

Stock Fundamentals as of August 31, 2009

Sabrient Rating	Strong Sell
Ticker	AA
Market Cap Designation	Large-cap
Market Capitalization (Billions)	\$11.7
Price	\$12.05
52-Week High/Low	\$32.00/4.97
EPS (TTM)	-\$1.67
P/E Ratio (TTM)	N/A
Dividend Yield	1.0%
S&P 500 P/E Ratio	30.3
Price/Book Ratio	0.9
Price/Sales Ratio	0.6
30-Day Average Volume (Millions)	34.3
Beta	2.06
Current Ratio	1.5
Short Interest Ratio	2.3
Shares Outstanding (Millions)	974.4

Sabrient Ratings

Sabrient's Buy/Hold/Sell ratings are based on a combination of dynamic filters that determine which attributes of a stock are most predictive in the prevailing market and which stocks best reflect those attributes but are not yet rewarded.

Sabrient starts with an "extraction" process that uses the best performing filters to identify stocks having certain compelling attributes currently sought by the market. Then, a composite scoring process uses a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. As a result, the Buy/Hold/Sell rating may, in certain cases, seem inconsistent with a simple average of the scores cited in this analysis.

A BUY rating means the stock is expected to outperform its relevant benchmark substantially over the next 6 months. A SELL rating means the stock is expected to underperform its relevant benchmark substantially over the next 6 months. A HOLD rating means the stock is expected to perform in line with its relevant benchmark over the next 6 months.

If a stock is rated HOLD, the investor should review the stock's history of Sabrient ratings to see if it has recently changed to HOLD from BUY or SELL. If so, this indicates one of the following: (1) there has been a significant change in the stock's fundamentals, (2) the stock is already appropriately rewarded or punished by the market, or (3) there simply has been some recent price consolidation that warrants attention. A reading of Sabrient's analysis should identify which it is.

More about Sabrient on Page 4

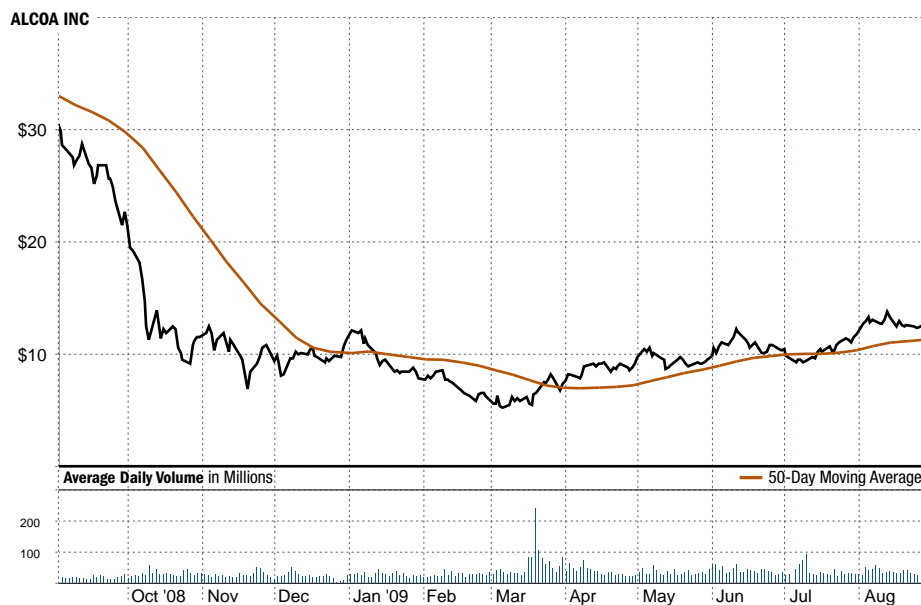
Sabrient's Market Cap Designations

Large Cap	> \$5.0 Billion
Mid Cap	\$1.0 - \$5.0 Billion
Small Cap	\$150 Million - \$1.0 Billion
Micro Cap	< \$150.0 Million

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Please see important disclaimer on page 5 of this report.

