production day
- **Saudi Arabia** refinery **start-up costs** will continue
- **Maintenance costs** will increase **$9M** for scheduled outages
- **Productivity, volume, and lower energy prices** will offset **cost increases**

Primary Metals: Lower LME prices and energy headwinds

1Q15 Actual and 2Q15 Outlook – Primary Metals

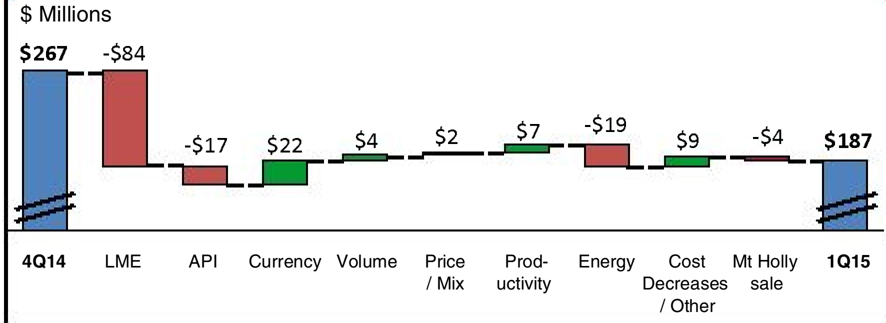
1st Quarter Results

	1Q 14	4Q 14	**1Q 15**
Production (kmt)	839	731	**711**
3rd Party Shipments (kmt)	617	637	**589**
3rd Party Revenue ($ Millions)	1,424	1,852	**1,572**
3rd Party Price ($/MT)	2,205	2,578	**2,420**
ATOI ($ Millions)	(15)	267	**187**

1st Quarter Business Highlights

- **Unfavorable LME pricing** driver to sequential **decline**
- **Favorable currency** movements in production regions
- **Lower** energy **sales prices** in **Brazil; lower** energy **cost** in **Spain**
- **Production down** due to **Mt. Holly** sale
- **Cost decreases** due to **closed locations** and lower **overhead**

1st Quarter Performance Bridge



2nd Quarter Outlook

- **Pricing** follows a 15-day lag to LME
- **Production down** 18kmt due to **Sao Luis curtailment,** partially offset by one additional production day
- **Regional premium decline** impact of **$65m***
- Net **Energy** impact slightly positive; **lower costs** and additional **Brazil sales** offset lower **energy sales** in **other regions**
- **Productivity and favorable energy** will offset impacts of **lower volume** and **other cost increases**

*** Based on published prices as of April 1, 2015**

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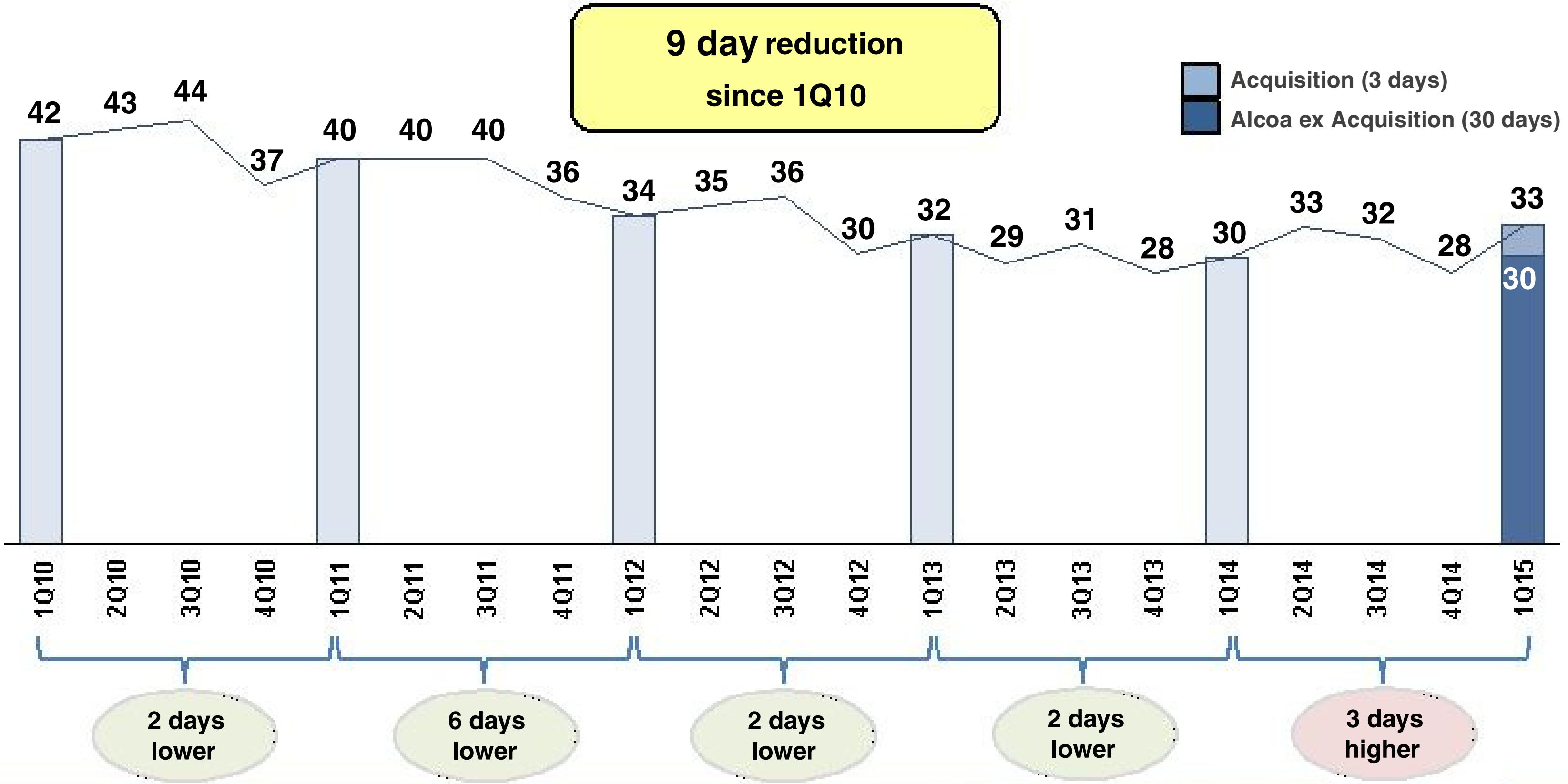
Organic DWC maintained year-over-year, acquisition adds 3 days

Average Days Working Capital since First Quarter 2010



9 day reduction since 1Q10

2 days lower

6 days lower

2 days lower

2 days lower

3 days higher

See appendix for days working capital reconciliation

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1st Quarter Cash Flow Overview

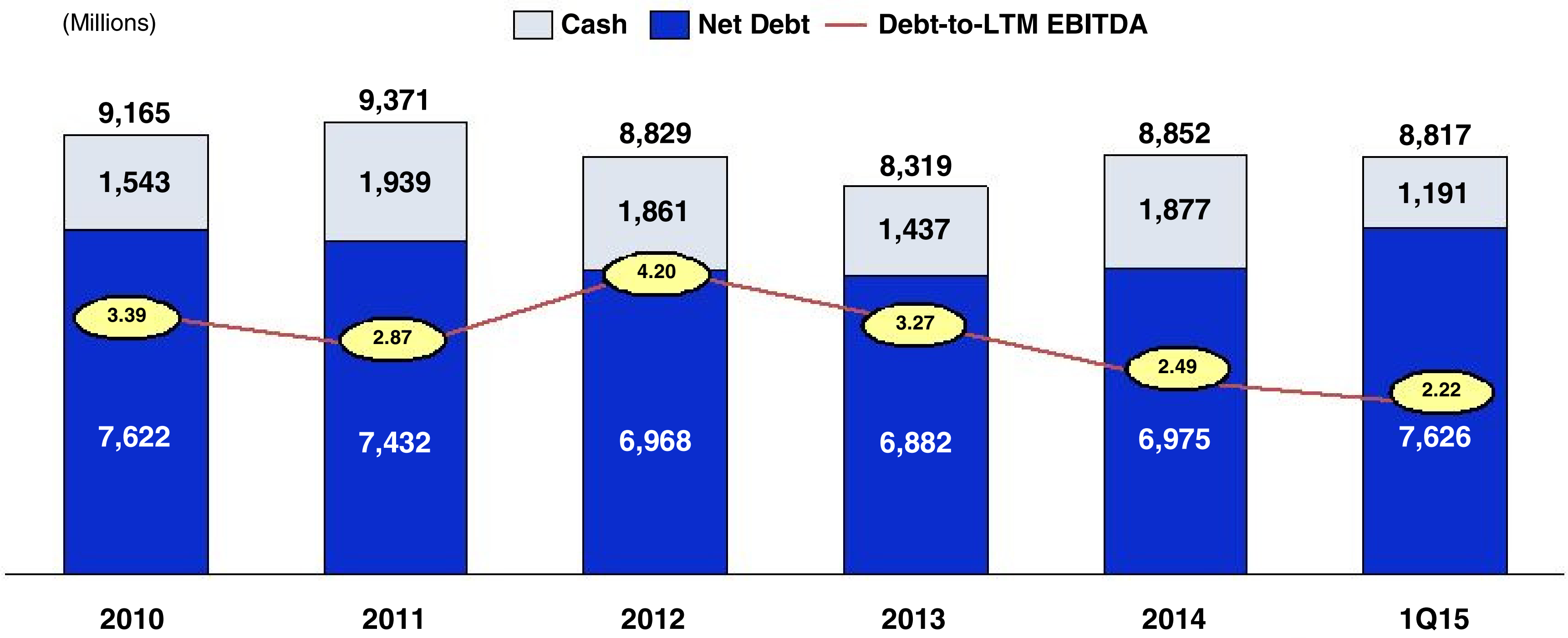
1Q14, 4Q14 & 1Q15 Cash Flow

($ Millions)	**1Q14**	**4Q14**	**1Q15**
Net (Loss) Income before Noncontrolling Interests	($197)	$114	$255
DD&A	$340	$336	$321
Change in Working Capital	($687)	$656	($595)
Pension Expense in Excess of Contributions	$18	$47	$37
Other Adjustments	($25)	$305	($193)
Cash from Operations	**($551)**	**$1,458**	**($175)**
Dividends to Shareholders	($33)	($56)	($54)
Change in Debt	($14)	($110)	$24
Net (Distributions)/Contributions from Noncontrolling Interests	($15)	($36)	($29)
Other Financing Activities	$72	$21	$33
Cash from Financing Activities	**$10**	**($181)**	**($26)**
Capital Expenditures	($209)	($469)	($247)
Acquisitions/Divestitures/Asset Sales	-	($2,138)	($212)
Other Investing Activities	($31)	($46)	($6)
Cash from Investing Activities	**($240)**	**($2,653)**	**($465)**
Free Cash Flow	**($760)**	**$989**	**($422)**
Cash on Hand	**$665**	**$1,877**	**$1,191**

