

ALCOA INC
Form DEF 14A
March 08, 2004

**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
(Amendment No. ____)**

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)

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TO ALCOA SHAREHOLDERS:

I cordially invite you to the 2004 annual meeting of Alcoa shareholders. The meeting this year will be held on Friday, April 30, 2004 at 9:30 a.m. at the Carnegie Music Hall in the Oakland section of Pittsburgh, Pennsylvania. The location is accessible to disabled persons, and we will have headsets available for the hearing impaired. I hope you will participate in this review of our company's business and operations.

This proxy statement describes the items to be voted on at the meeting. In addition to voting, we will review the company's major developments of 2003 and answer your questions.

You will need an admission ticket if you plan to attend the meeting. For registered holders, we have included an admission ticket with your proxy card. Other shareholders may obtain tickets by contacting the corporate secretary.

Whether or not you will be attending the meeting, your vote is very important. Please vote. There are three ways that you can cast your ballot - by telephone, by Internet or by mailing the proxy card.

I look forward to seeing you at the annual meeting.

Sincerely,

Alain J. P. Belda
*Chairman of the Board
and Chief Executive Officer*

March 1, 2004

NOTICE OF 2004 ANNUAL MEETING

March 1, 2004

Alcoa's annual meeting of shareholders will be held on Friday, April 30, 2004 at 9:30 a.m. We will meet in the Theatre at the Carnegie Music Hall, 4400 Forbes Avenue, Pittsburgh, Pennsylvania 15213-4080. You may vote at this meeting if you owned common stock at the close of business on February 2, 2004.

At the meeting, we plan to:

- elect four directors to serve new terms;
- vote on the 2004 stock incentive plan;
- consider shareholder proposals; and
- attend to other business properly presented at the meeting.

On behalf of Alcoa's Board of Directors,

Judith L. Nocito
Secretary

NOTICE OF 2004 ANNUAL MEETING AND PROXY STATEMENT

TABLE OF CONTENTS

<u>THE ANNUAL MEETING AND VOTING QUESTIONS AND ANSWERS</u>	7
<u>BOARD OF DIRECTORS</u>	9
Independence	
Lead Director	
Meetings and Attendance	
<u>COMMITTEES</u>	9
Independence	
Audit Committee	
Compensation and Benefits Committee	
Executive Committee	
Governance and Nominating Committee	
Public Issues Committee	
<u>DIRECTORS' COMPENSATION</u>	10
<u>TRANSACTIONS WITH DIRECTORS' COMPANIES</u>	11
<u>OTHER CORPORATE GOVERNANCE MATTERS</u>	11
Board, Committee and Director Evaluations	
Communications with Directors	
Business Conduct Policies and Code of Ethics	
<u>ADDITIONAL GOVERNANCE AND NOMINATING COMMITTEE DISCLOSURE</u>	12
Shareholder Recommendations for Directors	
Shareholder Nominations from the Floor of the Annual Meeting	

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Minimum Qualifications for Director Nominees and Board
Member Attributes
Identification and Evaluation of Director Candidates
Use of Consultants

<u>ITEM 1 ELECTION OF DIRECTORS</u>	14
<u>ALCOA STOCK OWNERSHIP AND PERFORMANCE</u>	25
Stock Ownership of Certain Beneficial Owners	
Stock Ownership of Directors and Executive Officers	
Section 16(a) Beneficial Ownership Reporting Compliance	
Stock Performance Graph	