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Company Profile

Alcoa Inc. engages in the production and management of primary aluminum, fabricated aluminum, and alumina worldwide. It involves in the technology, mining, refining, smelting, fabricating, and recycling of aluminum.

Earnings and Revenue Update: For the quarter ended June 30, 2009, Alcoa reported earnings of \$-312.0 million or \$-0.32 per share compared with \$-481.0 million or \$-0.59 per share for the prior quarter and \$553.0 million or \$0.66 per share for the same quarter one year ago. Revenues were \$4.2 billion for the quarter ended June 30, 2009 compared with \$4.1 billion for the prior quarter and \$7.2 billion for the same quarter one year ago. Last twelve months' earnings were \$-1.67 per share compared with \$2.41 per share a year ago. Last twelve months' revenues were \$21.0 billion compared with \$29.0 billion a year ago.

Sabrient Analysis

Sabrient rates AA a Strong Sell based on its overall inferior scores on important metrics that point to weak future market performance.

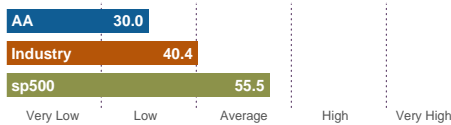
- **Growth:** With a Sabrient Growth Score of 30.0, Alcoa is one of the lower ranked stocks with regard to growth prospects. It will take steadily improving bottom line results, plus an indication that the trend is likely to continue, before the stock will see a better growth score.
- **Value:** A Sabrient Value Score of 36.6 indicates that AA is fully valued or possibly overvalued.
- **Momentum:** A Sabrient Momentum Score of 43.3 means AA has a below-average rating for a composite measure of price, earnings and group momentum.
- **Timeliness:** AA has a Sabrient Timeliness Score of 24.1. This is a composite measure of short-term and long-term price performance and long-term group performance.

Sabrient Analysis continued on Page 3

Current Sabrient Scores Compared with Industry and Relevant Benchmark

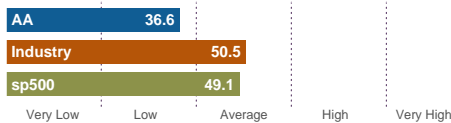
These Sabrient scores compare various aspects of ALCOA INC with its industry and relevant benchmarks. The scores are percentile rankings from 0 to 99.9. Higher scores are better. We use a weighted average of several key scores to quantify the relative likelihood of upside or downside price action. Therefore, the Sabrient rating may seem inconsistent with a simple average of the scores cited in this analysis.

Growth Score: 30.0



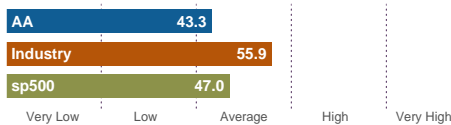
The Sabrient Growth Score reflects a company's historical and projected earnings growth, revenue and sales growth, projected cash flow, analyst activity, and changes in earnings estimates, each over various time periods. The higher the score, the better the combined performance of these key measures. With a Sabrient Growth Score of 30.0, Alcoa is moderately lower than the average of its industry group, which has a Sabrient Growth Score of 40.4.

Value Score: 36.6



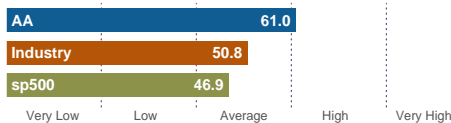
The Sabrient Value Score measures the relationship between a company's stock price and its intrinsic value, as indicated by earnings and balance sheet attributes, with an emphasis on earnings. Also considered are cash flow measures and fundamental valuation ratios. With a Sabrient Value Score of 36.6, Alcoa is moderately lower than the average of its industry group, which has a Sabrient Value Score of 50.5.

Momentum Score: 43.3



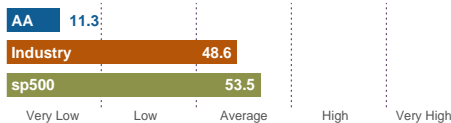
The Sabrient Momentum Score measures a company's earnings and price momentum, evenly weighted, and augmented by group strength, money flow, and relative volume. Core technical factors include current price relative to periodic highs and moving averages. With a Sabrient Momentum Score of 43.3, Alcoa is moderately lower than the average of its industry group, which carries a Sabrient Momentum Score of 55.9.