See appendix for Free Cash Flow reconciliation

Maintained Strong Balance Sheet

Debt, Net Debt, and Debt-to-LTM EBITDA



LTM = last twelve months; See appendix for Net Debt reconciliation

Aggressive targets drive growth and operational performance in 2015

2015 Annual Financial Targets

Deliver Operational Performance

- **Drive Productivity Gains of $900M**
  - ✓ **Process productivity**
  - ✓ **Procurement savings**
  - ✓ **Overhead cost reductions**

Invest in the Future; Actively Manage the Base

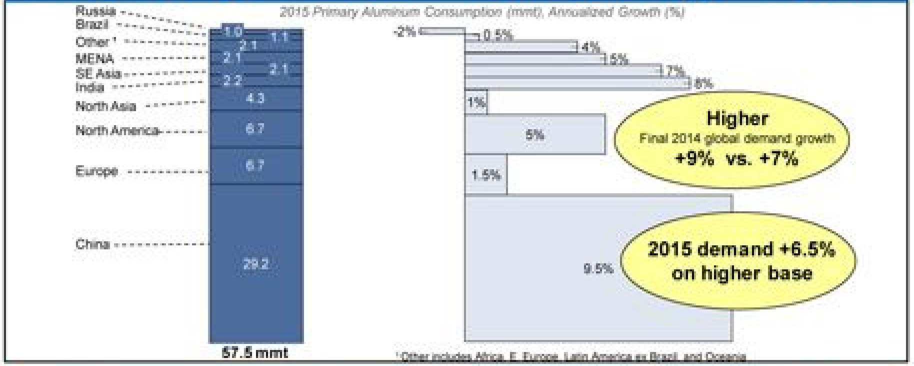
- **Manage Return-Seeking Capital of $750M**
- **Control Sustaining Capital of $725M**

Strengthen the Balance Sheet

- **Generate $500M+ of Free Cash Flow**
- **Attain 2.25 to 2.75 Debt-to-EBITDA**

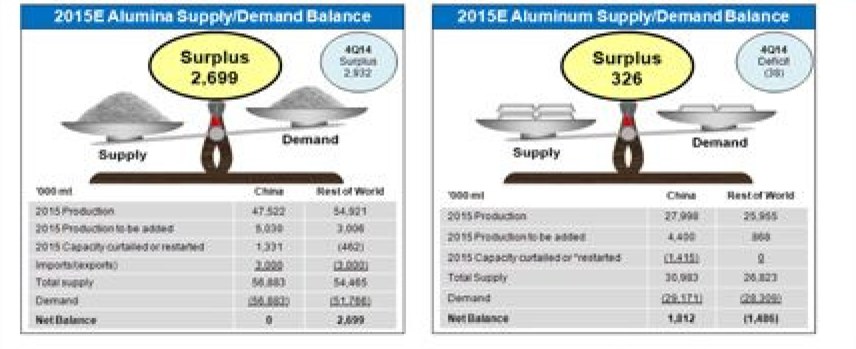
Market fundamentals remain strong

6.5% 2015 Demand Growth on Higher Base



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

Alumina surplus tightens, Al in balance



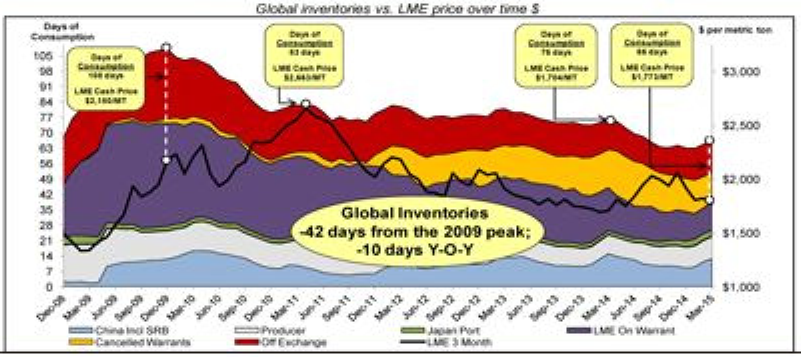
2015E Alumina Supply/Demand Balance

'000 mt	China	Rest of World
2015 Production	47,522	54,921
2015 Production to be added	5,039	3,006
2015 Capacity curtailed or restarted	1,331	(462)
Imports/(exports)	3,000	(3,000)
Total supply	56,883	54,465
Demand	(56,883)	(51,766)
Net Balance	**0**	**2,699**

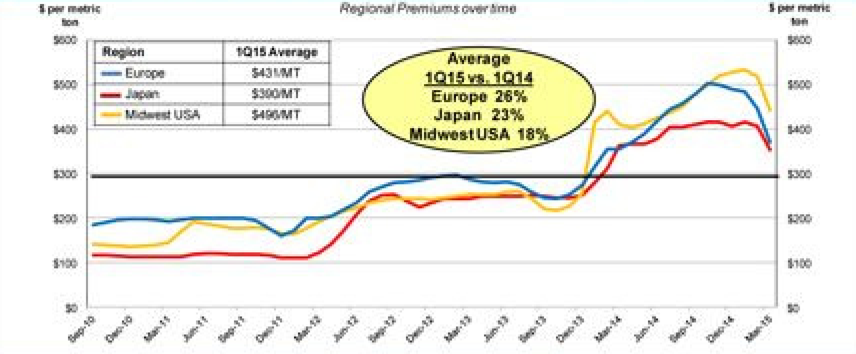
2015E Aluminum Supply/Demand Balance

'000 mt	China	Rest of World
2015 Production	27,998	25,955
2015 Production to be added	4,400	868
2015 Capacity curtailed or ¹restarted	(1,415)	0
Total Supply	30,983	26,823
Demand	(29,171)	(28,309)
Net Balance	**1,812**	**(1,486)**

Global inventories at 66 days; -10 days Y-O-Y



Premiums lower, but above 2014 levels



Region	1Q15 Average
Europe	$431/MT
Japan	$390/MT
Midwest USA	$496/MT

See appendix for full scale charts

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Klaus Kleinfeld

Chairman and Chief Executive Officer

April 8, 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 **9.6%** • **Strong Commercial Jet Order Book: 9 Years of Production** at 2014 delivery rates • **Strong Commercial Jet Engine Order Book: ~23,700** Engines on firm order • **Solid Airline Fundamentals**[1]: +7.0% Passenger and +4.3% Cargo Demand, Airline Profits Up ($25B in 2015) • **Regional Jet** segment growth: **+10.8%** (**~50% above 2012** in units)
Automotive 	↑ **2% to 4%** Global production growth	**NA** 1% to 4% ↑	• **Sales Strong:** U.S. sales **+5.6% YTD** Mar (3.9M vehicles), **driven by Light Trucks** • **Production Flat: -0.2% YTD** Feb; new model production ramping up • **Inventory Down: 58 days Mar**, in-line with industry target (60-65 days) • **Incentives: Flat YoY** $2,726/unit; Passenger car incentives up, Trucks down
		EU -1% to +3% ↔	• **Production Flat: +0.2% YoY** Feb and **+0.9% YTD**; W. Eur improves, offset by Russia • **Registrations +7.0% YTD** Feb; **Exports +3.6%** vs. prior year (2015 forecast)
		China 5% to 8% ↑	• **Production +6.2% YTD** Feb vs. prior year; **Sales +4.3% YTD** • **Moderated 2015 growth** driven by **increasing middle class** and **Clean Air Act**

Source: Alcoa analysis

1) International Air Transport Association 2015 Expectations

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Heavy Duty Truck – Strong U.S., Weak China; Packaging Stable

Alcoa End Markets: Current Assessment of 2015 vs. 2014

End Market	2015 Growth		Global and Regional Commentary
Heavy Duty Truck and Trailer 	↓ **-2% to -4%** Global production decline	**NA** 6% to 8% ↑	• **Orders Up: +0.4% YTD** Mar, on top of **record 4Q14 orders** • **Rising Order Book:** Feb 189.6k trucks, **+66% YoY**; **Highest** order book **since July 2006** • **Solid Fundamentals:** +3.4% Freight ton miles (YTD Feb); +4.3% Freight prices (4Q14 YoY) • **Strong Production:** Feb 49.8k trucks, **+16.0% YTD** Feb
		EU -5% to -7% ↓	• **2015 Production forecasts unchanged: W. Eur -5%, E. Eur -10%** • **Improving signs in W. Eur:** Orders +4.3% YTD Feb, Registrations +8.2% YTD Feb
		China -9% to -11% ↓	• **Production down: -31.2% YTD** Feb • Pull-ahead effect in 1Q14 due to regulatory changes
Packaging 	↑ **2% to 3%** Global sales growth	**NA** -1% to -2% ↓	• **Demand decline:** Weakness (-2% to -3% 2015E) in **Carbonated Soft Drinks** (CSD) • **Moderate growth** in **Beer Segment** (+1% to +2% 2015E) to partially offset CSD
		EU 1% to 2% ↑	• **Growth** led by Steel to **Aluminum conversion** in **Western Europe**, partially offset by declines in **Eastern Europe**
		China 8% to 12% ↑	• **Growth** driven by continued **penetration of Aluminum** in **Beer** segment

Source: Alcoa analysis

Advancing each generation. [Alcoa logo]

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**: **+13.3%** in March (mean of 12-month rolling average)
- **Architectural Billing Index**: **Positive** at **50.4** in February
- **Case-Shiller Home Price Index**: **+4.5%** Jan **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 new capacity orders down 16% vs. prior year**
- **2014 OECD electricity** demand **down 0.9% vs. prior year** (-2.0%, 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**