TABLE OF CONTENTS *(continued)*

<u>REPORT OF THE AUDIT COMMITTEE</u>	28
<u>EXECUTIVE COMPENSATION</u>	30
Report of the Compensation and Benefits Committee	
Summary Compensation Table	
Option Grants in 2003	
2003 Aggregated Option Exercises and Year-End Option Values	
Pension Plans and Pension Plan Table	
Equity Compensation Plan Information	
<u>ITEM 2 PROPOSAL TO APPROVE THE 2004 ALCOA STOCK INCENTIVE PLAN</u>	39
<u>ITEM 3 SHAREHOLDER PROPOSALS</u>	46
3(a) Shareholder Proposal Relating to Pay Disparity	
3(b) Shareholder Proposal Relating to Change in Control Severance Plan	
<u>OTHER INFORMATION</u>	50
<u>ATTACHMENT A</u>	51
Director Independence Standards	
<u>ATTACHMENT B</u>	53
Audit Committee Charter	
<u>ATTACHMENT C</u>	59
Compensation and Benefits Committee Charter	
<u>ATTACHMENT D</u>	62
Governance and Nominating Committee Charter	
<u>ATTACHMENT E</u>	65
Public Issues Committee Charter	
<u>ATTACHMENT F</u>	67
Pre-approval Policies and Procedures Adopted by the Audit Committee in April 2003 for Audit and Non-Audit Services	
<u>ATTACHMENT G</u>	71
2004 Alcoa Stock Incentive Plan	

THE ANNUAL MEETING AND VOTING QUESTIONS AND ANSWERS

The Alcoa Board of Directors is soliciting proxies for the 2004 annual meeting of shareholders. This booklet and proxy card contain information about the items you will vote on at the annual meeting. These documents are first being mailed or given to shareholders on or about March 8, 2004.

Who is entitled to vote and how many votes do I have?

If you are a common stockholder of record at the close of business on February 2, 2004, you can vote. For each matter presented for vote, you have one vote for each share you own.

How do I vote?

You may vote in person by attending the meeting or by completing and returning a proxy by mail, by telephone or electronically, using the Internet. To vote your proxy by mail, mark your vote on the enclosed proxy card, then follow the directions on the card. To vote your proxy by telephone or electronically using the Internet, see the instructions on the proxy form and have the proxy form available when you call or access the Internet web site. The proxy committee will vote your shares according to your directions. If you do not mark any selections, your shares will be voted as recommended by the Board of Directors. Whether you plan to attend the meeting or not, we encourage you to vote by proxy as soon as possible.

What does it mean if I receive more than one proxy card?

If you are a stockholder of record or participate in Alcoa's Dividend Reinvestment and Stock Purchase Plan or employee savings or stock purchase plans, you will receive one proxy card for all shares of common stock held in or credited to your accounts as of the record date, if the account names are exactly the same. If your shares are registered differently and are in more than one account, you will receive more than one proxy card, and in that case, you can and are urged to complete each of the cards (which represent together your total shareholdings) with your vote. To avoid this situation in the future, we encourage you to have all accounts registered in the same name and address whenever possible. You can do this by contacting our transfer agent, Equiserve Trust Company, N.A., at 1 (800) 317-4445 (in the U.S. and Canada) or 1 (781) 575-2724 (all other calls) or by e-mail at equiserve@equiserve.com.

How do I vote if I participate in one of the employee savings plans?

You must provide the trustee of the employee plan with your voting instructions in advance of the meeting. You may do so by returning your voting instructions by mail, or submitting them by telephone or electronically, using the Internet. You cannot vote your shares in person at the annual meeting; the trustee is the only one who can vote your shares. The trustee will vote your shares as you have instructed. If the trustee does not receive your instructions, your shares generally will be voted in proportion to the way the other plan participants voted. Under some plans, the trustee may not have discretion to vote unless an instruction is received.

Can I change my vote?

There are several ways in which you may revoke your proxy or change your voting instructions before the time of voting at the meeting. (Please note that, in order to be counted, the revocation or change must be received by the cutoff time indicated on the proxy card):

Mail a revised proxy card or voting instruction form that is dated later than the prior one.

Vote again by telephone or at the Internet web site.

Common stockholders of record may vote in person at the annual meeting.

Common stockholders of record may notify Alcoa's corporate secretary in writing that a prior proxy is revoked or voting instructions are changed.

7

Employee savings plan participants may notify the plan trustee in writing that prior voting instructions are revoked or are changed.

Is my vote confidential?

Yes. Proxy cards, ballots and voting tabulations that identify shareholders are kept confidential. There are exceptions for contested proxy solicitations or when necessary to meet legal requirements. Corporate Election Services, Inc., the independent proxy tabulator used by Alcoa, counts the votes and acts as the inspector of election for the meeting.

