

Current developments in the global aluminium industry

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Forward looking statements

“Today’s discussion may include “forward-looking statements” which are based on beliefs of management as well as assumptions made by, and information currently available to, management. Such statements relate to future events and expectations and involve known and unknown risks and uncertainties. The words “believes”, “intends”, “expects”, “anticipates”, “projects”, “estimates”, “predicts” and similar expressions are intended to identify forward-looking statements. Alcoa’s actual results or actions may differ materially from those projected in the forward-looking statements. For a summary of the specific risk factors that could cause results to differ materially from those expressed in the forward-looking statements, please refer to Alcoa’s Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission. Alcoa makes no representation or warranty as to the accuracy or completeness of forward-looking statements contained in this discussion or that any forecast referred to will be achieved.”



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Overview

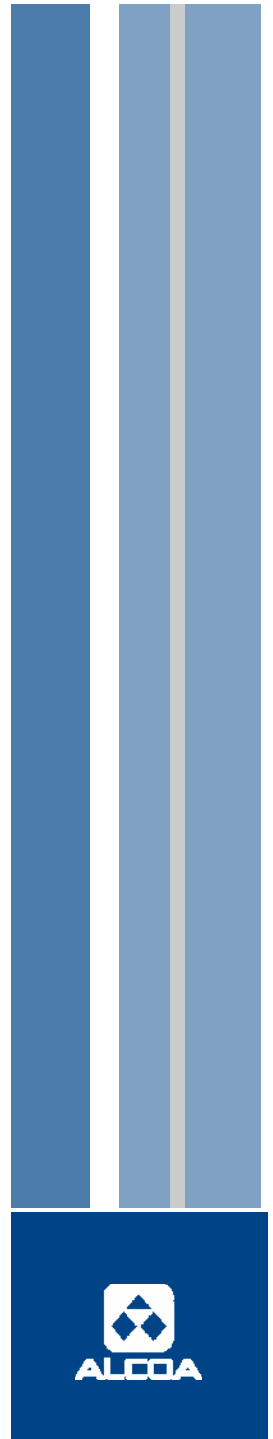
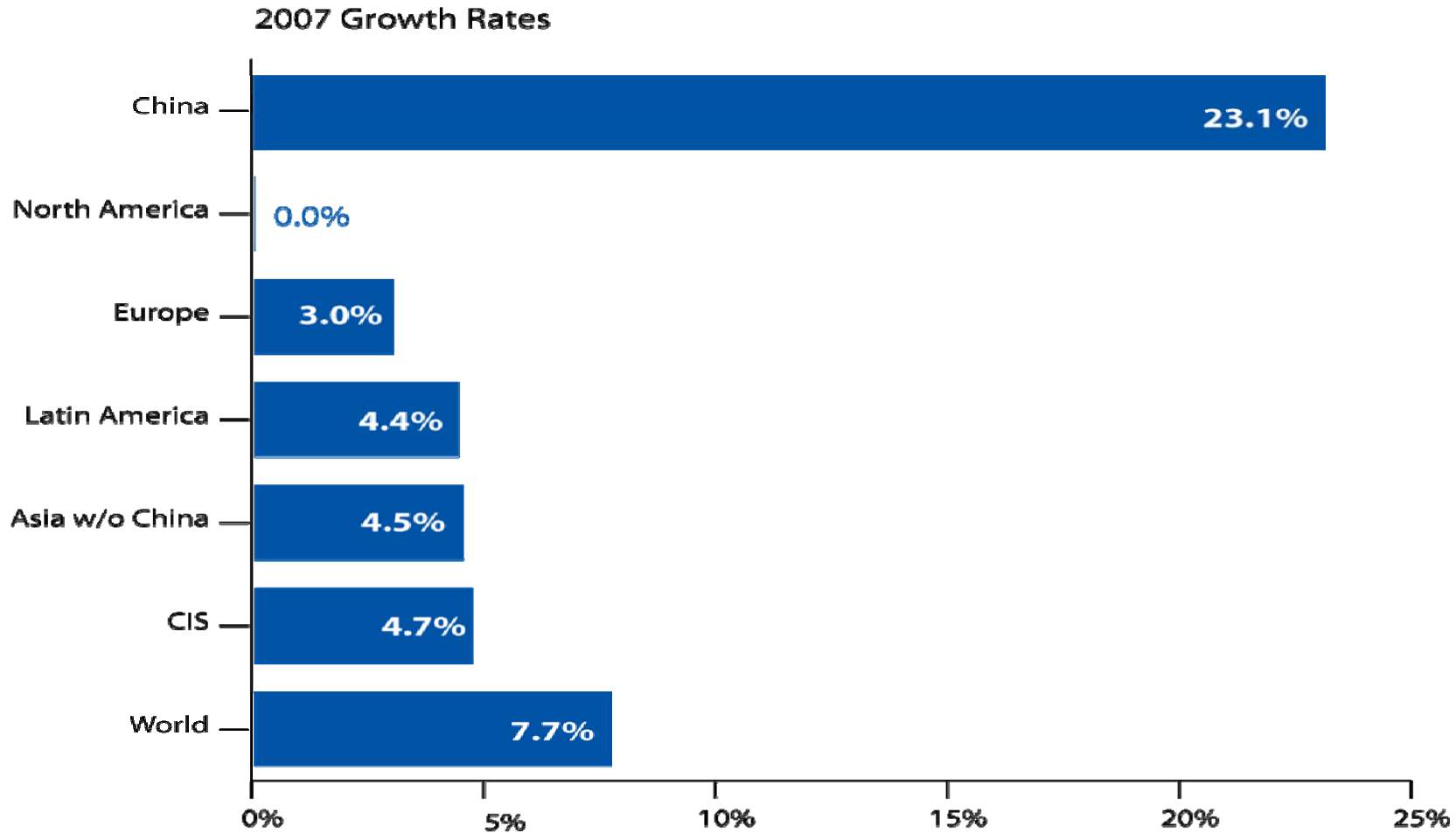
- Recent industry developments
- Current global market conditions
- Responding to the climate change challenge

