



2002

Notice of Annual Meeting and Proxy Statement



TO ALCOA SHAREHOLDERS:

I cordially invite you to the 2002 annual meeting of Alcoa shareholders.

The meeting this year is on Friday, April 19, 2002 at 9:30 a.m. in the Allegheny Ballroom of the Westin hotel in 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 you will vote on at the meeting. In addition to voting, we will review the major developments of 2001 and answer your questions.

If you plan to attend, you will need an admission ticket. 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 plan to attend the meeting, your vote is important. Please vote. You have three options this year – by telephone, by Internet or by mailing the proxy card.

I look forward to seeing you at the annual meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Belda", with a horizontal line underneath it.

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

February 15, 2002



NOTICE OF 2002 ANNUAL MEETING

February 15, 2002

Alcoa's annual meeting of shareholders will be on Friday, April 19, 2002 at 9:30 a.m. We will meet in the Allegheny Ballroom of the Westin hotel, 1000 Penn Avenue, Pittsburgh, Pennsylvania. If you owned common stock at the close of business on January 22, 2002, you may vote at this meeting.

At the meeting, we plan to:

- elect three directors to serve for new terms; and
- attend to other business properly presented at the meeting.

The Board is not aware of any other proposals for the April 19, 2002 meeting.

On behalf of Alcoa's Board of Directors,

A handwritten signature in blue ink, appearing to read 'Donna Dabney', is written over a faint, larger version of the same signature.

Donna Dabney
Secretary

NOTICE OF 2002 ANNUAL MEETING AND PROXY STATEMENT

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THE ANNUAL MEETING AND VOTING – QUESTIONS AND ANSWERS

The Alcoa Board of Directors is soliciting proxies for the 2002 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 February 28, 2002.

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 January 22, 2002, 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 shareholder of record or participate in Alcoa's Dividend Reinvestment and Stock Purchase Plan or employee savings 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. 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, at 1 800 317 4445 (in the U.S. and Canada) or 1 201 324 0313 (all other calls) or by e-mail at www.equiserve.com.

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

You must provide the employee plan trustee 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 will be voted in proportion to the way the other plan participants voted.

Can I change my vote?

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

- mail a revised proxy card or voting instruction form which 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 changed
- employee savings plan participants may notify the Plan trustee in writing that prior voting instructions are revoked or 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 where 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 on January 22, 2002. 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 majority of the outstanding shares, present or represented by proxy, constitutes a quorum. 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 January 22, 2002, the record date for the meeting, Alcoa had outstanding 847,586,916 shares of common stock (excluding treasury shares).

Who pays for the solicitation of proxies?

Alcoa pays the cost of soliciting proxies. We retain Morrow & Company, Inc. to assist with the solicitation for a fee of \$13,000 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?

There is space for your comments 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?

If you are a shareholder entitled to vote at an annual meeting, you may nominate one or more persons for election as directors of Alcoa at that meeting. You may do this by sending a written notice to: Secretary's Office, Alcoa, 201 Isabella Street, Pittsburgh, Pennsylvania 15212-5858, Attention: Janet Duderstadt, Assistant Secretary. The notice must include certain information about the persons that you nominate, and, for the 2003 annual meeting, we must receive it by January 19, 2003. For complete details, contact the corporate secretary.

When are the 2003 shareholder proposals due?

The next Alcoa annual meeting is on April 18, 2003. You must submit shareholder proposals in writing by October 18, 2002 for them to be considered for the 2003 proxy statement. No proposals received after January 19, 2003 may be raised at the annual meeting. Address all shareholder proposals to: Secretary's Office, Alcoa, 201 Isabella Street, Pittsburgh, Pennsylvania 15212-5858, Attention: Janet Duderstadt, Assistant Secretary.

BOARD OF DIRECTORS

COMMITTEES AND MEETINGS OF THE BOARD

The Board of Directors considers all major decisions of Alcoa. The Board met seven times in 2001. Attendance by directors at Board and committee meetings averaged over 96%. All incumbent directors serving in 2001 attended at least 75% of the meetings. The Board has the following five standing committees:

The **Audit Committee** reviews Alcoa's auditing, financial reporting and internal control functions and recommends the firm that Alcoa should retain as its independent accountant. It also reviews the company's environmental, health and safety audits and monitors compliance with Alcoa business conduct policies. The members of the Audit Committee are independent, as defined under the New York Stock Exchange listing standards. The independent accountants, the Vice President-Audit and the General Counsel have access to the Committee without any other members of management being present. The Committee met four times in 2001. In addition, the chairman of this Committee or his designee met with management and the independent accountants before earnings announcements in January, April, July and October. The full Committee reviewed annual results, the Audit Committee report (see page 16 of this proxy statement) and annual disclosure filings before filing.

The **Compensation Committee** determines cash compensation for Alcoa officers, approves any special post retirement arrangements for retiring Alcoa officers and performs other functions specified by the company's compensation plans. The Committee also reviews the participation of officers in other benefit programs for salaried employees and administers the company's stock incentive plan. The Compensation Committee issues the Report of the Compensation Committee on executive compensation (see page 18 of this proxy statement). The Committee met four times in 2001.

The **Executive Committee** has authority to act on behalf of the Board. It meets when specific action must be taken between Board meetings. The Committee met three times in 2001.

The **Nominating Committee** considers and recommends nominees for election as directors and reviews the performance of incumbent directors. The Committee met six times in 2001.

The **Pension and Savings Plan Investment Committee** reviews and approves the investment management of Alcoa's retirement plans and principal savings plans. The Committee met twice in 2001.

DIRECTORS' COMPENSATION

Alcoa pays each director who is not an Alcoa employee an annual retainer fee of \$150,000. Director compensation was reviewed with outside compensation consultants in 2001. Based on a review of comparable compensation data and the recommendation of outside advisors, an increase in the annual retainer fee to the current amount was approved by the Board of Directors effective July 1, 2001. Alcoa does not pay any additional fees, such as meeting or committee fees.