Who can attend the annual meeting, and how do I obtain an admission ticket?

You may attend the meeting if you were a shareholder as of the close of business on February 2, 2004. If you plan to attend the meeting, you will need an admission ticket, which is part of your proxy form. If a broker holds your shares and you would like to attend, please write to: Secretary's Office, Alcoa, 201 Isabella Street, Pittsburgh, Pennsylvania 15212-5858, Attention: Dolores A. Yura. Please include a copy of your brokerage account statement or an omnibus proxy (which you can get from your broker), and we will send you an admission ticket.

What constitutes a quorum for the meeting?

A quorum consists of a majority of the outstanding shares, present or represented by proxy. A quorum is necessary to conduct business at the annual meeting. You are part of the quorum if you have voted by proxy. Abstentions, broker non-votes and votes withheld from director nominees count as shares present at the meeting for purposes of determining a quorum. However, abstentions and broker non-votes do not count in the voting results. A broker non-vote occurs when a broker or other nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary voting authority for that item and has not received instructions from the owner of the shares.

Director candidates who receive the highest number of votes cast will be elected. Approval of each other item being considered requires a majority of the votes cast.

At the close of business on February 2, 2004, the record date for the meeting, Alcoa had outstanding 869,876,384 shares of common stock (excluding treasury shares).

Who pays for the solicitation of proxies?

Alcoa pays the cost of soliciting proxies. Proxies will be solicited on behalf of the Board of Directors by mail, telephone, other electronic means or in person. We retain Morrow & Company, Inc. to assist with the solicitation for a fee of \$15,000 plus reasonable out-of-pocket expenses. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for sending proxy materials to shareholders and obtaining their votes.

How do I comment on company business?

Space for your comments is provided on the proxy card, or you may send your comments to us in care of the corporate secretary. Although it is not possible to respond to each shareholder, your comments help us to understand your concerns and address your needs.

May I nominate someone to be a director of Alcoa?

Yes, please see page 12 of this proxy statement for complete details.

When are the 2005 shareholder proposals due?

The next Alcoa annual meeting is on April 22, 2005. You must submit shareholder proposals in writing by November 1, 2004, for them to be considered for the 2005 proxy statement. No proposals received after January 30, 2005 may be raised from the floor of the annual meeting. Address all shareholder proposals to: Secretary's Office, Alcoa, 390 Park Avenue, New York, New York 10022-4608.

8

BOARD OF DIRECTORS

The Board of Directors considers major decisions of Alcoa. The Board has adopted Corporate Governance Guidelines, which, among other things, describe director responsibilities, qualifications and access to management. The Corporate Governance Guidelines can be found by going to the About Alcoa Corporate Governance Governance Guidelines section of the <http://www.alcoa.com> site.

Independence

The Board has adopted Director Independence Standards, attached as Attachment A, which are in accordance with the New York Stock Exchange listing standards as well as the additional independence requirements under the Securities Exchange Act of 1934 applicable to Audit Committee members. At its February 2004 meeting, the Board determined that 10 of the 11 directors are independent in accordance with the adopted Standards. Mr. Belda is an employee of the company and is therefore not independent. With respect to any director serving as an executive officer of any charitable organization, neither the company nor the Alcoa Foundation has, within the preceding three years, made contributions in any single fiscal year exceeding the greater of \$250,000 or 2% of such charitable organization's consolidated gross revenues.

Lead Director

The Board has designated Franklin A. Thomas as the Lead Director. Mr. Thomas presides at all executive sessions of the non-management

directors. Executive sessions are held at each Board meeting conducted throughout the year.

Meetings and Attendance

The Board met six times in 2003. Attendance by directors at Board and committee meetings averaged 95%. All incumbent directors serving in 2003 attended at least 75% of the meetings. The Board regularly schedules a Board meeting to occur the day prior to, or the day of, the annual shareholders' meeting. Although the company has no formal policy on director attendance at the annual shareholders' meeting, this scheduling facilitates their attendance. All of the then-current members of the Board attended the company's 2003 annual meeting.

