ALCOA INC.
Form DEF 14A
March 24, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

ALCOA INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 23, 2016

Dear Alcoa Shareholders:

You are cordially invited to attend the 2016 Annual Meeting of Shareholders of Alcoa Inc. to be held on Friday, May 6, 2016, at 9:30 a.m., Eastern Daylight Time, at the Fairmont Hotel, 510 Market Street, Pittsburgh, Pennsylvania 15222.

We are pleased to present you with our 2016 Proxy Statement, which represents our continual commitment to active transparency, good governance and performance-based executive compensation, and reflects guidance we received during dialogue with investors. At the annual meeting, shareholders will vote on the matters set forth in the 2016 Proxy Statement and the accompanying notice of the annual meeting. Highlights of the detailed information included in the proxy statement can be found in the *Proxy Summary* starting on page 3. The *Compensation Discussion and Analysis*, which begins on page 39, provides a focused discussion of our executive compensation practices that reinforce pay-for-performance and shareholder alignment.

Your vote is very important. Whether or not you will attend the meeting, we hope that your shares are represented and voted. In advance of the meeting on May 6, please cast your vote through the Internet, by telephone or by mail. Instructions on how to vote are found in the section entitled *Proxy Summary How to Cast Your Vote* on page 3.

In 2015, we completed our portfolio transformation. We exited high-cost commodity assets and invested in multi-material acquisitions and modernization projects in markets that are expected to provide profitable growth opportunities for Alcoa s innovation strengths. With the completion of Alcoa s portfolio transformation, we announced, in September 2015, our intention to separate Alcoa into two public companies an upstream company with the Alcoa name and a value-add company to be named Arconic. We believe that this strategic move will unlock the full value of the Company s businesses for our shareholders.

Thank you for being a shareholder of Alcoa and for your support during one of the most momentous years in the history of the Company. We look forward to seeing you at the meeting.

Sincerely,

Klaus Kleinfeld

Chairman and Chief Executive Officer

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Notice of 2016 Annual Meeting of Shareholders

Friday, May 6, 2016

9:30 a.m. Eastern Daylight Time

Fairmont Hotel

510 Market Street

Pittsburgh, PA 15222

The Annual Meeting of Shareholders of Alcoa Inc. (Alcoa or the Company) will be held on Friday, May 6, 2016 at 9:30 a.m., local time, at the Fairmont Hotel, 510 Market Street, Pittsburgh, PA 15222. Shareholders of record of Alcoa common stock at the close of business on February 24, 2016 are entitled to vote at the meeting.

The purposes of the meeting are:

1. to elect the five directors identified in the accompanying proxy statement to serve three-year terms expiring at the 2019 annual meeting of shareholders;
2. to ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2016;
3. to approve, on an advisory basis, executive compensation;
4. to approve 2013 Alcoa Stock Incentive Plan, as amended and restated, including approval of material terms under Code Section 162(m);
5. to re-approve the material terms of the performance goals under the Alcoa Inc. 162(m) Compliant Annual Cash Incentive Plan, as amended and restated;
6. to vote on a shareholder proposal, if properly presented at the meeting; and
7. to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

You will need an admission ticket if you plan to attend the meeting. Please see the questions and answers section of the proxy statement for instructions on how to obtain an admission ticket.

We will provide a live webcast of the meeting from our website at *http://www.alcoa.com* under *About Corporate Governance Annual Meeting*.

On behalf of Alcoa s Board of Directors,

Audrey Strauss

Executive Vice President, Chief Legal Officer and Secretary

March 23, 2016

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390 Park Avenue

New York, NY 10022-4608

Proxy Statement

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 6, 2016

The Company s Notice of 2016 Annual Meeting of Shareholders and Proxy Statement and 2015 Annual Report are available at *www.ReadMaterial.com/AA.*

The Board of Directors of Alcoa Inc. (Alcoa or the Company) is providing this proxy statement in connection with Alcoa s 2016 Annual Meeting of Shareholders to be held on Friday, May 6, 2016, at 9:30 a.m., local time, at the Fairmont Hotel, 510 Market Street, Pittsburgh, PA 15222, and at any adjournment or postponement thereof.

Proxy materials or a Notice of Internet Availability of Proxy Materials (the Notice) are being first released to shareholders on or about March 24, 2016. In accordance with rules and regulations adopted by the Securities and Exchange Commission (the SEC), instead of mailing a printed copy of the Company s proxy materials to each shareholder of record, the Company may furnish proxy materials by providing access to those documents on the Internet. The Notice contains instructions on how to access our proxy materials and vote online, or in the alternative, request a paper copy of the proxy materials and a proxy card. Shareholders who do not receive the Notice will continue to receive either a paper or an electronic copy of our proxy materials.

Proxy Summary

We provide below highlights of certain information in this Proxy Statement. As it is only a summary, please refer to the complete Proxy Statement and Alcoa s 2015 Annual Report before you vote.

2016 ANNUAL MEETING OF SHAREHOLDERS

Time and Date:	9:30 a.m., Eastern Daylight Time, May 6, 2016
Place:	Fairmont Hotel, 510 Market Street, Pittsburgh, Pennsylvania 15222
Record Date:	February 24, 2016
Webcast:	We will provide a live webcast of the annual meeting from our website at *http://www.alcoa.com* under *About Corporate Governance Annual Meeting*.
Voting:	Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.
Admission:	An admission ticket is required to enter Alcoa s annual meeting. See Question 5 in the *Questions and Answers About the Meeting and Voting* section regarding how to obtain a ticket.

How to Cast Your Vote

Your vote is important! Please cast your vote and play a part in the future of Alcoa.

Shareholders of record, who hold shares registered in their names, can vote by:

Internet at	**calling 1-888-693-8683**	**mail**
www.cesvote.com	toll-free from the	return the signed

U.S. or Canada proxy card

The deadline for voting online or by telephone is 6:00 a.m. EDT on May 6, 2016. If you vote by mail, your proxy card must be received before the annual meeting. If you hold shares in an Alcoa savings plan, your voting instructions must be received by 6:00 a.m. EDT on May 4, 2016.

Beneficial owners, who own shares through a bank, brokerage firm or other financial institution, can vote by returning the voting instruction form, or by following the instructions for voting via telephone or the Internet, as provided by the bank, broker or other organization. If you own shares in different accounts or in more than one name, you may receive different voting instructions for each type of ownership. Please vote all your shares.

If you are a shareholder of record or a beneficial owner who has a legal proxy to vote the shares, you may choose to vote in person at the annual meeting. ***Even if you plan to attend our annual meeting in person, please cast your vote as soon as possible.***

See the *Questions and Answers About the Meeting and Voting* section for more details.

Proxy Summary (continued)

Voting Matters and Board Recommendations

Voting Matters		Board s Recommendation	Page Reference (for more detail)
Item 1.	Election of Five Director Nominees to Serve for a Three-Year Term Expiring in 2019	ü FOR Each Nominee	7
Item 2.	Ratification of Appointment of PricewaterhouseCoopers LLP as the Company s Independent Registered Public Accounting Firm for 2016	ü FOR	35
Item 3.	Advisory Vote to Approve Executive Compensation	ü FOR	38
Item 4.	Approval of 2013 Alcoa Stock Incentive Plan, as amended and restated, including Approval of Material Terms under Code Section 162(m)	ü FOR	69
Item 5.	Re-approval of the Material Terms of the Performance Goals under the Alcoa Inc. 162(m) Compliant Annual Cash Incentive Plan, as amended and restated	ü FOR	81
Item 6.	Shareholder Proposal	û AGAINST	85

Board Nominees (page 9)

Alcoa s Board of Directors comprises 15 members divided into three classes. Directors are elected for three-year terms. The following table provides summary information about each director nominee standing for re-election to the Board for a three-year term expiring in 2019.

Name	Age	Director Since	Professional Background	Independent	Committee Memberships	Other Current Public Company Boards
Arthur D. Collins	68	2010	Retired Chairman and Chief Executive Officer, Medtronic, Inc.	Yes	Audit; Compensation and Benefits; Cybersecurity Advisory Subcommittee (Chair)	The Boeing Company; U.S. Bancorp
Sean O. Mahoney	53	2016	Private Investor; Former Partner, Investment Banking, Goldman, Sachs & Co.	Yes	Audit; Compensation and Benefits	Delphi Automotive plc and Cooper-Standard Holdings Inc.
Michael G. Morris	69	2008	Retired Chairman and President and Chief Executive Officer, American Electric Power Company, Inc.	Yes	Audit; Compensation and Benefits (Chair); Executive; Governance and Nominating	L Brands, Inc.; The Harford Financial Services Group, Inc.; Spectra Energy Corp
E. Stanley O Neal	64	2008	Former Chairman of the Board and Chief Executive Officer, Merrill Lynch	Yes	Audit; Executive; Governance and Nominating	Platform Specialty Products Corporation
Carol L. Roberts	56	2014	Senior Vice President and Chief Financial Officer, International Paper Company	Yes	Audit	

Proxy Summary (continued)

Corporate Governance Highlights (Page 22)

The Company is committed to good corporate governance, which we believe is important to the success of our business and in advancing shareholder interests. Our corporate governance practices are described in greater detail in the *Corporate Governance* section. Highlights include:

ü Majority voting for directors

ü 14 out of 15 Board members are independent

ü Independent lead director with substantial responsibilities

ü Diversity reflected in Board composition

ü Regular executive sessions of independent directors

ü Average Board attendance of 94% during 2015

ü Independent Audit, Compensation and Benefits, Governance and Nominating, and Public Issues Committees

ü Risk oversight by full Board and committees

ü Regular Board, committee and director nominee self-evaluations

ü Active shareholder engagement

ü Shareholder right to call special meetings

ü Shareholders ability to take action by written consent ü Long-standing commitment toward sustainability

ü Policies prohibiting short sales, hedging, margin accounts and pledging

Financial and Operating Highlights

2015 Sales: $22.5 Billion

($ in millions, except per share amounts)	2015	2014	2013
Sales	$ 22,534	$ 23,906	$ 23,032
Net (loss) income	(322)	268	(2,285)
Per common share data:			
Basic	(0.31)	0.21	(2.14)
Diluted	(0.31)	0.21	(2.14)
Dividends paid	0.12	0.12	0.12
Total assets	36,528	37,363	35,696
Capital expenditures	1,180	1,219	1,193
Cash provided from operations	1,582	1,674	1,578
Book value per share*	8.23	9.07	9.84
Common stock outstanding, end of year (000)**	1,310,160	1,216,664	1,071,011

** Book value per share = (Total shareholders equity minus Preferred stock) divided by Common stock outstanding, end of year.*

*** There were an estimated 560,000 shareholders, which includes registered shareholders and beneficial owners holding stock through banks, brokers, or other nominees, as of February 24, 2016 (the record date for the 2016 annual shareholders meeting).*

Executive Compensation Highlights (Page 39)

The Compensation Discussion and Analysis provides a focused discussion of how Alcoa s executive compensation philosophy drove strong operating and financial performance in 2015.

- Alcoa s compensation philosophy and investor outreach guided the 2015 executive compensation plan
- Alcoa s emphasis on equity aligns pay with shareholder value
- Alcoa delivered solid operational and financial performance in 2015 and completed its transformation
- Alcoa set aggressive short- and long-term business plan targets that formed the basis for its incentive compensation (IC) and long-term incentive (LTI) targets
- Alcoa chose 2015 metrics that drive long-term economic value, and IC and LTI targets that drove solid performance
- The Compensation and Benefits Committee made below-target IC and LTI awards that reflected 2015 performance against aggressive targets, while designed to reward and retain exceptional talent

WHAT WE DO	WHAT WE DON T DO
ü We pay for performance	
ü We consider peer groups in establishing compensation	
ü We review tally sheets	
ü We have robust stock ownership guidelines	
ü We schedule and price stock option grants to promote transparency and consistency	
ü We have clawback policies incorporated into our incentive plans	
ü We have double-trigger equity vesting in the event of a change-in-control	
ü We pay reasonable salaries to our senior executives	
ü We provide appropriate benefits to our senior executives	
ü We have a conservative compensation risk profile	

ü We consider tax deductibility when designing and administering our incentive compensation

ü The Compensation and Benefits Committee retains an independent compensation consultant

ü We actively engage in compensation and governance-related discussions with Investors.

û We do not pay dividend equivalents on stock options and unvested restricted share units

û We do not allow share recycling

û We do not allow repricing of underwater stock options (including cash-outs)

û We do not allow hedging or pledging of Company stock

û We do not have excise tax gross-ups for new participants in our Change in Control Severance Plan

û We do not enter into multi-year employment contracts

û We do not provide significant perquisites

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Item 1 Election of Directors

As of the date of this proxy statement, Alcoa s Board of Directors comprises 15 members divided into three classes. Directors are elected for three-year terms. The terms for each class end in successive years.

The Board of Directors, upon the recommendation of the Governance and Nominating Committee, has nominated five incumbent directors, Arthur D. Collins, Jr., Sean O. Mahoney, Michael G. Morris, E. Stanley O Neal and Carol L. Roberts, to stand for reelection to the Board for a three-year term expiring in 2019.

Each of the director nominees was elected by the shareholders at the 2013 Annual Meeting of Shareholders except Mr. Mahoney. Messrs. Mahoney, John C. Plant and Ulrich Rick Schmidt were appointed by the Board of Directors, effective February 5, 2016, in connection with an agreement that the Company entered into on February 1, 2016 with Elliott Associates, L.P., a Delaware limited partnership, Elliott International, L.P., a Cayman Islands limited partnership, and Elliott International Capital Advisors Inc., a Delaware corporation (collectively, Elliott). Under this agreement, Elliott agreed that at the 2016 Annual Meeting, it will vote all shares of common stock of the Company that it has the right to vote, as of the record date, in favor of the election of directors nominated by the Board and, subject to certain exceptions relating to any extraordinary transactions, in accordance with the Board s recommendation on any proposals.

The Board of Directors has affirmatively determined that each of the five nominees qualifies for election under the Company s criteria for evaluation of directors (see *Minimum Qualifications for Director Nominees and Board Member Attributes* on page 17 and *Board, Committee and Director Evaluations* on page 25). Included in each nominee s biography below is a description of the qualifications, experience, attributes and skills of such nominee. In addition, the Board of Directors has determined that each nominee qualifies as an independent director under New York Stock Exchange corporate governance listing standards and the Company s Director Independence Standards. See *Director Independence* on page 28.

If a nominee is unable to serve as a director, the Board may reduce its size or choose a substitute.

The Board of Directors recommends a vote FOR ITEM 1, the election of each of Arthur D. Collins, Sean O. Mahoney, Michael G. Morris, E. Stanley O Neal and Carol L. Roberts to the Board for a three-year term expiring in 2019.

Item 1 Election of Directors (continued)

Summary of Director Attributes and Skills

Our directors have a diversity of experience that span a broad range of industries and in the public and not-for-profit sectors. They bring to our Board a wide variety of skills, qualifications and viewpoints that strengthen the Board s ability to carry out the Board s oversight role on behalf of our shareholders. In the director biographies below, we describe certain areas of individual expertise that each director brings to our Board, including those listed below.

The table below is a summary of the range of skills and experiences that each director brings to the Board. Because it is a summary, it does not include all of the skills, experiences, qualifications, and diversity that each director offers, and the fact that a particular experience, skill, or qualification is not listed does not mean that a director does not possess it.

Item 1 Election of Directors (continued)

Nominees to Serve for a Three-Year Term Expiring in 2019

Arthur D. Collins, Jr.

Director since: 2010

Age: 68

Committees: Audit Committee; Compensation and Benefits Committee; Cybersecurity Advisory Subcommittee (Chair)

Other Current Public Directorships:
The Boeing Company; U.S. Bancorp (Lead Director)

Career Highlights and Qualifications: Mr. Collins was Chairman of Medtronic, Inc., a leading medical device and technology company, from April 2002 until his retirement in August 2008, and Chief Executive Officer from May 2002 to August 2007. He held a succession of other executive leadership positions with Medtronic from 1992 until his retirement, including as President and Chief Executive Officer, President and Chief Operating Officer, and Chief Operating Officer. He was Executive Vice President of Medtronic and President of Medtronic International from June 1992 to January 1994.

Prior to joining Medtronic, he was Corporate Vice President of Abbott Laboratories (health care products) from October 1989 to May 1992 and Divisional Vice President of that company from May 1984 to October 1989. He joined Abbott in 1978 after spending four years with Booz, Allen & Hamilton, a management consulting firm.

Other Current Affiliations: In addition to his public company board memberships, Mr. Collins currently serves on the board of privately held Cargill, Incorporated. He also serves as a senior advisor to Oak Hill Capital Partners, L.P., a private equity firm.

Previous Directorships: Mr. Collins was Chairman of Medtronic, Inc. from 2002 to 2008.

Attributes and Skills: Mr. Collins extensive business experience, including his years of executive leadership at Medtronic, provide Alcoa the benefit of his insights concerning leading a large, global manufacturing company. Having served on the audit, finance, compensation, governance and executive committees of various boards, Mr. Collins has the depth of experience to contribute to his Alcoa committee assignments. Mr. Collins is currently the lead director at U.S. Bancorp. As the chair of the Compensation Committee at Boeing and of the Human Resources Committee at Cargill, Mr. Collins brings valuable insights to the management and motivation of talent in two of Alcoa s primary market sectors, aerospace and commodities.

Mr. Collins qualifies as an audit committee financial expert.

Sean O. Mahoney

Director since: 2016

Age: 53

Committees: Audit Committee;
Compensation and Benefits Committee

Other Current Public Directorships:
Delphi Automotive plc and Cooper-Standard Holdings Inc.

Career Highlights and Qualifications: Mr. Mahoney has extensive experience in capital markets and business strategy across a wide variety of companies and sectors, including industrial and automotive. He is a private investor with over two decades of experience in investment banking and finance. Mr. Mahoney spent 17 years in investment banking at Goldman, Sachs & Co., where he was a partner and head of the Financial Sponsors Group, followed by four years at Deutsche Bank Securities, where he served as Vice Chairman, Global Banking.

Other Current Affiliations: In addition to his public company board memberships, Mr. Mahoney has served on the post-bankruptcy board of Lehman Brothers Holdings Inc. since 2012, and the board of Formula One Holdings since 2014. He also serves on the Development Committee for the Rhodes Trust, an educational charity whose principal activity is to support the international selection of Rhodes Scholars for study at Oxford University in England (which Mr. Mahoney attended as a Rhodes Scholar from 1984 through 1987).

Attributes and Skills: Mr. Mahoney has advised a broad range of companies on business, financial and value-creation strategy. He has served as senior advisor on a range of major equity, debt and mergers and acquisitions projects during his career. Mr. Mahoney s proven business, financial and investment acumen brings valuable insight and perspectives to the Board as Alcoa prepares to separate into two public companies.

Mr. Mahoney qualifies as an audit committee financial expert.

Item 1 Election of Directors (continued)

Nominees to Serve for a Three-Year Term Expiring in 2019

Michael G. Morris

Director since: 2008

Age: 69

Committees: Audit Committee;
Compensation and Benefits Committee (Chair); Executive Committee; Governance and Nominating Committee

Other Current Public Directorships:
L Brands, Inc.; The Hartford Financial

Services Group, Inc.; Spectra Energy Corp

Career Highlights and Qualifications: Mr. Morris was Chairman of American Electric Power Company, Inc. (AEP), one of the nation s largest utility generators and owner of the largest electricity transmission system in the United States, from 2004 through 2013. He served as Chief Executive officer of AEP and all of its major subsidiaries from 2004 until his retirement in November 2011 and as President from 2004 to 2011. From 1997 to 2003, Mr. Morris was Chairman, President and Chief Executive Officer of Northeast Utilities.

Prior to that, he held positions of increasing responsibility in energy and natural gas businesses.

Other Current Affiliations: In addition to his public company board memberships, Mr. Morris serves on the U.S. Department of Energy s Electricity Advisory Board, the National Governors Association Task Force on Electricity Infrastructure, the Institute of Nuclear Power Operations and the Business Roundtable (chairing the Business Roundtable s Energy Task Force).

Previous Directorships: Mr. Morris was Chairman of AEP from 2004 through 2013. From 1997 to 2003, Mr. Morris was Chairman of Northeast Utilities. Mr. Morris was previously chairman of the Edison Electric Institute.

Attributes and Skills: Mr. Morris has proven business acumen, having served as the chief executive officer of significant, complex energy organizations. Mr. Morris experience in the energy field and engagement in governmental energy task forces are valuable resources to the Company as it seeks to maintain affordable energy supplies for the production of aluminum, which requires large amounts of energy in an electrolytic smelting process. Mr. Morris is widely recognized as a leader in developing the carbon sequestration process, a technology that may prove to be valuable to the aluminum industry in reducing greenhouse gas emissions. His prior and current board positions contribute to his important Alcoa committee leadership responsibilities.

Mr. Morris qualifies as an audit committee financial expert.

E. Stanley O Neal

Director since: 2008

Age: 64

Committees: Audit Committee; Executive Committee; Governance and Nominating Committee

Other Current Public Directorships: Platform Specialty Products Corporation

Career Highlights and Qualifications: Mr. O Neal served as Chairman of the Board and Chief Executive Officer of Merrill Lynch & Co., Inc. until October 2007. He became Chief Executive Officer of Merrill Lynch in 2002 and was elected Chairman of the Board in 2003. Mr. O Neal was employed with Merrill Lynch for 21 years, serving as President and Chief Operating Officer from July 2001 to December 2002; President of U.S. Private Client from February 2000 to July 2001; Chief Financial Officer from 1998 to 2000; and Executive Vice President and Co-head of Global Markets and Investment Banking from 1997 to 1998.

Before joining Merrill Lynch, Mr. O Neal was employed at General Motors Corporation where he held a number of financial positions of increasing responsibility.