+

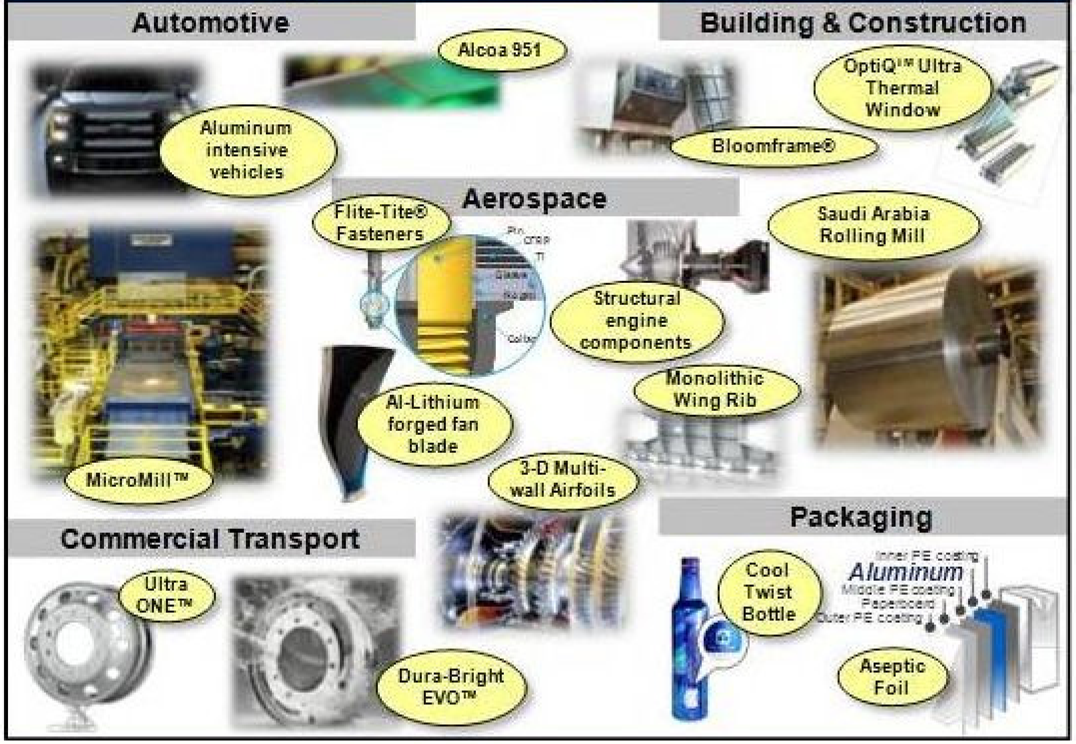
Creating a Globally Competitive Commodity Business

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

Organic and Inorganic Growth Expands Higher Value-Add Portfolio

Summary of Key Innovations, Growth Projects, and Inorganic Investments

Organic Growth through Innovation



Inorganic Growth in Robust Aerospace Market

(Closed 4Q14)

Leading product portfolio across all major jet **engine** components

RTI International Metals, Inc.

(Close expected in 2 to 5 months)

Portfolio of **Titanium** offerings, **complements** mid and downstream **value chain**

(Closed 1Q15)

Titanium and aluminum jet engine and airframe **structural castings**

Firth Rixson Enhances Leadership Position in Jet Engine Components

Firth Rixson Strategic and Financial Benefits and Alcoa's Expanded Jet Engine Suite

Portfolio Enhancing: Expands Jet Engine Suite

2016E
$1.6B revenue
$350M EBITDA

Financial Benefits

- ✓ **$40M net synergies** in year 2; **$100M**[1] **net** in year 5
- ✓ **Visibility** of **$1B**[2] revenue **growth: 70% secured**

Building Capabilities

- ✓ **Global leader** in **seamless rolled Rings**
- ✓ **Largest** seamless **Rings** 200" in diameter
- ✓ **Full range** of aero **Engine Disks** (12" to 53" diameter)

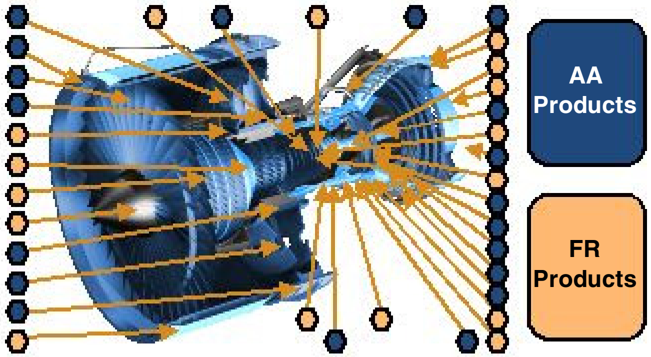
Multi-Material Edge

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

Leading-Edge Technology

- ✓ **Specialized Isothermal forgings** from **Powder Metal** alloys
  - Enables +△70°F ➔ + △40% combustion efficiency
  - **Critical** rotating **Disks** from **Superalloys** and **Titanium** alloys
  - **One** of the **largest, most advanced** closed-die **forge presses**

Doubles Engine Content



Can Produce >90% of Structural and Rotating Components

(e.g. turbine blades & vanes, structural castings, rings, disks, shafts and front fan blades)

<u>Multi-Material</u>

- ***Ni and Ti-Al in hot section***
- ***Ti, Al and Steel in cold section***

---

1) On track to reach 2019 gross synergy target of $105M offset by $5M integration costs (66% productivity, 26% procurement, 8% overhead). 2) Growth from $1B in 2013 to $2B in 2019; 70% secured by long term agreement. AA = Alcoa; FR = Firth Rixson

Alcoa Advantage Track Record Drives Post-Merger Integration

✓ **190%** deployed versus 2016E synergy target[3]

Examples of Operational, Financial, and Productivity Execution and Expertise to Capture Firth Rixson Synergies

Alcoa Strategic Priorities

PROFITABLE GROWTH
in every business

Business Programs that define:
- *3-year aspirations*
  - *Priority levers*
  - *Accountability*

ALCOA ADVANTAGE
Creating value for all businesses

- *Talent*
- *Purchasing*
- *Customer Intimacy*
- *Operating System*
- *Technology*

DISCIPLINED EXECUTION
Across all activities

Degrees of Implementation methodology for rigorous management from idea to cash

Successful Execution Track Record

✓ *Operational Excellence*
- Standardized operating systems drive **$7.9B** of **Productivity**[1]
- **Sustainable DWC reduction:** 28 days 4Q14; **-9 days since 4Q09**
- Generated **$3B** FCF 2; **5 consecutive years** of achieving **positive FCF**

✓ *Capital Allocation for Growth*
- Auto: Aluminum intensive vehicles
- Aero: World's first Al-Li fan blade
- CT: World's lightest wheel

✓ *Commercializing Innovation*
- 3D Core Platform technology
- Alcoa 951 bonding technology
- MagnaForceTM alloy

On Track to Deliver $40M Synergies in 2016[3]

✓ *Operational Productivity $22M*
150% *deployed*
- e.g., Optimization of revert utilization across titanium, nickel, and aluminum value chains
- Productivity initiatives deployed through Alcoa daily management system

✓ *Procurement Savings $14M*
250% *deployed*
- e.g., Leverage existing contracts
- Consolidate global supply base

✓ *Overhead Reductions $8M*
200% *deployed*
- e.g., Integrate shared services Center of Excellence
  - *Finance*
  - *Credit*
  - *IT*
  - *Human Resources*

Update on Isothermal Press
- Received isothermal forge, heat treat and testing methods approval from customer and cleared for qualification
- Successfully forged 6 qualification batches for first customer – first revenue 2H 2015

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1) 2009-2014 Productivity figures, pretax and pre-minority interest. 2009/2010 represent net productivity. 2011-2014 represent gross productivity.
2) Reflects 2009 – 2014. 3) Gross synergies of $44M offset by $4M integration costs.
DWC = Days Working Capital FCF = Free Cash Flow CT = Commercial Transportation.

Alcoa + RTI Combination Expands Titanium Customer Solutions

2019E
$1.2B revenue
25% EBITDA
margin

Strategic and Financial Benefits of RTI and Mid and Downstream Titanium Value Chain

Enhances Offerings: Expands Ti, Value-Add Solutions

Financial Benefits

- ✓ **$30M net synergies** in year 2; **$100M** net in year 4
- ✓ **+10% point**[1] **growth** in EBITDA **margins**
- ✓ **~65% of $1.2B**[2] revenue **supported** by **contracts**

Building Capabilities

- ✓ **Plasma** and **Electron Beam** melting
- ✓ Titanium **billetizing and mill products**
- ✓ **Machining** and **subassembly**

Multi-Material Edge

- ✓ **Intellectual** property in **multi-Material 3-D printing** (Ti, Ni, Steel and Al)
- ✓ **Closed loop scrap** processing

Leading-Edge Technology

- ✓ **Ti-Al** ingot for technically **advanced Ti-Al** low pressure turbine **blades**
- ✓ Production of **near net shape components** from Titanium and Metal Matrix Composites powders through **cold and hot isostatic pressing**

Complements Mid and Downstream Value Chain

			ALCOA	RTI International Metals, Inc.	ALCOA + RTI
Midstream	 INGOT	***Melting*** (Ingot, Cast Slab)	◔	◑	◕
	 PLATE	***Billetizing, Rolling*** (Mill Products)	○	◕	◕
Downstream	 FORGING	***Conversion*** (Closed -Die Forging, Extruding, Investment Casting)	●	◔	●
	 MACHINING	***Machining, Subassembly***	◔	◕	●

Capabilities[3] ○ None ◔ Limited ◑ Moderate ◕ Significant ● Full

---

1) Growth from 14.5% in 2014 to 25.0% projected in 2019; 2) Projected revenue in 2019 3) Representative of mid and downstream capabilities; not intended to reflect a market position.

Alcoa Advantages to Drive Synergies and Further Growth Opportunities

Net Synergies
$100M [1]
*30% in **year 2***
*100% in **year 4***

Examples of RTI Synergy Levers, Growth Technologies, and Expanding End Markets

Meaningful RTI Synergies Identified

Process Productivity ***$44M***	- Maximize internal metal supply - Decrease outsourced machining - Increase utilization of capacity *(e.g., melting, billetizing, rolling, machining)* - Optimize revert metal loop
Procurement Savings ***$20M***	- Leverage Alcoa’s $18B global spend *(e.g., commodities, production, maintenance supplies)* - Standardize payment terms
Overhead Cost Reductions ***$20M***	Integrate Shared Services Center of Excellence - *Finance* - *Information Technology* - *Credit* - *Human Resources*
Growth ***$25M***	- Expand selection of machined parts *(e.g., plate, forgings, extrusions)* - Migrate from Ti ingot directed buy programs - Offer Ti-Al for high-growth engine components

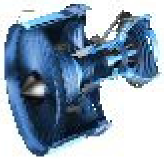
Growth from Foundational Technologies

Machining

- High-speed **long-bed, multi-spindle** machining
- Flight critical **subassemblies/kits**

Ti-Aluminide (Ti-Al)

- **Direct access** to RTI **Ti-Al** ingot for AA’s **investment casting** and **forging** technology



Additive Mfg.