COMMITTEES

Independence

Members of all committees, except the Executive Committee, are independent as defined by the NYSE listing standards and the Board's Director Independence Standards. The Board has the following five standing committees:

Audit Committee

The Audit Committee reviews Alcoa's auditing, financial reporting and internal control functions and retains, oversees and evaluates the independent auditors. It also reviews the company's environmental, health and safety audits and monitors compliance with Alcoa's Business Conduct Policies. No committee member currently sits on more than two other public companies' audit committees. The Audit Committee meets individually with the independent auditors, the Chief Financial Officer, the Vice President-Audit and the General Counsel and Chief Compliance Officer, without any other members of management present. The committee met five times in 2003. The chairman of this committee or his designee met also with management and the independent auditors before earnings announcements in January, April, July and October, and the full committee reviewed quarterly results before filing. In addition, the full committee reviewed annual results, the Audit Committee report (see page 28 of this proxy statement) and the annual disclosures before filing.

The Board has designated Henry B. Schacht as the Audit Committee financial expert under applicable SEC rules, and he and the other members of the Audit Committee have been determined to be financially literate. All members of the Audit Committee have been determined by the Board to be independent in accordance with the NYSE listing

9

standards and the Board's Director Independence Standards. The Audit Committee Charter provides the committee the ability to engage outside advisors, as it deems appropriate, including but not limited to financial and legal experts. The Audit Committee Charter is available by going to the About Alcoa Corporate Governance Committees section of the <http://www.alcoa.com> site, and is attached as Attachment B.

Compensation and Benefits Committee

The Compensation and Benefits Committee discharges the Board's responsibilities relating to the compensation of the company's officers, oversees the administration of the company's compensation and benefits plans (particularly the incentive compensation and equity-based plans of the company) and prepares the annual report on executive compensation (see page 30 of this proxy statement). In addition, the committee has oversight responsibility for the investment policy of the company's principal pension and savings plans. The Compensation and Benefits Committee met six times in 2003. The Compensation and Benefits Committee Charter is available by going to the About Alcoa Corporate Governance Committees section of the <http://www.alcoa.com> site, and is attached as Attachment C.

Executive Committee

The Executive Committee has authority to act on behalf of the Board. In 2003, this committee met twice when specific action was required between Board meetings.

Governance and Nominating Committee

The Governance and Nominating Committee is responsible for identifying individuals qualified to become Board members and recommending them to the full Board for consideration. This includes all potential candidates, whether initially recommended by management, other Board members or shareholders of the company. In addition, the committee makes recommendations to the Board for Board committee assignments, develops and annually reviews corporate governance guidelines for the company and otherwise oversees corporate governance matters, and coordinates an annual performance review for the Board, Board committees and individual director nominees. The Board has determined that some corporate governance matters regarding management are properly dealt with by the Audit Committee and the Compensation and Benefits Committee, as reflected in their Charters. See page 12 of this proxy statement for additional information on the Governance and Nominating Committee's processes. The committee met five times in 2003. The Governance and Nominating Committee Charter is available by going to the About Alcoa Corporate Governance Committees section of the <http://www.alcoa.com> site, and is attached as Attachment D.

7

Public Issues Committee

The Public Issues Committee provides advice and guidance on public issues, oversees corporate giving, makes recommendations to the Board regarding significant shareholder issues and reviews company reporting initiatives regarding social and environmental matters. The committee met four times in 2003. The Public Issues Committee Charter is available by going to the [About Alcoa Corporate Governance Committees](#) section of the <http://www.alcoa.com> site, and is attached as Attachment E.

DIRECTORS COMPENSATION

Alcoa pays each director who is not an Alcoa employee an annual retainer fee of \$150,000. Directors are required to invest 50% of their annual retainer in Alcoa stock, either through direct investment or in the share equivalent fund under the company's deferred fee plan for non-employee directors. Directors are required to maintain their investment in Alcoa stock until they retire from the Board. No other meeting fees are paid to directors for service on the Board, and directors do not receive stock options. Alcoa does not fund directors' deferred accounts, but pays them out in cash from general funds of the company after Board service ends.