Directors are required to invest 50% of their annual retainer in Alcoa stock, either through direct investment or under the company's deferred fee plan for non-employee directors. Alcoa encourages directors to defer the maximum amount that their individual circumstances allow. The company credits all fee deferrals to an Alcoa stock investment account, except that deferrals exceeding 50% of the annual retainer fee may be invested in other investment options under the plan. Directors cannot transfer from the required Alcoa stock investment option. Alcoa does not fund directors' deferred accounts, but pays them out in cash from general funds of the company after Board service ends.

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 2001 exceeded the threshold for disclosure, which is 5% of the gross revenues of either Alcoa or the other organization.

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.

Mr. Kenneth W. Dam retired as a director in August 2001 to accept the position of Deputy Treasury Secretary of the United States. He had been on unpaid leave of absence from the Board since February 2001 pending his appointment.

Mr. Hugh M. Morgan resigned as a director in November 2001. He had been on unpaid leave of absence from the Board since September 2001.

In November 2001, Ms. Kathryn S. Fuller, President, World Wildlife Fund, was elected by the Board of Directors to fill a vacancy on the Board effective January 1, 2002, as a member of the class of directors whose terms expire in 2003.

In January 2002, Dr. Ernesto Zedillo, former President of Mexico, was elected by the Board to fill a vacancy on the Board as a member of the class of directors whose terms expire in 2003.

In February 2002, Carlos Ghosn, President and Chief Executive Officer, Nissan Motor Co., Ltd., was elected by the Board of Directors to fill a vacancy on the Board as a member of the class of directors whose terms expire in 2004.

Dr. Marina v.N. Whitman, whose term expires at the annual meeting in 2002, has indicated her desire to retire from the Board upon the expiration of her current term. The Board of Directors has nominated three directors whose terms expire in 2002 to stand for election to the Board in 2002 for a three-year term expiring in 2005.

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 2005



Joseph T. Gorman

Age: 64

Director since: 1991

Alcoa Board Committees: Audit Committee, Compensation Committee, Nominating Committee and Executive Committee.

Recent business experience: Mr. Gorman retired as Chairman of TRW Inc., a global company serving the automotive, space and information systems markets, in June 2001. He served as Chief Executive Officer of TRW Inc. from 1988 until February 2001.

Other directorships: The Procter & Gamble Company, Imperial Chemical Industries plc, National City Corporation, Whole Health Management, Inc.

NOMINEES TO SERVE FOR A THREE-YEAR TERM EXPIRING IN 2005 *(continued)*



Sir Ronald Hampel

Age: 69

Director since: 1995

Alcoa Board Committees: Nominating Committee and Pension and Savings Plan Investment Committee (*chair*).

Principal occupation: Chairman of United Business Media, a U.K.-based media company with interests in broadcasting, publishing and news dissemination services, since April 1999.

Recent business experience: Sir Ronald was Chairman, Imperial Chemical Industries plc (ICI), a diversified chemicals manufacturer, from 1995 to 1999, Deputy Chairman and Chief Executive of ICI from 1993 to 1995 and Chief Operating Officer from 1991 to 1993. He was an ICI director from 1985 to 1999. From 1995 to 1997, Sir Ronald was Chairman of the UK Committee on Corporate Governance.

Other directorships: BAE Systems plc, United Business Media and the All England Lawn Tennis Club (Wimbledon) Limited.



John P. Mulrone

Age: 66

Director since: 1987

Alcoa Board Committees: Compensation Committee and Nominating Committee (*chair*).

Principal occupation: Executive Director of the Opera Company of Philadelphia, since January 1999.

Recent business experience: Mr. Mulrone was President and Chief Operating Officer, Rohm and Haas Company, a specialty chemicals manufacturer, from 1986 until his retirement in 1998. He served as a director of Rohm and Haas from 1982 to 1998.

Other directorships: Teradyne, Inc. and the William Penn Foundation.

DIRECTORS WHOSE TERMS EXPIRE IN 2003



Kathryn S. Fuller

- Age: 55
- Director since: 2002
- Alcoa Board Committee: Audit Committee.
- Principal occupation: President, World Wildlife Fund, a nature conservation organization, since 1989.
- Recent business experience: Ms. Fuller had various responsibilities within World Wildlife Fund and The Conservation Foundation from 1982 to 1989. Before that she held several positions in the U.S. Department of Justice, culminating in Chief, Wildlife and Marine Resources Section, in 1981 and 1982.
- Other directorships: Brown University, The Ford Foundation, King Mahendra Trust for Nature Conservation, and Fondo Mexicano para la Conservacion de la Naturaleza.
-



Judith M. Gueron

- Age: 60
- Director since: 1988
- Alcoa Board Committees: Audit Committee, Compensation Committee and Pension and Savings Plan Investment Committee.
- Principal occupation: President, Manpower Demonstration Research Corporation (MDRC), a nonprofit research organization, since 1986.
- 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.

DIRECTORS WHOSE TERMS EXPIRE IN 2003 *(continued)*



Ernesto Zedillo

Age: 50

Director since: 2002

Alcoa Board Committee: Audit Committee.

Principal occupation: Economist.

Recent business experience: Dr. Zedillo was elected president of Mexico in 1994 and served until 2000. Since leaving office, he has become a member of the Trilateral Commission, and serves on the advisory boards of the Council of Foreign Relations, the Institute for International Economics and the Daimler Chrysler International Advisory Board. Before his election as president of Mexico, Dr. Zedillo served in various positions in the Mexican Federal Government and in Mexico's Central Bank.

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

DIRECTORS WHOSE TERMS EXPIRE IN 2004



Alain J. P. Belda

Age: 58

Director since: 1998

Alcoa Board Committee: Executive Committee (*chair*).

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 and President and Chief Operating Officer of Alcoa from 1997 to May 1999. He served as Alcoa's 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.

Other directorships: Citigroup Inc., E. I. du Pont de Nemours and Company and The Ford Foundation.

DIRECTORS WHOSE TERMS EXPIRE IN 2004 *(continued)*



Carlos Ghosn

Age: 47

Director since: 2002

Alcoa Board Committee: Pension and Saving Plan Investment Committee.