- **Operational and commercial** expertise in **additive manufactured** part production

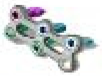
Upside from Additional End Market Potential

Oil & Gas

- Attractive **titanium** and steel products for **production wells**
- **Complementary** to Alcoa’s aluminum **drilling products**

Medical

- **Manufacturer in minimally invasive** surgical tools
- **State-of-the-art robotic precision** machining



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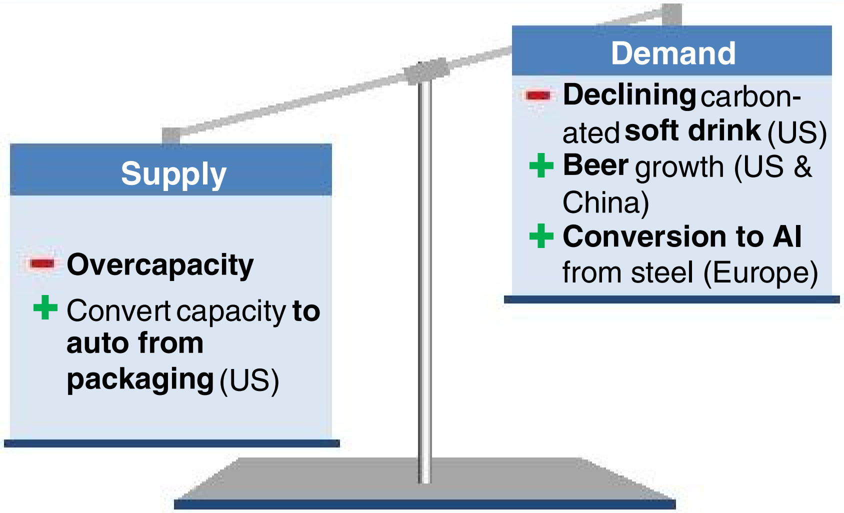
1) Figure reflects net synergies after $9M merger integration costs.

Transitioning GRP Portfolio From Lower Margin Markets…

Can Sheet Supply/Demand Dynamics and Actions to Shift Portfolio

On track for $344/MT EBITDA or Higher by 2016

Oversupply, Weaker Demand Weighs on Can Sheet



Supply

- − **Overcapacity**
- + Convert capacity **to auto from packaging** (US)

Demand

- − **Declining** carbonated **soft drink** (US)
- + **Beer** growth (US & China)
- + **Conversion to Al** from steel (Europe)

Result:

Compressed Margins and Lower Volumes

Upgrading Portfolio to Drive Higher Profitability

Shift Lower to Higher Margin

	% of GRP Revenues		
Market Sector	***14A***	***16E***	***Portfolio Actions***
Aero/Defense 	15%	14%	▪ Invest in $190M Very Thick Plate stretcher
	31%	**41%**	
Transportation 	16%	27%	▪ Invest combined ~$600M in auto sheet plant expansions
Industrial 	27%	21%	▪ Sold 3 rolling mills in Spain and France ▪ Sold rolling mill in Russia
	69%	**59%**	
Packaging 	42%	38%	▪ 2 mills closed in Australia ▪ Expand aseptic foil mill in Brazil

Shift to Higher Margin, Differentiated Products to Drive GRP Y-o-Y Profit Lift in 2016 vs. 2015

GRP = Global Rolled Products

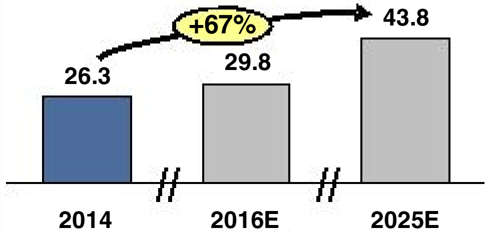
…To Higher Growth and Higher Margin End Markets

Aluminum Auto Demand Drivers, Alcoa Auto Sheet Investments and Revenue Growth

Lightweighting Trend Accelerates Al Sheet Demand

OEMs Need Fuel Economy…

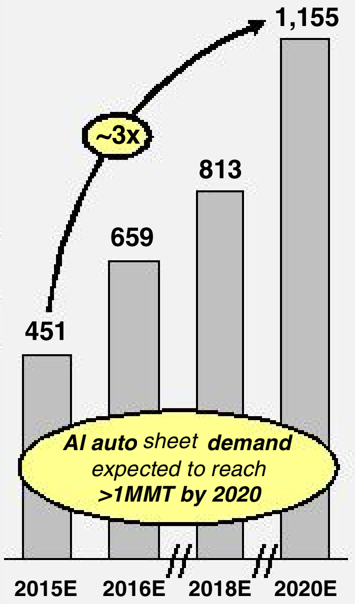
U.S. Light Truck CAFE Targets (MPG)



…And Consumers Benefit

- ✓ Lighter, **less fuel** consumption
- ✓ Additional **payload/ towing capacity** (e.g., 700 lbs)
- ✓ **Faster** acceleration; improved **braking distance**
- ✓ **∆9 MPG $916/yr savings**[1]

North America Aluminum Auto Sheet Demand (kMT)



Al auto sheet demand expected to reach >1MMT by 2020

Auto Sheet Investments a Key Driver of Growth

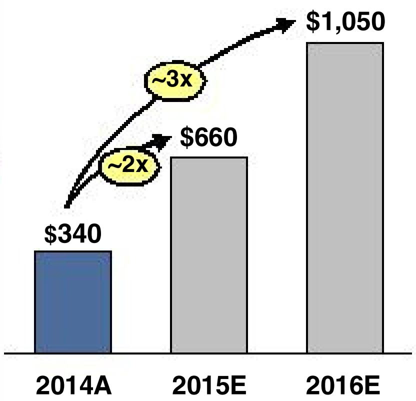
Davenport Fully Operational

- Fully ramped
- At capacity

Tennessee on Schedule

- Completion and qualification on target for 2H 2015
- ~$260M DOE loan

Projected Alcoa Auto Sheet Revenues ($M)



Result:

- ***Automotive Revenues: 10% of GRP in 2014 to 20% in 2016E***
- ***Auto Sheet Shipments: +65% CAGR (2013-16E)***
- ***Higher Margins and Volumes***

Source: Automotive from Ducker Worldwide 2014

[1] Annual Savings = ((15,000 Hwy Miles/Yr ÷ 17 Hwy MPG) – (15,000 Hwy Miles/Yr ÷ 26 Hwy MPG)) x $3/gal; $2/gal cost = $611 savings.

Looking Forward: Alcoa Invents for Next-Generation Automotive

Micromill's Innovation in Automotive Alloys, Value Proposition and Development Progress

Breakthrough Al Alloy + Casting Technology

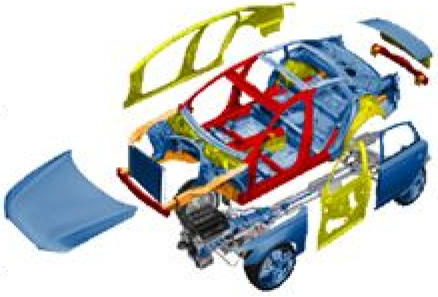
- **2x** more **formable**, while **30% lighter** than HSS
- **Reduces** OEM **system cost** from streamlined alloy portfolio
- Attack share of **$3.5B of steel** auto **applications**
- **20 day** rolling process **to 20 minutes**
- **50% lower energy** use
- **1/4 the footprint** of conventional mill

Stronger, Better, Faster: Win for the Customer and Alcoa

🟧 **Advanced impact** equivalent to steel crash resistance at **30-40% lighter** vs. HSS

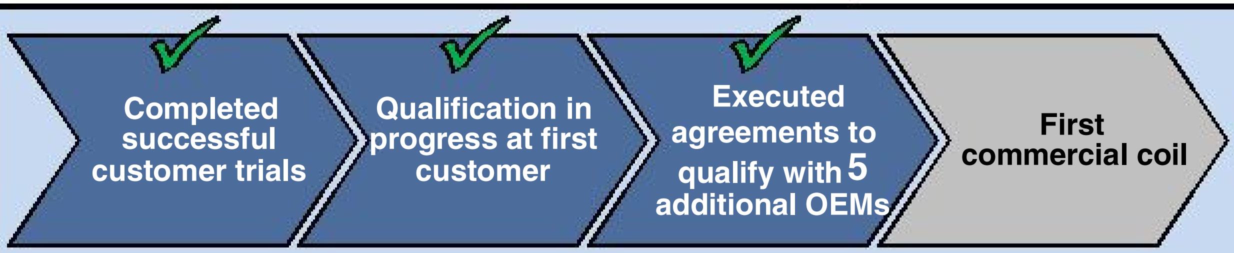
🟨 **Higher formability**: allows multiple parts to **single piece** consolidation; **reduces** assembly **costs 4-8%** vs. ingot based Al

🟥 **Higher strength**: can replace HSS parts; **eliminates** dissimilar metal **joining issues; reduces** weight **25-35%** vs. HSS



🟦 Current alloys (1)
🟨 High formability (1)
🟧 Advanced impact (2)
🟥 High strength (2)

Moving Forward



- ✓ Completed successful customer trials
- ✓ Qualification in progress at first customer
- ✓ Executed agreements to qualify with 5 additional OEMs
- First commercial coil

Exploring Full Scale Capacity Expansion Options

🟦 Completed
⬜ In Process

---

1) In late stage of development; 2) In early stage of development.
HSS = High Strength Steel

Commodity Strategy is Working: Lowering Costs and Enhancing Revenue

Key Commodity Business Metrics: 2010 and 2014 Actual and 2016 Targets

Lower Cost… **… Enhance Revenue**

2014
$55
EBITDA/MT

Alumina

Global Alumina Cost Curve

2010 30th percentile
2014 25th percentile
2016 21st percentile
-4% points

API/spot %

2016 **84%**
2014 **68%**
2010 5%

% of 3rd party shipments

2014
$422
EBITDA/MT

Primary Metals

Global Aluminum Cost Curve

2010 51st percentile
2014 43rd percentile
2016 38th percentile
-5% points

Value-add %

2016 **70%**
2014 **65%**
2010 57%

% of total shipments

Sources: CRU and Alcoa analysis
API = Alumina Price Index

Advancing each generation.