10

TRANSACTIONS WITH DIRECTORS COMPANIES

In the course of ordinary business, Alcoa and its subsidiaries may have transactions with companies and organizations whose executive officers are also Alcoa directors. None of these transactions in 2003 exceeded the threshold for disclosure under SEC rules, which is 5% of the gross revenues of either Alcoa or the other organization.

OTHER CORPORATE GOVERNANCE MATTERS

Board, Committee and Director Evaluations

Written questionnaires prepared by the Governance and Nominating Committee are used by the directors to evaluate the Board as a whole and its committees, as well as those directors who are being considered by the committee for possible re-nomination to the Board. The evaluation process was completed for the first time in 2003, and it will be repeated annually. Directors submit completed questionnaires to the General Counsel, who summarizes the results without attribution, and reports the results back to the committee. Summaries of director nominee evaluations are submitted to the Governance and Nominating Committee, the CEO and the Lead Director, and private sessions, as appropriate, are conducted with the prospective nominee by the committee chairman, the CEO and/or the Lead Director. The full Board discusses summaries of the Board and committee evaluations.

Communications with Directors

The Board of Directors welcomes shareholder input and suggestions. Those wishing to contact the Lead Director may do so by going to http://www.alcoa.com/lnk/contact_directors and sending an email to the Lead Director.

To communicate to the Audit Committee issues or complaints regarding questionable accounting, internal accounting controls or auditing matters, you may contact the Audit Committee by going to http://www.alcoa.com/lnk/contact_directors and sending an email to the Audit Committee, or you may place an anonymous, confidential, toll free call in the United States to Alcoa's Compliance Line at 1 (800) 346-7319. For a listing of Compliance Line telephone numbers outside the United States, go to the [About Alcoa Corporate Governance Ethics and Compliance](#) section of the <http://www.alcoa.com> site.

To communicate with the company's non-management directors as a group, go to http://www.alcoa.com/lnk/contact_directors and send an email to the non-management directors. In the alternative, you may contact the directors or committees by sending correspondence to: Alcoa Board of Directors, 390 Park Avenue, New York, New York 10022-4608.

Business Conduct Policies and Code of Ethics

The company has had in place for many years Business Conduct Policies that apply to all company officers and employees, as well as those of controlled subsidiaries, affiliates and joint ventures. In November 2003, the Board of Directors updated those policies and made them applicable, as well, to the directors. The directors were surveyed for 2003 and will be surveyed annually regarding their compliance with the Policies. The Business Conduct Policies are available on the [About Alcoa Corporate Governance Policies](#) section of the <http://www.alcoa.com> site.

In November 2003, the Board adopted the Code of Ethics Applicable to the CEO, CFO and Other Financial Professionals, including the principal accounting officer. Those subject to its terms, who are also governed by the Business Conduct Policies referenced above, were surveyed for 2003 and will be surveyed annually for compliance. Only the Audit Committee of the Board of Directors can amend or grant waivers from the provisions of the Code, and any such amendments or waivers will be promptly posted at <http://www.alcoa.com>. That Code of Ethics Applicable to the CEO, CFO and Other Financial Professionals is available by going to the [About Alcoa Corporate Governance Policies](#)

section of the <http://www.alcoa.com> site.

ADDITIONAL GOVERNANCE AND NOMINATING COMMITTEE DISCLOSURE

Shareholder Recommendations for Directors

Any shareholder wishing to recommend a candidate for director should submit the recommendation in writing to Alcoa Governance and Nominating Committee, 390 Park Avenue, New York, New York 10022-4608. The written submission should contain: the name and address of the shareholder recommending the individual, as well as the individual's name and address; a description of all arrangements or understandings (if any) between the shareholder and the individual being recommended as a potential director; such information about the individual being recommended as would be required to be included in a proxy statement filed under then-current SEC rules; and an indication of the individual's willingness to serve as a director of the company. The committee will consider all candidates recommended by shareholders who comply with the foregoing procedures.