Mr. O Neal s other affiliations included service on the board of the Memorial Sloan-Kettering Cancer Center, and membership in the Council on Foreign Relations, the Center for Strategic and International Studies and the Economic Club of New York.

Previous Directorships: Mr. O Neal was a director of General Motors Corporation from 2001 to 2006, chairman of the board of Merrill Lynch & Co., Inc. from 2003 to 2007, and a director of American Beacon Advisors, Inc. (investment advisor registered with the Securities and Exchange Commission) from 2009 to September 2012.

Attributes and Skills: Mr. O Neal provides a valuable perspective to the Audit Committee with his background in investment banking. He also brings to the Audit Committee a strong financial background in an industrial setting, having served in various financial and leadership positions at General Motors Corporation, a leading automotive company in one of Alcoa s most important and expanding market segments. Mr. O Neal s leadership and executive experience and financial expertise provide the Board with valuable insight.

Mr. O Neal qualifies as an audit committee financial expert.

Item 1 Election of Directors (continued)

Nominees to Serve for a Three-Year Term Expiring in 2019

Carol L. Roberts

Director since: 2014

Age: 56

Committees: Audit Committee

Career Highlights and Qualifications: Ms. Roberts is Senior Vice President and Chief Financial Officer of International Paper Company (IP), a global leader in packaging and paper with manufacturing operations in 24 countries. Ms. Roberts has over 30 years of industrial manufacturing experience, having worked in multiple facilities and across various functions at IP. Prior to being named Chief Financial Officer, Ms. Roberts successfully led IP s largest business unit, North American Industrial Packaging from 2005 through 2011, guiding the business through a number of critical acquisitions. While in that role, she led IP s acquisition of Weyerhaeuser s packaging business. Ms. Roberts has also served as IP s Vice President of People Development for three years, during which she developed human resources programs that have had a major impact on IP s talent posture and employee engagement. Ms. Roberts has served in a variety of operational and technical roles since beginning her career with IP in 1981 as an associate engineer at the company s Mobile, Alabama mill.

Other Current Affiliations: Ms. Roberts is a member of the Yale University Council.

Previous Directorships: Ms. Roberts was a director of the Ilim Group from 2013 to 2015.

Attributes and Skills: Ms. Roberts career spans engineering, manufacturing, business management, human resources and finance, bringing a strong set of cross-functional experiences to the Board. Her operational experience includes leadership of a packaging business, one of Alcoa s large markets. Her current role as Chief Financial Officer of IP also provides her with a strong foundation for valuable contributions to Board discussions relating to financial and strategic matters, particularly as they relate to Alcoa s upstream businesses in commodity markets.

Ms. Roberts qualifies as an audit committee financial expert.

Directors

Director Whose Term Expires in 2017

Director Whose Term Expires in 2017

Klaus Kleinfeld

Director since: 2003

Age: 58

Committees: Executive Committee (Chair); International Committee (Chair)

Other Current Public Directorships: Hewlett Packard Enterprise Company; Morgan Stanley

Career Highlights and Qualifications: Mr. Kleinfeld has been Chairman and Chief Executive Officer of Alcoa since April 2010. He was President and Chief Executive Officer of Alcoa from May 2008 to April 2010, and President and Chief Operating Officer from October 2007 to May 2008.

Before Alcoa, Mr. Kleinfeld had a 20-year career with Siemens, the global electronics and industrial conglomerate, based in the U.S. and Germany, where he served as Chief Executive Officer of Siemens AG from January 2005 to June 2007. During his tenure, Mr. Kleinfeld presided over a dramatic transformation of that company, reshaping the company s portfolio around three high-growth areas, resulting in an increase of revenues and a near doubling of market capitalization. Mr. Kleinfeld was Deputy Chairman of the Managing Board and Executive Vice President of Siemens AG from 2004 to January 2005, and President and Chief Executive Officer from 2002 to 2004 of Siemens Corporation, Siemens AG s subsidiary in the U.S., which represents the company s largest region.

Mr. Kleinfeld was born in Bremen, Germany, and educated at the University of Goettingen and University of Wuerzburg. He holds a Ph.D. in strategic management and a master s degree in business administration.

Other Current Affiliations: In addition to his public company board memberships, Mr. Kleinfeld serves on the Brookings Institution Board of Trustees. He is Chairman of the U.S.-Russia Business Council, which is dedicated to promoting trade and investment between the United States and Russia.

Previous Directorships: Mr. Kleinfeld served on the Supervisory Board of Bayer AG for approximately nine years until September 30, 2014. He was a director of Citigroup Inc. from 2005 to 2007 and a member of the Managing Board of Siemens AG from 2004 to 2007. Mr. Kleinfeld was also a director of Hewlett-Packard Company from July 2014 to October 2015.

Attributes and Skills: As the only management representative on the Company s Board, Mr. Kleinfeld provides an insider s perspective in Board discussions about the business and strategic direction of the Company. He brings to the Board his knowledge of all aspects of Alcoa s global business and his extensive international and senior executive experience.

James W. Owens

Director since: 2005

Age: 70

Committee: Audit Committee (Chair)

Other Current Public Directorships: International Business Machines Corporation; Morgan Stanley

Career Highlights and Qualifications: Mr. Owens served as Chairman and Chief Executive Officer of Caterpillar Inc., a leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines, from February 2004 through June 2010. He was Executive Chairman from June to October 2010, when he retired from the company.

Mr. Owens served as Vice Chairman of Caterpillar from December 2003 to February 2004 and as Group President from 1995 to 2003, responsible at various times for 13 of the company s 25 divisions. Mr. Owens joined Caterpillar in 1972 as a corporate economist and was named chief economist of Caterpillar Overseas S.A. in Geneva, Switzerland in 1975. From 1980 until 1987, he held managerial positions in the Accounting and Product Source Planning Departments. In 1987, he became managing director of P.T. Natra Raya, Caterpillar s joint venture in Indonesia. He held that position until 1990, when he was elected a Corporate Vice President and named President of Solar Turbines Incorporated, a Caterpillar subsidiary in San Diego, California. In 1993, he was elected Vice President and Chief Financial Officer.

Other Current Affiliations: In addition to his public company board memberships, Mr. Owens other major affiliations include the Peterson Institute for International Economics, the Council on Foreign Relations and North Carolina State University Board of Trustees.

Previous Directorships: Mr. Owens was Chairman of Caterpillar Inc. from 2004 to 2010. He was also former Chairman and Executive Committee member of the Business Council.

Attributes and Skills: Mr. Owens previous leadership positions, including as Chief Executive Officer of a significant, complex global industrial company, bring to the Board proven business acumen, management experience and economics expertise. His background as former Chief Financial Officer of Caterpillar also provides a strong financial foundation for Alcoa s Audit Committee deliberations.

Mr. Owens qualifies as an audit committee financial expert.

Directors (continued)

Director Whose Term Expires in 2017

Director Whose Term Expires in 2017

Ulrich Rick Schmidt

Director since: 2016

Age: 66

Committee: Governance and Nominating Committee; International Committee; Public Issus Committee

Career Highlights and Qualifications: Mr. Schmidt is the former Executive Vice President and Chief Financial Officer of Spirit Aerosystems Holdings, Inc. Prior to Spirit Aerosystems, he served as Executive Vice President and Chief Financial Officer of Goodrich Corporation from 2000 to 2005, and as Vice President, Finance and Business Development, Goodrich Aerospace, from 1994 to 2000. Prior to joining Goodrich, he held senior level roles at a variety of companies, including Invensys Limited, Everest & Jennings International Limited and Argo-Tech Corporation.

Previous Directorships: Mr. Schmidt served on the board of directors of Precision Castparts Corporation from 2007 until January 2016, when Precision Castparts was acquired by Berkshire Hathaway Inc. He was chairman of its Audit Committee since 2008.

Attributes and Skills: Mr. Schmidt has extensive executive and business experience at the board and CFO level in both public and privately held companies. His extensive background in the aerospace industry, coupled with his financial management and strategic planning and analysis foundation in a variety of operating and international assignments, provide the Board with valuable insight and industry experience as Alcoa launches a separate value-add company with a strong aerospace component.

Martin S. Sorrell

Director since: 2012

Age: 71

Committees: International Committee; Public Issues Committee

Other Current Public Directorships:
WPP plc

Career Highlights and Qualifications: Sir Martin Sorrell founded WPP plc (WPP), currently the world s largest advertising and marketing services group, in 1985, and has been the Chief Executive Officer since that time. WPP companies, which include some of the most eminent agencies in the business, provide clients with advertising, media investment management, data investment management, public relations and public affairs, branding and identity, healthcare communications, direct, interactive and Internet marketing, and special communication services. Collectively, WPP employs over 170,000 people in 110 countries.

Sir Martin actively supports the advancement of international business schools, advising Harvard, IESE (Spain), the London Business School, the Indian School of Business and the Judge Institute at Cambridge University. He has been publicly recognized with a number of awards, including the Harvard Business School Alumni Achievement Award. Sir Martin received a knighthood in January 2000.

Other Current Affiliations: In addition to his public company board memberships, Sir Martin serves as a non-executive director of Alpha Topco Limited, a privately held holding company of the Formula One Group. He is a former Chairman of the International Business Council of the World Economic Forum and a member of the Business Council in the U.S. In addition, Sir Martin serves on the board of directors of the Bloomberg Family Foundation and is a member of the Advisory Boards of global investment firm Stanhope Capital and private equity firm Bowmark Capital.

Attributes and Skills: Sir Martin is an internationally recognized business leader and brings to the Board his experience in growing the WPP enterprise through innovation, acquisitions and his extensive international business relationships. His perspective as a leader of a large multinational group of advertising and marketing services companies provides Alcoa with invaluable insight and guidance as it develops branding and market positioning for Alcoa s upstream and value-add businesses prior to their launch as separate public companies.

Directors (continued)

Director Whose Term Expires in 2017

Ratan N. Tata

Director since: 2007

Age: 78

Committees: International Committee; Public Issues Committee

Career Highlights and Qualifications: Mr. Tata served as Chairman of Tata Sons Limited, the holding company of the Tata Group, one of India s largest business conglomerates, from 1991 through 2012. Mr. Tata was also Chairman of the major Tata Group companies, including Tata Motors, Tata Steel, Tata Consultancy and several other Tata companies, through 2012. Mr. Tata joined the Tata Group in December 1962.

Mr. Tata received a Bachelor of Science degree in Architecture with Structural Engineering from Cornell University in 1962 and completed the Advanced Management Program at Harvard Business School in 1975. He is the recipient of numerous awards and honors, including the Government of India s second highest civilian award, the Padma Vibhushan, and the Deming Cup, awarded in October 2012 by Columbia Business School s W. Edwards Deming Center for quality, productivity, and competitiveness.

Other Current Affiliations: Mr. Tata is associated with various organizations in India and overseas. He is the Chairman of two of the largest private-sector philanthropic trusts in India. He is a member of the Indian Prime Minister s Council on Trade and Industry. He is the President of the Court of the Indian Institute of Science and Chairman of the Council of Management of the Tata Institute of Fundamental Research. He also serves on the Board of Trustees of Cornell University and the University of Southern California. Mr. Tata is also on the international advisory boards of Mitsubishi Corporation, JP Morgan Chase, Rolls-Royce, Temasek Holdings and the Monetary Authority of Singapore.

Previous Directorships: Mr. Tata was Chairman of Tata Sons Limited and the major Tata Group companies until December 2012. He was a director of Bombay Dyeing and Manufacturing Company Limited from 1994 to February 2013 and Fiat S.p.A. from 2006 to April 2012. Mr. Tata was a director for Mondelēz International, Inc. from May 2013 to May 2015.

Attributes and Skills: Mr. Tata brings to the Board significant international business experience in a wide variety of industries, many of which are major markets for Alcoa. His current involvement in influential organizations in India provide valuable insight to Alcoa. As former Chairman of the holding company for one of India s largest business conglomerates with revenues in excess of $100 billion and former Chairman of major operating companies in automotive, consulting and steel industries, he provides uniquely valuable management and industry experience, global perspective and diversity to the deliberations of the Board.

Director Whose Term Expires in 2018

Kathryn S. Fuller

Director since: 2002

Age: 69

Committees: Compensation and Benefits Committee; Executive Committee; Governance and Nominating Committee; Public Issues Committee

Career Highlights and Qualifications: Ms. Fuller is the Chair of the National Museum of Natural History, the cornerstone of the Smithsonian s preeminent museum and research complex. She currently serves on the board of, and chairs the Nominating and Governance Committee at, The Robert Wood Johnson Foundation, a philanthropic leader in the field of health and health care. Ms. Fuller is also the Chair of the Brown University s Institute for Environment & Society, which prepares leaders to understand and holistically manage complex social and environmental systems.

Ms. Fuller s experience includes leading two respected and influential foundations. She served as Chair of The Ford Foundation for six years until September 2010. Previously, she served for 16 years as President and Chief Executive Officer of World Wildlife Fund U.S. (WWF), one of the world s largest nature conservation organizations. Ms. Fuller continues her affiliation with WWF as President Emerita and an honorary member of the Board of Directors.

Ms. Fuller had various responsibilities with WWF and The Conservation Foundation from 1982 to 1989, including executive vice president, general counsel and director of WWF s public policy and wildlife trade monitoring programs. Before that, she held several positions in the U.S. Department of Justice, culminating as Chief, Wildlife and Marine Resources Section. In 2005, Ms. Fuller was chosen for a one-year term as a Public Policy Scholar at the Woodrow Wilson International Center for Scholars, a nonpartisan institute established by Congress for advanced study of national and world affairs.

Attributes and Skills: Ms. Fuller s experience and leadership roles at respected and influential international organizations and the U.S. Department of Justice provide Alcoa with unique and valuable guidance regarding the Company s extensive corporate social responsibility initiatives. Having led one of the world s largest foundations, she provides the Board with important expertise to fulfill its responsibilities in relation to the Alcoa Foundation, one of the largest corporate foundations. Her achievements in managing world-class organizations with a strong sustainability focus contribute to the diversity and richness of the Board s deliberations on a wide variety of topics related to governance, environmental development and stewardship, earning and preserving the Company s ability to do business in the communities in which it operates.

Directors (continued)

Director Whose Term Expires in 2018

John C. Plant

Director since: 2016

Age: 62

Committee: Compensation and Benefits Committee; Executive Committee

Other Current Public Directorships: Masco Corporation and Jabil Circuit Corporation

Career Highlights and Qualifications: Mr. Plant is the former Chairman of the Board, president and Chief Executive Officer of TRW Automotive, which was acquired by ZF Friedrichshafen AG in May 2015. Under his leadership, TRW employed more than 65,000 people in approximately 190 major facilities around the world and was ranked among the top 10 automotive suppliers globally. Mr. Plant was a co-member of the Chief Executive Office of TRW Inc. from 2001 to 2003 and an Executive Vice President of TRW from the company s 1999 acquisition of Lucas Varity to 2003. Prior to TRW, Mr. Plant was President of Lucas Varity Automotive and managing director of the Electrical and Electronics division from 1991 through 1997.

Other Current Affiliations: In addition to his public company board memberships, Mr. Plant is a director for Gates Corporation. He is Vice Chairman of the Washington-based Kennedy Center Corporate Fund Board, and a board member of the Automotive Safety Council. He is also a Fellow of the Institute of Chartered Accountants.

Previous Directorships: Mr. Plant was the chairman of the board for TRW Automotive from 2011 until May 2015, when it was acquired by ZF Friedrichshafen AG.

Attributes and Skills: Mr. Plant has had a distinguished career in the automotive industry spanning nearly 40 years, which provides the Board with invaluable insight into a market that has become one of Alcoa s most important growth opportunities. His knowledge and experience relating to business operations, business development matters, and financial performance provide a strong background from which Alcoa can benefit. His leadership and succession of key executive roles contribute strategic and operational perspectives to the deliberations of the Board as Alcoa prepares for the separation into two public companies.

Director Whose Term Expires in 2018

L. Rafael Reif

Director since: 2015

Age: 65

Committee: Public Issues Committee

Other Current Public Directorship: Schlumberger Limited

Career Highlights and Qualifications: Mr. Reif is president of the Massachusetts Institute of Technology (MIT), the world-renowned educational institution of science and technology. Prior to his appointment as president of MIT in July 2012, he was MIT s Provost, Chief Academic Officer and Chief Budget Officer from August 2005 to July 2012 and head of MIT s Department of Electrical Engineering and Computer Science from September 2004 to July 2005. Mr. Reif has been a faculty member of MIT for more than 30 years.

Mr. Reif launched the MIT Innovation Initiative to enhance MIT s own innovation ecosystem and foster education, research and policy; and recently began work on MIT.nano, a new facility on the campus that will accelerate research and innovation at the nanoscale. In his previous role as Provost of MIT, he held overarching responsibility for MIT s education and research programs, including spearheading the development of MIT s online learning initiatives, MITx and edX, and oversight for Lincoln Laboratory, a federally funded research facility that MIT operates for the U.S. Department of Defense. In his leadership roles at MIT, Mr. Reif also launched environmental initiatives to drive progress towards solutions around environment, climate and sustainability. He also promoted a faculty-led effort to address challenges around race and diversity.

Mr. Reif, at the request of the White House, served as co-chair of the steering committee of the national Advanced Manufacturing Partnership (AMP 2.0), an effort to secure U.S. leadership in emerging technologies.

Mr. Reif is the inventor or co-inventor on 15 patents.

Other Current Affiliations: In addition to his public company board memberships, Mr. Reif was named a fellow of the Institute of Electrical and Electronics Engineers in 1993, and he received the Aristotle Award in 2000 from the Semiconductor Research Corporation. He is also an elected member of the American Academy of Arts and Sciences, the National Academy of Engineering and a trustee of the Carnegie Endowment for International Peace.

Attributes and Skills: In addition to leading MIT, an acclaimed academic institution, Mr. Reif is a respected international authority on innovative material science and advanced manufacturing technologies. His scientific and technological expertise is a valuable resource to the Company as the Company explores investments in digitization, automation and robotics to enhance the competitiveness of its expanding multi-material, value-add business portfolio. In addition, Mr. Reif s experience in environmental initiatives provides a strong background from which the Company s robust involvement in sustainable development will benefit.

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Directors (continued)

Director Whose Term Expires in 2018

Patricia F. Russo

Lead Director; Director since: 2008

Age: 63

Committees: Compensation and Benefits Committee; Executive Committee; Governance and Nominating Committee (Chair)

Other Current Public Directorships: General Motors Company; Hewlett Packard Enterprise Company (Chairman); KKR Management LLC; Merck & Co., Inc.

Career Highlights and Qualifications: Ms. Russo is currently Chairman of Hewlett Packard Enterprise Company. Ms. Russo was the Chief Executive Officer of Alcatel-Lucent, a communications company, from December 2006 to September 2008. She served as Chairman of Lucent Technologies Inc. from 2003 to 2006 and as its Chief Executive Officer and President from 2002 to 2006.

Ms. Russo was President and Chief Operating Officer of Eastman Kodak Company from April 2001, and Director from July 2001, until January 2002, and Chairman of Avaya Inc. from December 2000, until she rejoined Lucent as Chief Executive Officer in January 2002.

Ms. Russo was Executive Vice President and Chief Executive Officer of the Service Provider Networks business of Lucent from November 1999 to August 2000 and served as Executive Vice President from 1996 to 1999. Prior to that, she held various executive positions with Lucent and AT&T.

Other Current Affiliations: In addition to her public company board memberships, Ms. Russo is Chairman of the Partnership for a Drug-Free America, a national non-profit organization.

Previous Directorships: Ms. Russo served as a director of Schering Plough Corp. from 1995 until 2009, when it merged with Merck & Co. She was chair of Schering Plough s Governance Committee for six years and its Lead Director prior to the merger. Ms. Russo also served as a director for Hewlett-Packard Company from January 2011 until October 2015.

Attributes and Skills: Ms. Russo has proven business acumen and unique experience, having served in executive and board leadership capacities at a broad array of major global organizations undergoing significant structural changes. As Chief Executive Officer of Lucent, she successfully led the company through the severe telecommunications industry downturn in 2002 and 2003, restoring the company to profitability and growth. She then led its cross-border merger negotiations with Alcatel, a French company, and became the newly merged organization s first chief executive, headquartered in France. Her directorships and committee leadership at other industry-leading companies provide her with unrivaled experience and governing expertise. In assuming responsibility as Lead Director of Alcoa s Board, Ms. Russo is able to draw on that valuable experience, including her important role as a director of Hewlett-Packard Company when it recently executed a successful separation similar to that Alcoa is currently undertaking.

Director Whose Term Expires in 2018

Ernesto Zedillo

Director since: 2002

Age: 64

Committees: Audit Committee; Public Issues Committee (Chair)

Other Current Public Directorships: Citigroup Inc.; Promotora de Informaciones, S.A.; The Procter & Gamble Company

Career Highlights and Qualifications: Dr. Zedillo has been at Yale University since 2002, where he is the Frederick Iseman 74 Director of the Yale Center for the Study of Globalization; Professor in the Field of International Economics and Politics; Professor of International and Area Studies; and Professor Adjunct of Forestry and Environmental Studies. He was a Distinguished Visiting Fellow at the London School of Economics in 2001.

Dr. Zedillo was President of Mexico from December 1994 to December 2000. He served in the Federal Government of Mexico as Undersecretary of the Budget (1987-1988); as Secretary of Economic Programming and the Budget and board member of various state owned enterprises, including PEMEX, Mexico s national oil company (1988-1992); and as Secretary of Education (1992-1993). From 1978 to 1987, he was with the central bank of Mexico where he served as deputy manager of economic research and deputy director. From 1983 to 1987, he was the founding General Director of the Trust Fund for the Coverage of Exchange Risks, a mechanism created to manage the rescheduling of the foreign debt of the country s private sector that involved negotiations and complex financial operations with hundreds of firms and international banks.