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

Recent business experience: Mr. Ghosn previously served as Chief Operating Officer of Nissan Motor Co., Ltd. from 1999. From 1996 to 1999 he was Executive Vice President of Renault S.A. and from 1978 to 1996 he served in various capacities with Compagnie Générale des Établissements Michelin, including Chairman, President and Chief Executive Officer of Michelin North America, Inc. from 1990 to 1996.

Other directorships: Nissan Motor Co., Ltd. and Mirant Corporation



Henry B. Schacht

Age: 67

Director since: 1994

Alcoa Board Committee: Audit Committee (*chair*).

Principal occupation: Chairman, Lucent Technologies Inc., a communications systems and services company, since October 2000.

Recent business experience: Mr. Schacht is on unpaid leave from Warburg Pincus, where he has been Managing Director since January 2000 and was Senior Advisor in 1999. Mr. Schacht served as Chief Executive Officer of Lucent Technologies Inc. from October 2000 to January 2002. Mr. Schacht previously served as Chief Executive Officer of Lucent Technologies Inc. from February 1996 to October 1997, Chairman from 1996 to 1998 and Senior Advisor from February 1998 to February 1999. Mr. Schacht was Chairman of Cummins Inc. from 1977 to 1995 and its Chief Executive Officer from 1973 to 1994.

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

DIRECTORS WHOSE TERMS EXPIRE IN 2004 *(continued)*



Franklin A. Thomas

Age: 67

Director since: 1977

Alcoa Board Committees: Audit Committee, Compensation Committee (*chair*), Executive Committee, Nominating Committee and Pension and Savings Plan Investment 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: From 1979 until 1996, Mr. Thomas was President and Chief Executive Officer of The Ford Foundation.

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

ALCOA STOCK OWNERSHIP AND PERFORMANCE

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following shareholder reported to the Securities and Exchange Commission that it owned more than 5% of Alcoa common stock on December 31, 2001.

Name and address of beneficial owner	Number of shares owned	Percent of outstanding Alcoa common stock owned
Wellington Management Company, LLP ⁽¹⁾ 75 State Street Boston, MA 02109	62,348,850	7.3%

- (1) Wellington reported these amounts as an investment adviser; the shares are owned by its clients. Wellington reported that it had shared power to dispose of 62,348,850 shares and shared voting power over 24,251,000 of the shares shown; it did not have sole power to vote or dispose of any shares.

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table shows beneficial ownership of Alcoa common stock by directors, nominees for director and executive officers as of December 31, 2001. The named officers are Alain J. P. Belda, who served as chief executive officer during 2001, and the four officers who were the highest paid in 2001.

No individual director, nominee or officer owned more than 1% of Alcoa's common stock. The total ownership shown for directors and officers as a group represents less than 2% of outstanding shares.

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

Name	Exercisable stock options ⁽¹⁾	Number of shares owned ⁽²⁾	Number of deferred share equivalent units ⁽³⁾
Alain J. P. Belda	2,913,006	864,086	15,333
Kathryn S. Fuller	–	–	–
Carlos Ghosn	–	–	–
Joseph T. Gorman	–	9,574	15,550
Judith M. Gueron	–	12,481	13,435
Sir Ronald Hampel	–	12,879	–
John P. Mulronev	–	13,051	13,367
Henry B. Schacht	–	18,631	13,367
Franklin A. Thomas	–	13,350	35,495
Marina v.N. Whitman	–	7,600	13,435
Ernesto Zedillo	–	–	–
L. Patrick Hassey	753,651	153,793	4,479
Richard B. Kelson	949,438	383,585	5,941
G. John Pizzey	755,085	228,379	1,795
Robert F. Slagle	999,643	585,824	1,539
Directors and executive officers as a group (19 individuals)	7,658,722	2,479,465	141,222

Stock ownership is shown as of December 31, 2001.

- 1) This column lists the number of shares of Alcoa common stock that these officers had a right to acquire within 60 days through exercise of employee stock options. Non-employee directors are not eligible for stock option grants under any Alcoa plan. It excludes stock options that expired in January with no value.
- 2) This column includes shares held of record and shares owned through a bank, broker, trust or other nominee. It also includes, for executive officers, shares owned through the Alcoa Savings Plan for Salaried Employees, and shares held indirectly through family trust or partnership arrangements.
- 3) Reported in this column are share equivalent units credited to an individual's account under various plans including deferred fee, deferred compensation and stock acquisition plans.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The rules of the Securities and Exchange Commission require that we disclose late filings of reports of stock ownership by Alcoa directors and executive officers. Due to the complexity of the reporting rules, the company has assumed certain responsibilities for filing compliance and has instituted procedures to assist officers and directors with these obligations. Based on a review of the filings made for the year, one report covering an exercise of options and a related sale of stock under a Reynolds Metals Company option plan was filed late for William E. Leahey, Jr.