Shareholder Nominations from the Floor of the Annual Meeting

The company's Articles 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. The shareholder must provide written notice of the shareholder's intent to make such a nomination or nominations to Alcoa's Secretary not later than 90 days before the anniversary date of the immediately preceding annual meeting. The notice must contain the following information:

The name and address of the shareholder making the nomination and the name and address of the person or persons to be nominated;

The number of shares of Alcoa stock that the shareholder owns and is entitled to vote at the annual meeting;

A statement that the shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons so specified;

A description of all arrangements or understandings (if any) between the shareholder and each nominee or other person (naming such person) by or under which the nominations are to be made;

Information about the nominees as would be required to be included in a proxy statement filed under then-current SEC rules; and

The consent of each nominee to serve as a director of the company.

Any such notice must be sent to: Alcoa Corporate Secretary, 390 Park Avenue, New York, New York 10022-4608. The deadline for receipt of any shareholder nominations for the 2005 annual meeting is January 30, 2005.

Minimum Qualifications for Director Nominees and Board Member Attributes

The Governance and Nominating Committee has no specific, minimum qualifications for director candidates. In general, however, persons considered for Board positions must have demonstrated leadership capabilities, be of sound mind and high moral character, have no personal or financial interest that would conflict or appear to conflict with the interests of the company and be willing and able to commit the necessary time for Board and committee service. The committee believes that Board members should represent a balance of diverse backgrounds and skills, including, for example, marketing, finance, manufacturing, engineering and international experience. The committee believes it is desirable for one or more Board members to be a current CEO or senior officer in a manufacturing, consumer products or new economy (such as high technology) industry of a size comparable to Alcoa and global in reach. To comply with regulatory requirements, a majority of Board members must qualify as independent members under applicable stock exchange and

governance requirements, including the Board's own Director Independence Standards, and at least one Board member must be an expert in financial matters.

Identification and Evaluation of Director Candidates

The Governance and Nominating Committee's objective is to identify future potential directors sufficiently in advance so that the committee can provide both the candidates and the company the opportunity to evaluate one another and potential Board service over a period of time. With respect to candidates identified by management, individual directors or shareholders, the committee makes a preliminary review of the

candidate's background, career experience and qualifications based on publicly available information or information provided by the person who identifies the candidate. If a consensus is reached in 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 in the foreseeable short term, the candidate is contacted to confirm his or her interest and willingness to serve. The committee conducts in-person interviews and may invite other Board members or senior Alcoa officers or managers to interview the candidate to assess his or her overall qualifications. In the context of the current composition and needs of the Board and its committees, the committee considers factors such as independence, diversity, age, integrity, education, skills, expertise, breadth of experience, knowledge about the company's business or industry and willingness to devote adequate time and effort to Board and committee responsibilities.

At the conclusion of this process, the Governance and Nominating 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.

Use of Consultants

As needed, the Governance and Nominating Committee has retained the services of consulting firms who specialize in identifying and evaluating director candidates. While it has no present intention to do so, it may engage such firms again in the future. Such firms identify potential director candidates meeting criteria provided by the committee (such as business experience, background, etc.), verify information about the prospective candidate's credentials, and obtain a preliminary indication of interest and willingness to serve as a board member, without specifically identifying the company. The company would pay such a firm a consulting fee for time and effort expended in providing these services.

ITEM 1 ELECTION OF DIRECTORS

As of the date of this proxy statement, Alcoa's Board of Directors had 11 members divided into three classes. Directors are elected for three-year terms. The terms for members of each class end in successive years. Directors elected to fill vacancies hold office for a term expiring at the annual meeting when the term for their class expires.

In September 2003, Klaus Kleinfeld, Member of the Corporate Executive Committee of Siemens AG, was elected by the Board of Directors to fill a vacancy on the Board, effective November 14, 2003, as a member of the class of directors whose terms expire in 2005.

The Board of Directors has nominated four directors whose terms expire in 2004 to stand for election to the Board for a three-year term expiring in 2007.

The proxy committee will vote your proxy for the election of these nominees unless you withhold authority to vote for any one or more of them. If any director is unable to stand for election, the Board may reduce its size or choose a substitute.