Dr. Zedillo earned his Bachelor s degree from the School of Economics of the National Polytechnic Institute in Mexico and his M.A., M.Phil. and Ph.D. at Yale University. In Mexico, he taught economics at the National Polytechnic Institute and El Colegio de Mexico.

Other Current Affiliations: In addition to his public company board memberships, Dr. Zedillo belongs to the international advisory board of BP. He is a senior advisor to the Credit Suisse Research Institute. His current service in non-profit institutions includes being Chairman of the Board of the Natural Resource Governance Institute.

Previous Directorships: Dr. Zedillo was a director of Electronic Data Systems Corporation from 2007 to 2008 where he was a member of its Governance Committee. He was a director of Union Pacific Corporation from 2001 to 2006 where he served on the Audit and Finance Committees.

Attributes and Skills: From his broad experience in government and international politics and his prior service as President of Mexico, Dr. Zedillo brings international perspective and insight to governmental relations and public issues in the various countries in which Alcoa operates. Dr. Zedillo also has significant financial experience, having previously served on the audit committee of Union Pacific and as the Secretary of Economic Programming and the Budget for Mexico, as well as having held various positions at Banco de México, the central bank of Mexico.

Dr. Zedillo qualifies as an audit committee financial expert.

Item 1 Election of Directors (continued)

Nominating Board Candidates Procedures and Director Qualifications

Shareholder Recommendations for Director Nominees

Any shareholder wishing to recommend a candidate for director should submit the recommendation in writing to our principal executive offices: Alcoa Inc., Governance and Nominating Committee, c/o Corporate Secretary s Office, 390 Park Avenue, New York, NY 10022-4608. The written submission should comply with all requirements set forth in the Company s Articles of Incorporation and By-Laws. The committee will consider all candidates recommended by shareholders who comply with the foregoing procedures and satisfy the minimum qualifications for director nominees and Board member attributes.

Shareholder Nominations from the Floor of the Annual Meeting

The Company s Articles of Incorporation provide that any shareholder entitled to vote at an annual shareholders meeting may nominate one or more director candidates for election at that annual meeting by following certain prescribed procedures. Not later than 90 days before the anniversary date of the immediately preceding annual meeting, the shareholder must provide to Alcoa s Corporate Secretary written notice of the shareholder s intent to make such a nomination or nominations. The notice must contain all of the information required in the Company s Articles of Incorporation and By-Laws.

Any such notice must be sent to our principal executive offices: Alcoa Inc., Corporate Secretary s Office, 390 Park Avenue, New York, NY 10022-4608. The deadline for receipt of any shareholder nominations for the 2017 annual meeting is February 5, 2017.

Minimum Qualifications for Director Nominees and Board Member Attributes

The Governance and Nominating Committee has adopted Criteria for Identification, Evaluation and Selection of Directors:

1. Directors must have demonstrated the highest ethical behavior and must be committed to the Company s values.
2. Directors must be committed to seeking and balancing the legitimate long-term interests of all of the Company s shareholders, as well as its other stakeholders, including its customers, employees and the communities where the Company has an impact. Directors must not be beholden primarily to any special interest group or constituency.
3. It is the objective of the Board that all non-management directors be independent. In addition, no director should have, or appear to have, a conflict of interest that would impair that director s ability to make decisions consistently in a fair and balanced manner.
4. Directors must be independent in thought and judgment. They must each have the ability to speak out on difficult subjects; to ask tough questions and demand accurate, honest answers; to constructively challenge management; and at the same time, act as an effective member of the team, engendering by his or her attitude an atmosphere of collegiality and trust.
5. Each director must have demonstrated excellence in his or her area and must be able to deal effectively with crises and to provide advice and counsel to the Chief Executive Officer and his or her peers.
6. Directors should have proven business acumen, serving or having served as a chief executive officer, chief operating officer or chief financial officer of a significant, complex organization, or other senior leadership role in a significant, complex organization; or serving or

having served in a significant policy-making or leadership position in a well respected, nationally or internationally recognized educational institution, not-for-profit organization or governmental entity; or having achieved a widely recognized position of leadership in the director s field of endeavor, which adds substantial value to the oversight of material issues related to the Company s business.

7. Directors must be committed to understanding the Company and its industry; to regularly preparing for, attending and actively participating in meetings of the Board and its committees; and to ensuring that existing and future individual commitments will not materially interfere with the director s obligations to the Company. The number of other board memberships, in light of the demands of a director nominee s principal occupation, should be considered, as well as travel demands for meeting attendance.
8. Directors must understand the legal responsibilities of board service and fiduciary obligations. All members of the Board should be financially literate and have a sound understanding of business strategy, business environment, corporate governance and board operations. At least one member of the Board must satisfy the requirements of an audit committee financial expert.

Item 1 Election of Directors (continued)

9. Directors must be self-confident and willing and able to assume leadership and collaborative roles as needed. They need to demonstrate maturity, valuing board and team performance over individual performance and respect for others and their views.
10. New director nominees should be able to and committed to serve as a member of the Board for an extended period of time.
11. While the diversity, the variety of experiences and viewpoints represented on the Board should always be considered, a director nominee should not be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the Governance and Nominating Committee will focus on any special skills, expertise or background that would complement the existing Board, recognizing that the Company s businesses and operations are diverse and global in nature.
12. Directors should have reputations, both personal and professional, consistent with the Company s image and reputation.

Process of Evaluation of Director Candidates

The Governance and Nominating Committee makes a preliminary review of a prospective candidate s background, career experience and qualifications based on available information or information provided by an independent search firm which identifies or provides an assessment of a candidate. If a consensus is reached by the committee that a particular candidate would likely contribute positively to the Board s mix of skills and experiences, and a Board vacancy exists or is likely to occur, the candidate is contacted to confirm his or her interest and willingness to serve. The committee conducts interviews and may invite other Board members or senior Alcoa executives to interview the candidate to assess the candidate s overall qualifications. The committee considers the candidate against the criteria it has adopted in the context of the Board s then current composition and the needs of the Board and its committees.

At the conclusion of this process, the committee reaches a conclusion and reports the results of its review to the full Board. The report includes a recommendation whether the candidate should be nominated for election to the Board. This procedure is the same for all candidates, including director candidates identified by shareholders.

The Governance and Nominating Committee has retained the services of a search firm that specializes in identifying and evaluating director candidates. Services provided by the search firm include identifying potential director candidates meeting criteria established by the committee, verifying information about the prospective candidate s credentials, and obtaining a preliminary indication of interest and willingness to serve as a Board member.

Director Compensation

Our non-employee director compensation program is designed to attract and retain outstanding director candidates who have the requisite experience and background as set forth in our Corporate Governance Guidelines, and to recognize the substantial time and effort necessary to exercise oversight of a complex global organization like Alcoa and fulfill the other responsibilities required of our directors. Mr. Kleinfeld, our sole employee director, does not receive additional compensation for his Board service.

The Governance and Nominating Committee reviews director compensation periodically and recommends changes to the Board when it deems appropriate. In late 2014, the committee engaged an independent compensation consultant, Pearl Meyer & Partners, LLC, to conduct an independent review of our director compensation program. Pearl Meyer & Partners assessed the structure of our director compensation program compared to competitive market practices of similarly situated companies. Based on the market information and recommendations provided to the committee by Pearl Meyer & Partners, and taking into account various factors, including the responsibilities of the directors generally, the responsibilities of the Lead Director and committee chairs, and Company performance, the committee recommended to the Board, and the full Board approved, the current compensation program for non-employee directors, effective January 1, 2015.

Information regarding the retention of Pearl Meyer & Partners can be found under *Corporate Governance Compensation Consultants* beginning on page 30.

Director Fees

The following table describes the components of compensation for non-employee directors:

Annual Compensation Element		2015 Amount
Retainer for Non-Employee Directors	$	240,000
Lead Director Fee	$	25,000
Audit Committee Chair Fee (includes Audit Committee Member Fee)	$	27,500
Audit Committee Member Fee	$	11,000
Compensation and Benefits Committee Chair Fee	$	20,000
Governance and Nominating Committee Chair Fee	$	16,500
Public Issues Committee Chair Fee	$	16,500
Meeting Fees		None
Stock Ownership Requirement	$	750,000

Director Compensation (continued)

Directors Alignment with Shareholders

Stock Ownership Guideline for Directors

In order to further align the interests of directors with the long-term interests of our shareholders, non-employee directors are required to own, until retirement from the Board, at least $750,000 in Alcoa common stock. Compliance with the ownership value requirement is measured annually and if the stock price declines in value, directors must continue to invest at least 50% of the fees they receive as directors in Alcoa stock until the stock ownership guideline is reached. To satisfy this requirement, directors may either invest in Alcoa deferred share units under the Company s 2005 Deferred Fee Plan for Directors or purchase shares in the open market. Deferred share units issued to directors provide directors with the same economic interest as if they own Alcoa common stock. Specifically, the deferred share units track the performance of our common stock and accrue dividend equivalents that are equal in value to dividends paid on our common stock. Upon a director s retirement from the Board, the deferred share units are settled at a value equivalent to the then-prevailing market value of our common stock. Accordingly, whether a director holds shares of Alcoa common stock or deferred share units, directors have the same economic interest in the performance of the Company, which further aligns directors interests with those of our shareholders.

The following table shows the value of each non-employee director s holdings in Alcoa common stock or deferred share units as of March 4, 2016, based on the closing price of our common stock on the New York Stock Exchange on that date.

Non-Employee Directors	Director Since	Value of Alcoa Stock or Deferred Share Units	
Arthur D. Collins, Jr.	2010	$	1,721,351
Kathryn S. Fuller	2002	$	448,105
Sean O. Mahoney**	2016		
Michael G. Morris	2008	$	1,077,010
E. Stanley O Neal	2008	$	795,935
James W. Owens	2005	$	764,354
John C. Plant**	2016	$	287,100
L. Rafael Reif	2015	$	111,140
Carol L. Roberts	2014	$	198,021
Patricia F. Russo	2008	$	675,560
Ulrich R. Schmidt**	2016		
Martin S. Sorrell	2012	$	306,776
Ratan N. Tata	2007	$	558,422
Ernesto Zedillo	2002	$	899,478

** Messrs. Mahoney, Plant and Schmidt were appointed to the Board of Directors effective February 5, 2016.

Prohibitions against Short Sales, Hedging, Margin Accounts and Pledging

Company policy prohibits members of the Board of Directors from pledging, holding in margin accounts, or engaging in short sales or hedging transactions with respect to any of their Company stock. The policy continues to align the interest of our directors with those of our shareholders.

Director Compensation (continued)

2015 Director Compensation

The following table sets forth the total compensation of the Company s non-employee directors for the year ended December 31, 2015.

Name[1] (a)	Fees Earned or Paid in Cash ($)(b)		Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(f)	All Other Compensation ($)(g)		Total ($)(h)	
Arthur D. Collins, Jr.	$	251,000				$	251,000
Kathryn S. Fuller	$	240,000				$	240,000
Judith M. Gueron[2]	$	140,750	[3]			$	140,750[3]
Michael G. Morris	$	261,000				$	261,000
E. Stanley O Neal	$	251,000				$	251,000
James W. Owens	$	267,500				$	267,500
L. Rafael Reif	$	240,000				$	240,000
Carol L. Roberts	$	251,000				$	251,000
Patricia F. Russo	$	272,500		$	373	$	272,873
Martin S. Sorrell	$	240,000				$	240,000
Ratan N. Tata	$	240,000				$	240,000
Ernesto Zedillo	$	267,500				$	267,500

1 Klaus Kleinfeld is a Company employee and receives no compensation for services as a director; his compensation is reflected in the *2015 Summary Compensation Table* on page 60. Messrs. Mahoney, Plant and Schmidt joined the Board effective February 5, 2016 and are not included in the table.

2 Judith M. Gueron retired as a director of the Company effective May 1, 2015.

3 The actuarial present value of Judith M. Gueron s pension benefit under the legacy *Fee Continuation Plan for Non-Employee Directors* decreased from December 31, 2014 to December 31, 2015 by $294,423. Pursuant to SEC rules, the amount of this decrease is not reflected in the sum shown in columns (f) or (h) for Ms. Gueron.

Explanation of information in the columns of the table:

Fees Earned or Paid in Cash (Column (b)). This column reflects the cash fees earned by directors for Board and committee service in 2015, whether or not such fees were deferred.

Stock Awards, Option Awards and Non-Equity Incentive Plan Compensation (Columns (c), (d) and (e)). In 2015, we did not issue any stock or option awards to directors, and we do not have a non-equity incentive plan for directors. Accordingly, no such compensation is reported in the table, and we have omitted columns (c), (d) and (e) from the table.

Change in Pension Value and Nonqualified Deferred Compensation Earnings (Column (f)). This column reflects the change in pension value for a legacy plan described below under *Fee Continuation Plan for Non-Employee Directors.* The Company does not pay above-market or preferential earnings on fees that are deferred. The 2005 Deferred Fee Plan for Directors and a predecessor plan have the same investment options as the Company s 401(k) tax-qualified savings plan for salaried employees. We therefore do not report earnings on deferred fees in column (f).

All Other Compensation (Column (g)). The amount shown in this column for Ms. Russo represents imputed income related to a 2015 trip to Alcoa facilities by directors to review the Company s operations. Spouses were invited to attend this trip and imputed income was charged to those directors whose spouses attended. This imputed income was primarily for air travel to and from New York and meals. Directors do not receive tax gross-ups for imputed income.

Fee Continuation Plan for Non-Employee Directors

The Company does not provide retirement benefits to non-employee directors under any current program. Ms. Gueron, who retired from the Board effective May 1, 2015, was the only director entitled to receive retirement benefits under a legacy plan. Upon retirement, she receives annual payments in cash for life under the terms of the Fee Continuation Plan for Non-Employee Directors, which was frozen in 1995. The plan was amended in 2006 to provide that all payments would be made in cash rather than stock and cash, at the equivalent value of the payments plan participants would have received in stock and cash. The amounts reflected in column (f) of the 2015 Director Compensation table above assume retirement with a present value of the accumulated stock-based portion of the award based on the 2015 year-end closing price of $9.87 per share as compared with a 2014 year-end closing price of $15.79 per share, and with the present value of annual stock grant payments assuming an annual stock increase of 4.00% per year consistent with Financial Accounting Standards Board s Accounting Standards Codification Topic 715, Compensation Retirement Benefits accounting valuation assumptions.

Corporate Governance

Alcoa is a values-based company. Our values guide our behavior at every level and apply across the Company on a global basis. The Board has adopted a number of policies to support our values and good corporate governance, which we believe are important to the success of our business and in advancing shareholder interests.

Our values have been recognized by numerous awards:

Corporate Reputation and Leadership

Most Admired Metals Companies

FORTUNE Magazine, 2016

Metals Company of the Year

Platts Global Medal Awards, 2015

Diversity

Human Rights Campaign

Corporate Equality Award, 2016

Corporate Social Responsibility and Sustainability

Industry Leader and Gold Class Award

Robeco SAM s Sustainability Yearbook, 2016

Aluminum Industry Leader for Dow Jones World Index

Dow Jones Sustainability Indexes, 2015

Climate Disclosure Leadership Index Carbon Disclosure Project

CDP, 2015

In addition to the other policies and procedures described in this section, we highlight below certain of our corporate governance practices:

Board Membership and Participation

Directors who serve on our audit committee may serve on only two other public companies audit committees.

Directors who serve as chief executive officers of public companies should not serve on more than two outside public company boards in addition to Alcoa s Board.

Other directors should not serve on more than four outside public company boards in addition to Alcoa s Board.

Directors attendance at annual meetings is expected.

Prohibition against Short Sales, Hedging, Margin Accounts and Pledging

Our Insider Trading Policy contains restrictions that, among other things:

prohibit short sales of Alcoa securities and derivative or speculative transactions in Alcoa securities;

prohibit the use of financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of Alcoa securities; and

prohibit directors and executive officers from holding Alcoa securities in margin accounts or pledging Alcoa securities as collateral.

Shareholder Right to Call Special Meetings

Shareholders are permitted to call special meetings in accordance with the Company s Articles of Incorporation and By-Laws.

Shareholder Action by Written Consent

Shareholders may act by written consent in accordance with the Company s Articles of Incorporation and By-Laws.

Board Oversight of Political Activities

The Public Issues Committee oversees the Company s policies and practices relating to the Company s political activities. Additional information is available on our website at *http://www.alcoa.com*.

Commitment toward Sustainability

The Company is committed to operating sustainably in the communities in which we do business.

The Structure and Role of the Board of Directors

Board Leadership Structure

The Company s current Board leadership structure comprises a combined Chairman of the Board and Chief Executive Officer, an independent director serving as the Lead Director and strong, active independent directors. Alcoa has had a strong, independent Lead Director for a number of years. The Board believes this structure provides a very well-functioning and effective balance between strong Company leadership and appropriate safeguards and oversight by independent directors. A combined role of Chairman and Chief Executive Officer confers advantages, including those listed below:

- By serving in both positions, the Chairman and Chief Executive Officer is able to draw on his detailed knowledge of the Company to provide the Board, in coordination with the Lead Director, leadership in focusing its discussions and review of the Company s strategy.
- A combined role ensures that the Company presents its message and strategy to stakeholders with a unified voice.
- The structure allows for efficient decision making and focused accountability.

The Board believes that it is in the best interest of the Company and its shareholders for Mr. Kleinfeld to serve as Chairman and Chief Executive Officer, considering the strong role of our independent Lead Director and other corporate governance practices providing independent oversight of management as set forth below.

Our

independent Lead Director has substantial responsibilities.

Our Lead Director:

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Responds directly to shareholder and other stakeholder questions and comments that are directed to the Lead Director or to the independent directors as a group, with such consultation with the Chairman or other directors as the Lead Director may deem appropriate;
- Reviews and/or approves meeting agendas and schedules for the Board;
- Ensures personal availability for consultation and communication with independent directors and with the Chairman, as appropriate;
- Calls executive sessions of the Board;
- Calls special meetings of the independent directors, as the Lead Directors may deem to be appropriate; and
- In her capacity as Chair of the Governance and Nominating Committee, oversees the Board s self-evaluation process.

Patricia F. Russo is our current Lead Director. Ms. Russo s strength in leading the Board is complemented by her depth of experience in Board matters ranging from her service on the Company s Compensation and Benefits Committee (including as Chair from May 2011 to May 2015), Governance and Nominating Committee and Executive Committee to her memberships on other company boards.

Shareholders interests are protected by effective and independent oversight of management:

14 out of our 15 directors are independent as defined by the listing standards of the New York Stock Exchange (NYSE) and the Company s Director Independence Standards.

The Board s key standing committees are composed solely of independent directors. The Audit Committee, the Compensation and Benefits Committee, the Governance and Nominating Committee and the Public Issues Committee each comprises solely of independent directors. All members of the International Committee and the Executive Committee are independent directors other than Mr. Kleinfeld.

Our independent directors meet at every regular meeting in executive session without management or the Chairman and Chief Executive Officer present. These meetings are led by the Lead Director.

The Company s corporate governance practices and policies are designed to protect shareholders long-term interests.

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Corporate Governance (continued)

The Board s Role in Risk Oversight

The Board of Directors is actively engaged in overseeing and reviewing the Company s strategic direction and objectives, taking into account (among other considerations) the Company s risk profile and exposures. It is management s responsibility to manage risk and bring to the Board of Directors attention the most material risks to the Company. The Board of Directors has oversight responsibility of the processes established to report and monitor systems for material risks applicable to the Company. The Board annually reviews the Company s enterprise risk management and receives regular updates on risk exposures.

The Board as a whole has responsibility for risk oversight, including succession planning relating to the Chief Executive Officer (CEO) and risks relating to the competitive landscape, strategy, business conditions and capital requirements. The committees of the Board also oversee the Company s risk profile and exposures relating to matters within the scope of their authority. The Board regularly receives detailed reports from the committees regarding risk oversight in their areas of responsibility.

The Audit Committee regularly reviews treasury risks (including those relating to cash generation, liquidity, pension funded status, insurance, credit, debt, interest rates and foreign currency exchange rates), financial and accounting risks, legal and compliance risks, and risks relating to cybersecurity, tax matters, environmental remediation, and internal controls. The Audit Committee also regularly reviews commodities risk management, which includes hedging policies and practices and the relationship between the commodity pricing of aluminum on the London Metal Exchange and major cost inputs, including energy.

The Cybersecurity Advisory Subcommittee was established by the Audit Committee to assist the Audit Committee in fulfilling its responsibility of reviewing the Company s enterprise risk relating to cybersecurity.

The Compensation and Benefits Committee considers risks related to the attraction and retention of talent, the design of compensation programs and incentive arrangements, and the investment management of the Company s principal retirement and savings plans. The Company has determined that it is not reasonably likely that risks arising from compensation and benefit plans would have a material adverse effect on the Company. See *Executive Compensation Compensation Discussion and Analysis Other Compensation Policies and Practices What We Do We Have a Conservative Compensation Risk Profile* on page 58.

The Governance and Nominating Committee considers risks related to corporate governance, and oversees succession planning for the Board of Directors and the appropriate assignment of directors to the Board committees for risk oversight and other areas of responsibilities.

The International Committee considers risks posed by global developments.

The Public Issues Committee considers risks related to the Company s reputation, and risks relating to environmental and sustainability matters, health and safety issues, and community/government relations.

The Company believes that the Board leadership structure supports its role in risk oversight. There is open communication between management and directors, and all directors are actively involved in the risk oversight function.