Earnings Score: 61.0



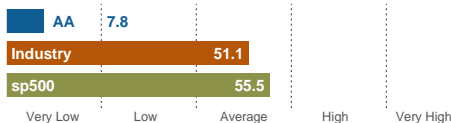
The Sabrient Earnings Score assesses a company's overall earnings performance and projected outlook. Time periods include an average look-back of three years with an emphasis on the past four quarters and a forward look of one to five years. With a Sabrient Earnings Score of 61.0, Alcoa is moderately higher than the average of its industry group, which has a Sabrient Earnings Score of 50.8.

Balance Sheet Score: 11.3



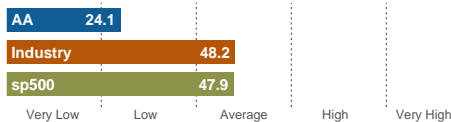
The Sabrient Balance Sheet Score measures a company's liquidity and debt issues, as well as receivables and inventory quality. This score is used to assess relative risk associated with a stock: the lower the score, most likely the higher the inherent risk. With a Sabrient Balance Sheet Score of 11.3, Alcoa is well below the average of its industry group, which carries a Sabrient Balance Sheet Score of 48.6.

Fundamental Score: 7.8



The Sabrient Fundamental Score is the broad measure of a company's financial health, including its balance sheet, cash flow, revenue, and earnings quality. With a Sabrient Fundamental Score of 7.8, Alcoa is significantly lower than the average of its industry group, which carries a Sabrient Fundamental Score of 51.1.

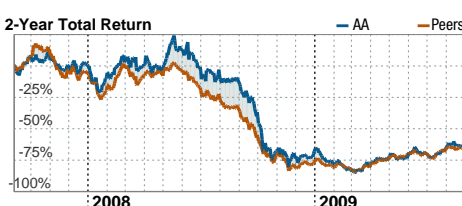
Timeliness Score: 24.1



The Sabrient Timeliness Score is an assessment of a stock's short and long-term price strength as determined by various chart-based indicators and measures of group momentum and relative price performance. With a Sabrient Timeliness Score of 24.1, Alcoa is considerably lower than the average of its industry group, which carries a Sabrient Timeliness Score of 48.2.

Peer Analysis

This table compares AA with other similar-sized companies in the same industry group, focusing on Sabrient's growth, momentum and value scores, which represent the three main investing styles. The Peer Analysis chart compares AA's 2-year total return with the average 2-year total return of these companies.

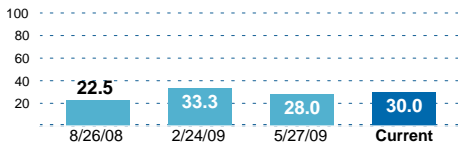


Symbol	Company	Growth Score	Momentum Score	Value Score	Market Cap.(M)
AA	ALCOA INC	30.0	43.3	36.6	\$11741.2
NHY	Norsk Hydro	39.4	83.6	67.1	\$7435.7
ACH	Aluminum China	38.5	59.6	60.2	\$4190.1
AWC	Alumina	15.7	49.4	56.4	\$3337.0
CENX	Century Aluminum	58.2	88.2	54.3	\$758.7
KALU	Kaiser	23.3	25.7	38.8	\$655.6
CMQ	Cathay Merchant	70.6	38.7	40.1	\$1.0

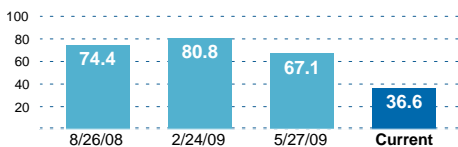
Historical Sabrient Scores

The recent histories of key Sabrient scores provide insight into the stock's trends -- whether they are increasing or decreasing in strength in a particular area or simply holding steady. The Sabrient scores are percentile rankings from 0 to 99.9, with higher scores better. Keep in mind that Sabrient ratings may seem inconsistent with a simple average of these key scores because a weighted average of several key scores is used to quantify the relative likelihood of upside or downside price action.

