ALCOA NYSE-AA

RECENT PRICE	9.23	P/E RATIO	17.4 (Trailing: 9.8; Median: 25.0)	RELATIVE P/E RATIO	1.20	DIV'D YLD	1.3%	VALUE LINE

TIMELINESS 3 Lowered 10/21/11
SAFETY 3 Lowered 2/2/96
TECHNICAL 3 Raised 12/9/11
BETA 1.45 (1.00 = Market)

	High:	Low:
	43.6	23.1
	45.7	27.4
	39.8	17.6
	38.9	18.5
	39.4	28.5
	32.3	22.3
	37.0	26.4
	48.8	28.1
	44.8	6.8
	16.5	5.0
	17.6	9.8
	18.5	8.5

Target Price Range

2014	2015	2016

2014-16 PROJECTIONS

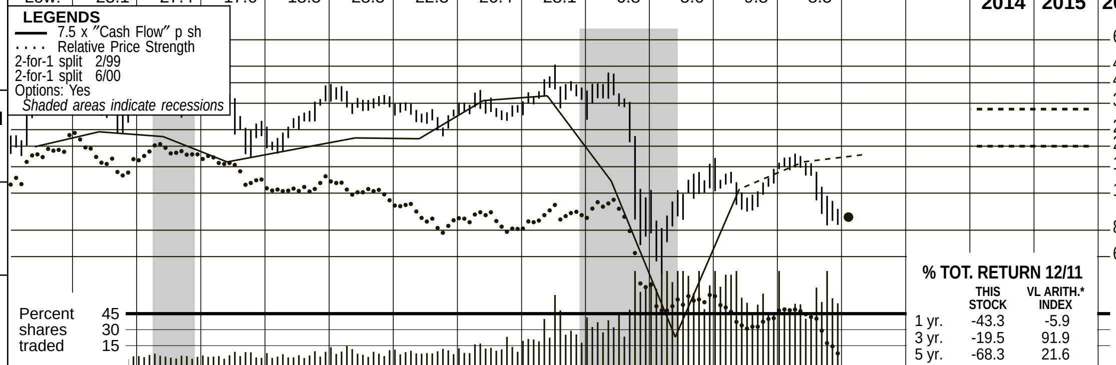
	Price	Gain	Ann'l Total Return
High	30	(+225%)	35%
Low	20	(+115%)	22%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	1	0	0	1	0	0	1
Options	4	0	0	2	0	0	0	0	0
to Sell	4	0	0	2	0	0	0	0	0

Institutional Decisions

	1Q2011	2Q2011	3Q2011
to Buy	313	276	252
to Sell	254	273	278
Hld's(000)	641227	645972	651837



% TOT. RETURN 12/11

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-43.3	-5.9
3 yr.	-19.5	91.9
5 yr.	-68.3	21.6

