

Alcoa Case Study

Implementing a Process for XBRL Reporting

COMPANY PROFILE

Alcoa is the world leader in the production and management of primary aluminum, fabricated aluminum, and alumina (aluminum's principal ingredient, processed from bauxite) combined, through its active and growing participation in all major aspects of the industry: technology, mining, refining, smelting, fabricating, and recycling. Alcoa serves the aerospace, automotive, packaging, building and construction, commercial transportation, and industrial markets, bringing design, engineering, production, and other capabilities of Alcoa's businesses to customers. In addition to aluminum products and components, including flat-rolled products, hard alloy extrusions, and forgings, Alcoa also markets Alcoa® wheels, fastening systems, precision and investment castings, and building systems. With a market capitalization of approximately \$33 billion and sales of approximately \$31 billion in 2007, Alcoa has 97,000 employees in 34 countries and is ranked #80 on the 2008 Fortune 500.

THE CHALLENGE

On the forefront of innovation, Alcoa is committed to world-class performance, as measured by shareholders, customers, employees, and the community. When asked by SEC Chairman Christopher Cox to become an early adopter of the XBRL reporting standard, Alcoa eagerly signed on to the SEC's Voluntary Filing Program. After exploring a variety of alternatives, they turned to financial printer RR Donnelley to understand their options for XBRL translation and filing.

THE SOLUTION

Integral in shaping and defining the XBRL standard since its inception, RR Donnelley has collaborated with EDGAR Online to create the EZ Start XBRL Solution. As the leading provider of XBRL translation services to participants in the SEC's Voluntary Filing Program, RR Donnelley is uniquely qualified to help companies prepare for the impending XBRL mandate.

Although expecting to evaluate several vendors, Alcoa saw that the RR Donnelley EZ Start Solution was cost effective and full service – nothing else was needed. With EZ Start, the initial XBRL translation is created for you. Consequently, Alcoa “could just focus on

the review process instead of having to tag each line item of the financial statements ourselves,” says Matt Dinardo, Alcoa's Manager, External Reporting.

To begin the process, Dinardo was assigned an RR Donnelley project manager. They agreed to start with Alcoa's 2nd Quarter 2007 report. Within a day, Alcoa had an XBRL version of the financial statements mapped to predefined taxonomies, which took about four hours to review. Subsequent reports took less than half the time, explains Dinardo, “but there was a learning curve with the first one. I wanted to carefully read and understand each tag and definition.”

The XBRL reports along with Dinardo's comments were routed to Alcoa's Director, Financial Accounting, and Manager, Corporate Consolidations and Financial Systems. To ensure that the XBRL translation reflected Alcoa's presentation of their financials, a conference call was scheduled the next day to review their questions with XBRL specialists.

“It definitely gives you a high level of comfort to be working with this level of expertise,” explains Dinardo. “The experts at RR Donnelley and EDGAR Online were very knowledgeable and could answer every question on the spot.” At the time, the XBRL taxonomy was not complete, so it was necessary to create about 36 tags. “Since most of the issues had already been encountered with other customers, the appropriate tags were quickly recommended. It was a very efficient process,” says Dinardo.

With the final version approved, RR Donnelley validated the HTML and XBRL files, performed EDGAR test filings, and transmitted the files to the SEC.

THE RESULTS

Alcoa has fully grasped the impact of XBRL on their reporting process and is no longer concerned about the upcoming SEC mandate. Having gone through the initial process with the support and knowledge of a dedicated team of experts, they are comfortable using the nomenclature, are familiar with the taxonomies, and have a firm understanding of the mapping process.

Asked if in retrospect, Alcoa could have created the XBRL documents in-house, Dinardo says, “Yes, I

RR Donnelley EZ Start XBRL — We Tag. You Validate. We File.

could have selected most of the tags and probably created my own custom tags, but the process would have taken a lot longer. In addition, I would not have necessarily had the same comfort level of knowing that my custom tags would be acceptable under the Voluntary Filing Program let alone in accordance with the SEC's requirements once XBRL is mandated."

With over 15,000 tags in the newly approved taxonomy, mapping the financials can be laborious, trudging through the extensive list to select appropriate tags. Various studies by the SEC and outside analysts have estimated that it takes approximately 80 to 240 hours for a corporation to prepare, review and file their financials in house.

While they do anticipate another challenge when data tagging extends to the footnotes and schedules, Alcoa is not worried. They know "the XBRL specialists assigned to our team were deeply involved with the development of the taxonomy. And that comes through – we have the experts on our side," states Dinardo. Similar to the initial transition, RR Donnelley and EDGAR Online will impart the necessary know-how and expertise to comply with the additional requirements.

What advice does Dinardo offer to other companies? Companies should not be worried about the new requirements. "You're going to find out all the things you feared have no basis in fact. The process is fast, effective, and inexpensive and you'll be glad you did it before the mandate comes."

FOR MORE INFORMATION

- Visit our website, www.tryXBRL.com, the first public website in the world allowing anyone to view and analyze complete XBRL-tagged financial statements for over 12,000 publicly-traded corporations.
- E-mail us at xbml@rrd.com or call 1.800.424.9001.
- Contact your local Sales Representative.

ABOUT RR DONNELLEY GLOBAL CAPITAL MARKETS

RR Donnelley Global Capital Markets Business provides a range of solutions to address all of your financial communication needs. Throughout our 140 year history, we have remained committed to providing leadership, integrity and quality to the capital markets. Through our integrated global network, we file more than 50,000 documents annually with the SEC and produce many of the critical documents for regulatory compliance and financial transactions. Our unparalleled print capacity, innovative technologies and deep industry expertise make us the partner of choice for corporations and their advisors. With over 60,000 employees, 600 worldwide locations and a Fortune 300 ranking, RR Donnelley has the stability and scale to deliver for you.

RR Donnelley, a member of the XBRL International consortium, has been deeply involved in developing the XBRL standard with key advisory and regulatory bodies. As the leading providers of XBRL translation services to participants in the SEC Interactive Data Voluntary Program, RR Donnelley and EDGAR Online are uniquely qualified to give you guidance on how your company can prepare for the impending mandate.

ABOUT EDGAR ONLINE

EDGAR Online was a pioneer when it began with a handful of other organizations in 1999 to develop what is now XBRL. Today EDGAR Online is the world's largest XBRL data services provider, offering interactive data, tools, and cost-effective XBRL solutions. With EDGAR Online, companies and individuals can produce and consume high quality, three-dimensional usable data for near real-time decision making.

EDGAR Online has built the largest XBRL public company database in the world, with over 10 years of history for more than 12,000 US filing companies including information from the 10-K, 10-Q, 8-K (earnings releases). It also includes US foreign filers, private companies and detailed financial filings from Chinese, Indian, Japanese, and South Korean companies.

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