STOCK PERFORMANCE GRAPH

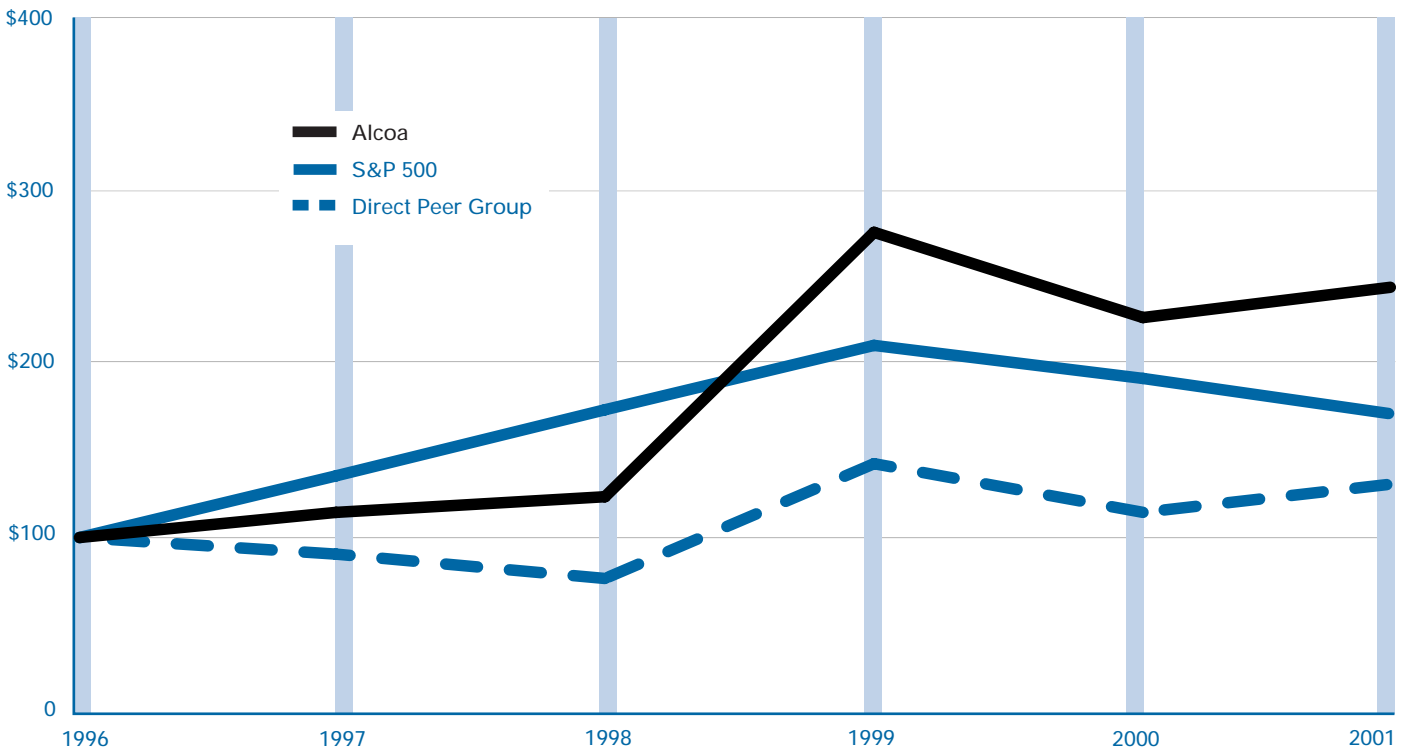
This graph compares the most recent five-year performance of Alcoa common stock with the S&P 500 Index and a composite index of six direct peers. It shows an investment of \$100 on December 31, 1996 and the reinvestment of all dividends. Over the five-year period, your \$100 investment in Alcoa stock would have grown to \$242 by the end of 2001. This compares with \$166 for the S&P 500 Index and \$127 for the direct peers. The composite of direct peers includes the following publicly traded companies: Alcan Aluminium Ltd., Billiton plc*, Noranda Inc., Norsk Hydro ASA*, Pechiney SA* and Rio Tinto plc*. These peers were selected on an industry or line of business basis.

* Traded as American Depository Receipts.

As of 12/31	1996	1997	1998	1999	2000	2001
Alcoa	\$100	\$112	\$121	\$273	\$224	\$242
S&P 500	100	133	171	208	189	166
Direct Peers (6 Stocks)	100	88	74	140	112	127

CUMULATIVE TOTAL RETURN AT YEAR END

Based upon an initial investment of \$100 on December 31, 1996 with dividends reinvested.



Source: Georgeson Shareholder Communications, Inc.

REPORT OF THE AUDIT COMMITTEE

Under the guidance of a written charter adopted by the Board of Directors, the Audit Committee is responsible for overseeing the company's financial reporting process and internal control functions on behalf of the Board of Directors.

Management has the primary responsibility for the system of internal controls and the financial reporting process. The independent accountants have the responsibility to express an opinion on the financial statements based on an audit conducted in accordance with generally accepted auditing standards. The Audit Committee has the responsibility to monitor and oversee these processes.

In fulfilling its responsibilities, the Audit Committee recommended to the Board the selection of the company's independent accountants, PricewaterhouseCoopers LLP. That firm has discussed with the Committee and provided written disclosures to the Committee on (1) that firm's independence as required by the Independence Standards Board and (2) the matters required to be communicated under generally accepted auditing standards. The Audit Committee also reviewed the fees paid for audit services as compared with fees paid for other services and concurred with management that the fees paid for other services would not affect the independence of the auditors in performing their audit function. The fees for audit services were \$5.3 million in 2000 as compared to \$5.7 million in 2001. The fees for other services were \$7.2 million in 2000 as compared with \$6.9 million in 2001.

The Committee reviewed with the Vice President – Audit and the independent accountants the overall scope and specific plans for their respective audits.

Without management present, the Committee met separately with the Vice President – Audit and the independent accountants to review the results of their examinations, their evaluation of the company's internal controls, and the overall quality of Alcoa's accounting and financial reporting.

The Committee reviewed and discussed with management and the independent accountants the company's audited financial statements.

Following these actions, the Committee recommended to the Board that the audited financial statements be included in the company's Annual Report on Form 10-K for the year ended December 31, 2001 for filing with the Securities and Exchange Commission.

See page 6 of this proxy statement "Committees and Meetings of the Board" for information on the Committee's meetings in 2001.

The Audit Committee

Henry B. Schacht, *Chairman*
Joseph T. Gorman
Judith M. Gueron
Franklin A. Thomas
Marina v.N. Whitman

February 15, 2002

Relationship with Independent Accountants

PricewaterhouseCoopers LLP or its predecessor has been the independent accounting firm that audits the financial statements of Alcoa and most of its subsidiaries since 1950. In accordance with standing policy, PricewaterhouseCoopers periodically changes the personnel who work on the audit.

In addition to performing the audit of the company's consolidated financial statements, PricewaterhouseCoopers provided various other services during 2001. The aggregate fees billed for 2001 for each of the following categories of services are set forth below:

- Audit and review of the company's 2001 financial statements \$5.7 million
- All other services \$6.9 million

PricewaterhouseCoopers did not provide any services related to financial information systems design and implementation during 2001.

"All other services" includes (i) \$4.3 million for tax advice and preparation of tax returns for expatriate employees, executives and various foreign locations of the company; (ii) \$1.6 million for acquisition and due diligence reviews; (iii) \$0.3 million for evaluating the effects of changes in various accounting and other professional standards; and (iv) \$0.7 million for other audit services primarily related to audits of the company's employee benefit plans and the review of registration statements.

