



## RELATED PERSON TRANSACTION APPROVAL POLICY

This policy applies to any transaction in which a subsidiary, partnership, joint venture or other business association that is effectively controlled by Alcoa Inc. ("Alcoa") directly or indirectly together called the "company" is a participant, the amount involved exceeds \$120,000 and a Related Person (as defined below) has a direct or indirect material interest ("Related Person Transaction").

1. It is the responsibility of the Governance and Nominating Committee ("committee") to review Related Person Transactions and approve, ratify, revise or reject Related Person Transactions in accordance with this policy.
2. Company management will be responsible for determining whether a transaction meets the requirements of a Related Person Transaction requiring review under this policy, including whether the Related Person has a material interest, based on a review of all facts and circumstances, including information provided to management in the annual director and officer questionnaires. Upon determination by management that a transaction is a Related Person Transaction requiring review by the committee, the material facts respecting the transaction and the Related Person's interest in such transaction shall be reported to the committee. The committee shall be entitled to rely on such determinations by management.
3. If a Related Person Transaction involves a Related Person who is a director or an Immediate Family Member of a director, such director may not participate in the deliberations or vote respecting such approval or ratification; provided, however, that such director may be counted in determining the presence of a quorum at a meeting of the committee which considers such transaction.
4. If management determines it is impractical or undesirable to wait until a committee meeting to consummate a transaction with a Related Person, the chairman of the committee may approve the transaction with the Related Person. Any such approval must be reported to the committee at the next regularly scheduled committee meeting.
5. If the company becomes aware of a Related Person Transaction that has not been approved under this policy, the matter shall be reviewed by the committee. The committee shall consider all of the relevant facts and circumstances respecting such transaction, and shall evaluate all options available to the company, including ratification, revision or termination of such transaction, and shall take such course of action as the committee deems appropriate under the circumstances.
6. Standing Pre-Approval for Certain Transactions. The committee has determined that each of the following Related Person Transactions shall be deemed to be pre-approved by the committee, even if the aggregate amount involved will exceed \$120,000.
  - i. Employment of executive officers. Any employment by the company of an executive officer of the company, as long as the executive officer is not an Immediate Family Member of another executive officer or director of the company, and the Compensation and Benefits Committee has approved his or her compensation.
  - ii. Director compensation. Any compensation or benefits paid to a director for service as a director of the company;
  - iii. Certain transactions with other companies. Any commercial transaction in the ordinary course of business and under ordinary business terms with another company in which a director or an Immediate Family Member of a director:
    - is an employee or executive officer
    - serves as a director, or

- is the beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$1,000,000 or 2 percent of the other company's total annual revenues;
  - iv. Certain company charitable contributions. Any charitable contribution, grant or endowment by the company to a charitable organization, foundation or university in which a Related Person's only relationship is as an employee (other than an executive officer), or a director or trustee, if the aggregate amount involved does not exceed the greater of \$250,000 or 2 percent of the charitable organization's total annual receipts;
  - v. Transactions where all shareholders receive proportional benefits. Any transaction where the Related Person's interest arises solely from the ownership of a class of the company's equity securities and all holders of that class of equity securities received the same benefit on a pro rata basis (e.g., dividends).
  - vi. Transactions involving competitive bids. Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids.
7. For purposes of this policy, the following definitions shall apply:
- i. A "Related Person" is any director or executive officer of the company, any nominee for director, any shareholder known to the company to be the beneficial owner of more than 5% of any class of the company's voting securities, and any Immediate Family member of any such person.
  - ii. "Immediate Family Member" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a person, and any person (other than a tenant or an employee) sharing the household of such person.

(Revised February 2007)