



## COMPENSATION AND BENEFITS COMMITTEE CHARTER

### **Mission Statement**

The purpose of the Compensation and Benefits Committee (the “committee”) of the Board of Directors (the “board”) of Alcoa Inc. (the “company”) is to (i) discharge the board’s responsibilities relating to the compensation of the company’s officers; (ii) oversee the administration of the company’s compensation and benefits plans, in particular the incentive compensation and equity-based plans of the company (and, to the extent appropriate, the significant subsidiaries of the company); and (iii) prepare the annual report on executive compensation required by the rules and regulations of the Securities and Exchange Commission (the “SEC”) to be included in the company’s annual proxy statement.

### **Membership**

The committee shall consist of no fewer than three members, the exact number to be determined from time to time by the board.

Each member of the committee shall meet the independence requirements imposed by the listing standards of the New York Stock Exchange (the “NYSE”).

The members of the committee shall be appointed by a majority vote of the board from among its members based on the recommendations of the Governance and Nominating Committee and shall serve until such member’s successor is duly appointed and qualified or until such member’s resignation or removal by a majority vote of the board.

### **Authority and Responsibilities**

The committee shall have the following specific authority and responsibilities (in addition to any others that the board may from time to time delegate to the committee):

1. The committee shall periodically review and approve general compensation and benefit policies of the company and its significant subsidiaries.

#### Executive Compensation

2. The committee shall at least annually (a) review and approve the corporate goals and objectives relevant to the compensation of the company’s Chief Executive Officer (the “CEO”); (b) evaluate the CEO’s performance in light of these goals and objectives; and (c) set the CEO’s compensation level based on this evaluation.
3. The committee shall at least annually review and approve the compensation for the officers of the company, including (a) the annual base salary; (b) the annual incentive opportunity and awards; (c) the long-term incentive opportunity; and (d) any special or supplemental benefits.
4. The committee shall approve any employment agreements, consulting arrangements, severance or retirement arrangements and/or change-in-control agreements or provisions covering any current or former officer of the company, including without limitation, the approval of all contracts of the company with any officer for remuneration (whether in the form of a pension, deferred compensation or otherwise) to be paid from the general funds of the company after the termination of regular employment of such officer.
5. The committee shall review and approve the company’s policies and procedures with respect to officers’ expense accounts, special one-time payments and loans to officers made, arranged or guaranteed by the company.
6. The committee shall consider the vote of shareholders regarding the company’s compensation policies and practices as described in the proxy statement.

### Compensation Plans

7. The committee shall oversee the implementation and administration of the compensation and benefit plans of the company (and, to the extent appropriate, the significant subsidiaries of the company), including pension, savings, incentive and equity-based plans; provided that, the committee shall not exercise any of its authority with respect to any of its members.
8. The committee shall review and make recommendations to the board with respect to, or approve, any incentive compensation plans and equity-based plans for the company (and, to the extent appropriate, the significant subsidiaries of the company) to be adopted or submitted to shareholders for approval.
9. The committee shall periodically review the investment management of the company's principal retirement and savings plans.
10. The committee shall review and make recommendations to the board with respect to, or approve, all awards of shares or share options pursuant to the company's (and, to the extent appropriate, the company's significant subsidiaries') equity-based plans; provided that, the committee shall not exercise any of its authority with respect to any of its members.
11. The committee shall periodically undertake a review of its incentive structure to avoid encouraging material risk taking through financial incentives.
12. The committee shall determine and periodically review stock ownership guidelines.
13. The committee shall determine the performance metrics, targets and payout schedules for the executives' annual and longer-term incentive plans.

### SEC Report

14. The committee shall approve the annual report on executive compensation required to be included in the company's annual proxy statement in accordance with applicable SEC rules and regulations.

### Performance Evaluation

15. The committee shall review its own performance and reassess the adequacy of this charter at least annually in such manner as it deems appropriate, and submit such evaluation, including any recommendations for change, to the full board for review, discussion and approval.

### Retention of Consultants and Advisors

16. The committee shall have authority to retain and terminate any compensation consultant to be used to assist in performing its duties and shall have authority to approve the consultant's fees and other retention terms.

## **Structure and Operations**

The board shall designate one member of the committee to act as its chairperson. The committee shall meet in person or telephonically at least three times a year at such times and places determined by the committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the committee or its chairperson. The chairperson, with input from the other members of the committee, shall set the agendas for committee meetings; such agendas shall be distributed to the full board. Two members of the committee shall constitute a quorum; when more than two members are present, the act of a majority of such members at a meeting at which a quorum exists shall be the act of the committee, and when only two members are present, the unanimous vote of the two members shall constitute the act of the committee.

The committee may request that any directors, officers or other employees of the company, or any other persons whose advice and counsel are sought by the committee, attend any meeting of the committee to provide such pertinent information as the committee requests.

The committee may exclude from its meetings any persons it deems appropriate in order for it to fulfill its responsibilities.

The committee may form and delegate authority to subcommittees when appropriate (including subcommittees of management).

The committee shall maintain minutes or other records of its meetings and shall give regular reports to the board on these meetings, including the committee's actions, conclusions and recommendations and such other matters as required by this charter or as the board shall from time to time specify. Reports to the board may take the form of oral reports by the chairperson of the committee or any other member of the committee designated by the committee to give such report.

Except as expressly provided in this charter, the company's by-laws or the company's Corporate Governance Guidelines, or as required by law, regulation or NYSE listing standards, the committee shall set its own rules of procedure.

*(Revised December 2011)*