The Audit Committee of Alcoa's Board reviews summaries of the services provided by PricewaterhouseCoopers and the related fees and has considered whether the provision of non-audit services is compatible with maintaining the independence of PricewaterhouseCoopers. See report of the Audit Committee on page 16.

On recommendation of the Audit Committee, the Board has appointed PricewaterhouseCoopers to audit the 2002 financial statements. Representatives from this firm will be at the annual meeting to make a statement, if they choose, and to answer any questions you may have.

EXECUTIVE COMPENSATION

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has general oversight responsibilities for compensation paid to officers. All committee members are independent directors who have never been Alcoa employees. We base our decisions on our understanding of Alcoa's businesses and long-term strategy and our knowledge of the capabilities and performance of the company and its executives. We believe Alcoa continues to demonstrate superior performance, as indicated in the stock performance graph on page 15.

Compensation Philosophy – We believe that managing the company with a long-term perspective, while striving to deliver consistently good annual results, will best serve Alcoa shareholders. The company, therefore, designs its executive compensation program to hire, reward, motivate and retain high-performing employees worldwide.

Alcoa's total compensation program includes:

- annual salary
- annual cash incentives
- long-term, stock-based incentives
- employee benefits
- occasional multi-year incentive programs related to specific goals.

We determine compensation based on certain principles:

- pay for performance – both individual and team
- competitive total compensation compared with leading industrial companies
- total compensation that is highly leveraged to financial and nonfinancial business performance.

Our committee places less emphasis on high base salaries in favor of at-risk, short-term and long-term incentives based on performance.

We believe that the company's executives will more effectively represent Alcoa shareholders if they are shareholders themselves and have a meaningful portion of their personal assets invested in Alcoa stock.

Each year we review comparative market compensation information prepared by outside consultants. We review information on leading manufacturing companies for both total cash compensation and long-term incentive information. These companies are among the largest and best performing in a broad range of industries and serve as a sample of the larger market. We also compare the level of responsibility for executive positions surveyed within these companies.

Annual Cash Compensation–Salaries – In order to tie annual cash compensation more closely to performance, we set annual base salaries at or slightly below the median and annual cash incentive awards above it.

Annual Cash Compensation–Incentives – Alcoa establishes targets for cash incentive awards which vary by position as a percentage of base salary. Our committee may make adjustments in payout, however, to recognize and reward individual performance. Under guidelines we have established, the maximum payout is 200% of the target.

Alcoa measures its business unit employees according to the goals of their individual units. The company bases annual cash incentive payouts for most officers on the achievement of business plan goals by all of the company's business units. Officers who lead business units, however, have annual cash incentive payouts based solely on the performance of their business units. Key financial measures for the business units and the corporation include net funds flow, return on capital and other financial measures. About 40% of the business unit goals are nonfinancial. They may include

measurements for environmental, health and safety performance, customer satisfaction, employee development and succession planning, and manufacturing excellence. The company believes that if managers focus on the achievement of excellence in those areas within their control, there will be long-term growth in shareholder value.

Long-Term Stock-Based Incentives – A goal of our committee is to closely align management’s interests with those of shareholders. The company’s long-term incentives are, therefore, stock based. We believe this encourages stock ownership among Alcoa executives.

The Alcoa Stock Incentive Plan, approved by shareholders in 1999, provides for a variety of stock-based incentive award types, including stock options, stock appreciation rights, contingent stock (forfeitable, restricted stock) awards and performance awards. In 2001 we awarded only stock options and a relatively small number of contingent stock awards under this plan. Alcoa encourages its employees and directors to own an equity interest in the company.

In January of each year, we make new awards of stock options to eligible key employees. We set award levels well above the median of high-performing industrial companies. The performance of Alcoa stock determines the actual amount earned. The guidelines used to establish the size of a stock option award include an executive’s level of responsibility, the size of prior grants and comparative award information. Individual grants typically follow the guideline amounts.

Alcoa added a reload feature to its stock option program in 1989. This feature encourages increased stock ownership and is available to all participants who are active employees and whose awards were granted under the current or predecessor plan. The reload feature promotes the early exercise of options and the retention of Alcoa shares. Share ownership by executives and other stock option program participants has increased significantly

in the last several years due to the reload feature. Alcoa also has a dividend equivalent compensation plan. Under this plan, Alcoa pays cash dividend equivalents, when approved by the Board, on a portion of the exercisable options held by active and retired participants.

Occasional Multi-Year Incentive Programs –

In 2001, we adopted a special three-year incentive plan named “PLUS” to drive our performance relative to the top 20% of industrial companies in the S&P Index based on return on capital. Attainment will be measured at the end of a three-year period ending in 2003, with payouts made in cash in early 2004. The maximum payout is 150% of target variable compensation and the threshold is 75% of target variable compensation.

Income Tax Consequences – For U.S. federal income tax purposes, Alcoa may deduct compensation paid as the result of option exercises under the shareholder-approved Alcoa Stock Incentive Plan. The company may not, however, deduct portions of salary, bonus and other cash and non-cash compensation in excess of \$1 million paid to a named executive.

Stock Ownership Commitment – Stock ownership guidelines for senior Alcoa executives became effective on January 1, 2000, and individuals have five years to reach the minimum ownership requirement for their positions. The guidelines range from 15,000 shares for most business unit presidents, to 25,000 or 50,000 shares for most senior executives. The ownership target for the chief executive officer is 160,000 shares. Amounts invested in the Alcoa stock fund of the Alcoa savings plan as well as share equivalent units in the company’s deferred compensation plan are counted as ownership for purposes of the guidelines since they represent an equity investment position for the executive. Most executives currently own more than the guideline number of shares for their positions. All named executives exceed their guideline ownership levels.