[Alcoa logo]

Executing Robust Process to Maximize Global Competitiveness

Strategic Review Process and Capacity Actions Executed Against 2015 Strategic Review

33% reduction in smelting operating capacity since 2007[1]

12 Months

March 6, 2015

2.8 mmt refining

500 kmt smelting

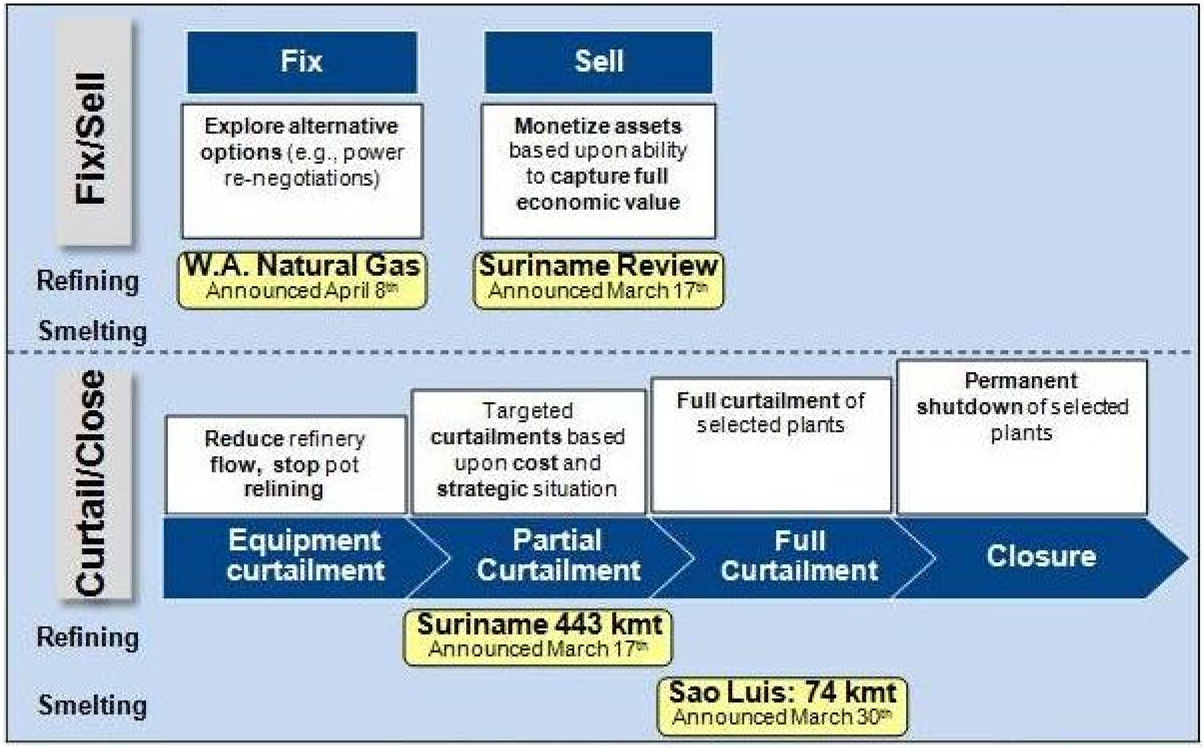
under strategic review

Guiding Principles

Maximize cash position for ramp-down and ramp-up considering:

- **Operational flexibility**
- **Power flexibility**
- **Repowering impact**
- **Community impact**

To Take Quick, Decisive Action



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1) Includes 74 kmt of Sao Luis smelting capacity to be executed by April 15th

W.A. = Western Australia

Global Businesses Focused on Upstream Value Creation

Global Primary Products Global Business Units

Alumina

MINING

Explore opportunities in external markets

REFINING

Improve competitiveness; transform pricing

ENERGY

Leverage assets; Secure long-term solutions

Primary Metals

SMELTING

Lower cost; enhance operational excellence

CASTING

Grow value-add product mix

- ✓ **Increases performance transparency**
- ✓ **Focuses Centers of Excellence, enhances best practice sharing**
- ✓ **Improves commercial and operational alignment**
- ✓ **Optimizes capital allocation**

Creating Sustainable Value for Shareholders

Continue to Deliver Strong Operational Results

Profitable Growth from Organic & Inorganic – Fully on Track

Disciplined Execution Improves Upstream Competitiveness

Additional Information

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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

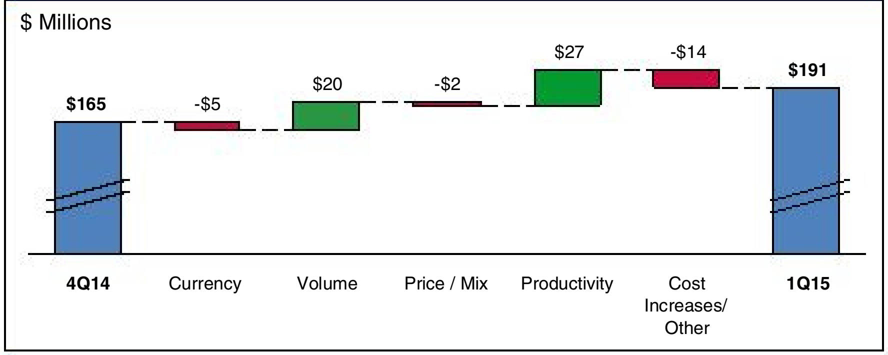
Australian $	+/- $11 million	per 0.01 change in USD / AUD
Brazilian $	+/- $ 1 million	per 0.01 change in BRL / USD
Euro €	+/- $ 2 million	per 0.01 change in USD / EUR
Canadian $	+/- $ 4 million	per 0.01 change in CAD / USD
Norwegian Kroner	+/- $ 4 million	per 0.10 change in NOK / USD

Composition of Regional Premium Pricing Convention

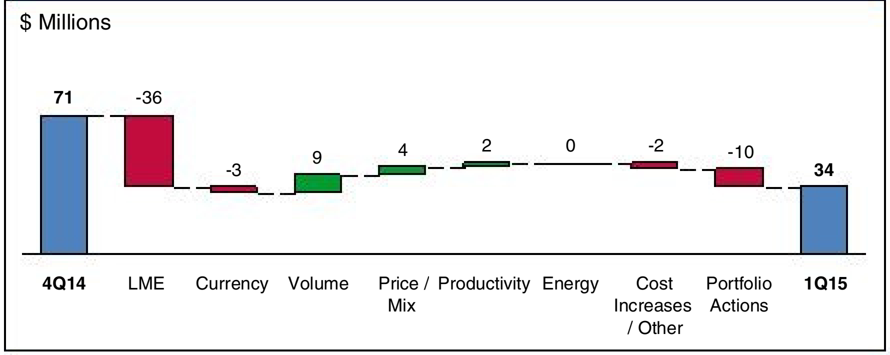
2015E Shipments	Regional Premiums	Estimated Pricing Convention
50%	Midwest – Platts	15-day lag
35%	Rotterdam DDP – Metal Bulletin	45-day lag
10%	CIF Japan – Platts	Month prior to Quarter start
5%	Negotiated	Annual

Alcoa Segment Bridges

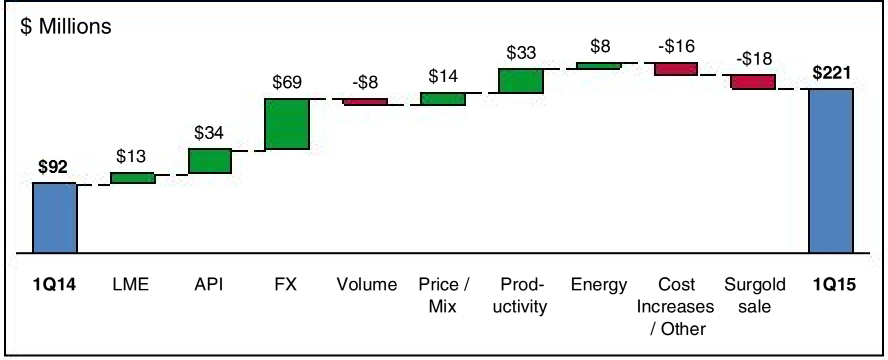
EPS Sequential Quarter Bridge



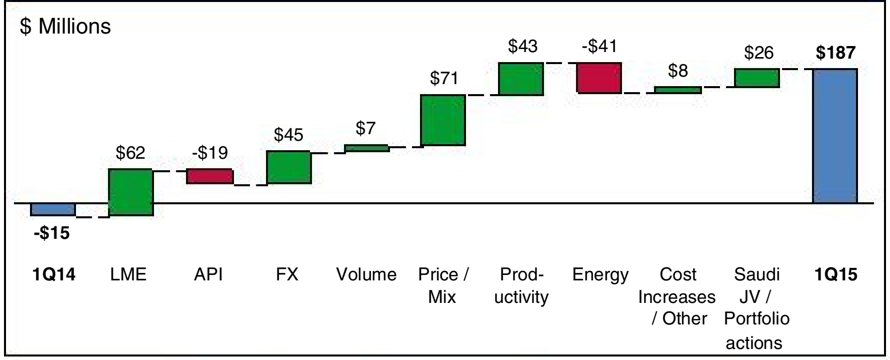
GRP Sequential Quarter Bridge



Alumina Year-over-Year Bridge



Primary Metals Year-over-Year Bridge



EPS = Engineered Products and Solutions
GRP = Global Rolled Products

Advancing each generation.

