

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

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))**

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):

No fee required.

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(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):

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(1) Amount Previously Paid:

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(3) Filing Party:

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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**

**Fairmont Hotel**

**9:30 a.m. Eastern Daylight Time**

**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](http://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.

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2016 PROXY STATEMENT

## 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  
[www.cesvote.com](http://www.cesvote.com)

calling 1-888-693-8683  
toll-free from the

mail  
return the signed

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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.

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2016 PROXY STATEMENT

**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	



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2016 PROXY STATEMENT

**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

- ii Long-standing commitment toward sustainability
  
- ii 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).

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2016 PROXY STATEMENT

**Proxy Summary** (continued)**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



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- 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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2016 PROXY STATEMENT

## 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.**

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2016 PROXY STATEMENT

**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.

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2016 PROXY STATEMENT

**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.

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2016 PROXY STATEMENT

**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.



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2016 PROXY STATEMENT

**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.



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2016 PROXY STATEMENT

## 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.

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**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.

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2016 PROXY STATEMENT

**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 Issues 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.

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2016 PROXY STATEMENT

**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.



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2016 PROXY STATEMENT

**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.

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**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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2016 PROXY STATEMENT

**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

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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.



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2016 PROXY STATEMENT

**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

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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.

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2016 PROXY STATEMENT

**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.

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2016 PROXY STATEMENT

## 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

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**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.

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**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 <sup>1</sup>	Change in Pension Value and Nonqualified Deferred			
	Fees Earned or Paid in Cash	Compensation Earnings	All Other Compensation	Total
(a)	\$(b)	\$(f)	\$(g)	\$(h)
Arthur D. Collins, Jr.	\$ 251,000			\$ 251,000
Kathryn S. Fuller	\$ 240,000			\$ 240,000
Judith M. Gueron <sup>2</sup>	\$ 140,750			\$ 140,750 <sup>3</sup>
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.



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## 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:

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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.

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**Corporate Governance** (continued)**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.

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**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:

	<b>Director Attributes and Skills</b>	
	Risk Management Expertise	Technology/Innovation Expertise
Leadership Experience	Manufacturing/Industrial Experience	Marketing and Branding Expertise
International Experience	Energy Industry Experience	Corporate Governance Expertise
Finance Experience	Government Relations Experience	Human Resources Experience
Economics Expertise	Environmental and Sustainability Experience	
Academia	Engineering Experience	
Automotive Industry 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.

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**Corporate Governance** (continued)**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:

	Governance and					
	Audit	Compensation and Benefits	Nominating	Public Issues	Executive	International
Arthur D. Collins, Jr.* <sup>1</sup>	X <sup>1</sup>	X				
Kathryn S. Fuller*		X	X	X	X	
Klaus Kleinfeld					Chair	Chair
Sean O. Mahoney*						