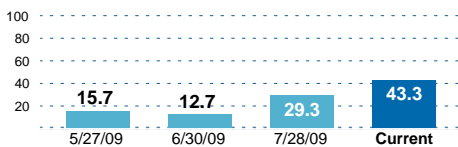
Growth Score: 30.0



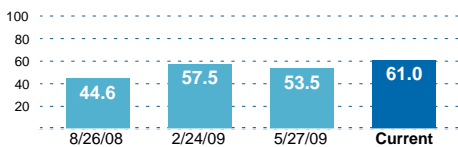
Value Score: 36.6



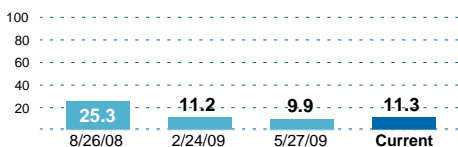
Momentum Score: 43.3



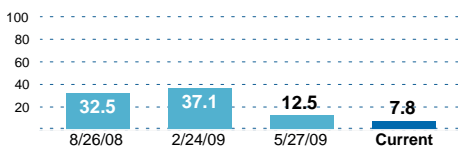
Earnings Score: 61.0



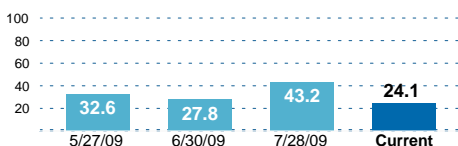
Balance Sheet Score: 11.3



Fundamental Score: 7.8



Timeliness Score: 24.1



Sabrient Analysis continued from Page 1

- **Best Performing Filters:** To determine the likelihood of near-term performance, Sabrient builds and backtests "Smart Filters" to establish which caps, styles and attributes are drawing a premium in today's market. Currently, the three most predictive filters for the relevant segment are:

Primary Value Filter: The Primary Value Filter measures key growth and valuation ratios, both long-term and short-term. It is currently one of our best-performing filters, showing a significant premium to its large-cap benchmark for the past three months. AA scores 71.0 for this filter.

Price Trend Filter: The Price Trend Filter uses a sophisticated statistical analysis to evaluate a stock's current price with respect to its long-term trend and to compare the result to the stock's core growth characteristics. A high score means the stock is below its long-term trend, especially in light of its earnings performance. A low score means the stock is above its long-term trend and may likely fall back to or below the mean. As of last month, this filter showed a substantial premium to its large-cap benchmark. AA scores 98.3 for this filter.

Financial Quality Filter: The Financial Quality Filter assesses a company's financial health, emphasizing cash flow, along with projections for bottom-line and recent top-line growth. It is currently among Sabrient's best performing filters in the large-cap market. AA scores 28.1 for this filter.

In summary, AA's Strong Sell rating is based on a profile of forward-looking metrics which show this stock could significantly underperform the broader markets.

What the Market Wants: September 2009

[Note: What the Market Wants is now a weekly publication. For email delivery, sign up at www.sabrient.com, where you can also view this week's Market Stats and Stocks to Consider - or visit our blog at <http://www.sabrient.com/blog/>]

IS IT A BUMP IN THE ROAD OR A POTHOLE?

By David Brown, Chief Market Strategist

(August 31, 2009, 5:15 pm PST)

Friday of last week seemed like a minor bump in the road as a small drop in the market allowed the week to end positive for mid caps and large caps but negative for small caps. Mid-cap stocks, in fact, led the pack with a paltry 0.7% gain for the week. But after today's (Monday) action, there are indications that we might be looking at something more like a pothole... or more ominously, a road construction detour.

The week's results were triggered by slightly negative reports from consumer spending, which was unchanged versus an expectation of a slight gain. Consumer sentiment was somewhat better than expected, but below mid-July levels.

However, after the overnight sell-off in China, it is looking more like a pothole. The Shanghai Composite was down a full seven percent on reports of lowered equity purchases by managers. Of course, the closing of another half dozen banks over the past week, including large banks in Texas and California, did not help investor attitude.