Corporate Governance (continued)

Director Qualifications, Board Diversity and Board Tenure

Our directors have a broad range of experience that spans different industries, encompassing the business, philanthropic, academic and governmental sectors. Directors bring to our Board a variety of skills, qualifications and viewpoints that strengthen their ability to carry out their oversight role on behalf of our shareholders. As described in the director biographies in *Item 1 Election of Directors,* directors bring to our Board attributes and skills that include those listed below:

Director Attributes and Skills

Leadership Experience	Risk Management Expertise	Technology/Innovation Expertise
International Experience	Manufacturing/Industrial Experience	Marketing and Branding Expertise
Finance Experience	Energy Industry Experience	Corporate Governance Expertise
Economics Expertise	Government Relations Experience	Human Resources Experience
Academia	Environmental and Sustainability Experience	
Automotive Industry Experience	Engineering Experience	
Aerospace Industry Experience		

Our policy on Board diversity relates to the selection of nominees for the Board. Our policy provides that while diversity and variety of experiences and viewpoints represented on the Board should always be considered, a director nominee should not be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the Governance and Nominating Committee focuses on skills, expertise and background that would complement the existing Board, recognizing that the Company s businesses and operations are diverse and global in nature. Reflecting the global nature of our business, our directors are citizens of the United States, Germany, India, Mexico and the United Kingdom. We have three women directors as of the date of this proxy statement.

The following chart shows the tenure of the directors on our Board following the 2016 Annual Meeting of Shareholders,

assuming that all director nominees are elected to new terms. The directors tenure is well distributed to create a balanced Board, which contributes to a rich dialogue representing a range of perspectives.

Board Meetings and Attendance

The Board met eight times in 2015. Attendance by directors at Board and committee meetings averaged 94%. Each director attended 75% or more of the aggregate of all meetings of the Board and the committees on which he or she served during 2015.

Under Alcoa s Corporate Governance Guidelines, all directors are expected to attend the annual meeting of shareholders. All members of the Board attended the Company s 2015 annual meeting. In addition to Board meetings, directors annually visit Alcoa business operations to deepen their understanding of the Company and interact with on-site employees. In 2015, the Board visited the Alcoa Technical Center and business units of Alcoa s Engineered Products and Solutions group in the United States. In addition, new directors receive an orientation that includes meetings with key management and visits to Company facilities.

Board, Committee and Director Evaluations

The Board of Directors annually assesses the effectiveness of the full Board, the operations of its committees and the contributions of director nominees. The Governance and Nominating Committee oversees the evaluation of the Board as a whole and its committees, as well as individual evaluations of those directors who are being considered for possible re-nomination to the Board.

Committees of the Board

There are six standing committees of the Board and one subcommittee of the Audit Committee. The Board has adopted written charters for each committee and subcommittee, which are available on our website at *http://www.alcoa.com* under *About Corporate Governance Committees*.

Each of the Audit, Compensation and Benefits, Governance and Nominating and Public Issues Committees consists solely of directors who have been determined by the Board of Directors to be independent in accordance with Securities and Exchange Commission (SEC) regulations, NYSE listing standards and the Company s Director Independence Standards (including the heightened independence standards for members of the Audit and Compensation and Benefits Committees).

The following table sets forth the Board committees and the current members of each of the committees:

	Audit	Compensation and Benefits	Governance and Nominating	Public Issues	Executive	International
Arthur D. Collins, Jr.*[1]	X[1]	X				
Kathryn S. Fuller*		X	X	X	X	
Klaus Kleinfeld					Chair	Chair
Sean O. Mahoney*	X	X				
Michael G. Morris*	X	Chair	X		X	
E. Stanley O Neal*	X		X		X	
James W. Owens*	Chair					
John C. Plant*		X			X	
L. Rafael Reif*				X		
Carol L. Roberts*	X					
Patricia F. Russo*		X	Chair		X	
Ulrich Schmidt*			X	X		X
Martin S. Sorrell*				X		X
Ratan N. Tata*				X		X
Ernesto Zedillo*	X			Chair		
2015 Meetings	8	7	5	4	3	1

* Independent Director

1 Mr. Collins was appointed to the Cybersecurity Advisory Subcommittee effective April 30, 2015.

COMMITTEE	RESPONSIBILITIES
Audit Committee	Oversees the integrity of the financial statements and internal controls, including review of the scope and the results of the audits of the internal and independent auditors Appoints the independent auditors and evaluates their independence and performance Reviews the organization, performance and adequacy of the internal audit function Pre-approves all audit, audit-related, tax and other services to be provided by the independent auditors Oversees the Company s compliance with legal, ethical and regulatory requirements

Each member of the Audit Committee is financially literate, and the Board of Directors has determined that each member qualifies as an audit committee financial expert under applicable SEC rules.

Cybersecurity Advisory Subcommittee	Assists the Audit Committee in regularly reviewing the state of the Company s cybersecurity
	Regularly brings cybersecurity developments or issues to the attention of the Audit Committee

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Corporate Governance (continued)

Compensation and Benefits Committee	Establishes the Chief Executive Officer s compensation based upon an evaluation of performance in light of approved goals and objectives Reviews and approves the compensation of the Company s officers Oversees the implementation and administration of the Company s compensation and benefits plans, including pension, savings, incentive compensation and equity-based plans Reviews and approves general compensation and benefit policies Approves the Compensation Discussion and Analysis for inclusion in the proxy statement Has the sole authority to retain and terminate a compensation consultant, as well as to approve the consultant s fees and other terms of engagement (see *Compensation Consultants* on page 30 regarding the committee s engagement of a compensation consultant.)

The Compensation and Benefits Committee may form and delegate its authority to subcommittees when appropriate (including subcommittees of management). Executive officers do not determine the amount or form of executive or director compensation although the Chief Executive Officer provides recommendations to the Compensation and Benefits Committee regarding compensation changes and incentive compensation for executive officers other than himself. For more information on the responsibilities and activities of the committee, including its processes for determining executive compensation, see the *Compensation Discussion and Analysis* section.

Executive Committee	Has the authority to act on behalf of the Board.
Governance and Nominating Committee	Identifies individuals qualified to become Board members and recommends them to the full Board for consideration, including evaluating all potential candidates, whether initially recommended by management, other Board members or shareholders Makes recommendations to the Board regarding Board committee assignments Develops and annually reviews corporate governance guidelines for the Company, and oversees other corporate governance matters Reviews related person transactions Oversees an annual performance review of the Board, Board committees and individual director nominees Periodically reviews and makes recommendations to the Board regarding director compensation
International Committee	Provides a forum for additional discussion and input on international markets, business conditions and political developments.
Public Issues Committee	Provides guidance on matters relating to the Company s corporate social responsibility, including good corporate citizenship, environmental sustainability, health and safety and social issues Oversees and monitors the Company s policies and practices to ensure alignment with the Company s vision and values Advises on significant public issues that are pertinent to the Company and its stakeholders

Considers, and brings to the attention of the Board as appropriate, political, social and environmental trends and major global legislative and regulatory developments or other public policy issues

Oversees the Company s policies and practices relating to the Company s political activities, diversity and charitable contributions

Monitors the Company s reputation and environmental sustainability progress

All Board members are invited to the meetings of the Public Issues Committee, and most directors typically attend.

Majority Voting for Directors

Alcoa s Articles of Incorporation and By-Laws provide a majority voting standard for election of directors in uncontested elections. If an incumbent director nominee receives a greater number of votes cast against his or her election than in favor of his or her election (excluding abstentions) in an uncontested election, the nominee must immediately tender his or her resignation, and the Board will decide, through a process managed by the Governance and Nominating Committee and excluding the nominee,

Corporate Governance (continued)

whether to accept the resignation at its next regularly scheduled Board meeting. The Board s explanation of its decision will be promptly disclosed in accordance with SEC rules and regulations. An election of directors is considered to be contested if there are more nominees for election than positions on the Board to be filled by election at the meeting of shareholders. Any director nominee not already serving on the Board who fails to receive a majority of votes cast in an uncontested election will not be elected to the Board.

Communications with Directors

The Board of Directors welcomes input and suggestions. Shareholders and other interested parties wishing to contact the Lead Director or the non-management directors as a group may do so by sending a written communication to the attention of the Lead Director c/o Alcoa Inc., Corporate Secretary s Office, 390 Park Avenue, New York, NY 10022-4608. To communicate issues or complaints regarding questionable accounting, internal accounting controls or auditing matters, send a written communication to the Audit Committee c/o Alcoa Inc., Corporate Secretary s Office, 390 Park Avenue, New York, NY 10022-4608. Alternatively, you may place an anonymous, confidential, toll free call in the United States to Alcoa s Integrity Line at 1-800-346-7319. For a listing of Integrity Line telephone numbers outside the United States, go to *http://www.alcoa.com About Alcoa Corporate Governance Ethics and Compliance*.

Communications addressed to the Board or to a Board member are distributed to the Board or to any individual director or directors as appropriate, depending upon the facts and circumstances outlined in the communication.

The Board of Directors has asked the Corporate Secretary s Office to submit to the Board all communications received, excluding only those items that are not related to Board duties and responsibilities, such as junk mail and mass mailings; product complaints and product inquiries; new product or technology suggestions; job inquiries and resumes; advertisements or solicitations; and surveys.

Director Independence

In its Corporate Governance Guidelines, the Board recognizes that independence depends not only on directors individual relationships, but also on the directors overall attitude. Providing objective, independent judgment is at the core of the Board s oversight function. Under the Company s Director Independence Standards, which conform to the corporate governance listing standards of the New York Stock Exchange, a director is not considered independent unless the Board affirmatively determines that the director has no material relationship with the Company or any subsidiary in the consolidated group. The Director Independence Standards comprise a list of all categories of material relationships affecting the determination of a director s independence. Any relationship that falls below a threshold set forth in the Director Independence Standards, or is not otherwise listed in the Director Independence Standards, and is not required to be disclosed under Item 404(a) of SEC Regulation S-K, is deemed to be an immaterial relationship.

The Board has affirmatively determined that all the directors are independent except Mr. Kleinfeld, who is employed by the Company (and therefore does not meet the independence standards set forth in the Director Independence Standards). In the course of its determination regarding independence, the Board did not find any material relationships between the Company and any of the directors, other than Mr. Kleinfeld s employment.

Related Person Transactions

Review, Approval and Ratification of Transactions with Related Persons

The Company has a written Related Person Transaction Approval Policy regarding the review, approval and ratification of transactions between the Company and related persons. The policy applies to any transaction in which the Company or a Company subsidiary is a participant, the amount involved exceeds $120,000 and a related person has a direct or indirect material interest. A related person means any director or executive officer of the Company, any nominee for director, any shareholder known to the Company to be the beneficial owner of more than 5% of any class of the Company s voting securities, and any immediate family member of any such person.

Under this policy, reviews are conducted by management to determine which transactions or relationships should be referred to the Governance and Nominating Committee for consideration. The Governance and Nominating Committee then reviews the material facts and circumstances regarding a transaction and determines whether to approve, ratify, revise or reject a related

Corporate Governance (continued)

person transaction, or to refer it to the full Board or another committee of the Board for consideration. The Company s Related Person Transaction Approval Policy operates in conjunction with other aspects of the Company s compliance program, including its Business Conduct Policies which require that all directors, officers and employees have a duty to be free from the influence of any conflict of interest when they represent the Company in negotiations or make recommendations with respect to dealings with third parties, or otherwise carry out their duties with respect to the Company.

The Board has considered the following types of potential related person transactions and pre-approved them under the Company s Related Person Transaction Approval Policy as not presenting material conflicts of interest:

(i) employment of executive officers (except employment of an executive officer that is an immediate family member of another executive officer, director, or nominee for director) as long as the Compensation and Benefits Committee has approved the executive officers compensation;
(ii) director compensation that the Board has approved;
(iii) any transaction with another entity in which the aggregate amount involved does not exceed the greater of $1,000,000 or 2% of the other entity s total annual revenues, if a related person s interest arises only from:
    (a) such person s position as an employee or executive officer of the other entity; or
    (b) such person s position as a director of the other entity; or
    (c) the ownership by such person, together with his or her immediate family members, of less than a 10% equity interest in the aggregate in the other entity (other than a partnership); or
    (d) both such position as a director and ownership as described in (b) and (c) above; or
    (e) such person s position as a limited partner in a partnership in which the person, together with his or her immediate family members, have an interest of less than 10%;
(iv) charitable contributions in which a related person s only relationship is as an employee (other than an executive officer), or a director or trustee, if the aggregate amount involved does not exceed the greater of $250,000 or 2% of the charitable organization s total annual receipts;
(v) transactions, such as the receipt of dividends, in which all shareholders receive proportional benefits;
(vi) transactions involving competitive bids;
(vii) transactions involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; and
(viii) transactions with a related person involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

Transactions with Related Persons in 2015

Based on information provided by the directors, the executive officers, and the Company s legal department, the Governance and Nominating Committee determined that there are no material related person transactions to be reported in this proxy statement. We indemnify our directors and officers to the fullest extent permitted by law against personal liability in connection with their service to the Company. This indemnity is required under the Company s Articles of Incorporation and the By-Laws, and we have entered into agreements with these individuals contractually obligating us to provide this indemnification to them.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation and Benefits Committee has served as one of our officers or employees at any time. None of our executive officers serves as a member of the compensation committee of any other company that has an executive officer serving as a member of our Board. None of our executive officers serves as a member of the board of directors of any other company that has an executive officer serving as a member of our Compensation and Benefits Committee.

Compensation Consultants

During 2015, the Compensation and Benefits Committee continued its retention of Pay Governance LLC as its independent compensation consultant. See *Compensation Discussion and Analysis Other Compensation Policies and Practices What We Do The Compensation Committee Retains an Independent Compensation Consultant* on page 59. The committee assessed Pay Governance s independence and found no conflict of interest. In its assessment, the committee took into account the following factors:

- Pay Governance provides no other services to the Company;
- the amount of fees received from the Company by Pay Governance as a percentage of Pay Governance s total revenue;
- the policies and procedures that Pay Governance has in place to prevent conflicts of interest;
- any business or personal relationships between the consultant(s) at Pay Governance performing consulting services and any Compensation and Benefits Committee members or any executive officer; and
- any ownership of Company stock by the consultant(s).

During 2015, the Governance and Nominating Committee continued to retain Pearl Meyer & Partners to provide consultation services regarding non-employee director compensation. The committee did not find any conflict of interest with Pearl Meyer and considered the following factors in its determination:

- Pearl Meyer provides no other services to the Company;
- the amount of fees received from the Company by Pearl Meyer as a percentage of Pearl Meyer s total revenue;
- the policies and procedures that Pearl Meyer has in place to prevent conflicts of interest;
- any business or personal relationships between the consultant(s) at Pearl Meyer performing consulting services and any Board members or any executive officer; and
- any ownership of Company stock by the consultant(s).

Corporate Governance Materials Available on Alcoa s Website

The following documents, as well as additional corporate governance information and materials, are available on our website at *http://www.alcoa.com* under *About Corporate Governance* :

- Articles of Incorporation
- By-Laws
- Corporate Governance Guidelines
- Business Conducts Policies
- Code of Ethics for the CEO, CFO and Other Financial Professionals
- Director Independence Standards
- Related Person Transaction Approval Policy
- Charters of each of our Board committees and subcommittee
- Insider Trading Policy

Copies of these documents are also available in print form at no charge by sending a request to Alcoa Inc., Corporate Communications, 201 Isabella Street, Pittsburgh, PA 15212-5858.

Information on our website is not, and will not be deemed to be, a part of this proxy statement or incorporated into any of our other filings with the SEC.

Business Conduct Policies and Code of Ethics

The Company s Business Conduct Policies, which have been in place for many years, apply equally to the directors and to all officers and employees of the Company, as well as those of our controlled subsidiaries, affiliates and joint ventures. The directors and employees in positions to make discretionary decisions are surveyed annually regarding their compliance with the policies.

The Company also has a Code of Ethics applicable to the CEO, CFO and other financial professionals, including the principal accounting officer, and those subject to it are surveyed annually for compliance with it. Only the Audit Committee can amend or grant waivers from the provisions of the Company s Code of Ethics, and any such amendments or waivers will be posted promptly at *http://www.alcoa.com* . To date, no such amendments have been made or waivers granted.

Recovery of Incentive Compensation

The Board of Directors adopted the following policy in 2006:

If the Board learns of any misconduct by an executive officer that contributed to the Company having to restate all or a portion of its financial statements, it shall take such action as it deems necessary to remedy the misconduct, prevent its recurrence and, if appropriate, based on all relevant facts and circumstances, take remedial action against the wrongdoer in a manner it deems appropriate. In determining what remedies to pursue, the Board shall take into account all relevant factors, including whether the restatement was the result of negligent, intentional or gross misconduct. The Board will, to the full extent permitted by governing law, in all appropriate cases, require reimbursement of any bonus or incentive compensation awarded to an executive officer or effect the cancellation of unvested restricted or deferred stock awards previously granted to the executive officer if: (a) the amount of the bonus or incentive compensation was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement; (b) the executive engaged in intentional misconduct that caused or partially caused the need for the restatement; and (c) the amount of the bonus or incentive compensation that would have been awarded to the executive had the financial results been properly reported would have been lower than the amount actually awarded. In addition, the Board may dismiss the executive officer, authorize legal action for breach of fiduciary duty or take such other action to enforce the executive s obligations to Alcoa Inc. as the Board determines fit the facts surrounding the particular case. The Board may, in determining appropriate remedial action, take into account penalties or punishments imposed by third parties, such as law enforcement agencies, regulators or other authorities. The Board s power to determine the appropriate punishment for the wrongdoer is in addition to, and not in replacement of, remedies imposed by such entities.

The Incentive Compensation Plan was amended in 2006 to incorporate this policy. This plan governs annual incentive compensation awards to a large number of executives and managers. The 2009 Alcoa Stock Incentive Plan, Alcoa s Section 162(m) Compliant Annual Cash Incentive Compensation Plan and the 2013 Alcoa Stock Incentive Plan, which were approved by shareholders in 2009, 2011 and 2013, respectively, also incorporate this policy. The proposed 2013 Alcoa Stock Incentive Plan, as amended and restated, and the proposed Alcoa Internal Revenue Code 162(m) Compliant Annual Cash Incentive Compensation Plan, as amended and restated, discussed in Items 4 and 5 herein, respectively, also contain clawback provisions.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company s directors and executive officers, and persons who beneficially own more than ten percent of a registered class of the Company s equity securities, to file initial reports of ownership and reports of changes in ownership of the Company s common stock and other equity securities with the SEC within specified periods. Due to the complexity of the reporting rules, the Company undertakes to file such reports on behalf of its directors and executive officers and has instituted procedures to assist them with these obligations. Based solely on a review of filings with the SEC and written representations from the Company s directors and executive officers, the Company believes that in 2015 all of its directors and executive officers filed the required reports on a timely basis under Section 16(a).

Alcoa Stock Ownership

Stock Ownership of Certain Beneficial Owners

The following shareholders reported to the Securities and Exchange Commission that they beneficially owned more than 5% of Alcoa common stock as of December 31, 2015.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership (#)	Percent of Class
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	Common Stock	110,978,248[1]	8.47%
Blackrock, Inc. 55 East 52nd Street New York, NY 10022	Common Stock	86,472,304[2]	6.6%
Elliott Associates, L.P. 40 West 57th Street New York, NY 10019 Elliott International, L.P. c/o Maples & Calder P.O. Box 309 Ugland House, South Church Street George Town Cayman Islands, British West Indies Elliott International Capital Advisors Inc. 40 West 57th Street New York, NY 10019	Common Stock	86,200,000 [3]	6.6%

1 As reported in a Schedule 13G amendment dated February 10, 2016. The Vanguard Group, an investment adviser, reported that it had sole power to vote 2,409,360 shares, sole power to dispose of 108,410,968 shares, shared power to vote 134,064 of the reported shares, and shared power to dispose of 2,567,280 shares.

2 As reported in a Schedule 13G amendment dated February 10, 2016. BlackRock Inc., a parent holding company, reported that it had sole power to vote 73,979,475 shares, sole power to dispose of 86,354,096 shares, and shared power to vote and dispose of 118,208 shares.

3 As reported in a Schedule 13D amendment dated February 1, 2016: Elliott Associates L.P. had sole power to vote and dispose of 28,532,000 shares; Elliott International, L.P. had shared power to vote and dispose of 57,668,000 shares; and Elliott International Capital Advisors Inc.

had shared power to vote and dispose of 57,668,000 shares. In addition, these Elliott entities collectively had economic exposure comparable to approximately 0.9% of the shares of common stock outstanding pursuant to certain derivative agreements disclosed in the Schedule 13D amendment.

Alcoa Stock Ownership (continued)

Stock Ownership of Directors and Executive Officers

The following table shows the ownership of Alcoa common stock, as of March 4, 2016, by each director, each of the named executive officers, and all directors and executive officers (serving as of March 4, 2016) as a group.

Mr. Kleinfeld is required to own shares of Alcoa common stock equal in value to six times his annual salary and each of the other named executive officers is required to own shares of Alcoa common stock equal in value to three times his or her annual salary. These officers are required to maintain that investment until retirement from the Company.

Non-employee directors are required to own, until retirement from the Board, at least $750,000 in Alcoa common stock. Compliance with the ownership value requirement is measured annually and if the stock price declines in value, directors must continue to invest in Alcoa stock until the stock ownership guideline is reached. To satisfy this requirement, directors must either invest in Alcoa deferred share units under the Company s 2005 Deferred Fee Plan for Directors or purchase shares in the open market. Deferred share units provide directors with the same economic interest as if they own Alcoa common stock. The deferred share units track the performance of our common stock and accrue dividend equivalents that are equal in value to dividends paid on our common stock.

