

ALCOA INC  
Form 10-Q  
July 21, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-3610

**ALCOA INC.**

(Exact name of registrant as specified in its charter)

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**PENNSYLVANIA**  
(State of incorporation)

**25-0317820**  
(I.R.S. Employer

Identification No.)

**390 Park Avenue, New York, New York**  
(Address of principal executive offices)

**10022-4608**  
(Zip code)

**Investor Relations 212-836-2674**

**Office of the Secretary 212-836-2732**

(Registrant's telephone number including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of July 15, 2011, 1,064,183,062 shares of common stock, par value \$1.00 per share, of the registrant were outstanding.

**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****Alcoa and subsidiaries****Statement of Consolidated Operations (unaudited)****(in millions, except per-share amounts)**

	Second quarter ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Sales (J)	\$ 6,585	\$ 5,187	\$ 12,543	\$ 10,074
Cost of goods sold (exclusive of expenses below)	5,247	4,210	9,962	8,223
Selling, general administrative, and other expenses	253	208	498	447
Research and development expenses	46	45	89	84
Provision for depreciation, depletion, and amortization	375	363	736	721
Restructuring and other charges (D)	34	30	40	217
Interest expense	163	119	274	237
Other (income) expenses, net (I)	(50)	(16)	(78)	5
<b>Total costs and expenses</b>	<b>6,068</b>	<b>4,959</b>	<b>11,521</b>	<b>9,934</b>
Income from continuing operations before income taxes	517	228	1,022	140
Provision for income taxes (M)	136	57	274	141
Income (loss) from continuing operations	381	171	748	(1)
Loss from discontinued operations (C)	(4)	(1)	(5)	(8)
Net income (loss)	377	170	743	(9)
Less: Net income attributable to noncontrolling interests	55	34	113	56
<b>NET INCOME (LOSS) ATTRIBUTABLE TO ALCOA</b>	<b>\$ 322</b>	<b>\$ 136</b>	<b>\$ 630</b>	<b>\$ (65)</b>
<b>AMOUNTS ATTRIBUTABLE TO ALCOA COMMON SHAREHOLDERS:</b>				
Income (loss) from continuing operations	\$ 326	\$ 137	\$ 635	\$ (57)
Loss from discontinued operations	(4)	(1)	(5)	(8)
Net income (loss)	\$ 322	\$ 136	\$ 630	\$ (65)
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ALCOA COMMON SHAREHOLDERS (L):</b>				
<b>Basic:</b>				
Income (loss) from continuing operations	\$ 0.31	\$ 0.13	\$ 0.60	\$ (0.06)
Loss from discontinued operations	(0.01)		(0.01)	
Net income (loss)	\$ 0.30	\$ 0.13	\$ 0.59	\$ (0.06)
<b>Diluted:</b>				
Income (loss) from continuing operations	\$ 0.28	\$ 0.13	\$ 0.56	\$ (0.06)
Loss from discontinued operations			(0.01)	
Net income (loss)	\$ 0.28	\$ 0.13	\$ 0.55	\$ (0.06)
Dividends paid per common share	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.06

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

**Alcoa and subsidiaries****Consolidated Balance Sheet (unaudited)****(in millions)**

	June 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,260	\$ 1,543
Receivables from customers, less allowances of \$41 in 2011 and \$45 in 2010	2,083	1,565
Other receivables	365	326
Inventories (F)	3,201	2,562
Prepaid expenses and other current assets	959	873
 Total current assets	 7,868	 6,869
Properties, plants, and equipment	38,939	37,446
Less: accumulated depreciation, depletion, and amortization	18,216	17,285
 Properties, plants, and equipment, net	 20,723	 20,161
Goodwill	5,329	5,119
Investments	1,596	1,340
Deferred income taxes	3,219	3,184
Other noncurrent assets	2,625	2,521
Assets held for sale (C)	106	99
 Total assets	 \$ 41,466	 \$ 39,293
<b>LIABILITIES</b>		
Current liabilities:		
Short-term borrowings	\$ 65	\$ 92
Accounts payable, trade	2,605	2,322
Accrued compensation and retirement costs	915	929
Taxes, including income taxes	506	461
Other current liabilities	1,199	1,201
Long-term debt due within one year	510	231
 Total current liabilities	 5,800	 5,236
Long-term debt, less amount due within one year	8,773	8,842
Accrued pension benefits (O)	2,217	2,923
Accrued other postretirement benefits	2,609	2,615
Other noncurrent liabilities and deferred credits	2,669	2,560
Liabilities of operations held for sale (C)	29	31
 Total liabilities	 22,097	 22,207
<b>COMMITMENTS AND CONTINGENCIES (H)</b>		
<b>EQUITY</b>		
Alcoa shareholders' equity:		
Preferred stock	55	55

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Common stock (K)	1,178	1,141
Additional capital (K)	7,522	7,087
Retained earnings	11,714	11,149
Treasury stock, at cost	(3,959)	(4,146)
Accumulated other comprehensive loss	(858)	(1,675)
Total Alcoa shareholders' equity	15,652	13,611
Noncontrolling interests	3,717	3,475
Total equity	19,369	17,086
Total liabilities and equity	\$ 41,466	\$ 39,293

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

## Alcoa and subsidiaries

## Statement of Consolidated Cash Flows (unaudited)

(in millions)

	Six months ended June 30,	
	2011	2010
<b>CASH FROM OPERATIONS</b>		
Net income (loss)	\$ 743	\$ (9)
Adjustments to reconcile net income (loss) to cash from operations:		
Depreciation, depletion, and amortization	736	722
Deferred income taxes	(42)	156
Equity income, net of dividends	(27)	(19)
Restructuring and other charges (D)	40	217
Net loss from investing activities – asset sales (I)	1	
Loss from discontinued operations (C)	5	8
Stock-based compensation	45	50
Excess tax benefits from stock-based payment arrangements	(6)	(1)
Other	5	81
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:		
(Increase) in receivables	(435)	(570)
(Increase) in inventories	(519)	(189)
(Increase) decrease in prepaid expenses and other current assets	(23)	67