

# **GAS MART 2009**

## **“END USERS SPEAK OUT”**



**ALCOA**

**ALCOA INC.**

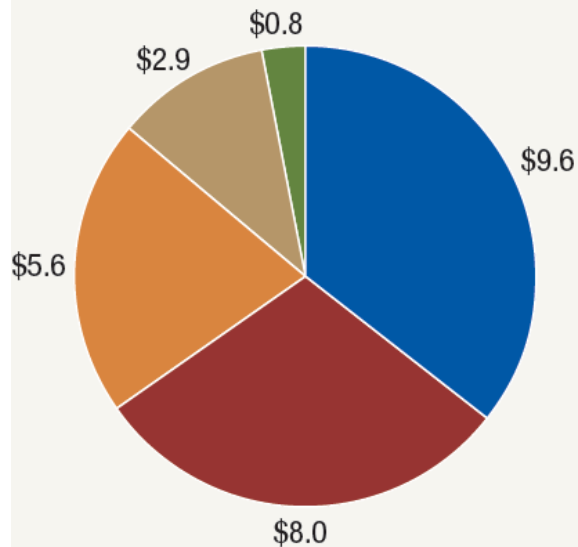
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**Manager, Global Energy Services**  
**CHICAGO, IL**  
**MAY 21, 2009**

# Alcoa at a Glance – 2008 Revenues: 26.9 Billion

## By Segment

*billions*

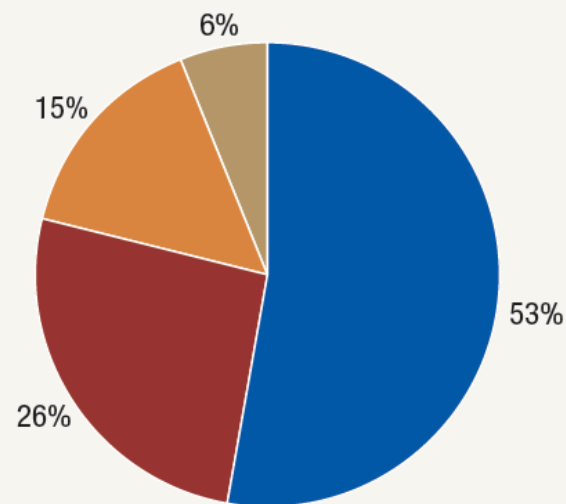
- \$9.6** Flat-Rolled Products
- \$8.0** Primary Metals
- \$5.6** Engineered Products and Solutions
- \$2.9** Alumina
- \$0.8** Other