Recent industry developments

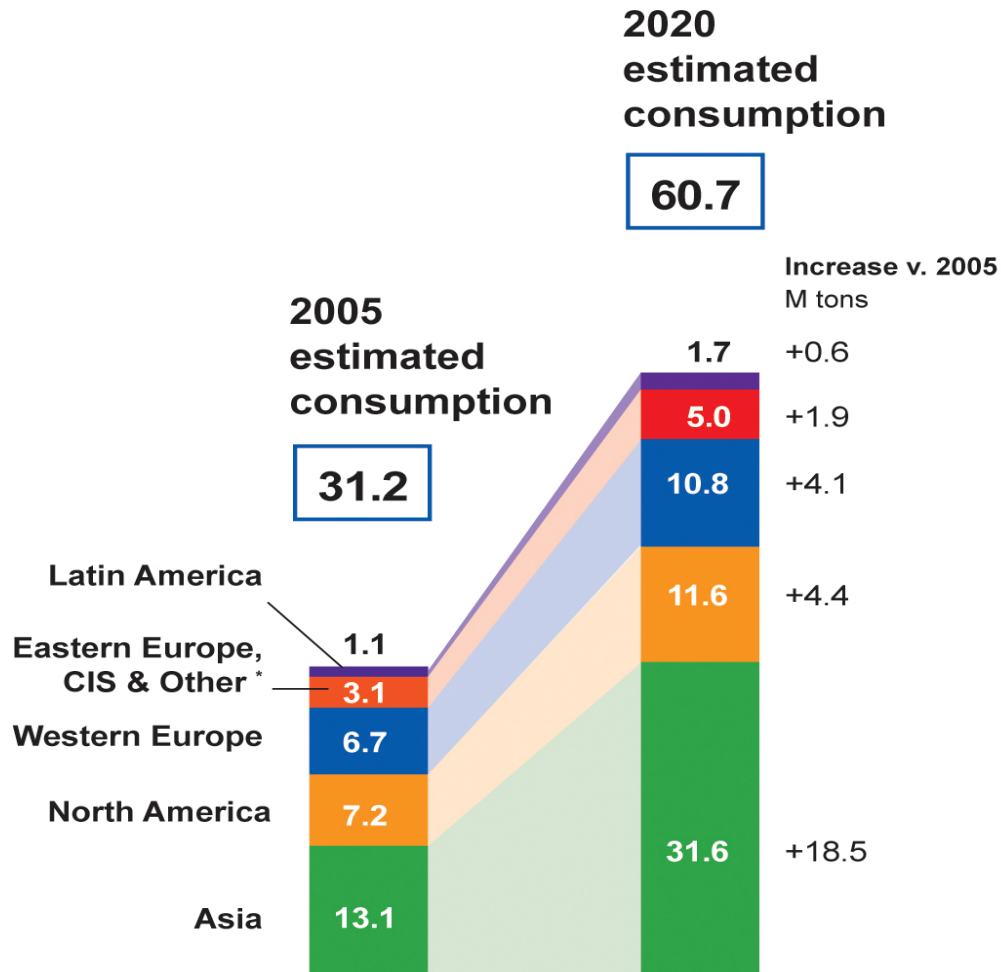
- Merger between Rusal, Sual and Glencore
- Alcoa's US \$33 billion offer to acquire Alcan
- Significant growth in Chinese aluminium production



