

Alcoa and subsidiaries
Statement of Consolidated Operations
(in millions, except per-share amounts)

For the year ended December 31,	2011	2010	2009
Sales (Q)	\$24,951	\$21,013	\$18,439
Cost of goods sold (exclusive of expenses below)	20,480	17,174	16,902
Selling, general administrative, and other expenses	1,027	961	1,009
Research and development expenses	184	174	169
Provision for depreciation, depletion, and amortization	1,479	1,450	1,311
Restructuring and other charges (D)	281	207	237
Interest expense (V)	524	494	470
Other (income) expenses, net (O)	(87)	5	(161)
Total costs and expenses	23,888	20,465	19,937
Income (loss) from continuing operations before income taxes	1,063	548	(1,498)
Provision (benefit) for income taxes (T)	255	148	(574)
Income (loss) from continuing operations	808	400	(924)
Loss from discontinued operations (B)	(3)	(8)	(166)
Net income (loss)	805	392	(1,090)
Less: Net income attributable to noncontrolling interests	194	138	61
Net Income (Loss) Attributable to Alcoa	\$ 611	\$ 254	\$(1,151)
Amounts Attributable to Alcoa Common Shareholders:			
Income (loss) from continuing operations	\$ 614	\$ 262	\$ (985)
Loss from discontinued operations	(3)	(8)	(166)
Net income (loss)	\$ 611	\$ 254	\$(1,151)
Earnings per Share Attributable to Alcoa Common Shareholders (S):			
Basic:			
Income (loss) from continuing operations	\$ 0.58	\$ 0.25	\$ (1.06)
Loss from discontinued operations	(0.01)	-	(0.17)
Net income (loss)	\$ 0.57	\$ 0.25	\$ (1.23)
Diluted:			
Income (loss) from continuing operations	\$ 0.55	\$ 0.25	\$ (1.06)
Loss from discontinued operations	-	(0.01)	(0.17)
Net income (loss)	\$ 0.55	\$ 0.24	\$ (1.23)

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa and subsidiaries
Consolidated Balance Sheet
(in millions)

December 31,	2011	2010
Assets		
Current assets:		
Cash and cash equivalents (X)	\$ 1,939	\$ 1,543
Receivables from customers, less allowances of \$46 in both 2011 and 2010 (U)	1,571	1,591
Other receivables	371	326
Inventories (G)	2,899	2,584
Prepaid expenses and other current assets	933	875
Total current assets	7,713	6,919
Properties, plants, and equipment, net (H)	19,416	20,183
Goodwill (E)	5,251	5,122
Investments (I)	1,626	1,340
Deferred income taxes (T)	3,546	3,184
Other noncurrent assets (J)	2,568	2,545
Total Assets	\$40,120	\$39,293
Liabilities		
Current liabilities:		
Short-term borrowings (K & X)	\$ 62	\$ 92
Commercial paper (K & X)	224	-
Accounts payable, trade	2,692	2,331
Accrued compensation and retirement costs	985	932
Taxes, including income taxes	438	461
Other current liabilities	1,167	1,204
Long-term debt due within one year (K & X)	445	231
Total current liabilities	6,013	5,251
Long-term debt, less amount due within one year (K & X)	8,640	8,842
Accrued pension benefits (W)	3,261	2,923
Accrued other postretirement benefits (W)	2,583	2,615
Other noncurrent liabilities and deferred credits (L)	2,428	2,576
Total liabilities	22,925	22,207
Contingencies and commitments (N)		
Equity		
Alcoa shareholders' equity:		
Preferred stock (R)	55	55
Common stock (R)	1,178	1,141
Additional capital	7,561	7,087
Retained earnings	11,629	11,149
Treasury stock, at cost	(3,952)	(4,146)
Accumulated other comprehensive loss	(2,627)	(1,675)
Total Alcoa shareholders' equity	13,844	13,611
Noncontrolling interests (M)	3,351	3,475
Total equity	17,195	17,086
Total Liabilities and Equity	\$40,120	\$39,293

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa and subsidiaries
Statement of Consolidated Cash Flows
(in millions)

For the year ended December 31,	2011	2010	2009
Cash from Operations			
Net income (loss)	\$ 805	\$ 392	\$(1,090)
Adjustments to reconcile net income (loss) to cash from operations:			
Depreciation, depletion, and amortization	1,481	1,451	1,311
Deferred income taxes (T)	(181)	(287)	(596)
Equity (income) loss, net of dividends	(26)	(22)	39
Restructuring and other charges (D)	281	207	237
Net gain from investing activities—asset sales (O)	(41)	(9)	(106)
Loss from discontinued operations (B)	3	8	166
Stock-based compensation (R)	83	84	87
Excess tax benefits from stock-based payment arrangements	(6)	(1)	-
Other	53	151	219
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:			
(Increase) decrease in receivables	(115)	(102)	685
(Increase) decrease in inventories	(339)	(217)	1,268
Decrease in prepaid expenses and other current assets	74	27	126
Increase (decrease) in accounts payable, trade	394	328	(634)
(Decrease) in accrued expenses	(38)	(239)	(98)
Increase (decrease) in taxes, including income taxes	118	503	(143)
Pension contributions (W)	(336)	(113)	(128)
(Increase) in noncurrent assets	(154)	(83)	(201)
Increase in noncurrent liabilities	147	183	234
(Increase) in net assets held for sale (B)	-	(7)	3
Cash provided from continuing operations	2,203	2,254	1,379
Cash (used for) provided from discontinued operations	(10)	7	(14)
Cash provided from operations	2,193	2,261	1,365
Financing Activities			
Net change in short-term borrowings (K)	(31)	(44)	(292)
Net change in commercial paper (K)	224	-	(1,535)
Additions to long-term debt (K)	1,256	1,126	1,049
Debt issuance costs (K)	(17)	(6)	(17)
Payments on long-term debt (K)	(1,194)	(1,757)	(156)
Proceeds from exercise of employee stock options (R)	37	13	-
Excess tax benefits from stock-based payment arrangements	6	1	-
Issuance of common stock (R)	-	-	876
Dividends paid to shareholders	(131)	(125)	(228)
Distributions to noncontrolling interests	(257)	(256)	(140)
Contributions from noncontrolling interests (I & M)	169	162	480
Acquisitions of noncontrolling interests (I)	-	(66)	-
Cash provided from (used for) financing activities	62	(952)	37
Investing Activities			
Capital expenditures	(1,287)	(1,015)	(1,617)
Capital expenditures of discontinued operations	-	-	(5)
Acquisitions, net of cash acquired (F & P)	(240)	(72)	112
Proceeds from the sale of assets and businesses (F)	38	4	(65)
Additions to investments (I)	(374)	(352)	(181)
Sales of investments (I)	54	141	1,031
Other	(43)	22	4
Cash used for investing activities	(1,852)	(1,272)	(721)
Effect of exchange rate changes on cash and cash equivalents	(7)	25	38
Net change in cash and cash equivalents	396	62	719
Cash and cash equivalents at beginning of year	1,543	1,481	762
Cash and cash equivalents at end of year	\$ 1,939	\$ 1,543	\$ 1,481

The accompanying notes are an integral part of the consolidated financial statements.