## By Geographic Area

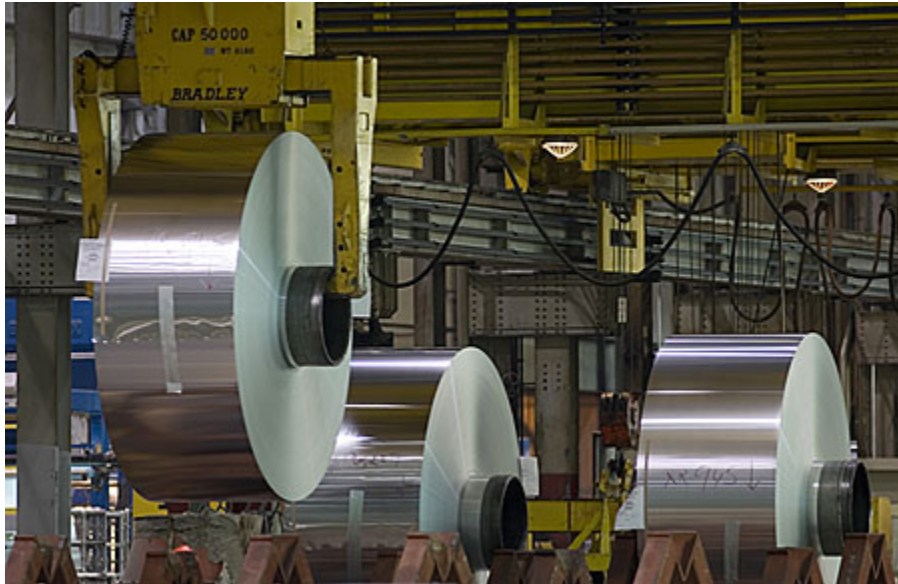
*percent*

- 53%** United States
- 26%** Europe
- 15%** Pacific
- 6%** Other Americas



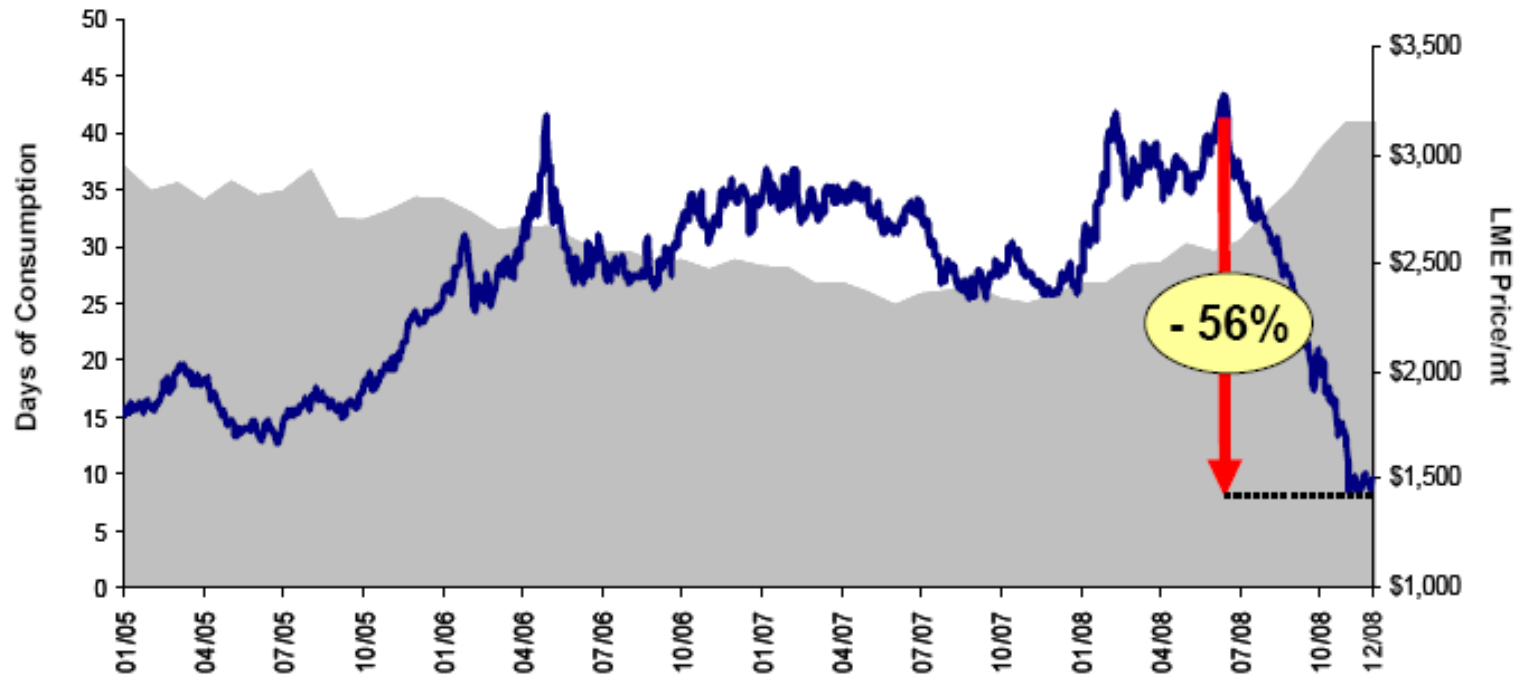
# Alcoa Overview – Processes “It All Starts with Dirt!”