Aluminium consumption: growth rates

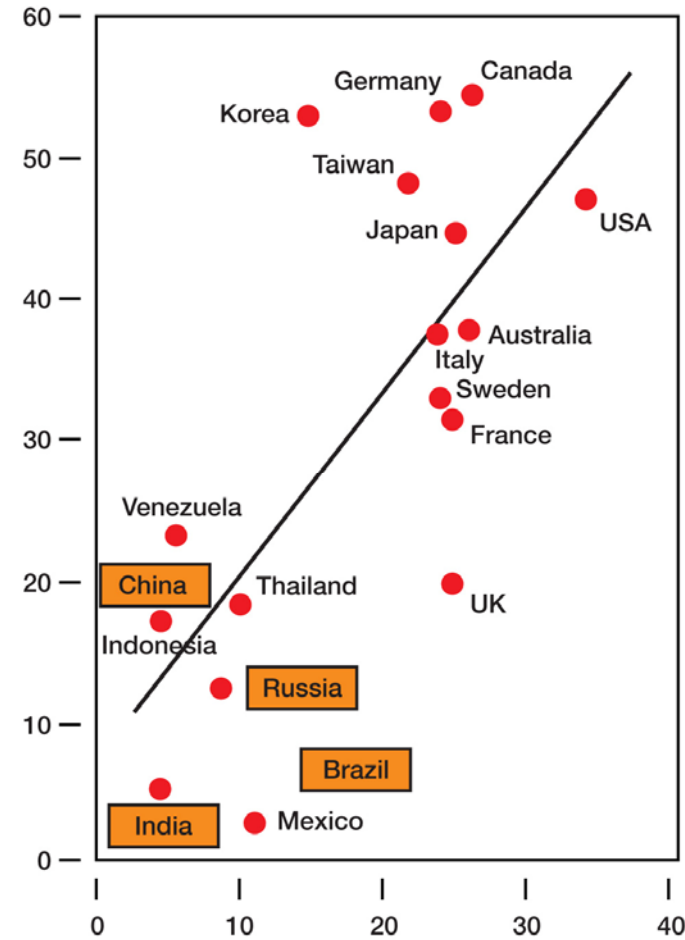


Projected World Aluminum Consumption (M Tonnes)



* Includes Africa and the Middle East

Aluminium Consumption vs. GDP Per Capita



Expansion in WA alumina industry

- Production grew by 25 per cent in 2006
- to \$4.6 billion
- Expansions completed at Pinjarra and Worsley refineries
- WA supplies 17 per cent of the world's alumina output



Managing greenhouse emissions

- Energy accounts for 22 per cent of aluminium production costs
- Aluminium industry working towards goal of being climate neutral by 2020
- Aluminium as part of the solution – through recycling and increased use in transport



Australian industry performance

- Aluminium - direct greenhouse emissions down by almost 20 per cent since 1990
- PFC emissions – reduced by 74 per cent per tonne of aluminium since 1990
- Every tonne of alumina made today produces almost 20 per cent less greenhouse emissions compared to 1990

Managing greenhouse emissions through new technology

- Gas fired cogeneration plants – at Pinjarra and Wagerup refineries
- Cogen plants produce electricity and steam from natural gas
- Residue carbon capture – uses waste CO₂ to treat bauxite residue



WA's greenhouse advantages

- Advantages of natural gas and technology
- Every tonne of alumina produced by Alcoa in Western Australia
 - Uses just over **half the energy**, and
 - Produces **less than half** the greenhouse emissions compared to Chinese alumina

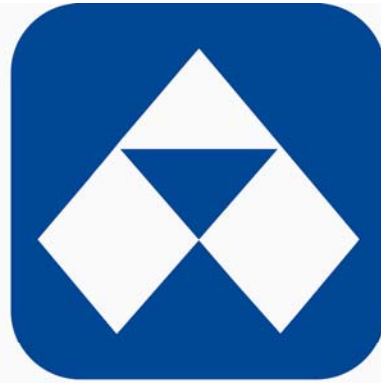


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Conclusion

- Global industry has undergone significant change
- Demand for aluminium will continue to grow for the long term
- Key sustainability challenge: managing climate change and energy





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australia's aluminium