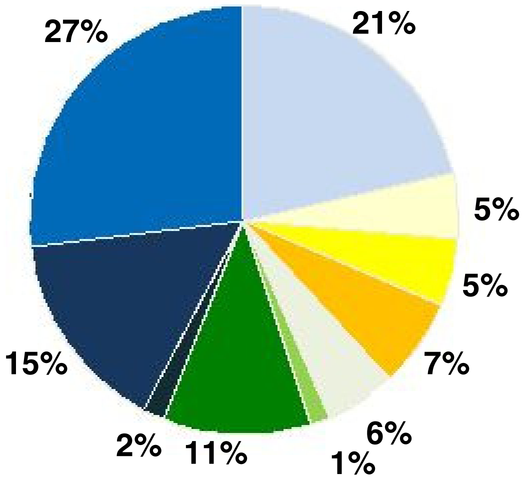
[Alcoa logo]

Special Items

$ Millions, except per-share amounts	Pre-tax, Before NCI 4Q14	Pre-tax, Before NCI 1Q15	After-tax, After NCI 4Q14	After-tax, After NCI 1Q15	Income Statement Classification	Segment
Income from Continuing Operations	**$234**	**$481**	**$159**	**$195**		
Income Per Diluted Share	**-**	**-**	**$0.11**	**$0.14**		
Restructuring-Related	($388)	($177)	($200)	($158)	Restructuring and Other Charges/COGS	Corporate / All
Tax Items	-	-	($53)	($4)	Income Taxes	Corporate
Acquisition Costs	($25)	($9)	($22)	($7)	SG&A/Interest Expense	Corporate
Mark-to-Market Energy Contracts	$2	$2	$2	$1	Other Expenses, Net	Corporate
Special Items	**($411)**	**($184)**	**($273)**	**($168)**		
Income from Continuing Ops excl Special Items	**$645**	**$665**	**$432**	**$363**		
Income per Diluted Share excl Special Items	**-**	**-**	**$0.33**	**$0.28**		

See appendix for Adjusted Income reconciliation.
NCI: Non-controlling interest

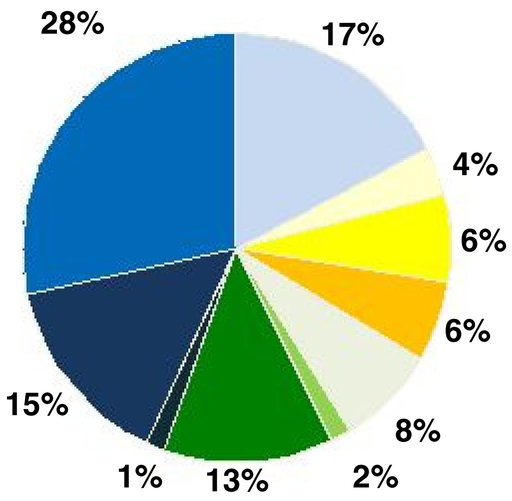
Revenue Change by Market



1Q15 Third-Party Revenue	Sequential Change	Year-Over-Year Change
■ Aerospace	14%	24%
■ Automotive	7%	46%
■ B&C	(23%)	(18%)
■ Comm. Transport	3%	13%
■ Industrial Products	(25%)	(28%)
■ IGT	(13%)	(5%)
■ Packaging	(15%)	(5%)
■ Distribution/Other	(9%)	43%
■ Alumina	(13%)	5%
■ Primary Metals	(15%)	10%

Revenue Change by Market

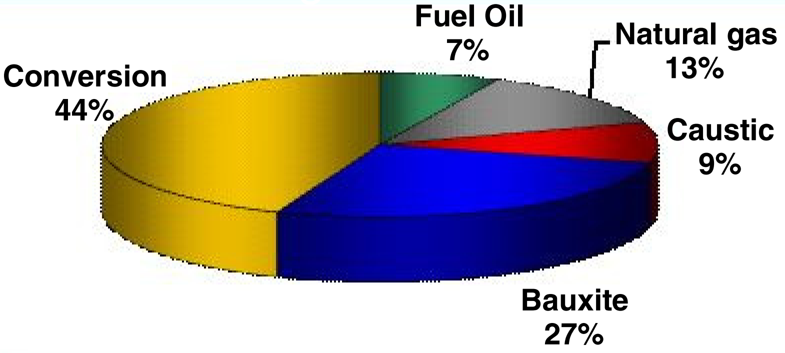
FY 2014 Third-Party Revenue



	Year-Over-Year Change
■ Aerospace	3%
■ Automotive	17%
■ B&C	3%
■ Comm. Transport	15%
■ Industrial Products	(3%)
■ IGT	(11%)
■ Packaging	1%
■ Distribution/Other	24%
■ Alumina	6%
■ Primary Metals	3%

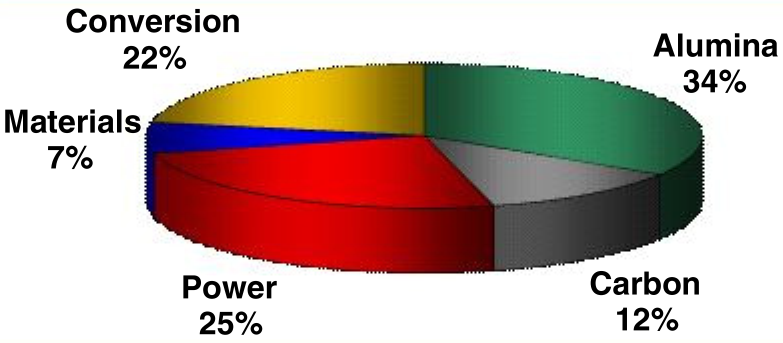
Composition of Upstream Production Costs

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

Alcoa Upstream capacity closed, sold and idled

Smelting Capacity

Closed/sold since December 2007

Facility	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 (sale of 50.33% interest)	2014	115
Total		**1,368**

Idled

Facility	kmt
Rockdale	191
Sao Luis[1]	268
Pocos	96
Intalco	49
Wenatchee	41
Aviles	32
Portland	30
La Coruna	24
Total	**731**

Refining Capacity

Closed/sold since December 2007

Facility	Year	kmt
Jamalco (sale of 55% interest)	2014	779
Total		**779**

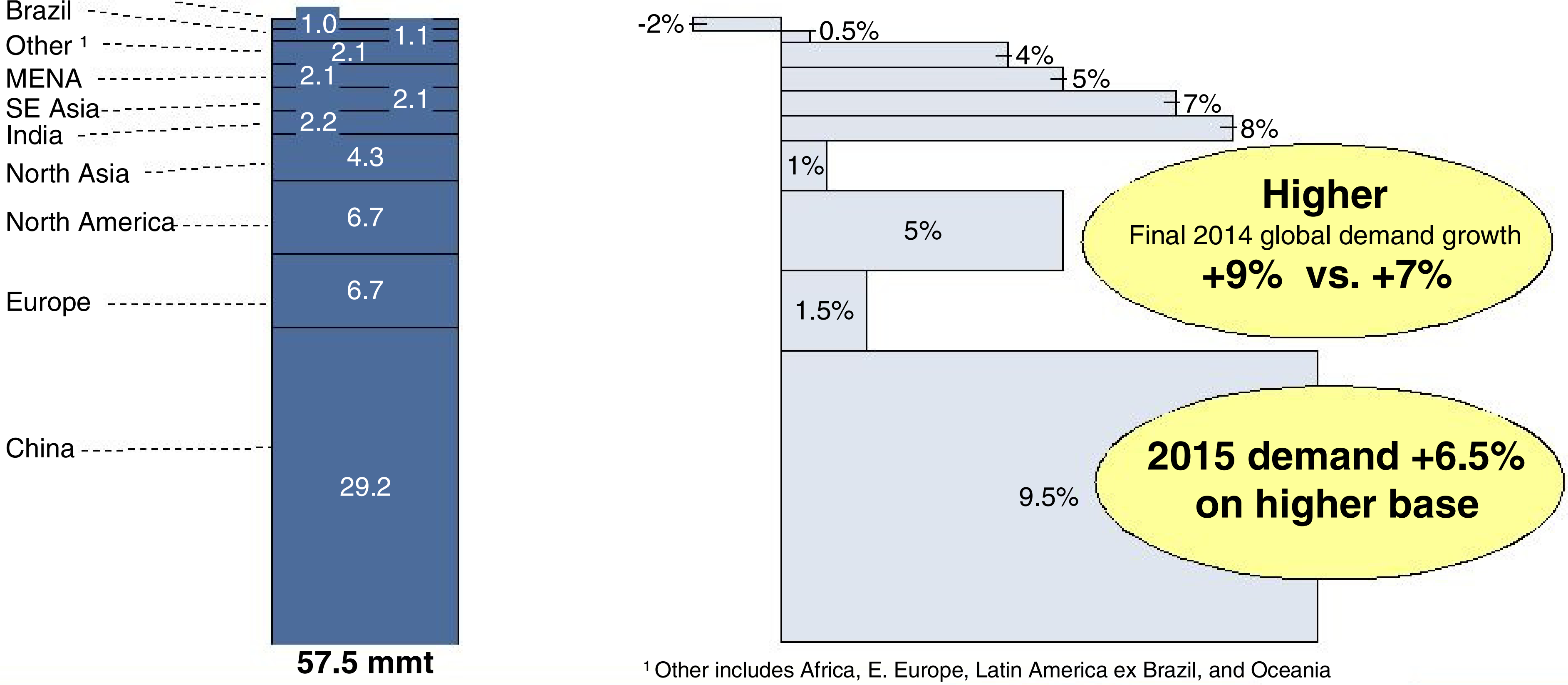
Idled

Facility	kmt
Suriname[2]	1,319
Point Comfort	295
Total	**1,614**

1) Includes 74 kmt curtailment announced on March 30, 2015; Execute by April 15, 2015. 2) Includes 443 kmt curtailment announced on March 17, 2015; Execute by April 30, 2015. Does not include a potential sale transaction with the Government of Suriname.

6.5% 2015 demand growth on higher base

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



Higher

Final 2014 global demand growth

+9% vs. +7%

2015 demand +6.5% on higher base

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

Source: Alcoa estimates, CRU, Harbor, Wood Mackenzie

Alumina surplus tightens, Aluminum in balance

Supply/Demand Analysis

2015E Alumina Supply/Demand Balance

’000 mt	China	Rest of World
2015 Production	47,522	54,921
2015 Production to be added	5,030	3,006
2015 Capacity curtailed or restarted	1,331	(462)
Imports/(exports)	3,000	(3,000)
Total supply	56,883	54,465
Demand	(56,883)	(51,766)
Net Balance	**0**	**2,699**