NOMINEES TO SERVE FOR A THREE-YEAR TERM EXPIRING IN 2007

Alain J. P. Belda

Age:	60
Director since:	1998
Alcoa Board Committee:	Executive Committee (<i>chair</i>).
Principal occupation:	Chairman of the Board and Chief Executive Officer of Alcoa since January 2001.
Recent business experience:	Mr. Belda was President and Chief Executive Officer of Alcoa from May 1999 to January 2001; President and Chief Operating Officer from 1997 to May 1999; Vice Chairman from 1995 to 1997; and Executive Vice President from 1994 to 1995. From 1979 to 1994, he was President of Alcoa Alumínio S.A. in Brazil, Alcoa's Brazilian subsidiary.
Other directorships:	

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Citigroup Inc., E. I. du Pont de Nemours and Company, and The Ford Foundation. Mr. Belda serves on the board of trustees of The Conference Board, a leading business membership and research organization, and is a Member of the Board of Trustees of the Brown University Corporation.

14

NOMINEES TO SERVE FOR A THREE-YEAR TERM EXPIRING IN 2007 (continued)

Carlos Ghosn

Age: 49

Director since: 2002

Alcoa Board Committees: Compensation and Benefits Committee, Public Issues Committee.

Principal occupation: President and Chief Executive Officer, Nissan Motor Co., Ltd., since 2001.

Recent business experience: Mr. Ghosn served as Chief Operating Officer of Nissan from 1999 to 2001.

He served as Executive Vice President of Renault S.A. of France from 1996 to 1999, responsible for advanced research, car engineering and development, car manufacturing, power train operations and purchasing.

From 1979 to 1996 he served in various capacities with Compagnie Générale des Établissements Michelin in Europe, the U.S. and Brazil, including Chairman, President and Chief Executive Officer of Michelin North America, Inc. from 1990 to 1996.

Mr. Ghosn presided over the restructuring of Michelin North America after the acquisition of Uniroyal Goodrich Tire Company in 1990.

Mr. Ghosn is the author of the book, *Renaissance*, which describes the turnaround of Nissan.

Other directorships: International Business Machines Corporation, Nissan Motor Co., Ltd., Renault S.A., and Sony Corporation.

15

NOMINEES TO SERVE FOR A THREE-YEAR TERM EXPIRING IN 2007 (continued)

Henry B. Schacht

Age: 69

Director since: 1994

Alcoa Board Committees: Audit Committee (*chair*), Executive Committee, Public Issues Committee.

Principal occupation: Director and Senior Advisor to Lucent Technologies Inc., a communications systems and services company, since February 2003. Mr. Schacht is on unpaid leave of absence as managing director and partner of Warburg Pincus LLC, a global private equity firm.

Recent business experience: Mr. Schacht served as Chairman (October 2000 to February 2003; 1996 to 1998) and Chief Executive Officer (1996 to 1997; October 2000 to January 2002) of Lucent Technologies Inc. He also previously served as Senior Advisor to Lucent from February 1998 to February 1999.

Mr. Schacht was managing director of Warburg Pincus LLC from February 1999 until October 2000.

11

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Mr. Schacht was Chairman (1977 to 1995) and Chief Executive Officer (1973 to 1994) of Cummins Inc., a leading manufacturer of diesel engines.

Other directorships: Johnson & Johnson, Lucent Technologies Inc., and The New York Times Company.

16

NOMINEES TO SERVE FOR A THREE-YEAR TERM EXPIRING IN 2007 *(continued)*

Franklin A. Thomas

Age: 69

Director since: 1977

Alcoa Board Committees: Compensation and Benefits Committee, Executive Committee, Governance and Nominating Committee.

Principal occupation: Consultant, TFF Study Group, a nonprofit institution assisting development in South Africa, since 1996. Chairman, September 11 Fund since 2001.

Recent business experience: Mr. Thomas was President and Chief Executive Officer of The Ford Foundation from 1979 until 1996.

He was President and Chief Executive Officer of Bedford Stuyvesant Restoration Corporation, a non-profit community development corporation, from 1967 to 1977.

