

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

For the year ended December 31,	2014	2013	2012
Sales (Q)	\$23,906	\$23,032	\$23,700
Cost of goods sold (exclusive of expenses below)	19,137	19,286	20,401
Selling, general administrative, and other expenses	995	1,008	997
Research and development expenses	218	192	197
Provision for depreciation, depletion, and amortization	1,371	1,421	1,460
Impairment of goodwill (A & E)	-	1,731	-
Restructuring and other charges (D)	1,168	782	172
Interest expense (V)	473	453	490
Other expenses (income), net (O)	47	(25)	(341)
Total costs and expenses	23,409	24,848	23,376
Income (loss) before income taxes	497	(1,816)	324
Provision for income taxes (T)	320	428	162
Net income (loss)	177	(2,244)	162
Less: Net (loss) income attributable to noncontrolling interests	(91)	41	(29)
Net Income (Loss) Attributable to Alcoa	\$ 268	\$(2,285)	\$ 191
Earnings per Share Attributable to Alcoa Common Shareholders (S):			
Basic	\$ 0.21	\$ (2.14)	\$ 0.18
Diluted	\$ 0.21	\$ (2.14)	\$ 0.18

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

Alcoa and subsidiaries
Statement of Consolidated Comprehensive Loss
(in millions)

For the year ended December 31,	Alcoa			Noncontrolling Interests			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Net income (loss)	\$ 268	\$(2,285)	\$ 191	\$ (91)	\$ 41	\$ (29)	\$ 177	\$(2,244)	\$ 162
Other comprehensive loss, net of tax (B):									
Change in unrecognized net actuarial loss and prior service cost/benefit related to pension and other postretirement benefits	(69)	531	(529)	(13)	26	22	(82)	557	(507)
Foreign currency translation adjustments	(1,025)	(968)	(202)	(241)	(367)	(94)	(1,266)	(1,335)	(296)
Net change in unrealized gains on available-for-sale securities	(2)	(1)	2	-	-	-	(2)	(1)	2
Net change in unrecognized losses on cash flow hedges	78	181	(46)	-	3	(1)	78	184	(47)
Total Other comprehensive loss, net of tax	(1,018)	(257)	(775)	(254)	(338)	(73)	(1,272)	(595)	(848)
Comprehensive loss	\$ (750)	\$(2,542)	\$(584)	\$(345)	\$(297)	\$(102)	\$(1,095)	\$(2,839)	\$(686)

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Alcoa and subsidiaries
Consolidated Balance Sheet
(in millions)

December 31,	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (X)	\$ 1,877	\$ 1,437
Receivables from customers, less allowances of \$14 in 2014 and \$20 in 2013 (U)	1,395	1,221
Other receivables (U)	733	597
Inventories (G)	3,082	2,705
Prepaid expenses and other current assets	1,182	1,009
Total current assets	8,269	6,969
Properties, plants, and equipment, net (H)	16,426	17,639
Goodwill (A & E)	5,247	3,415
Investments (I)	1,944	1,907
Deferred income taxes (T)	2,754	3,184
Other noncurrent assets (J)	2,759	2,628
Total Assets	\$37,399	\$35,742
Liabilities		
Current liabilities:		
Short-term borrowings (K & X)	\$ 54	\$ 57
Accounts payable, trade	3,152	2,960
Accrued compensation and retirement costs	937	1,013
Taxes, including income taxes	348	376
Other current liabilities	1,021	1,044
Long-term debt due within one year (K & X)	29	655
Total current liabilities	5,541	6,105
Long-term debt, less amount due within one year (K & X)	8,769	7,607
Accrued pension benefits (W)	3,291	3,183
Accrued other postretirement benefits (W)	2,155	2,354
Other noncurrent liabilities and deferred credits (L)	2,849	2,971
Total liabilities	22,605	22,220
Contingencies and commitments (N)		
Equity		
Alcoa shareholders' equity:		
Preferred stock (R)	55	55
Mandatory convertible preferred stock (R)	3	-
Common stock (R)	1,304	1,178
Additional capital	9,284	7,509
Retained earnings	9,379	9,272
Treasury stock, at cost	(3,042)	(3,762)
Accumulated other comprehensive loss (B)	(4,677)	(3,659)
Total Alcoa shareholders' equity	12,306	10,593
Noncontrolling interests (M)	2,488	2,929
Total equity	14,794	13,522
Total Liabilities and Equity	\$37,399	\$35,742

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,	2014	2013	2012
Cash from Operations			
Net income (loss)	\$ 177	\$(2,244)	\$ 162
Adjustments to reconcile net income (loss) to cash from operations:			
Depreciation, depletion, and amortization	1,372	1,422	1,462
Deferred income taxes (T)	(35)	178	(99)
Equity income, net of dividends	104	77	2
Impairment of goodwill (A & E)	-	1,731	-
Restructuring and other charges (D)	1,168	782	172
Net gain from investing activities—asset sales (O)	(47)	(10)	(321)
Stock-based compensation (R)	87	71	67
Excess tax benefits from stock-based payment arrangements	(9)	-	(1)
Other	66	4	63
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:			
(Increase) decrease in receivables	(312)	(141)	104
(Increase) decrease in inventories	(355)	25	96
(Increase) in prepaid expenses and other current assets	(25)	(9)	(62)
Increase (decrease) in accounts payable, trade	256	326	(12)
(Decrease) in accrued expenses	(451)	(418)	(166)
Increase (decrease) in taxes, including income taxes	7	(43)	15
Pension contributions (W)	(501)	(462)	(561)
(Increase) decrease in noncurrent assets	(19)	(153)	9
Increase in noncurrent liabilities	191	442	570
Cash provided from continuing operations	1,674	1,578	1,500
Cash used for discontinued operations	-	-	(3)
Cash provided from operations	1,674	1,578	1,497
Financing Activities			
Net change in short-term borrowings (original maturities of three months or less) (K)	(2)	5	(10)
Net change in commercial paper (K)	-	-	(224)
Additions to debt (original maturities greater than three months) (K)	2,878	1,852	972
Debt issuance costs	(17)	(3)	(5)
Payments on debt (original maturities greater than three months) (K)	(1,723)	(2,317)	(1,489)
Proceeds from exercise of employee stock options (R)	150	13	12
Excess tax benefits from stock-based payment arrangements	9	-	1
Issuance of mandatory convertible preferred stock (R)	1,211	-	-
Dividends paid to shareholders	(161)	(132)	(131)
Distributions to noncontrolling interests	(120)	(109)	(95)
Contributions from noncontrolling interests (M)	53	12	171
Acquisitions of noncontrolling interests (F & M)	(28)	-	-
Cash provided from (used for) financing activities	2,250	(679)	(798)
Investing Activities			
Capital expenditures	(1,219)	(1,193)	(1,261)
Acquisitions, net of cash acquired (F & P)	(2,385)	-	-
Proceeds from the sale of assets and businesses (F)	253	13	615
Additions to investments (I & N)	(195)	(293)	(300)
Sales of investments (I)	57	-	31
Net change in restricted cash (P)	(2)	170	87
Other	31	13	69
Cash used for investing activities	(3,460)	(1,290)	(759)
Effect of exchange rate changes on cash and cash equivalents	(24)	(33)	(18)
Net change in cash and cash equivalents	440	(424)	(78)
Cash and cash equivalents at beginning of year	1,437	1,861	1,939
Cash and cash equivalents at end of year	\$ 1,877	\$ 1,437	\$ 1,861

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