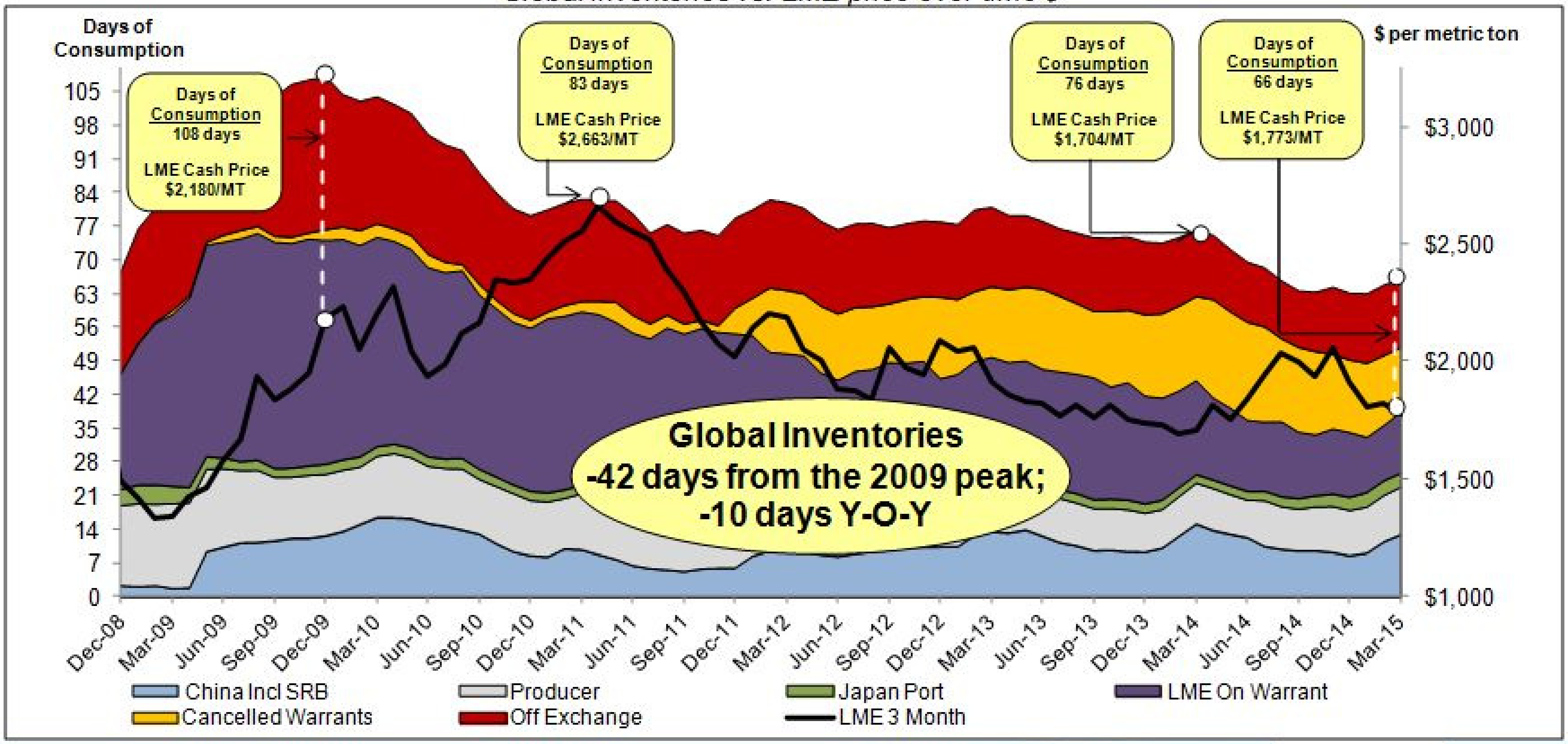
2015E Aluminum Supply/Demand Balance

’000 mt	China	Rest of World
2015 Production	27,998	25,955
2015 Production to be added	4,400	868
2015 Capacity curtailed or *restarted	(1,415)	0
Total Supply	30,983	26,823
Demand	(29,171)	(28,309)
Net Balance	**1,812**	**(1,486)**

Source: Alcoa analysis, Alladiny, CNIA, CRU, China Customs, Harbor, Wood Mackenzie

Global inventories have fallen to 66 days; down 10 days year-over year

Global inventories vs. LME price over time $



Days of Consumption
108 days
LME Cash Price
$2,180/MT

Days of Consumption
83 days
LME Cash Price
$2,663/MT

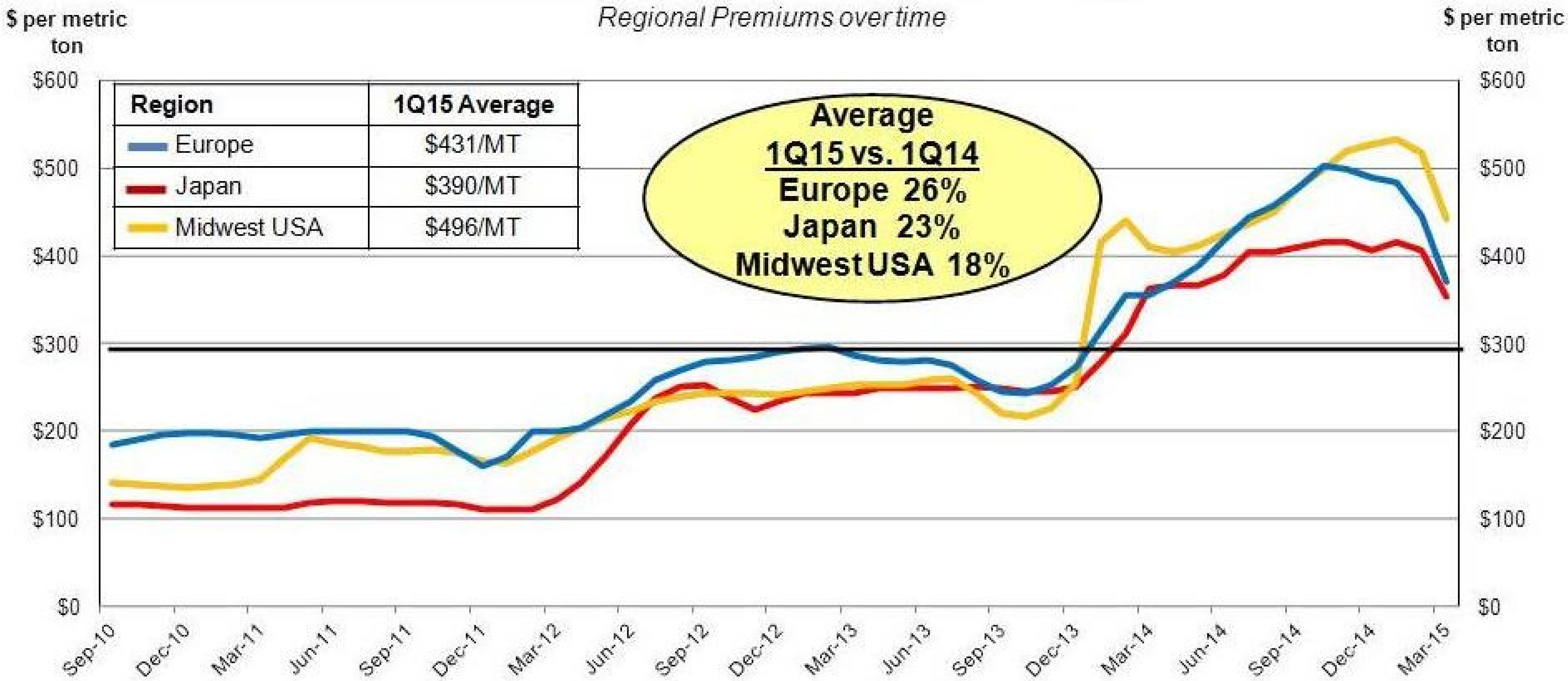
Days of Consumption
76 days
LME Cash Price
$1,704/MT

Days of Consumption
66 days
LME Cash Price
$1,773/MT

Global Inventories
-42 days from the 2009 peak;
-10 days Y-O-Y

Source: Alcoa estimates, IAI, LME, Marubeni, Shanghai Metal Exchange

Premiums down from record highs; remain above 2014 levels



Region	1Q15 Average
Europe	$431/MT
Japan	$390/MT
Midwest USA	$496/MT

Average
1Q15 vs. 1Q14
Europe 26%
Japan 23%
Midwest USA 18%

Source: Graph shows monthly average of daily prices - Platts Metals Week
1Q15 and 1Q14 bubble/table data shows quarterly average of daily prices

Advancing each generation.

[Alcoa logo]

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

(in millions)	1Q14	2Q14	3Q14	4Q14	2014	1Q15
Total segment ATOI	$325	$418	$619	$681	$2,043	$633
Unallocated amounts (net of tax):						
Impact of LIFO	(7)	(8)	(18)	(21)	(54)	7
Interest expense	(78)	(69)	(81)	(80)	(308)	(80)
Noncontrolling interests	19	9	18	45	91	(60)
Corporate expense	(67)	(70)	(74)	(83)	(294)	(64)
Restructuring and other charges	(321)	(77)	(189)	(307)	(894)	(161)
Other	(49)	(65)	(126)	(76)	(316)	(80)
Consolidated net (loss) income attributable to Alcoa	$(178)	$138	$149	$159	$268	$195

Reconciliation of Adjusted Income

(in millions, except per-share amounts)	(Loss) Income			Diluted EPS[3]		
	Quarter ended			Quarter ended		
	March 31, 2014	December 31, 2014	March 31, 2015	March 31, 2014	December 31, 2014	March 31, 2015
Net (loss) income attributable to Alcoa	$(178)	$159	$195	$(0.16)	$0.11	$0.14
Restructuring and other charges	274	200	158			
Discrete tax items[1]	(6)	16				
Other special items[2]	8	57	10			
Net income attributable to Alcoa – as adjusted	$98	$432	$363	0.09	0.33	0.28

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.

(1) 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); and
- for the quarter ended March 31, 2014, a net benefit for a number of small items.

(2) Other special items include the following:

- for the quarter ended March 31, 2015, an unfavorable tax impact related to the interim period treatment of operational losses in certain foreign jurisdictions for which no tax benefit was recognized ($35), 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 ($31), costs associated with current and future acquisitions of aerospace businesses ($7), and a net favorable change in certain mark-to-market energy derivative contracts ($1);
- 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); and
- for the quarter ended March 31, 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 ($72), an unfavorable tax impact related to the interim period treatment of operational losses in certain foreign jurisdictions for which no tax benefit was recognized ($56), a write-down of inventory related to the permanent closure of a smelter and two rolling mills in Australia and a smelter in the United States ($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 ($13), a gain on the sale of a mining interest in Suriname ($11), and a loss on the write-down of an asset to fair value ($2).

(3) The average number of shares applicable to diluted EPS for Net (loss) income attributable to Alcoa excludes certain share equivalents as their effect was anti-dilutive (see footnote 3 to the Statement of Consolidated Operations). However, certain of these share equivalents become dilutive in the EPS calculation applicable to Net income attributable to Alcoa – as adjusted due to a larger, positive numerator. Specifically, these share equivalents were associated with outstanding employee stock options and awards for the quarter ended March 31, 2014 and mandatory convertible preferred stock for the quarters ended December 31, 2014 and March 31, 2015. As a result, the average number of shares applicable to diluted EPS for Net income attributable to Alcoa – as adjusted was 1,115,941,470; 1,294,701,805; and 1,315,558,890 for the quarters ended March 31, 2014, December 31, 2014, and March 31, 2015, respectively. Additionally, the subtraction of preferred stock dividends declared from the numerator (see footnote 1 to the Statement of Consolidated Operations) needs to be reversed for the quarters ended December 31, 2014 and March 31, 2015 since the related mandatory convertible preferred stock was dilutive in the EPS calculation for Net income attributable to Alcoa – as adjusted.