Name of Beneficial Owner	Shares of Common Stock[1]	Deferred Share Units[2]	Total
Directors			
Arthur D. Collins, Jr.	50,000	127,701	177,701
Kathryn S. Fuller		46,042	46,042
Sean O Mahoney	[4]	[4]	[4]
Michael G. Morris	30,120	81,044	111,164
E. Stanley O Neal		81,781	81,781
James W. Owens	15,025[3]	63,762	78,787
John Plant	30,000[4] [5]	[4]	30,000[4]
L. Rafael Reif		11,419	11,419
Carol L. Roberts		20,346	20,346
Patricia F. Russo	10,000[6]	59,580	69,580
Ulrich R. Schmidt	[4]	[4]	[4]
Martin S. Sorrell	32,056		32,056
Ratan N. Tata	58,351		58,351
Ernesto Zedillo		92,420	92,420
Named Executive Officers			
Klaus Kleinfeld *	4,563,082	38,061	4,601,143
William F. Oplinger	444,298	2,837	447,135
Roy C. Harvey	181,664		181,664
Olivier M. Jarrault	685,354		685,354
Audrey Strauss	366,074	3,123	369,197
Robert G. Wilt	260,033		260,033
All Directors and Executive Officers as a Group (24 individuals)	7,113,325	628,960	7,742,285

* Also serves as a director

1 This column shows beneficial ownership of Alcoa common stock as calculated under SEC rules. Unless otherwise noted, each director and named executive officer has sole voting and investment power over the shares of Alcoa common stock reported. None of the shares are subject to pledge. This column includes shares held of record, shares held by a bank, broker or nominee for the person s account, shares held through family trust arrangements, and for executive officers, share equivalent units held in the Alcoa Retirement Savings Plan which confer

voting rights through the plan trustee with respect to shares of Alcoa common stock. This column also includes shares of Alcoa common stock that may be acquired under employee stock options that are exercisable as of March 4, 2016 or will become exercisable within 60 days after March 4, 2016 as follows: Mr. Kleinfeld (3,059,073); Mr. Oplinger (315,843); Mr. Harvey (152,737); Mr. Jarrault (423,600); Ms. Strauss (266,033); and Mr. Wilt (207,577); and all executive

Alcoa Stock Ownership (continued)

officers as a group 4,670,504). No awards of stock options have been made to non-employee directors. As of March 4, 2016, individual directors and executive officers, as well as all directors and executive officers as a group, beneficially owned less than 1% of the outstanding shares of common stock.

2 This column lists (i) for executive officers, deferred share equivalent units held under the Alcoa Deferred Compensation Plan, and (ii) for directors, deferred share equivalent units held under the 2005 Deferred Fee Plan for Directors and the Deferred Fee Plan for Directors (in effect before 2005). Each deferred share equivalent unit tracks the economic performance of one share of Alcoa common stock and is fully vested upon grant, but does not have voting rights.

3 Held by a trust of which Mr. Owens and his spouse are trustees and beneficiaries.

4 Messrs. Mahoney, Plant and Schmidt were appointed to the Board of Directors effective February 5, 2016. The initial disbursement of their director compensation will be made on April 1, 2016. Under Alcoa s director compensation program, each of Messrs. Mahoney, Plant and Schmidt will receive an annual retainer of $240,000, plus any applicable Board committee fees, of which 50% shall be in cash and 50% invested in Alcoa deferred share units under the 2005 Deferred Fee Plan for Directors or invested in Alcoa stock purchased on the open market until he meets the stock ownership requirement of $750,000. See *Director Compensation* on page 19.

5 Held by a trust of which Mr. Plant is the trustee and a beneficiary.

6 Held by a trust of which Ms. Russo is the trustee and a beneficiary.

Item 2 Ratification of Appointment of Independent Registered Public Accounting Firm

Under its written charter, the Audit Committee of the Board of Directors has sole authority and is directly responsible for the appointment, retention, compensation, oversight, evaluation and termination of the independent registered public accounting firm retained to audit the Company s financial statements.

The Audit Committee annually evaluates the qualifications, performance and independence of the Company s independent auditors. Based on its evaluation, the Audit Committee has appointed PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2016. PricewaterhouseCoopers LLP or its predecessor, Coopers & Lybrand, has served continuously as the Company s independent auditors since 1973. The Audit Committee and the Board believe that the continued retention of PricewaterhouseCoopers LLP to serve as the Company s independent registered public accounting firm is in the best interests of the Company and its shareholders.

The Audit Committee is responsible for the approval of the engagement fees and terms associated with the retention of PricewaterhouseCoopers LLP. In addition to assuring the regular rotation of the lead audit partner as required by law, the Audit Committee is involved in the selection and evaluation of the lead audit partner and considers whether, in order to assure continuing auditor independence, there should be a regular rotation of the independent registered public accounting firm.

Although the Company s By-Laws do not require that we seek shareholder ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm, we are doing so as a matter of good corporate governance. If the shareholders do not ratify the appointment, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions by shareholders.

The Board of Directors recommends a vote FOR ITEM 2, to ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2016.

Item 2 Ratification of Appointment of Independent Registered Public Accounting Firm (continued)

Report of the Audit Committee

In accordance with its written charter, the Audit Committee of the Board of Directors is responsible for assisting the Board to fulfill its oversight of:

- the integrity of the Company s financial statements and internal controls,
- the Company s compliance with legal and regulatory requirements,
- the independent auditors qualifications and independence, and
- the performance of the Company s internal audit function and independent auditors.

It is the responsibility of the Company s management to prepare the Company s financial statements and to develop and maintain adequate systems of internal accounting and financial controls. The Company s internal auditors are responsible for conducting internal audits intended to evaluate the adequacy and effectiveness of the Company s financial and operating internal control systems.

PricewaterhouseCoopers LLP, the Company s independent registered public accounting firm for 2015 (the independent auditors), is responsible for performing independent audits of the Company s consolidated financial statements and internal control over financial reporting and issuing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States of America (GAAP) and on the effectiveness of the Company s internal control over financial reporting. The independent auditors also review the Company s interim financial statements in accordance with applicable auditing standards.

In evaluating the independence of PricewaterhouseCoopers LLP, the Audit Committee has (i) received the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board (PCAOB) regarding the audit firm s communications with the Audit Committee concerning independence, (ii) discussed with PricewaterhouseCoopers LLP the firm s independence from the Company and management and (iii) considered whether PricewaterhouseCoopers LLP s provision of non-audit services to the Company is compatible with the auditors independence. In addition, the Audit Committee has assured that the lead audit partner is rotated at least every five years in accordance with Securities and Exchange Commission and PCAOB requirements, and considered whether there should be a regular rotation of the audit firm itself in order to assure the continuing independence of the outside auditors. The Audit Committee has concluded that PricewaterhouseCoopers LLP is independent from the Company and its management.

The Audit Committee has reviewed with the independent auditors and the Company s internal auditors the overall scope and specific plans for their respective audits, and the Audit Committee regularly monitored the progress of both in assessing the Company s compliance with Section 404 of the Sarbanes-Oxley Act, including their findings, required resources and progress to date.

At every regular meeting, the Audit Committee meets separately, and without management present, with the independent auditors and the Company s Vice President Internal Audit to review the results of their examinations, their evaluations of the Company s internal controls, and the overall quality of the Company s accounting and financial reporting. The Audit Committee also meets separately at its regular meetings with the Chief Financial Officer and the Chief Legal Officer, and meets separately twice a year with the Chief Ethics and Compliance Officer.

The Audit Committee has met and discussed with management and the independent auditors the fair and complete presentation of the Company s financial statements. The Audit Committee has also discussed and reviewed with the independent auditors all communications required by GAAP, including those described in Auditing Standards No. 16, Communication with Audit Committees , as adopted by the PCAOB. The Audit Committee has discussed significant accounting policies applied in the financial statements, as well as alternative treatments. Management has represented that the consolidated financial statements have been prepared in accordance with GAAP, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with both management and the independent auditors.

Relying on the foregoing reviews and discussions, the Audit Committee recommended to the Board of Directors, and the Board approved, inclusion of the audited consolidated financial statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the Securities and Exchange Commission. In addition, the Audit Committee has approved, subject to shareholder ratification, the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2016.

The Audit Committee*

James W. Owens, *Chair*

Arthur D. Collins, Jr.

Michael G. Morris

E. Stanley O Neal

Carol L. Roberts

Ernesto Zedillo

February 17, 2016

* Sean O. Mahoney was elected to the Audit Committee effective February 19, 2016.

Item 2 Ratification of Appointment of Independent Registered Public Accounting Firm (continued)

Audit and Non-Audit Fees

The following table shows fees for professional services rendered by PricewaterhouseCoopers LLP for the past two fiscal years ended December 31 (in millions):

	2015	2014
Audit Fees	$ 16.1	$ 13.7
Audit-Related Fees	$ 3.2	$ 0.6
Tax Fees	$ 0.5	$ 0.6
All Other Fees	$ 0.1	$ 0.1

The Audit Committee has adopted policies and procedures for pre-approval of audit, audit-related, tax and other services, and for pre-approval of fee levels for such services. See Attachment A, *Pre-Approval Policies and Procedures for Audit and Non-Audit Services.* All services set forth in the table above were approved by the Audit Committee before being rendered.

Audit Fees include the base audit fee, effects of foreign currency exchange rates on the base audit fee, scope adjustments to the base audit requirements, and accounting and audit advisory services. The increase in audit fees from 2014 to 2015 was principally due to scope increases to accommodate the Firth Rixson and RTI International Metals, Inc. acquisitions, as well as the carve out audit required for the planned separation transaction.

Audit-Related Fees include due diligence services for acquisitions and divestitures, audits of employee benefit plans, agreed-upon or expanded audit procedures for accounting or regulatory requirements, information system controls procedures, and review or verification of reported sustainability information. The increase in audit-related fees from 2014 to 2015 was principally due to an increase in the amount of due diligence work performed.

Tax Fees include U.S. federal, state and local tax support and international tax support. The increase in tax fees from 2014 to 2015 was principally due to additional tax support in connection with the Firth Rixson and RTI International Metals, Inc. acquisitions.

All Other Fees include benchmarking services across a number of Alcoa entities.

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Item 3 Advisory Approval of Executive Compensation

As required pursuant to Section 14A of the Securities Exchange Act of 1934, the Board of Directors is asking you to approve, on an advisory basis, the executive compensation programs and policies and the resulting 2015 compensation of the individuals listed in the *2015 Summary Compensation Table* on page 60 (our named executive officers), as described in this proxy statement.

Because the vote is advisory, the result will not be binding on the Compensation and Benefits Committee and it will not affect, limit or augment any existing compensation or awards. The Compensation and Benefits Committee will, however, take into account the outcome of the vote when considering future compensation arrangements.

The Board has approved an annual frequency for advisory shareholder votes to approve executive officer compensation. As a result, unless the Board determines otherwise, the next such vote will be held at the Company s 2017 annual meeting.

We believe you should read the Compensation Discussion and Analysis and the compensation tables in determining whether to approve this proposal.

The Board of Directors recommends approval of the following resolution:

RESOLVED, that the compensation paid to the Company s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the executive compensation tables and the related narrative discussion, is hereby APPROVED.

The Board of Directors recommends a vote FOR ITEM 3, to approve, on an advisory basis, the compensation of the Company named executive officers, as stated in the above resolution.

Compensation Committee Report

The Compensation and Benefits Committee (the Committee) has:

1. reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement; and
2. based on the review and discussions referred to in paragraph (1) above, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s proxy statement relating to the 2016 annual meeting of shareholders.

The Compensation and Benefits Committee*

Michael G. Morris, *Chair*

Arthur D. Collins, Jr.

Kathryn S. Fuller

Patricia F. Russo

February 17, 2016

* Sean O. Mahoney and John C. Plant were elected to the Compensation and Benefits Committee effective February 19, 2016

Executive Compensation

Compensation Discussion and Analysis

Executive Summary

Alcoa s Executive Compensation Philosophy Drove Solid Operating and Financial Performance in 2015

2015 Overview: Due to global economic factors, commodity markets suffered a sharp downturn in 2015. The price of aluminum declined 28% and the price of alumina declined 43%. These price declines negatively impacted Alcoa s financial performance and were a major factor in the decline of the Company s stock price, which had a 95% correlation to the price of aluminum on the London Metal Exchange (LME) (see page 43). In 2015, the Company took steps to increase the global competitiveness of its upstream businesses by announcing the closure or curtailment of 25% of its high-cost operating smelting capacity and approximately 20% of its operating refining capacity. To build its broad value-add lightweight metals technology, engineering and manufacturing portfolio, the Company has been investing in its multi-material businesses that serve the aerospace, automotive and other growth end markets. After completing this transformation, the Company announced in September that it would separate into two independent, publicly-traded companies a Value-Add company and an Upstream company. The separation is intended to unlock the full value of Alcoa s portfolio and to provide two different, and highly attractive, investment propositions for its shareholders.

Alcoa s Executive Compensation Philosophy: Despite the challenging economic pressures on Alcoa s businesses, the Company s compensation programs played a crucial role in the financial performance and transformational successes leading up to and following the announcement of the separation. To incentivize outstanding management performance, the Alcoa Board of Directors Compensation and Benefits Committee (Compensation Committee or Committee) has structured executive pay programs that place a strong emphasis on equity incentives; are explicitly designed to attract, motivate and retain key executives; align executives interests with those of the Company s shareholders; and generate superior operating results that impact Alcoa s Total Shareholder Return (TSR). Integrated with Alcoa s strategy, structure and values, our compensation programs have enabled Alcoa to assemble a highly focused leadership team that takes accountability for achieving targets in the most difficult environments. During a period of extreme volatility and significant headwinds, our pay-for-performance culture was instrumental in Alcoa s ability to deliver value that exceeded the performance of the Standard & Poor s 500 (S&P) Metals & Mining Index in 2015.

Shareholder Alignment was supported and motivated by the strong equity mix in the compensation of the CEO and other Alcoa executives.

- Alcoa s **one-year TSR** (-36.8%) in 2015 outperformed the S&P Metals & Mining Index (-50.5%), while underperforming the average 2015 TSR of the Company s aluminum peers (-32.0%).
- Alcoa s **three-year TSR** (+17.5%) outperformed the three-year S&P Metals & Mining Index (-65.0%) and the average three-year TSR of the Company s aluminum peers (-10.0%).
- The Alcoa CEO s alignment with shareholders is reinforced by the CEO s pay mix: 90% is performance-based and 75% is equity-based.

Pay-for-Performance incentivized management performance that contributed to operating and financial performance in 2015.

- Alcoa completed major transformation activities that established a strong base for the Company s separation into two public companies as announced in September 2015.
- We augmented our value-add businesses with the acquisition of two materials companies that dramatically increased our capability in the high-growth aircraft-engine sector and contributed in 2015 to the Company entering into aerospace contracts valued at approximately $9 billion. To execute on those contracts and support the shift towards automotive light weighting, we also invested in a number of growth projects in our manufacturing facilities.
- In our upstream businesses, we continued moving down the aluminum and alumina cost curves by announcing the closure or curtailment of high-cost operating capacity, resulting in a decrease of 48% of smelting and 36% of refining capacity since 2007.

Compared to 2014, Alcoa s adjusted net income* declined by $329 million and free cash flow (FCF)* declined $53 million.
Alcoa achieved productivity improvements of $1.2 billion in 2015 for a total of $9.1 billion over the past seven years.

Executive Compensation | Compensation Discussion and Analysis | Executive Summary (continued)

To drive management behavior that maximizes financial performance and value, Alcoa holds managers fully accountable for factors they can directly control. As a result, the Company makes incentive plan adjustments (referred to as normalization) for factors such as fluctuations in the price of primary aluminum on the LME, fluctuations in regional aluminum premiums, and fluctuations in foreign currency exchange rates (FX). Declines in the LME and regional premiums in 2015 exceeded improvements in FX, so normalization resulted in an increase in incentive compensation (IC) and long-term incentive (LTI) award payouts compared to the 2015 formula.

We set aggressive 2015 IC and LTI targets compared to 2014 targets, based on market and regional premium expectations and forecasts for the newly acquired Firth Rixson business. We exceeded those targets for our Global Primary Products (GPP) and Global Rolled Products (GRP) groups, but missed targets substantially for our Engineered Products & Solutions (EPS) group, resulting in below-target IC and LTI payouts. The Company s fourth reportable segment, Transportation and Construction Solutions (TCS), was not formed until the third quarter of 2015 from the realignment of EPS transportation and construction businesses into this new segment. Since the compensation targets were established prior to the formation of TCS, the 2015 compensation targets, metrics, and results for EPS, as discussed in this Compensation Discussion and Analysis, include those of the TCS segment (other than TCS Latin American extrusions business, which is included in the corporate results).

Investor Outreach offered an opportunity to obtain investor comments and insights related to the investors policies and practices on compensation and governance matters as we developed the 2015 compensation plan.

We engaged in compensation and governance-related discussions with investors throughout the year. During calls in September 2014 with governance and compensation professionals at 29 of our largest 50 investors, we determined their priorities for the 2015 proxy season; we followed up with calls to 21 of the largest 50 investors in October and November 2015 to obtain guidance on their 2016 priorities and answer their questions about Alcoa s 2015 compensation and governance practices.

In this Compensation Discussion and Analysis, we discuss the actions we have undertaken as a result of guidance from our investors.

The remainder of this section reviews how:

A. Alcoa s Compensation Philosophy and Investor Outreach Guided the 2015 Executive Compensation Plan
B. Alcoa s Emphasis on Equity Aligns Pay with Shareholder Value
C. Alcoa Delivered Solid Operational and Financial Performance in 2015 and Completed its Transformation
D. Alcoa Set Aggressive Short- and Long-Term Business Plan Targets that Formed the Basis for Its IC and LTI Targets
E. Alcoa Chose 2015 Metrics that Drive Long-Term Economic Value, and IC and LTI Targets that Drove Solid Performance
F. The Compensation Committee Made Below-Target IC and LTI Awards that Reflected 2015 Performance Against Aggressive Targets, While Designed to Reward and Retain Exceptional Talent

See *Attachment C Calculation of Financial Measures* for the reconciliations to the most directly comparable GAAP (accounting principles generally accepted in the United States of America) measures and management s rationale for the non-GAAP financial measures used in this Compensation Discussion and Analysis, including adjusted net income, adjusted EBITDA, free cash flow, days working capital and net debt.

* For the reconciliation of adjusted net income and FCF to the most directly comparable GAAP measures, net income/(loss) and cash from operations, respectively, see *Attachment C Calculation of Financial Measures.*

Executive Compensation | Compensation Discussion and Analysis (continued)

Compensation Design and Philosophy

A. Alcoa s Compensation Philosophy and Investor Outreach Guided the 2015 Executive Compensation Plan

Alcoa s Executive Compensation Philosophy is based on four guiding principles to drive pay-for-performance and shareholder alignment:

1. Make equity the most dominant portion of total compensation for senior executives and managers, increasing the portion of performance-based equity with the level of responsibility.
2. Choose IC and LTI metrics that focus management s actions on achieving the greatest positive impact on Alcoa s financial performance.
3. Set IC and LTI targets that challenge management to achieve continuous improvement in performance and deliver long-term growth.
4. Target salary compensation at median, while using IC and LTI to reward exceptional performance and to attract and retain exceptional talent.

Our 2015 executive compensation plan reflects our continued investor outreach efforts. With 92% of the cast votes at the 2015 shareholders meeting in favor of our say-on-pay proposal, on an advisory basis, our investors reinforced their support of our compensation philosophy and plan. In addition to compensation and governance discussions during meetings with equity investors, Alcoa requested calls or meetings with governance and compensation professionals at all of our largest 50 investors. In September 2014, we had calls or meetings with 29 of those investors to determine their priorities for the 2015 proxy season; we followed up with calls to 21 of the largest 50 investors in October and November 2015 to obtain guidance on their 2016 priorities and answer their questions about Alcoa s 2015 compensation and governance practices. The Compensation Committee considered feedback from those meetings and other investor insights in making 2015 compensation decisions and took the following actions:

- In response to investor suggestions that we shift from a single FCF financial metric, we added in 2014 a profit metric and a Days Working Capital (DWC) metric. We continued with these three financial metrics in 2015.
- Responding to the continued interest of investors for more discussion of our LTI target-setting process, we have updated our discussion about the target-setting process.
- After some investors emphasized the importance of showing that the Company sets aggressive targets that motivate and reward substantial year-over-year improvement, we expanded our analysis of comparative annual targets.

See *E. Alcoa Chose 2015 Metrics that Drive Long-Term Economic Value, and IC and LTI Targets that Drove Solid Performance.*

B. Alcoa s Emphasis on Equity Aligns Pay with Shareholder Value

The emphasis on equity compensation and pay-for-performance begins with the CEO, whose 2015 target total direct compensation included 90% pay at risk.

The 2015 target total direct compensation for the other named executive officers covered in this document also had a strong emphasis on equity:

Type of Compensation	% of Target Compensation
Salary	16% to 18%
Annual Cash Incentive Compensation	25% to 30%
Performance Restricted Share Units (representing 80% of LTI granted and vested after three years)	43% to 47%
Stock Options (representing 20% of LTI granted and vesting over three years)	11% to 13%

Executive Compensation | Compensation Discussion and Analysis | Compensation Design and Philosophy (continued)

The focus on equity pay-for-performance maintained shareholder alignment in a difficult environment. As the following charts demonstrate, Alcoa s financial performance, transformation progress and separation plan enabled Alcoa to outperform the S&P Metals & Mining Index in an extremely challenging year. On a three-year basis, Alcoa performed significantly better than both the S&P Metals & Mining Index and its aluminum peers.

1 Alcoa Proxy Peers comprise the 10 Materials and 10 Industrials companies listed on page 52.
2 Aluminum peers: Aluminum Corporation of China Limited, United Company RUSAL, Norsk Hydro ASA, Alumina Limited, National Aluminum Company Limited and Shandong Nanshan Aluminum Co., Ltd.
3 The TSR for Century Aluminum Company is provided for comparison purposes to show the performance of a company that is a producer of primary aluminum.

The effect of the 2015 stock price performance on equity grants made to the CEO and named executive officers in January 2015 demonstrates alignment with the Company s shareholders. The realizable value of the January 2015 grants as of December 31, 2015 was 46% of the grant value. For example, the impact on the value of CEO s equity grants is shown in the following table.