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
17.72	18.93	19.79	20.91	22.19	26.50	26.97	23.99	24.76	26.96	30.06	34.94	37.16	33.61	18.92	20.56	*23.20*	*23.85*	Sales per sh	*27.50*
2.13	1.88	2.25	2.33	2.66	3.13	2.97	2.25	2.56	2.92	2.90	4.39	4.63	1.83	.33	1.67	*2.25*	*2.45*	"Cash Flow" per sh	*3.70*
1.11	.79	1.09	1.21	1.41	1.81	1.46	.92	1.21	1.53	1.43	2.90	2.95	.28	d1.06	.25	*.75*	*.90*	Earnings per sh A	*1.80*
.23	.33	.25	.38	.40	.50	.60	.60	.60	.60	.60	.60	.68	.68	.26	.12	.12	*.12*	Div'ds Decl'd per sh B■	*.26*
1.26	1.44	1.36	1.27	1.25	1.30	1.39	1.50	.99	1.31	2.44	3.68	4.39	4.30	1.66	.99	*1.05*	*1.40*	Cap'l Spending per sh	*1.55*
6.22	6.39	6.48	8.18	8.51	13.13	12.46	11.69	13.84	15.21	15.30	16.76	19.29	14.59	12.69	13.26	*13.40*	*14.15*	Book Value per sh C	*17.95*
705.26	690.04	673.10	733.62	735.50	865.52	847.59	844.82	868.49	870.98	870.27	869.54	827.40	800.32	974.38	1022.00	*1070.00*	*1080.00*	Common Shs Outst'g D	*1110.00*
11.0	18.9	17.1	14.8	20.4	17.6	25.3	32.3	21.6	21.5	19.5	10.4	12.4	NMF	NMF	51.0	*18.7*		Avg Ann'l P/E Ratio	*15.0*
.74	1.18	.99	.77	1.16	1.14	1.30	1.76	1.23	1.14	1.04	.56	.66	NMF	NMF	3.28	*1.15*		Relative P/E Ratio	*1.00*
1.8%	2.2%	1.3%	2.1%	1.4%	1.6%	1.6%	2.0%	2.3%	1.8%	2.1%	2.0%	1.9%	2.4%	2.4%	.9%	.9%		Avg Ann'l Div'd Yield	*.9%*
						22859	20263	21504	23478	26159	30379	30748	26901	18439	21013	*24850*	*25770*	Sales ($mill)	*30540*
						15.4%	13.1%	13.4%	14.4%	14.0%	17.9%	15.5%	12.3%	1.9%	12.9%	*13.0%*	*13.5%*	Operating Margin	*17.5%*
						1253.0	1116.0	1194.0	1204.0	1267.0	1280.0	1268.0	1234.0	1311.0	1450.0	*1500*	*1590*	Depreciation ($mill)	*1930*
						1263.0	785.0	1034.0	1340.6	1259.3	2540.0	2564.0	229.0	d985.0	262.0	*880*	*1055*	Net Profit ($mill)	*2180*
						33.3%	33.8%	24.2%	25.5%	34.6%	25.1%	37.8%	43.2%	NMF	27.0%	*27.0%*	*27.0%*	Income Tax Rate	*27.0%*
						5.5%	3.9%	4.8%	5.7%	4.8%	8.4%	8.3%	.9%	NMF	1.2%	*3.5%*	*4.1%*	Net Profit Margin	*7.1%*
						1789.0	1852.0	1656.0	1195.0	1422.0	1876.0	920.0	871.0	1608.0	1633.0	*1385*	*900*	Working Cap'l ($mill)	*1170*
						6388.0	8365.0	6692.0	5346.0	5279.0	4778.0	6371.0	8509.0	8974.0	8842.0	*8710*	*8330*	Long-Term Debt ($mill)	*8030*
						10614	9927.0	12075	13300	13373	14631	16016	11735	12420	13611	*14365*	*15290*	Shr. Equity ($mill)	*19925*
						8.5%	5.2%	6.3%	7.8%	7.6%	14.0%	12.3%	2.1%	NMF	2.2%	*4.0%*	*4.5%*	Return on Total Cap'l	*8.0%*
						11.9%	7.9%	8.6%	10.1%	9.4%	17.4%	16.0%	2.0%	NMF	1.9%	*6.0%*	*7.0%*	Return on Shr. Equity	*11.0%*
						7.1%	2.8%	4.3%	6.2%	5.5%	13.8%	12.4%	NMF	NMF	1.0%	*5.0%*	*6.0%*	Retained to Com Eq	*9.5%*
						41%	65%	50%	39%	42%	21%	23%	NMF	NMF	48%	*15%*	*12%*	All Div'ds to Net Prof	*13%*

CAPITAL STRUCTURE as of 9/30/11
Total Debt $9311 mill. **Due in 5 Yrs** $3095 mill.
LT Debt $8658 mill. **LT Interest** $450 mill.
(Long-term interest earned: 2.2x)
(Total interest coverage: 2.1x) (31% of Cap'l)

Uncapitalized Annual rentals $244.0 mill.
Pension Assets 12/10 $9.5 bill. **Oblig.** $12.3 bill.
Pfd Stock $55.0 mill. **Pfd Div'd** $2.0 mill.