He served as Deputy Police Commissioner in charge of legal matters for the New York City Police Department for two years, starting in 1965. He was named Assistant U.S. Attorney for the Southern District of New York in 1964, and he served as attorney for the Federal Housing and Home Finance Agency in 1963.

Other directorships: Citigroup Inc., Cummins Inc., Lucent Technologies Inc. and PepsiCo, Inc.

17

DIRECTORS WHOSE TERMS EXPIRE IN 2006

Kathryn S. Fuller

Age: 57

Director since: 2002

Alcoa Board Committees: Governance and Nominating Committee, Public Issues Committee.

Principal occupation: President, World Wildlife Fund U.S., one of the world's largest nature conservation organizations, since 1989.

Recent business experience: Ms. Fuller had various responsibilities within World Wildlife Fund 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.

Earlier, she held several positions in the U.S. Department of Justice (DOJ), culminating as Chief, Wildlife and Marine Resources Section, in 1981 and 1982.

During her time with the DOJ, Ms. Fuller worked as an attorney in the office of Legal Counsel, where she prepared Attorney General opinions and provided advice to the President and Executive agencies on constitutional and federal statutory questions.

12

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Other directorships: Member of the Board of Trustees of the Brown University Corporation, Fondo Mexicano para la Conservacion de la Naturaleza, Mexico's nature conservation trust fund, The Ford Foundation and Student Conservation Association.

18

DIRECTORS WHOSE TERMS EXPIRE IN 2006 (continued)

Judith M. Gueron

Age: 62

Director since: 1988

Alcoa Board Committees: Audit Committee, Public Issues Committee (*chair*).

Principal occupation: President since 1986 of MDRC, a nonprofit research organization that designs, manages and studies projects to increase the self-sufficiency of economically disadvantaged groups.

Recent business experience: Dr. Gueron was MDRC's Executive Vice President for research and evaluation from 1978 to 1986.

Before joining MDRC, she was director of special projects and studies and a consultant for the New York City Human Resources Administration.

Other directorships: National Bureau of Economic Research.

19

DIRECTORS WHOSE TERMS EXPIRE IN 2006 (continued)

Ernesto Zedillo

Age: 52

Director since: 2002

Alcoa Board Committees: Audit Committee, Public Issues Committee.

Principal occupation: Director, Yale Center for the Study of Globalization, since September 2002, at Yale University.

Recent business experience: Dr. Zedillo is the former President of Mexico; he was elected in 1994 and served until 2000.

Before his election as President of Mexico, Dr. Zedillo served in various positions in the Mexican Federal Government and in Mexico's Central Bank.

Dr. Zedillo is a member of the International Advisory Boards of the Coca Cola Company, DaimlerChrysler AG and Magna International, Inc.

Other directorships: The Procter & Gamble Company and Union Pacific Corporation.

20

DIRECTORS WHOSE TERMS EXPIRE IN 2005

Joseph T. Gorman

13

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Age:	66
Director since:	1991
Alcoa Board Committees:	Audit Committee, Compensation and Benefits Committee (<i>chair</i>), Executive Committee.
Principal occupation:	Chairman and Chief Executive Officer, Moxahela Enterprises, LLC, a venture capital firm, since 2001.
Recent business experience:	Mr. Gorman retired as Chairman and Chief Executive Officer of TRW Inc., a global company serving the automotive, space and information systems markets, in June 2001, after a 33-year career with the company, and after having served in those positions since 1988.
Other directorships:	Imperial Chemical Industries plc, National City Corporation and The Procter & Gamble Company.

21

DIRECTORS WHOSE TERMS EXPIRE IN 2005 (*continued*)

Sir Ronald Hampel

Age:	71
Director since:	1995
Alcoa Board Committees:	Compensation and Benefits Committee, Governance and Nominating Committee.
Recent business experience:	<p>Sir Ronald served as Chairman of United Business Media, a U.K. based company with interests in broadcasting, publishing and news dissemination services, from July 1999 to November 2002.</p> <p>Sir Ronald had a successful 44 year career with Imperial Chemical Industries plc (ICI), a diversified chemicals manufacturer, serving as Chairman of ICI from 1995 to 1999.</p>