Equity Component	Value at Grant as Shown in Summary Compensation Table (Page 60)	Realizable Value as of 12/31/2015	Realizable Value as % of Summary Compensation Table
Performance Restricted Share Units	$ 8,600,394	$4,920,294*	57%
Stock Options	$ 2,150,025	$ 0**	0%
Total	$10,750,419	$4,920,294	46%

* Units granted 1/20/15, including the earned amount in respect of the first one-year performance period, as described beginning on page 53.
** In the money value of stock options granted during 2015 based on the year-end stock price of $9.87. Although these options are not exercisable on 12/31/15, they have a 10-year term and could become in the money during this time period.

Executive Compensation | Compensation Discussion and Analysis | Compensation Design and Philosophy (continued)

1 Alcoa Proxy Peers comprise the 10 Materials and 10 Industrials companies listed on page 52.
2 Aluminum peers: Aluminum Corporation of China Limited, United Company RUSAL, Norsk Hydro ASA, Alumina Limited, National Aluminum Company Limited and Shandong Nanshan Aluminum Co., Ltd.
3 The TSR for Century Aluminum Company is provided for comparison purposes to show the performance of a company that is a producer of primary aluminum.

The following chart shows the correlation of Alcoa s stock price to the price of aluminum on the LME.

1 LME Cash: spot price of aluminum on the LME

C. Alcoa Delivered Solid Operational and Financial Performance in 2015 and Completed its Transformation

In 2015, Alcoa completed the transformation of its value-add and upstream portfolios in preparation for their separation into two public companies. In support of Alcoa s goal to grow its value-add portfolio, we strengthened the ability of our Engineered Products and Solutions (EPS) segment to serve the fast growing jet-engine components industry with the acquisitions of Firth Rixson (completed in November 2014), TITAL (completed in March 2015) and RTI International Metals (completed in July 2015). Building on this enhancement to Alcoa s multi-material portfolio, the Company entered into new aerospace contracts in 2015 valued at approximately

$9 billion. Beginning with the third quarter of 2015, the Company realigned its EPS segment by moving its Wheel and Transportation Products and Building and Construction Systems business units from EPS into a new reportable segment named Transportation and Construction Solutions (TCS). The Global Rolled Products (GRP) segment significantly increased its production of aluminum automotive sheet to support weight reduction and performance improvement initiatives by the automotive industry. Our Global Primary Products (GPP) business made significant progress in restructuring its Alumina and Primary Metals segments to increase the competitiveness of its commodity portfolio during a year of sharp decline in the price of both aluminum and alumina.

Each of Alcoa s value-add business groups delivered strong performance in 2015.

Our **EPS** segment increased after-tax operating income by 2.8% from $579 million in 2014 to $595 million in 2015. Adjusted EBITDA* grew 9.5% from $1,014 million in 2014 to $1,110 million in 2015, predominately driven by acquisitions. Revenue grew 27% from $4,217 million in 2014 to $5,342 million in 2015 largely driven by acquisition, in which aerospace revenue grew 33% year-over-year in 2015.

Our **TCS** segment delivered after-tax operating income of $166 million, down $14 million from the prior year, largely driven by cost headwinds and FX. Adjusted EBITDA* declined by 6.9% from $291 million in 2014 to $271 million in 2015. Revenue declined 7% from $2,021 million in 2014 to $1,882 million in 2015, driven by the strengthening U.S. dollar and the weakness in the European and Brazilian non-residential construction end markets. The revenue decline was partially offset by an after-tax productivity improvement of $79 million in 2015, enabling the segment to maintain a strong adjusted EBITDA* margin of 14.4% for the year.

Our **GRP** segment, although impacted by the decline in the can packaging sector, delivered adjusted EBITDA* per metric ton of $333 in 2015, up from $289 in 2014. Additionally, GRP third-party revenue fell 15%, predominately driven by lower LME aluminum prices and portfolio actions. This revenue decline was somewhat offset by a major investment in Davenport, Iowa to supply automotive sheet.

* For the reconciliation of the segments adjusted EBITDA to the most directly comparable GAAP measure, after-tax operating income, see *Attachment C Calculation of Financial Measures.*

The transformation of Alcoa s downstream and midstream portfolio and the performance of its businesses since 2008 provides the base for the expected launch of the Value-Add Company in the second half of 2016.

1 2009-2010 represent net productivity; 2011-2015 represent gross productivity
2 Does not include L.A. soft alloy extrusions business
3 The Texarkana casthouse was restarted in 2015 and, therefore, is no longer included in this number
4 PVD: Plasma Vapor Deposition
5 VTP: Vertical Tail Plane

The restructuring of Alcoa s upstream portfolio and the performance of its businesses since 2008 will enable the future Upstream Company to be a strong global competitor after the planned separation of Alcoa in the second half of 2016.

Our **GPP** business delivered $901 million in after-tax operating income, despite substantial headwinds as the price of alumina fell 43% and the price of aluminum fell 28% in 2015. In face of these headwinds, we announced actions in 2015 to close or curtail approximately 25% of our operating smelting capacity and approximately 20% of our operating refining capacity, contributing to a decrease of 48% of operating smelting capacity and 36% of operating refinery capacity since 2007. We also delivered significant productivity improvements in our operations, increased higher margin differentiated products to 67% of total cast product shipments, and successfully converted 75% of our third-party smelter grade alumina shipments to the Alumina Price Index or spot price, delinking from LME-based pricing. All of these actions further contributed to strengthening the competitiveness of our upstream business.

1 All-in-metal price or Midwest price represents combined annual averages of the LME aluminum price + Midwest premium.

2 2009-2010 represent net productivity; 2011-2015 represent gross productivity

Executive Compensation | Compensation Discussion and Analysis | Compensation Design and Philosophy (continued)

Strong performance in Alcoa s businesses helped to partially offset pricing headwinds as earnings excluding special items declined from 2014. The following bridge shows 2014 adjusted net income* at $1,116 million decreasing to $787 million in 2015, primarily driven by market and cost headwinds of $1,095 million, partially offset by $766 million in performance, led by strong productivity:

* For the reconciliation of adjusted net income to the most directly comparable GAAP measure, net income/(loss), see *Attachment C Calculation of Financial Measures*

Disciplined capital management drove strong cash flow generation. In 2015, the Company generated positive FCF of $402 million (cash from operations of $1,582 million).

- In 2015, Alcoa s gross productivity gains consisted of $684 million from procurement savings, $436 million from process improvements and labor productivity, and $79 million from reductions in overhead spend. Alcoa has been able to achieve consistently high productivity cost savings through our Degrees of Implementation system, which facilitates the creation, deployment and tracking of savings ideas throughout the organization. In 2015, more than 13,000 ideas contributed to this $1.2 billion in gross productivity savings, resulting in $749 million of after-tax and after non-controlling interest productivity savings that directly impacted the bottom line, as reflected in the bridge above.
- We took a disciplined approach to capital investment, aggressively managing sustaining capital while continuing to invest in growing the value-add businesses. The combined capital expenditures in 2015 were $1.2 billion.
- 2015 FCF included a $300 million pre-payment for the future supply of natural gas in Australia. Average annual days working capital (DWC)* increased from 2014 to 37 days in 2015, as the Company continued to integrate acquisitions and continued to grow the portion of the business with higher inventory requirements. Excluding all acquisitions since the beginning of 2014, the DWC metric held steady to 2014 at 30 days and declined by 17 days compared to 2009. At the end of 2015, the Company had $1.9 billion cash on hand.

* For the reconciliation of days working capital to the most directly comparable GAAP measure, see Attachment C Calculation of Financial Measures.

LTM = last twelve months

D. Alcoa Set Aggressive Short- and Long-Term Business Plan Targets That Formed the Basis for Its IC and LTI Targets

Supporting the IC and LTI targets that Alcoa sets each year is a comprehensive approach for establishing business plan targets, which are publicly disclosed. The business plan targets have been consistent with Alcoa s overall strategy to build a globally competitive commodity business while profitably growing our value-add businesses.

In January 2014, the Company established three-year targets to be reached by the end of 2016. (Alcoa does not set new three-year targets each year.) Because of the diversity of our businesses, these three-year targets have taken varying forms for the upstream, midstream and downstream businesses. For example, because the upstream business largely competes in commodity markets, the focus has been on lowering costs. Targets were set to lower Alcoa s position on the industry cost curves by the year in which the targets end. The midstream and downstream businesses have targets for profitable growth. The targets for the midstream business are adjusted EBITDA/MT and revenue growth, and for the downstream, adjusted EBITDA margin percentage and revenue growth.

Executive Compensation | Compensation Discussion and Analysis | Compensation Design and Philosophy (continued)

The three-year targets were set based on consideration of the following parameters:

1. Market/competitive positioning, both current and projected;
2. Competitor financial benchmarking;
3. Market conditions, both current and projected; and
4. Historical performance.

Annually, the Company conducts a rigorous, iterative operational planning process that considers a series of factors:

1. Progress toward attainment of three-year targets;
2. Current and projected market conditions, which are based on assumptions about key financial parameters, such as FX and the prices of aluminum on the LME, energy and raw materials;
3. Capital and operational projects to be completed during the year that increase our competitiveness, open new markets or drive additional profitability; and
4. Historical performance and each business ability to overcome headwinds through ongoing productivity improvements.

Each group s business plan is evaluated using a number of financial and non-financial metrics, including revenue growth, gross and net productivity, overhead expenditures, capital efficiency (both working capital and capital expenditures), overall profitability, cash generation (both cash from operations and FCF), safety, quality and customer metrics. The summation of these group plans then is compared with the financial position of the Company in the aggregate to determine whether the targets meet our financial ratio and cash requirements. The final result is the annual Alcoa business plan.

This rigorous process allows Alcoa to establish one-year and three-year business plan goals on which to base its IC and LTI targets. The LTI target is structured so that the Company can monitor and incentivize progress each year of the three-year plan, a critical factor given the volatility of the pricing of the aluminum commodity and of overall business conditions.

The annual Alcoa business plan, on which the IC and LTI targets are based, interacts with the three-year targets as progress points for the long-term goals, driving long-term value for Alcoa s shareholders. The tangible evidence of this can be found in the multi-year productivity gains, reductions in DWC and increases in profitable growth that have facilitated the Company s transformation strategy, as discussed in this Compensation Discussion and Analysis. Alcoa s use of three-year targets, which interacts with sequential one-year plans, combines a long-term focus with the agility needed to adjust for the volatility of market factors that impact the Company s results.

E. Alcoa Chose 2015 Metrics That Drive Long-Term Economic Value, and IC and LTI Targets that Drove Solid Performance

Our choice of metrics is directly related to the key priorities of our businesses and is aligned with our shareholders.

Financial metrics represent 80% of the total IC target. Alcoa has consistently chosen IC metrics that motivate high performance in the current market environment and LTI metrics that are aligned with its long-term strategy. Because liquidity became the principal concern for Alcoa during the economic downturn in the second half of 2008, adjusted FCF was a major financial IC metric beginning in 2009. Since 2014, Alcoa s financial IC metrics are 40% for adjusted net income to represent the investor priorities for profitable growth; 33% for adjusted FCF to maintain a focus on liquidity; and 7% for average annual DWC to reduce financing costs by managing inventory, receivables and payables.

Non-financial metrics represent 20% of the total IC target. Safety, environmental stewardship and diversity are intrinsic to Alcoa s Values and have an impact on Alcoa s business performance. The safety metric focuses on reducing the number of serious injuries. Our environmental metric drives reduction of carbon dioxide emissions, strengthening Alcoa s energy efficiency. Our diversity metric tracks executive and professional representation of women globally and minorities in the United States, reinforcing our goal to draw on every talent pool to attract the best and brightest to Alcoa and to build on diverse viewpoints.

Long-term metrics. Alcoa s LTI metrics consist of 75% for adjusted EBITDA margin growth and 25% for revenue growth to reinforce its long-term objective of profitable growth in our value-add businesses.

To drive management behavior that maximizes financial performance and value, Alcoa holds managers accountable for factors they can directly control. Because Alcoa s compensation philosophy is not to reward or punish management for factors that are outside their control, we normalize for those factors. As part of the financial planning process to establish the annual business plan for an upcoming year, we establish assumptions for the LME price of aluminum and FX, both of which can have significant effects on financial results and neither of which management performance can impact.

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LME: Without normalization, in years when the LME price of aluminum rises rapidly relative to assumptions in the business plan, such as in 2014, IC and LTI would be less effective as a performance incentive because management would receive an unearned benefit. Conversely, when the LME price of aluminum falls dramatically, as it did in 2015, failure to normalize would demotivate employees by putting any IC and LTI awards out of reach for reasons beyond their control. Instead, Alcoa s use of normalization enables the Company to drive operational and financial performance, particularly in recent years of volatile LME aluminum prices. While normalization reinforces management accountability and pay-for-performance, the significant equity portion of executive compensation reinforces management s alignment with our shareholders experience as investors in the Company.

Foreign Currency Exchange Rates (FX): Since Alcoa s revenues are largely U.S. dollar-denominated, while costs in non-U.S. locations are largely denominated in local currency, the volatility of FX also has had a significant impact on Alcoa s upstream earnings. As our commodities are traded in U.S. dollars, we have typically seen an inverse correlation to FX. Therefore, to avoid double counting, the normalization for the LME aluminum price swings needs to be corrected by concurrent normalization of FX.

Because Alcoa generally does not hedge FX or LME fluctuations, normalization is a practice that Alcoa has been following for many years. As a result, our management has remained highly focused on achieving and surpassing operational and strategic goals that benefit our top- and bottom-line performance. Discussion of the application of normalization and other adjustments to the 2015 results is presented below.

Uncontrollable market forces have significant impact on Alcoa s financial results

Market Force	Benchmark	2015 Sensitivity for Net Income ($M)
LME	+/-$100/MT	+/-$190
FX	USD +/-10%	+/-$225

Alcoa set 2015 financial targets that drive long-term shareholder value. As described in this Compensation Discussion and Analysis, Alcoa has a rigorous process to develop the financial targets on which it bases its IC and LTI targets. Given the impact of a variety of external factors affecting Alcoa s financial performance, the target-setting process must take into account the complexities of the business and the multiple external factors that impact it. As the Company has successfully addressed the challenging situation facing the aluminum industry during the past seven years, its incentive targets have played a major role in driving Alcoa s year-over-year improvements in underlying operational fundamentals and financial performance. The 2015 IC and LTI financial targets were established to continue that progress. Following the review of Alcoa s 2015 business plan by Alcoa s Board of Directors in February 2015, the Compensation Committee approved the metrics and targets after assessing the relevancy of the metrics to Alcoa s strategy and value creation and the difficulty and appropriateness of the targets to drive performance.

Comparison of 2015 incentive targets to 2014 targets and results. As discussed above, in its compensation program, Alcoa normalizes for the impact of fluctuations in the LME price of aluminum and FX due to the volatility and magnitude of their effect on key metrics. To provide comparability across years of the financial targets and results, underlying LME aluminum price and FX assumptions need to be consistent in the comparison years.

The 2014 targets as reported in the 2015 proxy statement were set in January 2014 based on LME and FX assumptions in the 2014 business plan. The 2014 results were also normalized to the 2014 plan assumptions. To compare the 2015 targets to the 2014 targets and results, as presented in the table below, we have normalized the 2014 targets and results to the LME and FX assumptions in the 2015 business plan.

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It is important to remember that **the plan assumptions for LME and FX do not make the targets harder or easier because the results are normalized back to the business plan assumptions**. Whether actual LME or FX exceed or fall short of plan assumptions utilized in setting targets, those impacts are normalized out of the results in the compensation plan. In 2015, when actual LME or FX differed substantially from plan assumptions, that impact was normalized out of the result, raising it for purposes of IC and LTI awards. See *F. The Compensation Committee Made Below-Target IC and LTI Awards that Reflected 2015 Performance Against Aggressive Targets, While Designed to Reward and Retain Exceptional Talent*.

	Annual Incentive Metrics			Long-Term Incentive Metrics	
	Adjusted FCF[1]	Adjusted Net Income[2]	Average Annual DWC[3]	Revenue Growth	Adjusted EBITDA Margin[2]
2014 Target	-$210M	$317M	28.9	2.7%	11.6%
As reported in 2015 Proxy Statement Normalized for 2015 Plan LME/FX	**$319M**	**$600M**	**N/A**	**2.7%**	**14.5%**
2014 Result	$21M	$627M	30.2	2.7%	13.0%
As reported in 2015 Proxy Statement Normalized for 2015 Plan LME/FX	**$550M**	**$910M**	**N/A**	**2.8%**	**16.0%**
2015 Target	***$1,000M***	***$1,307M***	***32.1***	***12.2%***	***16.9%***

1 Includes Saudi Arabia joint venture investment. For definition of Adjusted *FCF* and the reconciliation to the most directly comparable GAAP measure, cash from operations, see *Attachment C Calculation of Financial Measures*.

2 For definition of Adjusted Net Income and Adjusted EBITDA and the reconciliation to the most directly comparable GAAP measure, net income/(loss), see *Attachment C Calculation of Financial Measures*.

3 Average Annual DWC is not normalized for plan LME/FX in IC target-setting process. For the definition and calculation of DWC, see *Attachment C Calculation of Financial Measures*.

The annual targets for the IC and LTI metrics interact with Alcoa s three-year business plan. The targets take into account the three-year targets for the businesses and market conditions, as described under *D. Alcoa Set Aggressive Short- and Long-Term Business Plan Targets That Formed the Basis for Its IC and LTI Targets.*

The 2015 Adjusted FCF target was aggressive relative to both the 2014 target and result. The target was set as we challenged the Company to continue working capital improvements and to maintain a strong focus on cash generation. The FCF target was not achieved in 2015, largely due to the decline in earnings as described in more detail below.

The 2015 Adjusted Net Income target was **higher than both the 2014 target and result** despite expectations of lower regional premiums and energy sales, and higher energy costs. This challenging target required management to achieve significant improvements in sales volume and productivity in 2015. The target was not achieved as lower than expected regional premiums and alumina prices, along with volume and pricing headwinds, could not be overcome by Alcoa s substantial pre-tax productivity improvements of $1.2 billion, which exceeded a $900 million annual target.

The 2015 Average Annual DWC target was set **higher than both the 2014 target and result.** The 2015 target was set approximately 2 days higher than 2014. The 2015 target includes a full year impact of the 2014 acquisition of Firth Rixson. Due to the aggressiveness of the target and previously discussed higher inventory requirements as the portfolio shifted toward high-growth, value-add businesses, the Company missed the DWC target, and this metric did not contribute to the 2015 IC payout.

The 2015 Revenue Growth target was set well above both the 2014 target and result. This target was especially challenging given the projected lower revenue associated with expected lower regional premiums as well as the significant growth challenge inherent in the target for our businesses. This target was not met in 2015 due to lower than expected regional premiums, aerospace pricing pressures and adverse conditions in certain markets.

The 2015 Adjusted EBITDA Margin target represents an **improvement over both the 2014 target and result**, especially in light of the expected headwinds discussed in the adjusted net income section above. The result was just under target at 16.7% as strong productivity could not fully offset the headwinds.

In addition to setting challenging targets, Alcoa sets thresholds and maximums to motivate high performance. To dis-incentivize below-target performance, we set thresholds that eliminate payouts for missing targets by more than a small margin. While the reduced payout slope from target to minimum is steep, we establish payout multiples for overachievement that can be earned only with significant upside performance. The steep slope for missing targets resulted in a low formula payout due to below-target performance by EPS, despite solid performance by the GPP and GRP (see page 55 for 2015 results). To attract, motivate, align and retain high performing executives, Alcoa designs its compensation programs at median base salary levels while providing cash and equity incentives that motivate exceptional performance. Given the demanding leadership challenges confronting the aluminum industry in recent years, the prospect of an upside in IC and LTI has proven to be a major retention factor and has had a demonstrable impact on motivating managers to overcome those obstacles and achieve strong operational and financial performance. Due to the unique situation related to the separation, the motivation and retention impact of IC and LTI will be particularly vital in 2016.

F. The Compensation Committee Made Below-Target IC and LTI Awards that Reflected 2015 Performance Against Aggressive Targets, While Designed to Reward and Retain Exceptional Talent

In determining the IC and LTI payouts, the Committee applied the principles of normalization and also approved certain adjustments recommended by management for items or assumptions not anticipated in the 2015 business plan. For 2015, on a net basis, the normalizations and adjustments increased IC awards by 35.7 percentage points and LTI awards by 64.8 percentage points compared to formula results before the normalizations and adjustments. Following are the normalizations and adjustments to the 2015 financial results for incentive purposes:

	Annual Incentive Metrics ($M)			Long-Term Incentive Metrics ($M)	
	Adjusted FCF*	Adjusted Net Income**	Average Annual DWC**	Revenue	Adjusted EBITDA**
Preliminary Result	**$375**	**$787**	**37.4**	**$22,534**	**$3,248**
Normalizations & Adjustments					
1. LME & FX[1]	($5)	$234		$1,073	$384
2. Premiums[2]	$117	$117		$209	$170
3. Special items[3]	$155	($3)	(4.1)	($398)	$118
4. Deferred equity contribution[4]	($17)	N/A		N/A	N/A
Final Result	**$625**	**$1,135**	**33.3**	**$23,418**	**$3,920**

* Includes Saudi Arabia joint venture investment. For definition of Adjusted FCF and the reconciliation to the most directly comparable GAAP measure, cash from operations, see *Attachment C Calculation of Financial Measures*.

** For definition of Adjusted Net Income and Adjusted EBITDA and the reconciliation to the most directly comparable GAAP measure, net income/(loss), and for definition and calculation for Average Annual DWC, see *Attachment C Calculation of Financial Measures*.