To assist executives who are of relatively short tenure with the company to achieve the guideline ownership requirement, we approved a program that provides an incentive for those eligible to invest all or a portion of their annual cash bonus in Alcoa stock. Under the program, Alcoa matches 25% of the portion of the participant's annual cash bonus that is used to purchase Alcoa stock or that is deferred into the notional Alcoa stock investment fund in the deferred compensation plan. The match is in Alcoa share credits that vest in three years. If the executive voluntarily leaves the company before the vesting date other than due to retirement, the company matching contribution is forfeited. None of the named executives is eligible to participate in this program.

Compensation of the Chief Executive Officer – Alcoa bases the chief executive officer's compensation on the same philosophy and policies as for all executive officers. This compensation includes base salary, annual cash incentives, stock option awards and occasional multi-year incentives.

Our committee meets annually without the chief executive officer and evaluates his performance compared with previously established financial and nonfinancial goals. We reach a consensus as a committee and make the appropriate compensation adjustments. Finally, we report in full to the other members of the Board for their consideration and agreement. This meeting is an executive session of nonemployee directors only.

Alain J. P. Belda was elected Alcoa's chairman and chief executive officer on January 1, 2001. Mr. Belda received an annual stock option award in January 2001 covering 638,800 shares. All options granted have reload rights. We awarded Mr. Belda incentive compensation in 2002 for performance in 2001 in the amount of \$1,400,000 which was 109.2% of his target incentive award. During 2001, we undertook a comparative study of chief executive officer compensation in light of the fact that the scope and breadth of the position have grown. In recent years, the company has increased in revenue size, experienced greater global

emphasis, and become engaged in more diverse markets resulting from recent acquisitions. We concluded that increases in the salary range midpoint and the target bonus level for the chief executive officer would be appropriate and have made those adjustments accordingly. In July 2001, as a result of this study, we increased Mr. Belda's compensation from \$950,400 to \$1,100,000. In January 2002, Mr. Belda asked the Committee to reduce his salary by 20% for the year 2002 so that he could take a leadership role in achieving profitable growth under challenging business conditions. He also asked the Committee to approve a reduction in the salaries of his direct reports by 10%, which they had previously agreed would be appropriate. We approved these recommendations. In addition, we approved increasing stock option awards in 2002 for the officers whose salaries were reduced, including Mr. Belda. We believe the combined reduction in salary for 2002 and increase in stock option awards for 2002 will result in closer alignment with the interests of our shareholders during a challenging year.

We, as a committee, believe that Alcoa's compensation programs help to maintain Alcoa's leadership position among global industrial companies.

The Compensation Committee

Franklin A. Thomas, *Chairman*
Joseph T. Gorman
Judith M. Gueron
John P. Mulroney

February 15, 2002

SUMMARY COMPENSATION TABLE

This table summarizes the compensation for the CEO and the four highest paid executive officers in 2001 (listed in alphabetical order).

Name and Principal Position	Year	Annual Compensation			Long-term Compensation		All Other Compensation ⁽⁴⁾
		Salary ⁽¹⁾	Bonus	Other Annual Compensation ⁽²⁾	Awards	Payouts	
					Number of Securities Underlying Option Grants ⁽³⁾	LTIP Payouts	
Alain J. P. Belda <i>Chairman of the Board and Chief Executive Officer</i>	2001	\$1,043,477	\$1,400,000	\$253,947	1,780,943	\$ 0	\$271,975
	2000	917,308	1,700,000	25,009	1,764,608	1,996,800	352,669
	1999	770,837	1,500,000	105,771	2,621,640	0	290,311
L. Patrick Hassey <i>Executive Vice President and Group President, Alcoa Industrial Components</i>	2001	399,200	454,000	6,543	490,917	0	506,309
	2000	389,319	626,100	1,368	393,430	863,298	339,950
	1999	373,192	599,700	1,770	608,234	0	188,717
Richard B. Kelson <i>Executive Vice President and Chief Financial Officer; Chief Compliance Officer</i>	2001	535,096	550,000	53,324	846,927	0	75,652
	2000	495,346	570,000	3,418	834,427	886,464	88,991
	1999	452,396	620,000	2,514	889,336	0	130,613
G. John Pizzey <i>Executive Vice President and Group President, Alcoa Primary Products</i>	2001	420,127	440,000	151,389	535,966	0	154,858
	2000	389,819	520,000	23,596	560,286	847,570	208,690
	1999	345,115	402,400	49,836	704,242	0	288,189
Robert F. Slagle <i>Executive Vice President Human Resources and Communications</i>	2001	458,654	412,200	1,967	954,490	0	41,565
	2000	458,654	540,000	1,734	829,045	820,800	57,474
	1999	406,804	528,900	1,692	1,152,072	0	60,093

- (1) The most highly compensated executive officers are those with the highest annual salary and bonus (cash incentive) for 2001. In addition to base salary, the salary column includes, when chosen by the employee, an extra week's pay instead of vacation for employees with 25 or more years of service.
- (2) Amounts represent the reimbursement of taxes, the major portion of which in 2001 related to relocation benefits and insurance referred to in note (4). The value of personal benefits was below the reporting threshold.
- (3) New option grants made in 2001 totaled 638,800 for Mr. Belda; 152,300 for Mr. Hassey; 191,900 for Mr. Kelson; 169,700 for Mr. Pizzey; and 152,300 for Mr. Slagle. The company granted all of these options at 100% of the fair market value of Alcoa common stock on the grant date. The other option awards relate to previous years' option grants and the use of the reload feature described earlier in the Report of the Compensation Committee. See also the table, Option Grants in 2001.

(4) Company matching contributions to 401(k) and excess savings plans for 2001 were: Mr. Belda \$63,450; Mr. Hassey \$23,952; Mr. Kelson \$29,305; Mr. Pizzey \$24,732; and Mr. Slagle \$26,445. The present value costs of the company's portion of 2001 premiums for split-dollar life insurance, above the term coverage level provided generally to salaried employees, were: Mr. Belda \$107,000; Mr. Hassey \$22,000; Mr. Kelson \$46,000; Mr. Pizzey \$60,000; and Mr. Slagle \$15,000. Unused health care credits received as cash for 2001 were: Mr. Kelson \$347 and Mr. Slagle \$120. The 2001 amount includes \$101,525 for Mr. Belda and \$62,150 for Mr. Pizzey, which is the annual premium cost of additional term life insurance acquired in 2001. This insurance is designed to address certain estate planning complications related to their status as non-U.S. citizens residing in the U.S. The 2001 amount for Mr. Hassey includes \$460,357 in additional compensation relating to tax consequences of his assignment in Europe and the 2001 amount for Mr. Pizzey includes \$7,976 relating to his assignment in the U.S. These amounts are paid under standard company programs for employees on international assignments.