- Mining
- Refining
- Smelting
- Fabricating
- Recycling



# Historic Collapse in Metals Prices – 56 in 5 Months

LME cash price/ton, in US\$ and global inventory<sup>1</sup>, in days



<sup>1</sup> Reported Stocks : Comex, IAI, Japan Port , LME, & SME

Reported Stocks, Days of Consumption      LME Cash Price

Source: IAI and Bloomberg

# We Remain Confident in the Future

## Aluminum Prospects Remain Bright

### Aluminum Outlook

#### Aluminum Benefits



#### Megatrends

##### Demographics

- Global population
- 2006: 6.6 billion
  - 2025: 7.9 billion
  - 2050: 9.1 billion

##### Urbanization

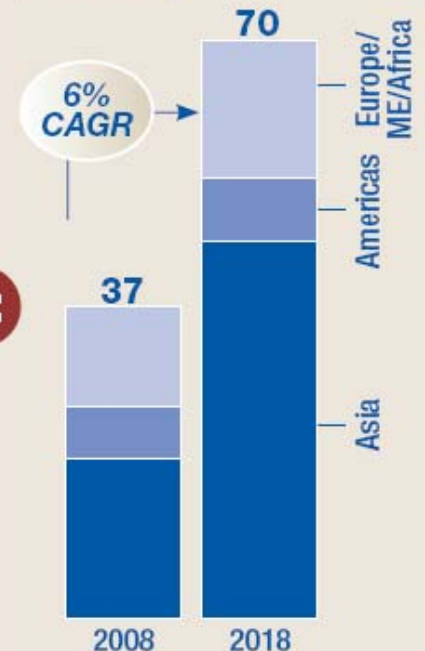
- Population living in cities
- 2006: >50%
  - 2030: >60%

##### Environment

- Total energy consumption to increase by 54% until 2025: >60% from developing countries
- Person transport rates +40% by 2030