1 The impact of the LME and FX fluctuations in 2015 against plan was a benefit to the Company s preliminary Adjusted FCF result but was a detriment to the preliminary results of the other metrics. Under the practice described above, there was a negative normalization applied to the Adjusted FCF result and a positive normalization for each of the other three metrics.

2 Because realized aluminum premiums came in well below plan assumptions, management recommended, and the Compensation Committee approved, a positive adjustment to all four metrics.

3 Management recommended, and the Compensation Committee approved, adjustments for certain special items. For details, see *Attachment C Calculation of Financial Measures*.

4 The Company deferred some Saudi Arabia joint venture equity contributions in 2015, which were adjusted out of the FCF results. The deferred contributions had no impact on the results for the other three metrics.

In determining these normalizations and other adjustments, the Compensation Committee made every effort to assure that the incentives are designed to motivate management to maximize performance on factors they can control and that IC and LTI payouts are adjusted up or down for uncontrolled and unplanned impacts, such as LME and FX changes. In doing so, the Committee maintained its focus on incentivizing and rewarding exceptional performance that delivers value to Alcoa s shareholders over time.

Below-target IC/LTI due to one of Alcoa s global groups missing financial and incentive targets. As described starting on page 43, in an extremely challenging year for the aluminum industry, management delivered solid operational and financial performance while completing a major transformation that enables Alcoa to separate into two strong public companies. Although GPP and GRP exceeded their financial and incentive targets, EPS missed its aggressive targets. As a result of the Company s performance and in consideration of management s transformation accomplishments and the importance of retaining and motivating IC-eligible executives and managers to complete the separation, the Compensation Committee approved a 34.2 percentage point increase (an aggregate increase of approximately $16.8 million for all

IC-eligible participants) to the attained IC pool, resulting in a final below-target IC payout of 88.5%. No change was made to the 2015 70.4% below-target payout against the LTI targets for 2015, which impacts the performance share awards. See discussion on page 56.

In summary, the fundamentals of Alcoa s executive compensation policies incentivize performance while maintaining alignment with shareholder interests. In 2015, Alcoa s leaders maintained consistent financial and operational performance during a period of sharp decline in the price of aluminum and significant efforts to integrate three acquisitions and prepare for the separation of Alcoa into two public companies. Those achievements were major factors in the performance of Alcoa s 2015 and three-year stock price compared to the performance of the S&P Metals & Mining Index. The 2015 incentive awards, combining a mix of short- and long-term performance incentives, validated the effectiveness of Alcoa s executive compensation design in ensuring pay-for-performance and shareholder alignment.

Analysis of 2015 Compensation Decisions

The Compensation Committee uses its business judgment to determine the appropriate compensation targets and awards for the named executive officers, in addition to assessing several factors that include:

- Individual, Group, and Corporate performance;
- Market positioning based on peer group data (described below);
- Complexity and importance of the role and responsibilities;
- Aggressiveness of targets;
- Signing of contracts that will positively impact future performance;
- Unanticipated events impacting target achievement;
- Retention of key individuals in a competitive talent market; and
- Leadership and growth potential.

Comparator Peer Groups

To help determine total direct compensation for the CEO in 2015, we used a peer group consisting of 10 Materials and 10 Industrials companies that are relevant to and aligned with Alcoa s upstream (materials) and mid/downstream (industrials) businesses. This was the same peer group used to help determine CEO pay in 2014. Pay Governance, the Compensation Committee s independent compensation consultant, has reviewed and endorses this peer group. The companies in the CEO peer group are:

Materials Companies	Industrials Companies
Dow Chemical	3M
DuPont	Cummins
Freeport McMoran	Danaher
Huntsman	Deere
International Paper	Eaton
LyondellBasell Industries	Emerson Electric
PPG Industries	General Dynamics
Newmont Mining	L-3 Communications
Nucor	Northrop Grumman
United States Steel	Raytheon

For other executive level positions, we continued to use Towers Watson survey data for companies with revenues between $15 billion and $50 billion (excluding financial companies) to help estimate competitive compensation. This peer group reflects the broad-based group of companies with which we compete for non-CEO executive talent. The Compensation Committee s independent compensation consultant has reviewed and endorses this peer group. For 2015, 137 companies met the revenue and industry criteria and were used to compare compensation for all of the executive level positions, except the CEO position, see *Attachment B* on page 93.

The data from each of these peer groups described above is considered in establishing executive compensation and to ensure that Alcoa provides and maintains compensation levels in line with the market, including similar companies, and to attract, retain and motivate employees.

Performance-Based Pay Decisions

As discussed above, although Alcoa set high 2015 IC and LTI targets, the GPP and GRP business groups both exceeded their aggressive IC and LTI total targets. While continuing to deliver high margins in 2015, the EPS business group fell short of its aggressive financial targets, primarily due to unexpected challenges faced by the newly acquired Firth Rixson business in meeting financial plans, despite 82% overachievement on synergy targets for the acquisition. After-tax operating income, DWC and FCF were also impacted by the ramp-up of growth projects to support new multi-year aerospace contracts valued at approximately $9 billion that were signed in 2015.

As a result of missing its financial targets, the formula EPS payout was below target at 10% for IC. Despite the above-target performance for the GPP and GRP, the impact of the EPS missed target reduced the overall corporate planned payout to a below-target 54.3% for IC and 70.4% for LTI.

In determining the 2015 IC and LTI awards, the Compensation Committee considered significant management performance not captured by the targets. This included the acceleration in late 2014 of the Company s transformation strategy with the acquisition of Firth Rixson and continued in 2015 with the acquisitions of TITAL and RTI International Metals, investments that dramatically expanded Alcoa s presence in high-growth aerospace markets. The culmination of the transformation provided the foundation to announce in the third quarter of 2015 the planned separation of Alcoa into two independent, publicly-traded companies, the Upstream and Value-Add companies, which is expected to be completed in the second half of 2016.

The Committee recognized that the foregoing actions will have a strong positive impact on Alcoa s long-term financial performance and return to shareholders and that the implementation of those actions required intense management focus and flexibility, making achievement of the Company s 2015 aggressive financial targets significantly more challenging. The Committee considered that two business groups nonetheless exceeded their aggressive targets and that the EPS management team, which missed its aggressive financial targets, exceeded its target for synergies from the acquisitions and has been skillfully integrating the three global acquisitions for the long-term benefit of shareholders of the Company, including the rapid achievement of securing $9 billion in multi-year aerospace contracts.

Therefore, while deciding to provide below-target IC and LTI payouts, the Compensation Committee acknowledged the Company s solid 2015 financial performance in a year of significant declines in the price of aluminum and the extraordinary circumstances resulting from major strategic decisions and actions that will have a positive impact on Alcoa s future. Looking to 2016, the Compensation Committee recognized the importance of retaining exceptional leaders and motivating the 4,000 managers and employees who participate in incentive compensation to be fully engaged to capture the many opportunities facing Alcoa as it prepares for the planned separation and executes on the significant new contracts recently awarded. To address those exceptional circumstances, the Committee approved a 34.2 percentage point increase (an aggregate increase of approximately $16.8 million for all IC-eligible participants) to the attained IC pool, resulting in a final below-target IC payout of 88.5%. No change was made to the 2015 70.4% below-target LTI payout.

Chairman and Chief Executive Officer Mr. Kleinfeld. In January 2015, the Compensation Committee awarded Mr. Kleinfeld performance share awards and stock options with a total grant-date value of $10,750,419 due to the strong performance of the Company and his individual performance in 2014. Eighty percent of the award ($8,600,394) was granted as performance share awards, and 20% of the award ($2,150,025) was granted as stock options. In making this decision, the Compensation Committee considered the operational performance of the Company in 2014, the performance of the Company s stock during 2014, and the median level of equity as reported for the CEO peer group. While the grant-date value of the January 2015 award represents a 23.6% increase over the prior year s award for 2013 performance, given the extremely challenging environment for commodities in 2015 and the adverse impact on stock price, the realizable value of the January 2015 award was $4,920,294 as of December 31, 2015. This depreciated value is based on Alcoa s closing stock price of $9.87 on December 31, 2015, the first third of the performance share awards earned at 70.4% for the 2015 performance period and options that were all underwater with an exercise price of $15.55 (see the *2015 Grants of Plan-Based Awards* table on page 63). Mr. Kleinfeld s annual IC award for 2015 of $1,816,020 was below target at 84% due to the IC plan result and the result of his performance review for 2015. The award was based on the corporate IC plan result of 88.5%, as described above, and a corresponding 95% individual multiplier.

Executive Vice President and Chief Financial Officer Mr. Oplinger. In January 2015, Mr. Oplinger was granted performance share awards valued at $1,600,406 and stock options valued at $400,020, which was above the target award due to his strong performance in 2014. The 24.2% increase in total grant-date value of his January 2015 award over his 2014 award was also more commensurate with his increased level of experience in his role and to bring his total direct compensation closer to the median of the peer group. However, the realizable value of the January 2015 award was $915,600 as of December 31, 2015,

based on Alcoa s closing stock price of $9.87 on that date, the first third of the performance share awards earned at 70.4% for the 2015 performance period and options that were all underwater with an exercise price of $15.55 (see the *2015 Grants of Plan-Based Awards* table on page 63). Mr. Oplinger s annual IC award for 2015 of $479,375 was below target at 88.5% due to the corporate IC plan result of 88.5%, as described above, and an individual multiplier of 100% based on his performance review for 2015. Mr. Oplinger received a 10% salary increase effective March 1, 2015 based on his 2014 performance as Chief Financial Officer and to bring his salary closer to the median of the peer group.

Executive Vice President and Group President, Engineered Products and Solutions Mr. Jarrault. In January 2015, Mr. Jarrault was granted performance share awards valued at $1,600,406 and stock options valued at $400,020, which was above the target award based on his strong performance review in 2014. The total grant-date value of his January 2015 award was virtually the same as the prior year. However, the realizable value of the January 2015 award was $915,600 as of December 31, 2015, based on Alcoa s closing stock price of $9.87 on that date, the first third of the performance share awards earned at 70.4% for the 2015 performance period and options that were all underwater with an exercise price of $15.55 (see the *2015 Grants of Plan-Based Awards* table on page 63). Mr. Jarrault s annual IC award for 2015 of $288,830 was below target at 48.5% due to the IC plan result and his performance review for 2015. The award was based 50% on the corporate IC plan result of 88.5%, as described above, 50% on the IC plan results for the EPS business group, which he leads, and an individual multiplier of 70%. The EPS group s IC plan for 2015 had a similar design as the corporate plan and similar financial metrics, except that the EPS IC plan also contained a revenue growth metric designed to incentivize growth in certain of the value-add businesses. The EPS group s IC plan result for 2015 was 50% based on the group s contribution to the overall corporate results (see the discussion on EPS performance on page 43) and the Compensation Committee s decision to increase the payout from 10% in recognition of the difficulty of the group s targets in 2015 and progress towards improving its financial performance year-over-year, while facing integration challenges. Mr. Jarrault received a 10% salary increase effective March 1, 2015 based on his 2014 performance and to bring his salary closer to the median of the peer group.

Executive Vice President, Chief Legal Officer and Secretary Ms. Strauss. In January 2015, Ms. Strauss was granted performance share awards valued at $1,408,208 and stock options valued at $352,013, which was above the target award due to her strong performance review in 2014 and virtually the same total grant-date value as the prior year. However, the realizable value of the January 2015 award was $805,639 as of December 31, 2015, based on Alcoa s closing stock price of $9.87 on that date, the first third of the performance share awards earned at 70.4% for the 2015 performance period and options that were all underwater with an exercise price of $15.55 (see the *2015 Grants of Plan-Based Awards* table on page 63). Ms. Strauss annual IC award for 2015 of $550,027 was below target at 97.4% due to the corporate IC plan result of 88.5% as described above, and an individual multiplier of 110% based on her performance review for 2015.

Executive Vice President and Group President, Global Primary Products Mr. Harvey. In January 2015, Mr. Harvey was granted performance share awards valued at $1,100,318 and stock options valued at $275,039, in his then-role as Executive Vice President, Human Resources and Environment, Health, Safety and Sustainability. This award was above the target based on his strong performance review in 2014. Mr. Harvey s annual IC award for 2015 of $454,307 was above target at 109.8% due to the IC plan result and his strong performance in the start of 2015 as Executive Vice President, Human Resources and Environment, Health, Safety and Sustainability and thereafter, as of October 2015, Executive Vice President and Group President, Global Primary Products. The award was based on the corporate IC plan result of 88.5%, as described above, the IC plan results for the GPP business group, which he has led since October 2015, and an individual multiplier of 120%. The GPP group s IC plan for 2015 had the same design as the corporate plan and similar financial metrics. The GPP group s IC plan result for 2015 was 107.3% based on the group s contribution to the overall corporate results (see the discussion on GPP performance on page 45). Mr. Harvey received a 1% salary increase effective October 5, 2015 upon his promotion to his new role.

Former Executive Vice President and Group President, Global Primary Products Mr. Wilt. In January 2015, Mr. Wilt was granted performance share awards valued at $1,600,406 and stock options valued at $400,020, which was above the target award based on his strong performance review in 2014. Due to his pending separation from the Company on August 1, 2016, the performance share awards in their entirety and two-thirds of the stock options representing the unvested portion of his option award will automatically be forfeited. Mr. Wilt s annual IC award for 2015 of $517,644 was below target at 97.9%. The award was based 50% on the corporate IC plan result of 88.5%, as described above, 50% on the IC plan results for the GPP business group, which he led until October 2015, and an individual multiplier of 100%. Mr. Wilt received a 15% salary increase effective March 1, 2015 based on his 2014 performance and to bring his salary in his former position closer to the median of the peer group.

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2015 Annual Cash Incentive Compensation

The corporate annual cash IC plan for 2015 was designed to achieve operating goals set at the beginning of the year.

- 80% of the cash incentive formula was based on achieving financial targets for adjusted FCF (33%), adjusted net income (40%) and average annual DWC (7%); and
- 20% of the formula was based on achieving safety, environmental and diversity targets.

The award at the corporate level reflected an 88.5% achievement against these financial and nonfinancial goals. After establishing the targets for the financial measures, the payout ranges were set above and below the target as shown in the table below:

- The steep curve to achieve 100% performance is intended to drive maximum effort.
- The payouts above target are aligned with achievement levels that ensure a strong return on the additional IC paid.
- We believe the challenging market environment and unexpected acquisition integration challenges adversely impacted our performance in 2015.

2015 Annual Cash Incentive Compensation Plan Design, Targets and Results

	Metric	Defined Corporate Level Payout Percentage 0%	50%	100% (Target)	150%	200%	Result	IC Result	Weighting	Formula Award
($ in millions)										
Financial Measures[1]	**Adjusted FCF**									
		$350	$675	$1,000	$1,330	$1,800	$625	42%	33%	13.9%
	Adjusted Net Income									
		$900	$1,104	$1,307	$1,507	$1,807	$1,135	58%	40%	23.1%
	Average Annual DWC									
		33.1	32.6	32.1	31.1	30.1	33.3	0%	7%	0.0%
										37.0%
Non-Financial Measures	**Safety**[2]									
	DART		0.304	0.296		0.289	0.314	0%	2.5%	**0.0%**
	FSI Reduction		-1	-4		-7	-28	200%	2.5%	**0.0%**[2]
	Environment[3]									
	CO_2 Emissions Reduction (metric tons)		166,000	307,000		502,000	250,497	80%	5.0%	**4.0%**
	Diversity[4]									
	Executive Level Women, Global		22.0%	22.3%		23.3%	22.8%	150%	2.5%	3.7%
	Executive Level Minorities, U.S.		16.6%	16.9%		17.9%	16.8%	83%	2.5%	2.1%
	Professional Level Women, Global		27.6%	27.9%		28.9%	28.3%	140%	2.5%	3.5%
	Professional Level Minorities, U.S.		18.1%	18.4%		19.4%	19.0%	160%	2.5%	4.0%
										13.3%
IC RESULT (CALCULATED)									**100%**	**54.3%**
INCREASE IN PAYOUT AS DETERMINED BY COMMITTEE										**34.2%**

FINAL IC RESULT	**88.5%**

FX and the price of aluminum on the LME were normalized to plan rates and prices to eliminate the effects of fluctuation in such rates and prices, both of which are factors outside management s control. See *Attachment C Calculation of Financial Measures* for calculation of financial measures and for the definition of Adjusted FCF and Adjusted Net Income. The threshold payout is 0% for the financial metrics and 50% for the non-financial metrics. The maximum payout for each metric is 200%. For performance between defined levels, the payout is interpolated.

1 For more information on the target setting for the financial metrics, see discussion beginning on page 47.

2 Safety targets included reductions in (A) the DART (Days Away, Restricted and Transfer) rate, which measures injuries and illnesses that involve one or more days away from work per 100 full-time workers and days in which work is restricted or employees are transferred to another job due to injury per 100 full-time workers and (B) the number of FSI (Fatality and Serious Injury) incidents. Performance against the FSI metric exceeded the maximum, but the payout was reduced to 0% because of work-related fatalities during the year.

3 The environmental target highlights our commitment to reduce CO2 emissions in 2015 and make progress against our 2030 environmental goals.

4 Diversity targets were established to increase the representation of executive and professional women on a global basis and to increase the representation of minority executives and professionals in the United States.

2015 Equity Awards: Stock Options and Performance-Based Restricted Share Units

Long-term stock incentives are performance-based. We grant long-term stock awards to align executives interests with those of shareholders, link compensation to stock price performance over a multi-year period and support the retention of our management team. In January 2015, stock awards were made to all the named executive officers.

We provide two types of annual equity awards to the named executive officers:

- 20% of the value of equity awards for each of our named executive officers is granted in the form of stock options. We believe that stock options further align management s interests with those of our shareholders because the options have no value unless the stock price increases. Stock options vest ratably over a three-year period (one-third vests each year on the anniversary of the grant date) and if unexercised, will expire the earlier of ten years from the date of grant or five years after retirement.
- 80% of the value of equity awards for each of our named executive officers is granted in the form of performance-based restricted share units. Performance is measured as the three-year average achievement against annual targets for revenue growth and adjusted EBITDA margin. As long as the aluminum industry continues to be affected by the volatility of aluminum prices based on the LME, the Compensation Committee believes that setting annual targets within the three-year LTI plan, which interact with the three-year targets as progress points for the long-term goals, best holds management accountable for what they can control. Earned performance-based restricted share units will be converted into shares of Alcoa common stock three years from the date of the grant if the executive is still actively employed by the Company. Performance-based restricted share units are not convertible into Alcoa shares if an executive leaves the Company (other than to retire) before the units vest.

Performance-based restricted share units support longer-term operational targets, which differ from the financial metrics in our annual cash incentive plan. The named executive officers plus 37 other executives were eligible in 2015 to receive performance-based long-term stock incentives because they are in positions to have the most influence over the Company s financial performance.

The number of performance-based restricted share units earned at the end of the three-year plan has been and will be determined as follows, based on the average of the annual payout percentages over the three-year period:

- 1/3 of the award was based on performance against the 2015 targets, which was earned at 70.4% (see table below),
- 1/3 of the award will be based on performance against the targets to be established for 2016, and
- 1/3 of the award will be based on performance against the targets to be established for 2017.

2015-2017 Performance-Based Equity Design and Results for 2015*

Performance Measure (%)	Payout Percentage 0%	50%	100% (Target)	150%	200%	2015 Result	Plan Result	Weighting	% of 1/3 of Target Award earned in 2015
Revenue Growth	10.2%	11.2%	12.2%	13.7%	16.2%	6.80%	0.0%	25%	0.0%
Adjusted EBITDA Margin	14.2%	15.6%	16.9%	18.8%	21.9%	16.74%	93.8%	75%	70.4%

TOTAL	**100%**	**70.4%**

* The figures in the "2015 Result" and "Plan Result" columns were rounded to one decimal place for the purposes of the table presentation. However, the figures in the "% of 1/3 of Target Award earned in 2015" column were calculated based on the unrounded figures.

For each year, a minimum performance level will also be established. For performance below that level, the portion of the award subject to performance criteria in that year will be forfeited and will not carry over into any future performance period.

As with the annual cash IC plan, we use a steep curve to achieve 100% performance, which is intended to drive maximum effort. We believe this design made it challenging to achieve our performance goals in 2015.

Other Compensation Policies and Practices

We highlight below certain executive compensation practices, both the practices we have implemented to incentivize performance and certain other practices that we have not implemented because we do not believe they would serve shareholders long-term interests.

What We Do

We Pay for Performance. We link our executives compensation to measured performance in key financial and nonfinancial areas. As noted above, performance against rigorous adjusted FCF, average annual DWC, adjusted net income, adjusted EBITDA margin, revenue growth, safety, environmental, and workplace diversity targets is measured in determining compensation. These metrics, coupled with the individual performance multipliers, incentivize individual, business group, and corporate performance. The Company s strategic priorities are reflected in these compensation metrics.

We Consider Peer Groups in Establishing Compensation. Our aluminum industry peers do not provide an adequate basis for compensation comparison purposes because there are too few of them, they are all located outside of the United States and they do not disclose sufficient comparative compensation data. As previously stated under *Analysis of 2015 Compensation Decisions,* we use a focused peer group consisting of 10 Materials and 10 Industrials companies that are relevant to and aligned with Alcoa s upstream (materials) and midstream and downstream (industrials) businesses to help set target total direct compensation for the CEO. We use Towers Watson s broad-based survey data for companies with revenues between $15 billion and $50 billion (excluding financial companies) to help estimate competitive compensation for other executive level positions. We target our compensation structure at the median of each of these groups of companies.

We Review Tally Sheets. The Compensation Committee reviews tally sheets that summarize various elements of historic and current compensation for each named executive officer in connection with making annual compensation decisions. This information includes compensation opportunity, actual compensation realized and wealth accumulation. We have found that the tally sheets help us synthesize the various components of our compensation program in making decisions.