And today, the Chicago Purchasing Managers Index was a tad better than expected but nothing to get too excited about. All of this news on the heels of the flat-revenue-but-positive earnings quarter resulted in a poor market day. At today's close the S&P 500 had fallen nearly 20 points from its high of 1040 at mid-week last week.

Despite the bank failures, the Financials sector led the way last week, up 2%, but was negative today (Monday). Technology and Consumer Discretionary were both up around 1%, while Utilities, Energy and Consumer Staples were all down more than 0.5% last week. Today, everything was down except Consumer Staples, which eked out a small gain.

It is difficult to be too optimistic in light of the past week's activities, although this is the last week of the dog days of summer, traditionally a low volume week. Nevertheless, our Sabrient forecasted sector rankings are led by Utilities by a significant margin over Telecom and Health Care. Energy has finally fallen out of the top three, while Materials and Financials sit at the bottom. High valuation remains an issue in both of those sectors.

This appears to be a good time for taking profits on fully valued positions and carefully looking for bargains in the positive sectors. In fact, as we enter September, which is historically the weakest month of the year (particularly following a strong August), we should all be prepared for at least the "pothole" scenario. But we might also position portfolios to deal with the "construction detour" possibility that could slow the market's progress to a crawl, and perhaps even keep many participants off the road entirely (which could lead to a correction to as low as 940 support on the S&P 500). That might mean protective put options and other defensive positions (I entered some myself today).

Next update: Monday, September 7.

Company Description

Alcoa Inc. engages in the production and management of primary aluminum, fabricated aluminum, and alumina worldwide. It involves in the technology, mining, refining, smelting, fabricating, and recycling of aluminum. The company's products include precision castings, and aerospace and industrial fasteners. Alcoa offers flat-rolled products, such as sheet and plate, foil products, and can reclamations; extruded and end products, including extrusion and architectural products; auto engineering products; and automotive components. Its products are used in aircraft, automobiles, commercial transportation, building and construction, oil and gas, defense, and industrial applications. The company has bauxite mining interests in Australia, Brazil, Guinea, Jamaica, and Suriname. It has a collaboration agreement with CIMC Vehicle (Shandong) Co. Ltd. to design and develop an aluminum fuel tanker trailer for the Asian market; and a strategic cooperation agreement with the Peoples Government of Henan Province in China to jointly establish projects for the fabricated and primary aluminum industry. Alcoa was founded in 1888 and is based in New York, New York.

About Sabrient

Sabrient Systems is an independent research firm providing statistical analysis of a company's fundamental data to investment professionals. We use a computer-driven, quantitative methodology to identify stocks that appear poised to outperform or underperform the market.

The Sabrient methodology was developed by an experienced research team led by David Brown, a former NASA scientist and retired CEO of Telescan and designer of its premier stock search program, ProSearch. The research team employs a scientific approach to the creation and testing of multi-factor filters. Each filter targets a key area of traditional stock analysis, including value, growth, momentum, fundamentals, earnings, balance sheet, and group strength. Using an adaptive process, filters are continually tested and monitored to ensure that only the best performing filters are at work.

Sabrient's ratings begin with an extraction process in which each of the few best-performing filters scans the universe of equities to identify stocks having certain compelling attributes sought, but not sufficiently rewarded, by the current market. Then, a composite scoring system employs a broader set of "weighting" filters to rank the extracted stocks. To support individual investors, Sabrient uses the same sophisticated methodology to provide individual stock reports on a universe of approximately 5,600 stocks.

Sabrient regularly tests the performance of its stock selections, using its primary list of published rankings and statistical techniques it believes appropriate. These recommendations have consistently outperformed relevant benchmarks across a broad range of investing styles, market caps, time frames and market conditions, demonstrating the robustness of Sabrient's proprietary methodology. While past performance is no guarantee of future results, Sabrient believes it can maintain its strong performance through its rigorous, scientific approach to filter construction and ongoing backtesting within a dynamic and adaptive composite scoring system.

For more information on Sabrient and its performance, go to www.sabrient.com

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