Reconciliation of Alcoa Adjusted EBITDA

($ in millions)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1Q14	4Q14	1Q15
Net income (loss) attributable to Alcoa	$1,310	$1,233	$2,248	$2,564	$(74)	$(1,151)	$254	$611	$191	$(2,285)	$268	$(178)	$159	$195
Add:														
Net income (loss) attributable to noncontrolling interests	233	259	436	365	221	61	138	194	(29)	41	(91)	(19)	(45)	60
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	(77)	120	226
Other (income) expenses, net	(266)	(478)	(236)	(1,920)	(59)	(161)	5	(87)	(341)	(25)	47	25	(6)	(12)
Interest expense	271	339	384	401	407	470	494	524	490	453	473	120	122	122
Restructuring and other charges	(29)	266	507	268	939	237	207	281	172	782	1,168	461	388	177
Impairment of goodwill	–	–	–	–	–	–	–	–	–	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	340	335	321
Adjusted EBITDA	$3,234	$3,362	$5,422	$4,795	$3,313	$359	$2,704	$3,260	$2,105	$2,546	$3,556	$672	$1,073	$1,089
Sales	$21,370	$24,149	$28,950	$29,280	$26,901	$18,439	$21,013	$24,951	$23,700	$23,032	$23,906	$5,454	$6,377	$5,819
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%	12.3%	16.8%	18.7%

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	1Q14	4Q14	1Q15
After-tax operating income (ATOI)	$632	$682	$1,050	$956	$727	$112	$301	$607	$90	$259	$370	$92	$178	$221
Add:														
Depreciation, depletion, and amortization	153	172	192	267	268	292	406	444	455	426	387	97	90	80
Equity (income) loss	(1)	–	2	(1)	(7)	(8)	(10)	(25)	(5)	4	29	5	10	7
Income taxes	240	246	428	340	277	(22)	60	179	(27)	66	153	40	75	92
Other	(46)	(8)	(6)	2	(26)	(92)	(5)	(44)	(8)	(6)	(28)	(28)	2	–
Adjusted EBITDA	$978	$1,092	$1,666	$1,564	$1,239	$282	$752	$1,161	$505	$749	$911	$206	$355	$400
Production (thousand metric tons) (kmt)	14,343	14,598	15,128	15,084	15,256	14,265	15,922	16,486	16,342	16,618	16,606	4,172	4,161	3,933
Adjusted EBITDA / Production ($ per metric ton)	$68	$75	$110	$104	$81	$20	$47	$70	$31	$45	$55	$49	$85	$102

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	1Q14	4Q14	1Q15
After-tax operating income (ATOI)	$808	$822	$1,760	$1,445	$931	$(612)	$488	$481	$309	$(20)	$594	$(15)	$267	$187
Add:														
Depreciation, depletion, and amortization	326	368	395	410	503	560	571	556	532	526	494	124	117	109
Equity (income) loss	(58)	12	(82)	(57)	(2)	26	(1)	7	27	51	34	28	(11)	3
Income taxes	314	307	726	542	172	(365)	96	92	106	(74)	203	(11)	89	57
Other	20	(96)	(13)	(27)	(32)	(176)	(7)	2	(422)	(8)	(6)	–	(2)	(1)
Adjusted EBITDA	$1,410	$1,413	$2,786	$2,313	$1,572	$(567)	$1,147	$1,138	$552	$475	$1,319	$126	$460	$355
Production (thousand metric tons) (kmt)	3,376	3,554	3,552	3,693	4,007	3,564	3,586	3,775	3,742	3,550	3,125	839	731	711
Adjusted EBITDA / Production ($ per metric ton)	$418	$398	$784	$626	$392	$(159)	$320	$301	$148	$134	$422	$150	$629	$499

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	1Q14	4Q14	1Q15
After-tax operating income (ATOI)	$290	$300	$317	$151	$(41)	$(106)	$241	$260	$346	$252	$312	$59	$71	$34
Add:														
Depreciation, depletion, and amortization	200	220	223	227	216	227	238	237	229	226	235	58	57	56
Equity loss	1	–	2	–	–	–	–	3	6	13	27	5	8	9
Income taxes	97	135	113	77	14	12	103	98	159	108	124	34	25	26
Other	1	1	20	1	6	(2)	1	1	(2)	–	(1)	(2)	–	–
Adjusted EBITDA	$589	$656	$675	$456	$195	$131	$583	$599	$738	$599	$697	$154	$161	$125
Total shipments (thousand metric tons) (kmt)	2,136	2,250	2,376	2,482	2,361	1,888	1,755	1,866	1,943	1,989	2,056	489	508	447
Adjusted EBITDA / Total shipments ($ per metric ton)	$276	$292	$284	$184	$83	$69	$332	$321	$380	$301	$339	$315	$317	$280

* The average Adjusted EBITDA per metric ton of these three years equals $344 and represents the average historical high for the Global Rolled Products segment. Alcoa has a 2016 target to meet or exceed this average historical high.

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 developmentexpenses; 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(1)	2014(2)	1Q14	4Q14(2)	1Q15(3)
After-tax operating income (ATOI)	$161	$276	$382	$423	$522	$311	$419	$537	$612	$726	$767	$189	$165	$191
Add:														
Depreciation, depletion, and amortization	168	160	152	163	165	177	154	158	158	159	173	40	52	60
Equity loss (income)	–	–	6	–	–	(2)	(2)	(1)	–	–	–	–	–	–
Income taxes	70	120	164	184	215	138	198	258	297	348	374	91	81	89
Other	106	(11)	(2)	(7)	2	1	–	(1)	(9)	(2)	–	–	(2)	–
Adjusted EBITDA	$505	$545	$702	$763	$904	$625	$769	$951	$1,058	$1,231	$1,314	$320	$296	$340
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	$1,443	$1,566	$1,689
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%	22.2%	18.9%	20.1%

(1) The Adjusted EBITDA Margin for the year ended December 31, 2013 represents the historical high for the Engineered Products and Solutions segment. Alcoa has a 2016 target to exceed this historical high.

(2) 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, Adjusted EBITDA Margin was 20.6% and 22.3% for the quarter and year ended December 31, 2014, respectively.

(3) In the quarter ended March 31, 2015, the Third-party sales and Adjusted EBITDA of Engineered Products and Solutions includes $233 and $27, respectively, related to Firth Rixson. Excluding these amounts, Adjusted EBITDA Margin was 21.5% for the quarter ended March 31, 2015.

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)	Year ended						Quarter ended		
	December 31, 2009	**December 31, 2010**	**December 31, 2011**	**December 31, 2012**	**December 31, 2013**	**December 31, 2014**	**March 31, 2014**	**December 31, 2014**	**March 31, 2015**
Cash from operations	$1,365	$2,261	$2,193	$1,497	$1,578	$1,674	$(551)	$1,458	$(175)
Capital expenditures	(1,622)	(1,015)	(1,287)	(1,261)	(1,193)	(1,219)	(209)	(469)	(247)
Free cash flow	$(257)	$1,246	$906	$236	$385	$455	$(760)	$989	$(422)

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	31-Mar-15(3)
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	$1,487
Add: Deferred purchase price receivable(1)	85	144	104	53	50	223	347	339	238	371	438	395	389
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	1,876
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	3,189
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	2,936
Working Capital(2)	$2,213	$2,297	$2,259	$1,933	$2,059	$1,835	$1,960	$1,689	$1,790	$2,093	$2,142	$1,951	$2,129
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	$5,819
Days Working Capital	34	35	36	30	32	29	31	28	30	33	32	28	33

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

(1) 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.

(2) The Working Capital for each period presented represents an average quarter Working Capital, which reflects 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.

(3) In the quarter ended March 31, 2015, Working Capital and Sales include $279 and $233, respectively, related to the acquisition of two aerospace businesses, Firth Rixson and TITAL. Excluding these amounts, Days Working Capital was 30 for the quarter ended March 31, 2015.

Reconciliation of Net Debt

(in millions)

	December 31,					March 31,
	2010	2011	2012	2013	2014	2015
Short-term borrowings	$92	$62	$53	$57	$54	$80
Commercial paper	–	224	–	–	–	–
Long-term debt due within one year	231	445	465	655	29	26
Long-term debt, less amount due within one year	8,842	8,640	8,311	7,607	8,769	8,711
Total debt	9,165	9,371	8,829	8,319	8,852	8,817
Less: Cash and cash equivalents	1,543	1,939	1,861	1,437	1,877	1,191
Net debt	$7,622	$7,432	$6,968	$6,882	$6,975	$7,626

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 Debt-to-Adjusted EBITDA Ratio

($ in millions)	2010	2011	2012	2013	2014	1Q15*
Net income (loss) attributable to Alcoa	$254	$611	$191	$(2,285)	$268	$641
Add:						
Net income (loss) attributable to noncontrolling interests	138	194	(29)	41	(91)	(12)
Loss from discontinued operations	8	3	–	–	–	–
Provision for income taxes	148	255	162	428	320	623
Other expenses (income), net	5	(87)	(341)	(25)	47	10
Interest expense	494	524	490	453	473	475
Restructuring and other charges	207	281	172	782	1,168	884
Impairment of goodwill	–	–	–	1,731	–	–
Provision for depreciation, depletion, and amortization	1,450	1,479	1,460	1,421	1,371	1,352
Adjusted EBITDA	$2,704	$3,260	$2,105	$2,546	$3,556	$3,973
Total Debt	$9,165	$9,371	$8,829	$8,319	$8,852	$8,817
Debt-to-Adjusted EBITDA Ratio	3.39	2.87	4.20	3.27	2.49	2.22

* The calculation of Adjusted EBITDA for the quarter ended March 31, 2015 is based on the trailing twelve months.

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 RTI Adjusted EBITDA

($ in thousands)	**2014***
Net income	$31,093
Add:	
Net loss attributable to discontinued operations	608
Provision for income taxes	10,037
Interest expense	31,055
Interest income	(310)
Other income, net	(2,156)
Depreciation and amortization	44,877
Adjusted EBITDA	$115,204
Net sales	$793,579
Adjusted EBITDA Margin	14.5%

* The calculation of Adjusted EBITDA for RTI is based on Alcoa's definition of Adjusted EBITDA (see below) and does not purport to be the manner in which RTI's management would calculate RTI's Adjusted EBITDA. Additionally, this calculation of Adjusted EBITDA is not intended to suggest that RTI's management uses Adjusted EBITDA as a measure of RTI's profitability. The amounts used in this calculation were obtained from RTI's Annual Report on Form 10-K for the year ended December 31, 2014 filed with the U.S. Securities and Exchange Commission on February 26, 2015.

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.

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