We Have Robust Stock Ownership Guidelines. Our stock ownership requirements further align the interests of management with those of our shareholders by requiring executives to hold substantial equity in Alcoa until retirement. Our stock ownership guidelines require that the CEO retain equity equal in value to six times his base salary and that each of the other named executive officers retain equity equal in value to three times salary. These guidelines reinforce management s focus on long-term shareholder value and commitment to the Company. Until the stock ownership requirements are met, each executive is required to retain until retirement 50% of shares acquired upon vesting of restricted share units or upon exercise of stock options that vest after March 1, 2011, after deducting shares used to pay for the option exercise price and taxes. Unvested restricted share units, unexercised stock options and any stock appreciation rights do not count towards meeting the stock ownership requirement. Those who have been named executive officers since 2011, when this policy was last amended, namely Messrs. Kleinfeld and Jarrault, met the guidelines as of January 31, 2016. Messrs. Oplinger and Harvey, and Ms. Strauss, who were appointed to their current positions within the past four years, have not yet met the guidelines.

We Schedule and Price Stock Option Grants to Promote Transparency and Consistency. Alcoa grants stock options to named executive officers at a fixed time every year generally the date of the Board and Committee meetings in January. Such meetings occur after we release earnings for the prior year and the performance of the Company for that year is publicly disclosed. The exercise price of employee stock options is the closing price of our stock on the grant date, as reported on the New York Stock Exchange.

We Have Clawback Policies Incorporated into Our Incentive Plans. The 2009 and 2013 Alcoa Stock Incentive Plans, the Incentive Compensation Plan for annual cash incentives and the Alcoa Internal Revenue Code Section 162(m) Compliant Annual Cash Incentive Compensation Plan each contain provisions permitting recovery of performance-based compensation. These provisions are explained in *Corporate Governance Recovery of Incentive Compensation.* The proposed 2013 Alcoa Stock Incentive Plan, as amended and restated, and the proposed Alcoa Internal Revenue Code 162(m) Compliant Annual Cash Incentive Compensation Plan, as amended and restated, discussed in

Items 4 and 5 herein, respectively, also contain clawback provisions.

We Have Double-Trigger Equity Vesting in the Event of a Change in Control. Awards granted under the 2009 Alcoa Stock Incentive Plan after February 15, 2011 and all awards granted under the 2013 Alcoa Stock Incentive Plan do not immediately vest upon a change in control if a replacement award is provided. The replacement award will vest immediately if, within a two-year period following a change in control, a plan participant is terminated without cause or leaves for good reason. Performance-

Executive Compensation | Compensation Discussion and Analysis | Compensation Design and Philosophy (continued)

based stock awards will be converted to time-vested stock awards upon a change in control under the following terms: (i) if 50% or more of the performance period has been completed as of the date on which the change in control has occurred, then the number of shares or the value of the award will be based on actual performance completed as of the date of the change in control; or (ii) if less than 50% of the performance period has been completed as of the date on which the change in control has occurred, then the number of shares or the value of the award will be based on the target number or value. The proposed 2013 Alcoa Stock Incentive Plan, as amended and restated, discussed in Item 4 herein, contains the same provision.

We Pay Reasonable Salaries to Our Senior Executives. Each named executive officer receives a salary that is determined after consideration of the median of the peer group for his or her position (as explained above and in Attachment B), performance and other factors. We pay salaries to the named executive officers to ensure an appropriate level of fixed compensation that enables the attraction and retention of highly skilled executives and mitigates the incentive to assume highly risky business strategies to maximize annual cash incentive compensation.

We Provide Appropriate Benefits to Our Senior Executives. The named executive officers participate in the same benefit plans as our salaried employees. We provide retirement and benefit plans to senior executives for the same reasons we provide them to employees to provide a competitive compensation package that offers an opportunity for retirement, savings and health and welfare benefits. Retirement plans for senior executives generally pay the same formula amount as retirement plans for salaried employees, other than for Mr. Kleinfeld. Mr. Kleinfeld has an individual arrangement offset by retirement benefits provided by a prior employer. See discussion relating to *2015 Pension Benefits* on page 65.

We Have a Conservative Compensation Risk Profile. The Compensation Committee evaluates the risk profile of our compensation programs when establishing policies and approving plan design, and the Board of Directors annually considers risks related to compensation in its oversight of enterprise risk management. These evaluations noted numerous ways in which compensation risk is effectively managed or mitigated, including the following factors:

- A balance of corporate and business unit weighting in incentive compensation plans;
- A balanced mix between short-term and long-term incentives;
- Caps on incentives;
- Use of multiple performance measures in the annual cash incentive compensation plan and the equity incentive plan, with a focus on operational targets to drive free cash flow and profitability;
- Discretion retained by the Compensation Committee to adjust awards;
- Stock ownership guidelines requiring holding substantial equity in the Company until retirement;
- Clawback policies applicable to all forms of incentive compensation;
- Anti-hedging provisions in the Insider Trading Policy; and
- Restricting stock options to 20% of the value of equity awards to senior officers.

In addition, (i) no business unit has a compensation structure significantly different from that of other units or that deviates significantly from the Company s overall risk and reward structure; (ii) unlike financial institutions involved in the financial crisis, where leverage exceeded capital by many multiples, the Company has a conservative leverage policy; and (iii) compensation incentives are not based on the results of speculative trading. In 1994, the Board of Directors adopted resolutions creating the Strategic Risk Management Committee with oversight of hedging and derivative risks and a mandate to use such instruments to manage risk and not for speculative purposes. As a result of these evaluations, we have determined that it is not reasonably likely that risks arising from our compensation and benefit plans would have a material adverse effect on the Company. See discussion related to *The Board s Role in Risk Oversight* beginning on page 24.

We Consider Tax Deductibility When Designing and Administering Our Incentive Compensation. Section 162(m) of the Internal Revenue Code limits deductibility of certain compensation to $1 million per year for the Company s Chief Executive Officer and each of the three other most highly compensated executive officers (other than the Chief Financial Officer) who are employed at year-end. If certain conditions are met, performance-based compensation may be excluded from this limitation. Our shareholder-approved incentive compensation plans are designed with the intention that performance-based compensation paid under them may be eligible to qualify for deductibility under Section 162(m) and, in making compensation decisions, the Compensation Committee considers the potential deductibility of the proposed compensation. However, the Compensation Committee retains flexibility in administering our compensation programs and may exercise discretion to authorize awards or payments that it deems to be in the best interests of the Company and its shareholders which may not qualify for tax deductibility.

The Compensation Committee Retains an Independent Compensation Consultant. The Compensation Committee has authority under its charter to retain its own advisors, including compensation consultants. In 2015, the Committee directly retained Pay Governance LLC, which is independent and without conflicts of interest with the Company. See *Corporate Governance Compensation Consultants* on page 30. Pay Governance LLC provided advice as requested by the Committee, on the amount and form of certain executive compensation components, including, among other things, executive compensation best practices, insights concerning SEC and say-on-pay policies, analysis and review of the Company s compensation plans for executives and advice on setting the CEO s compensation. Pay Governance LLC also provided advice on the Compensation Discussion and Analysis in this proxy statement. Pay Governance LLC did not provide any services to the Company other than the services provided directly to the Compensation Committee. We use comparative compensation data from the proxy statements of the CEO peer group of 20 companies and survey data from Towers Watson to help evaluate whether our compensation programs are competitive with the market. The latter is not customized based on parameters developed by Towers Watson. Towers Watson does not provide any advice or recommendations to the Compensation Committee on the amount or form of executive or director compensation.

We Actively Engage in Compensation and Governance-Related Discussions with Investors. We engage with investors throughout the year to obtain comments and insights that guide our executive compensation programs. Conversations with governance and compensation professionals at our investors help us understand investor priorities and provide us with guidance on our compensation and governance practices.

What We Don t Do

We Do Not Pay Dividend Equivalents on Stock Options and Unvested Restricted Share Units. Dividend equivalents are not paid currently on any restricted share units (including performance share units), but are accrued and paid only if the award vests. Dividend equivalents that accrue on restricted share units will be calculated at the same rate as dividends paid on the common stock of the Company. Dividend equivalents are not paid on stock options.

We Do Not Allow Share Recycling. The 2009 and 2013 Alcoa Stock Incentive Plans prohibit share recycling. Shares tendered in payment of the purchase price of a stock option award or withheld to pay taxes may not be added back to the available pool of shares. The proposed 2013 Alcoa Stock Incentive Plan, as amended and restated, discussed in Item 4 herein, also prohibits share recycling.

We Do Not Allow Repricing of Underwater Stock Options (including cash-outs). The 2009 and 2013 Alcoa Stock Incentive Plans prohibit repricing, including cash-outs of underwater stock options. The proposed 2013 Alcoa Stock Incentive Plan, as amended and restated, discussed in Item 4 herein, also prohibits repricing (including cash-outs).

We Do Not Allow Hedging or Pledging of Company Stock. Short sales of Alcoa securities (a sale of securities which are not then owned) and derivative or speculative transactions in Alcoa securities by our directors, officers and employees are prohibited. No director, officer or employee or any designee of such director, officer or employee is permitted to purchase or use financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to hedge or offset any decrease in the market value of Alcoa securities. Directors and officers subject to Section 16 of the Securities Exchange Act of 1934 are prohibited from holding Alcoa securities in margin accounts, pledging Alcoa securities as collateral, or maintaining an automatic rebalance feature in savings plans, deferred compensation or deferred fee plans.

We Do Not Have Excise Tax Gross-Ups for New Participants in Our Change in Control Severance Plan. The Change in Control Severance Plan provides that no excise or other tax gross-ups will be paid, and severance benefits will be available only upon termination of employment for good reason by an officer or without cause by the Company within three years after a change in control of the Company, with regard to any new plan participants after January 1, 2010. For a discussion of the Change in Control Severance Plan, see *Potential Payments upon Termination or Change in Control* beginning on page 67.

We Do Not Enter into Multi-Year Employment Contracts. It is the policy of the Compensation Committee not to enter into multi-year employment contracts with senior executives providing for guaranteed payments of cash or equity compensation.

We Do Not Provide Significant Perquisites. Consistent with our executive compensation philosophy and our commitment to emphasize performance-based pay, we limit the perquisites that we provide to our executive officers, including the named executive officers, to perquisites that serve reasonable business purposes. (For the named executive officers, see *Notes to 2015 Summary Compensation Table Column (i) All Other Compensation* on page 62.) For the Chief Executive Officer only, the Company provides for his personal use of Company aircraft and a Company car, and maintenance of security features of his personal residence. The transportation benefits provided to the Chief Executive Officer are for security and efficiency reasons and to focus as much of his personal time on Company business as possible. No tax gross-ups are provided on these perquisites.

Executive Compensation (continued)

2015 Summary Compensation Table

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (i)	Total ($) (j)
Klaus Kleinfeld	**2015**	**$ 1,440,000**	**$**	**$ 8,600,394**	**$ 2,150,025**	**$ 1,816,020**	**$ 3,246,848**	**$ 232,942**	**$ 17,486,229**
	2014	$ 1,440,000	$	$ 6,960,058	$ 1,740,011	$ 3,228,984	$ 4,568,900	$ 220,569	$ 18,158,522
Chairman and Chief Executive Officer	2013	$ 1,440,000	$	$ 6,560,011	$ 1,640,016	$ 3,177,360	$ 1,788,146	$ 220,273	$ 14,825,806
William F. Oplinger	**2015**	**$ 541,667**	**$**	**$ 1,600,406**	**$ 400,020**	**$ 479,375**	**$ 327,386**	**$ 37,500**	**$ 3,386,354**
	2014	$ 500,000	$	$ 1,288,037	$ 322,028	$ 849,375	$ 413,526	$ 30,000	$ 3,402,966
Executive Vice President and Chief Financial Officer	2013	$ 436,875	$	$ 800,088	$ 202,138	$ 650,557	$ 90,220	$ 26,213	$ 2,206,091
Olivier M. Jarrault	**2015**	**$ 595,833**	**$**	**$ 1,600,406**	**$ 400,020**	**$ 288,830**	**$ 302,283**	**$ 15,900**	**$ 3,203,272**
	2014	$ 550,000	$	$ 1,600,027	$ 400,014	$ 845,625	$ 510,445	$ 25,600	$ 3,931,711
Executive Vice President and Group President, Engineered Products and Solutions	2013	$ 500,000	$	$ 1,472,038	$ 368,010	$ 848,900	$ 114,162	$ 15,300	$ 3,318,410
Audrey Strauss	**2015**	**$ 565,000**	**$**	**$ 1,408,208**	**$ 352,013**	**$ 550,027**	**$**	**$ 76,189**	**$ 2,951,437**
	2014	$ 565,000	$	$ 1,408,042	$ 352,018	$ 844,619	$	$ 78,277	$ 3,247,956
Executive Vice President, Chief Legal Officer and Secretary	2013	$ 565,000	$	$ 1,408,013	$ 352,016	$ 914,227	$	$ 65,107	$ 3,304,363
Roy C. Harvey	**2015**	**$ 508,068**	**$**	**$ 1,100,318**	**$ 275,039**	**$ 454,307**	**$ 160,233**	**$ 523,369**	**$ 3,021,334**
Executive Vice President and Group President,									

Global Primary Products								
Robert G. Wilt	**2015**	**$ 528,750**	**$**	**$ 1,600,406**	**$ 400,020**	**$ 517,644**	**$ 436,016**	**$ 15,900**	**$ 3,498,736**
	2014	$ 470,000	$	$ 1,232,064	$ 308,026	$ 880,663	$ 492,492	$ 15,600	$ 3,398,845
Former Executive Vice President and Group President, Global Primary Products									

Notes to 2015 Summary Compensation Table

Column (a) Named Executive Officers. The named executive officers include the chief executive officer, the chief financial officer, and the four other most highly compensated executives who, other than Mr. Wilt, were serving as executive officers at December 31, 2015 (the transition of the role of Executive Vice President and Group President, Global Primary Products from Mr. Wilt to Mr. Harvey was effective October 5, 2015). Under applicable SEC rules, we have excluded Mr. Harvey s compensation for 2014 and 2013 and Mr. Wilt s compensation for 2013, as they were not named executive officers in those years. For purposes of determining the most highly compensated executive officers, the amounts shown in column (h) were excluded.

Column (c) Salary. This column represents each of the named executive officer s annual base salary. Effective March 1, 2015, the Compensation and Benefits Committee approved salary increases for Messrs. Oplinger, Jarrault and Wilt based on their strong performance in the previous year and to bring their salaries closer to market. Further details are included in the *Analysis of 2015 Compensation Decisions* section on page 52.

Executive Compensation (continued)

Columns (e) and (f) Stock Awards and Option Awards. The value of stock awards in column (e) and stock options in column (f) equals the grant date fair value, which is calculated in accordance with the Financial Accounting Standards Board s Accounting Standards Codification Topic 718, Compensation Stock Compensation. Performance share awards granted in January 2015 are shown at 100% of target. The fair value of the performance awards on the date of grant was as follows:

Name	Grant Date Value of Performance Award At Target	At Maximum
Klaus Kleinfeld	$8,600,394	$17,200,788
William F. Oplinger	$1,600,406	$3,200,812
Olivier M. Jarrault	$1,600,406	$3,200,812
Audrey Strauss	$1,408,208	$2,816,416
Roy C. Harvey	$1,100,318	$2,200,636
Robert G. Wilt	$1,600,406	$3,200,812

Stock awards are valued at the market price of a share of stock on the date of grant as determined by the closing price of our common stock. At the date of grant on January 20, 2015, the closing price of our common stock was $15.55. At December 31, 2015, the closing price of our common stock was $9.87.

For a discussion of the assumptions used to estimate the fair value of stock awards and stock options, please refer to the following sections in the Company s Annual Report on Form 10-K for the year ended December 31, 2015: *Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies* and *Estimates Stock-based Compensation* on page 87 and the disclosures on *Stock-Based Compensation* in Notes A and R to the Consolidated Financial Statements on pages 101 and 143 to 144, respectively.

Column (g) Non-Equity Incentive Plan Compensation. Reflects cash payments made under the annual Incentive Compensation Plan for 2015 performance. See the *2015 Annual Cash Incentive Compensation* section starting on page 55.

Column (h) Change in Pension Value and Nonqualified Deferred Compensation Earnings. The amount shown reflects the aggregate change in the actuarial present value of each named executive officer s accumulated benefit under all defined benefit and actuarial plans, including supplemental plans, from December 31, 2014 to December 31, 2015. Increases are attributable to changes in the discount rate, mortality and exchange rate assumptions used for measurement of pension obligations from 2014 to 2015. Ms. Strauss has no change in pension value because she is not eligible to participate in the defined benefit pension plan, which was closed to employees hired after March 1, 2006.

Earnings on deferred compensation are not reflected in this column because the return on earnings is calculated in the same manner and at the same rate as earnings on externally managed investments of salaried employees participating in the tax-qualified 401(k) plan and dividends on Company stock are paid at the same rate as dividends paid to shareholders.

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Executive Compensation (continued)

Column (i)   All Other Compensation.

Company Contributions to Savings Plans. The named executive officers are eligible to participate in the Alcoa Retirement Savings Plan and the Deferred Compensation Plan for U.S. salaried employees. Under our 401(k) tax-qualified retirement savings plan, participating employees may contribute up to 25% of base pay on a pretax basis and up to 10% on an after-tax basis. Alcoa matches 100% of employee pretax contributions up to 6% of base pay. If a named executive officer s contributions to the savings plan exceed the limit on contributions imposed by the Internal Revenue Code, the executive may elect to have the amount over the limit spill over into the nonqualified Deferred Compensation Plan. For U.S. salaried employees hired after March 1, 2006, including Mr. Kleinfeld and Ms. Strauss, the Company also makes an Employer Retirement Income Contribution in an amount equal to 3% of salary and annual incentive compensation eligible for contribution to the Alcoa Retirement Savings Plan. In 2015, the Company s contributions were as follows:

Name	Company Matching Contribution		3% Retirement Contribution		Total Company Contribution
	Savings Plan	Def. Comp. Plan	Savings Plan	Def. Comp. Plan	
Klaus Kleinfeld	$ 15,900	$ 70,500	$ 7,950	$ 0	$ 94,350
William F. Oplinger	$ 15,900	$ 16,600	$ 0	$ 0	$ 32,500
Olivier M. Jarrault	$ 15,900	$ 0	$ 0	$ 0	$ 15,900
Audrey Strauss	$ 15,900	$ 18,000	$ 7,950	$ 34,339	$ 76,189
Roy C. Harvey	$ 15,900	$ 0	$ 0	$ 0	$ 15,900
Robert G. Wilt	$ 15,900	$ 0	$ 0	$ 0	$ 15,900

Company aircraft, car service and security. In 2015, the incremental cost of Mr. Kleinfeld s personal use of Company aircraft was valued at $89,329. The incremental cost for the use of the Company aircraft is calculated based on the variable costs to the Company, including fuel costs, mileage, trip-related maintenance, universal weather monitoring costs, on-board catering, landing and ramp fees and other miscellaneous variable costs. Fixed costs, which do not change based on usage, such as pilot salaries, the lease costs of the Company aircraft and the cost of maintenance not related to trips, are excluded. Additionally in 2015, Mr. Kleinfeld had personal use of a Company car and driver valued at $48,651. Personal use of a Company car includes Mr. Kleinfeld s commute to and from his home in Westchester County, New York and the Alcoa office in New York City. The Company also covered maintenance of security features of the CEO s personal residence at a cost of $612 in 2015.

Relocation Expenses. In 2015, Alcoa provided a cash allowance of $265,000 to Mr. Harvey related to his temporary commuting arrangement between his home in Knoxville, TN and Company headquarters in New York, NY, in his prior role as Executive Vice President, Human Resources and Environment, Health, Safety and Sustainability. An additional $242,469, which includes a gross-up amount of $87,009, was provided as part of his permanent relocation to New York, NY, in his new current role as Executive Vice President and Group President, Global Primary Products.

Charitable Contributions. In 2015, the Alcoa Foundation matched $5,000 in contributions made by Mr. Oplinger to an approved charitable organization.

Executive Compensation (continued)

2015 Grants of Plan-Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options[3]	Exercise or Base Price of Option Awards	2015 Grant Date Fair Value of Stock and Option Awards
		Threshold	Target	Maximum[4]	Threshold	Target	Maximum				
Name	Grant Dates	($)	($)	($)	(#)	(#)	(#)	(#)	(#)	($/sh)	($)
(a)	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	*(g)*	*(h)*	*(i)*	*(j)*	*(k)*	*(l)*
Klaus Kleinfeld		$1,080,000	$2,160,000	$6,480,000							
	1/20/2015				0	553,080	1,106,160		480,990	$15.55	$10,750,419
William F. Oplinger		$ 270,833	$ 541,667	$1,625,000							
	1/20/2015				0	102,920	205,840		89,490	$15.55	$ 2,000,426
Olivier M. Jarrault		$ 297,917	$ 595,833	$1,787,500							
	1/20/2015				0	102,920	205,840		89,490	$15.55	$ 2,000,426
Audrey Strauss		$ 282,500	$ 565,000	$1,695,000							
	1/20/2015				0	90,560	181,120		78,750	$15.55	$ 1,760,221
Roy C. Harvey		$ 206,925	$ 413,849	$1,241,548							
	1/20/2015				0	70,760	141,520		61,530	$15.55	$ 1,375,357
Robert G. Wilt		$ 264,375	$ 528,750	$1,586,250							
	1/20/2015				0	102,920	205,840		89,490	$15.55	$ 2,000,426

1 2015 annual cash incentive awards made under the Incentive Compensation Plan see *Compensation Discussion and Analysis 2015 Annual Cash Incentive Compensation* on page 55.

2 Performance equity awards in the form of restricted share units, granted under the 2013 Alcoa Stock Incentive Plan. See *Compensation Discussion and Analysis 2015 Equity*