OPTION GRANTS IN 2001

INDIVIDUAL GRANTS

Name	Number of Securities Underlying Options Granted ^{(1) (2) (3)}	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh) ⁽⁴⁾	Expiration Date ⁽⁵⁾	Grant Date Present Value ⁽⁶⁾
Alain J. P. Belda	638,800	2.34	\$31.47	2011/01/12	\$5,704,484
	354,420	1.30	39.63	2009/05/06*	3,383,880
	154,539	0.57	39.05	2008/01/13*	1,478,939
	334,044	1.23	39.05	2007/01/13*	3,196,801
	63,267	0.23	39.05	2006/01/11*	605,465
	133,945	0.50	37.88	2005/01/13*	1,264,441
	55,374	0.20	37.88	2004/01/14*	522,731
	46,554	0.17	37.88	2003/01/15*	439,470
L. Patrick Hassey	152,300	0.56	31.47	2011/01/12	1,360,039
	124,199	0.46	37.11	2009/01/13	1,188,584
	103,621	0.38	41.00	2007/01/13	1,040,355
	76,773	0.28	37.11	2006/01/11	734,718
	34,024	0.12	41.00	2004/01/14*	341,601
Richard B. Kelson	191,900	0.70	31.47	2011/01/12	1,713,667
	216,186	0.80	40.80	2009/01/13	2,183,479
	136,188	0.50	38.23	2008/01/13*	1,310,067
	83,800	0.31	45.11	2007/01/13	936,046
	70,756	0.26	45.11	2006/01/11*	790,345
	68,628	0.25	38.26	2005/01/13*	631,331
	27,476	0.10	39.72	2004/01/14*	272,415
	26,862	0.10	38.41	2003/01/15*	260,035
	25,131	0.09	45.11	2002/01/20*	166,368
G. John Pizzey	169,700	0.62	31.47	2011/01/12	1,515,412
	141,148	0.52	45.00	2010/01/14	1,576,623
	7,520	0.03	40.13	2009/01/13	75,952
	72,473	0.27	39.47	2007/01/13*	712,171
	56,714	0.21	39.83	2006/01/11*	566,978
	50,551	0.19	37.54	2005/01/13*	483,774
	20,538	0.07	39.05	2004/01/14	196,549
	10,139	0.04	39.05	2003/01/15*	97,030
	7,183	0.03	39.05	2002/01/20*	46,761
Robert F. Slagle	152,300	0.56	31.47	2011/01/12	1,360,039
	182,964	0.67	45.49	2010/01/14	2,043,708
	132,663	0.49	45.11	2009/01/13*	1,481,846
	105,801	0.39	38.79	2008/01/13*	1,004,051
	109,821	0.40	39.84	2007/01/13*	1,102,603

INDIVIDUAL GRANTS *(continued)*

Name	Number of Securities Underlying Options Granted ⁽¹⁾ ⁽²⁾ ⁽³⁾	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh) ⁽⁴⁾	Expiration Date ⁽⁵⁾	Grant Date Present Value ⁽⁶⁾
Robert F. Slagle <i>(continued)</i>	92,971	0.34	\$39.07	2006/01/11*	\$968,757
	80,982	0.30	37.97	2005/01/13*	781,387
	51,198	0.19	39.92	2004/01/14	549,355
	40,792	0.15	39.92	2003/01/15	437,698
	4,998	0.02	39.92	2002/01/20	26,539

- (1) Alcoa generally grants annual options (the first grant listed for each officer) in January. These options become exercisable one year after the grant date and have a term of ten years.
- (2) All other option grants are reload option grants, which become exercisable after six months. A reload option is available to active employees upon exercise of an outstanding option (annual or reload) under the current or prior Alcoa option plan. The reload feature promotes the early exercise of options and the retention of Alcoa shares, while continuing the opportunity to gain from future appreciation on the stock. By exercising an outstanding option, the participant realizes, in shares, the net profit or growth in value of that option (the excess of the current fair market value over the option grant price), less applicable withholding for taxes. Certain conditions apply: (i) the market value of Alcoa stock on the exercise date of the underlying option must be at least \$2.50 more than the grant price of that option; and (ii) the participant must agree that one-half of the net profit shares received on exercise of the underlying option will be held by the participant (directly or in trust) for five years or until the participant's employment with Alcoa terminates, whichever is earlier. A reload option has the same expiration date as the underlying option and is granted at 100% of the market value of Alcoa stock on the grant date. The reload option covers the number of shares exercised in the underlying option less the number of profit shares delivered to the participant after withholding for taxes. Reload options may be granted where the exercise price of the underlying option is paid using previously owned mature shares or cash. Cash reloads are subject to limitations.
- (3) Options granted on or after June 1, 1999 provide for acceleration of vesting and become immediately exercisable upon certain events constituting a change in control of Alcoa.
- (4) The exercise price of all options is 100% of the fair market value of Alcoa stock on the grant date. Option award participants may use shares they own for a minimum period to pay the exercise price and may have shares withheld for payment of required withholding taxes. Participants may transfer stock option awards to immediate family members or family trusts, provided the transfer is made as a gift, for no consideration. The participant remains responsible for payment of withholding taxes when the family member or trust exercises the option. Otherwise, stock option awards are not transferable during the participant's lifetime.
- (5) We grouped together certain reload option grants for each officer (the groupings are marked by an asterisk in the table). Each grouping reflects a consolidation of two or more individual option grants having the same expiration date. The exercise price reflects the weighted average values of these grants.