#### Aluminum Demand (million mt)



# Alcoa – Success Built on Innovation & Technology

Recycling



Alloy Development



Surface Enhancements



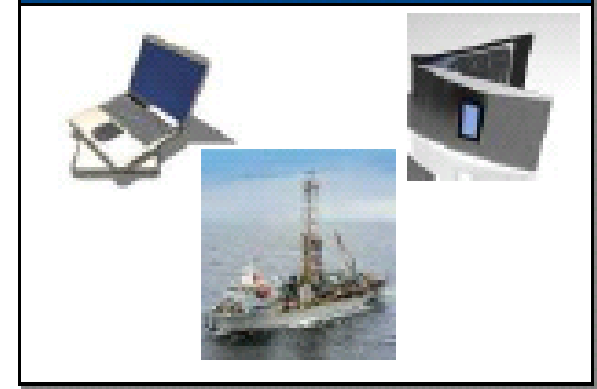
Process Improvements



Design Expertise



Customer Solutions



# Alcoa North American Facilities – 2008 Data

## Natural Gas Profile

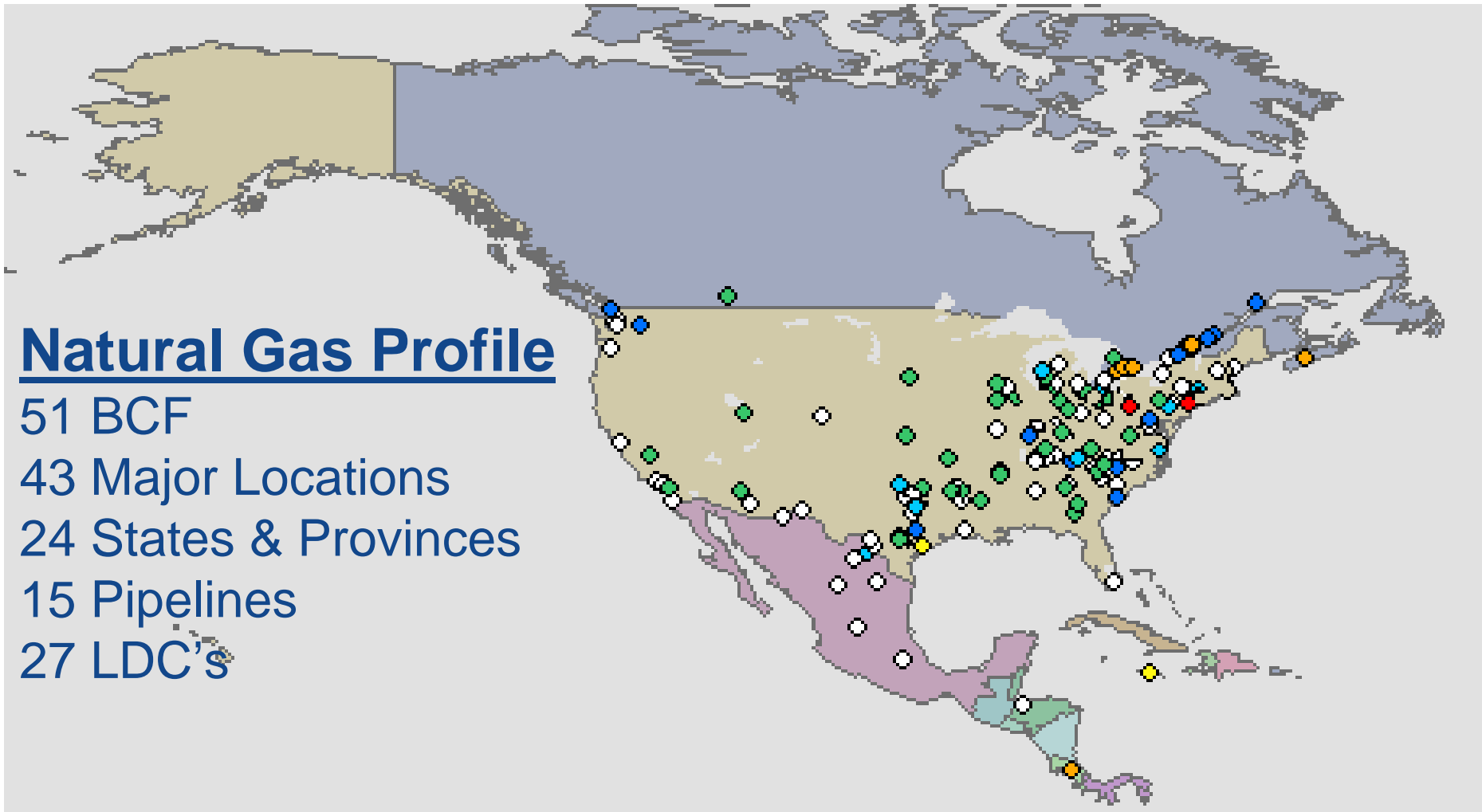
51 BCF

43 Major Locations

24 States & Provinces

15 Pipelines

27 LDC's



# Alcoa – How We Buy Natural Gas

- Set Regional Strategies
  - Market
  - Regulatory
- Leverage Outsourced Staff
  - Delta Energy LLC
- Fewer, Strategic Suppliers
- Creditworthy Suppliers
- Longer Termed Contracts
- Competitive Selection
- Standardized “Paper”
- Asset Management



# Changes Needed – Reform Section 5 of NGA

- **Background:** A Fundamental disparity between NGA and FPA
  - Under FPA FERC can correct rates effective as of date of complaint.
  - Under FPA Customers are made whole via refunds and interest.
  - Under NGA FERC limited to correction effective after case conclusion.
  - Under NGA Pipeline keeps all overcharges possibly for years.
  
- **Issue:** This frustrates the intent of NGA: Fair and Reasonable Rates
  - Complaints are rare and, if initiated, can be subject to endless delays.
- Same problem existed under FPA in the 1970s and 1980s
- Congress fixed this inequity in 1988 with Regulatory Fairness Act.
- No reason to treat electric utilities and gas pipelines differently.
  
- **Action:** Pass legislation that achieves parity between NGA and FPA.