Common Stock 1,064,303,727 shs.
as of 10/14/11
MARKET CAP: $9.8 billion (Large Cap)

CURRENT POSITION ($MILL.)	2009	2010	9/30/11
Cash Assets	1481	1543	1332
Receivables	1529	1565	1915
Inventory (LIFO)	2328	2562	3172
Other	1684	1199	1251
Current Assets	7022	6869	7670
Accts Payable	1954	2322	2480
Debt Due	845	323	653
Other	2615	2591	2490
Current Liab.	5414	5236	5623

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16
Sales	.5%	-2.0%	*2.0%*
"Cash Flow"	-7.0%	-14.5%	*19.5%*
Earnings	- -	- -	*NMF*
Dividends	-2.0%	-10.0%	*NMF*
Book Value	3.0%	-2.0%	*5.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	6998	7245	6970	5688	26901
2009	4147	4244	4615	5433	18439
2010	4887	5187	5287	5652	21013
2011	5958	6585	6419	*5888*	*24850*
2012	*6210*	*6390*	*6530*	*6640*	*25770*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.36	.67	.37	d1.16	.28
2009	d.59	d.32	.07	d.27	d1.06
2010	d.19	.13	.06	.24	.25
2011	.27	.28	.15	*.05*	*.75*
2012	*.13*	*.20*	*.27*	*.30*	*.90*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.17	.17	.17	.17	.68
2009	.17	.03	.03	.03	.26
2010	.03	.03	.03	.03	.12
2011	.03	.03	.03	.03	.12
2012					

BUSINESS: Alcoa is a global leader in aluminum production, serving the aerospace, automotive, building and construction, commercial transportation, and industrial markets. Sold the consumer and packaging division during 1Q 2008. Has more than 300 operating and sales locations in over 30 countries. 2010 sales by segment: Primary Metals, 34%; Flat-Rolled Products, 30%; Engineered Products and Solutions, 22%; Alumina, 13%; Other, 1%. Foreign sales: 50% of total. Has about 59,000 employees. Blackrock, Inc. owns 6.9% of common stock, Capital World Investors, 5.2%, officers and directors own less than 2.0% (3/11 Proxy). Chairman and CEO: Klaus Kleinfeld. Inc.: PA. Address: 201 Isabella St., Pittsburgh, PA. 15212. Telephone: 412-553-4545. Internet: www.alcoa.com.

Operating conditions appear to have worsened for Alcoa during the second half of 2011. Weakness started during the September interim, with a sequential decline in sales and share earnings. Subpar conditions at the Primary Metals and Flat-Rolled Products (FRP) segments hurt results, with the former being hindered by less-than-anticipated fabricating activity. Meanwhile, moderating global economic activity appears to have led to sluggishness in packaging and consumer markets, which in turn has roiled the FRP unit. Moreover, many of these problems continued into the fourth quarter. Given these factors, we have lowered our 2011 share-earnings estimate by $0.35, to $0.75.

Excess supply of aluminum appears to be a problem . . . According to industry reports, a high number of global smelters are maintaining capacity levels despite the fact many of them are operating below production costs. What's more, relatively high inventory levels at various commodity exchanges (primarily the London Metal Exchange) suggest aluminum prices may fail to gain traction in the short term.

. . . At the same time, demand appears to be waning. A confluence of factors, including depressed demand from many eurozone countries, moderation in China's economic growth, and uncertainty in the U.S., may continue to rattle commodity markets.

Until marketwide utilization rates are reduced, aluminum (Alcoa's biggest source of sales) prices may continue to experience pressure, after reaching $2,640 a metric ton in mid-2011. Moreover, this level is unlikely to be reached anytime soon. We are expecting the shiny metal's value to average between $2,200 and $2,300 during the new year, down sharply from approximately $2,380 during 2011. Due to these factors, we have trimmed our 2012 bottom-line tally by $0.50, to $0.90 a share.

Investors with a long-term outlook are positioned to benefit. An ongoing selloff adds to the issue's long-term price recovery potential. Assuming the global economy is on more solid footing by 2014-2016, demand in automotive, commercial, and aerospace markets should buoy aluminum prices.

Dominic B. Silva *January 13, 2012*

(A) Primary shares through '96, diluted after. Excludes nonrecurring items: '96, (12¢); '97, 13¢; '01, (41¢); '02, 43¢; '03, (7¢); '04, (4¢); '05, (3¢); '06, (33¢). Excludes discontinued operations: '07, (28¢); '08, (37¢); '09, (17¢); '10, (1¢). Quarters may not sum due to change in shares out. Next earnings report due early January. (B) Dividends historically paid in late Feb., May, Aug., and Nov. ■ Dividend reinvestment plan available. (C) Includes intangibles: At 12/31/10 $5,119 mill., $5.01/sh. (D) In millions, adjusted for stock splits.

Company's Financial Strength	B+
Stock's Price Stability	35
Price Growth Persistence	10
Earnings Predictability	10