(6) The company uses the Black-Scholes option pricing model to estimate Grant Date Present Value specific to the grant listed in this table. Our use of this model is not an endorsement of the model's accuracy in valuing options. All stock option models require a prediction about future stock prices. We used the following assumptions in calculating Grant Date Present Value: expected volatility – 43%; average risk-free rate of return – 3.8%; expected dividend yield – 1.6%; expected life, annual grants – 2.5 years; expected life, reload grants – 2.0 years. The real value of the options in this table depends on the actual performance of Alcoa stock and the timing of exercises. This year Mr. Kelson, Mr. Pizzey and Mr. Slagle each held options expiring in January 2002 that had no value, although the Black-Scholes value shown on this table is substantial.

2001 AGGREGATE OPTION EXERCISES AND YEAR-END OPTION VALUES

This chart shows the number and value of stock options, both exercised and unexercised, for the named executive officers during 2001.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-the-Money Options at Fiscal Year-End ⁽¹⁾	
			Exercisable ⁽²⁾	Unexercisable	Exercisable	Unexercisable
Alain J. P. Belda	1,282,216	\$9,871,602	2,126,975	1,293,220	\$826,961	\$4,047,134
L. Patrick Hassey	513,502	3,887,494	463,706	289,945	216,421	621,682
Richard B. Kelson	776,639	3,737,753	782,669	259,858	–	783,201
G. John Pizzey	393,768	1,762,873	592,577	170,265	–	692,597
Robert F. Slagle	1,056,573	5,145,166	594,949	409,692	87,854	621,582

(1) We calculated the value of unexercised options using the difference between the option exercise price and the year-end stock price of \$35.55 per share, multiplied by the number of shares underlying the option.

(2) Alcoa paid cash dividend equivalents in 2001 on a portion of the exercisable options held by plan participants. Dividend equivalents are equal in amount to the company's common stock dividend. The total amount of dividend equivalents paid in 2001 to all plan participants was approximately \$2.2 million.

LONG-TERM INCENTIVE PLAN – AWARDS IN 2001

This table provides information regarding the potential one-time incentive awards payable in 2004 to the named executive officers under the 2001 PLUS performance plan.

Name	Number of Shares, Units or Other Rights ⁽¹⁾	Performance or Other Period Until Maturation or Payout ⁽²⁾	Estimated Future Payouts under Non-Stock Price-Based Plans ⁽³⁾	
			Threshold (%)	Maximum (%)
Alain J. P. Belda	–	2001-2003	75%	150%
L. Patrick Hassey	–	2001-2003	75%	150%
Richard B. Kelson	–	2001-2003	75%	150%
G. John Pizzey	–	2001-2003	75%	150%
Robert F. Slagle ⁽⁴⁾	–	2001-2003	75%	150%

- (1) The actual award payable to each named executive officer will be determined when the plan ends in 2003. The award will be a percentage of the officer’s target variable compensation. Target variable compensation varies by position as a percentage of base salary.
- (2) Payouts will be made in cash in 2004 depending on the level of attainment of the goals set by the Compensation Committee for achievement of return on capital goals over the three-year period beginning January 1, 2001 and ending December 31, 2003.
- (3) Shown in these columns are the percentages of the named executive officers’ target variable compensation that would be payable under the PLUS plan if Alcoa precisely attained the threshold or maximum goals set by the Compensation Committee for improvement in return on capital. There are no target payouts under this plan. Awards will be subject to forfeiture if the participant’s employment terminates before December 31, 2003 for any reason other than disability, death or retirement. Amounts paid under the PLUS plan will be in addition to annual variable compensation. For additional information regarding the PLUS plan, see “Report of the Compensation Committee – Occasional Multi-Year Incentive Programs” on page 19.
- (4) Mr. Slagle will be retiring effective February, 2002. His award will be reduced on a pro-rata basis to reflect the period of time during which he was an active employee.

PENSION PLANS

Alcoa's pension plans cover a majority of salaried employees. Alcoa pays the full cost of these plans, which include both tax-qualified and non tax-qualified excess plans. This table shows the annual benefits payable at executive compensation levels.

PENSION PLAN TABLE

Average Annual Compensation	Annual Benefits for Years of Service Indicated					
	15	20	25	30	35	40
\$100,000	\$ 20,120	\$ 26,820	\$ 33,530	\$ 40,230	\$ 47,420	\$ 55,570
250,000	53,090	70,790	88,490	106,190	123,890	141,580
500,000	108,410	144,540	180,680	216,810	252,950	289,080
750,000	163,720	218,290	272,870	327,440	382,010	436,580
1,000,000	219,030	292,040	365,050	438,060	511,070	584,080
1,250,000	274,340	365,790	457,240	548,690	640,140	731,580
1,500,000	329,660	439,540	549,430	659,310	769,200	879,080
2,000,000	440,280	587,040	733,800	880,560	1,027,320	1,174,080
2,500,000	550,910	734,540	918,180	1,101,810	1,285,450	1,469,080
3,000,000	661,530	882,040	1,102,550	1,323,060	1,543,570	1,764,080
3,500,000	772,160	1,029,540	1,286,930	1,544,310	1,801,700	2,059,080

The company bases the employee's amount of pension upon the average compensation for the highest five years in the last ten years of service. For the executive level, covered compensation includes base salary and annual cash incentive. We calculate the amounts in the table using salary at target and annual incentive at target. We also make payments as a straight life annuity, reduced by 5% when an employee elects the surviving

spouse feature. The table shows benefits at age 65, before any reduction for surviving spouse coverage. The amounts shown do not include social security benefits.

At December 31, 2001 pension service for the named officers was: Mr. Belda, 33 years; Mr. Hassey, 34 years; Mr. Kelson, 27 years; Mr. Pizzey, 31 years; and Mr. Slagle, 37 years.

OTHER INFORMATION –

LEGAL PROCEEDING INVOLVING DIRECTORS AND CERTAIN ALCOA OFFICERS

On October 15, 1999, Victoria Shaev, who represents that she is an Alcoa shareholder, filed a purported derivative action on behalf of the company in the United States District Court for the Southern District of New York, naming as defendants the company, each member of Alcoa's Board of Directors, certain officers of the company and PricewaterhouseCoopers LLP, Alcoa's independent accountants. The shareholder did not make a demand on the company prior to filing this lawsuit. Under relevant law, this demand is required. The lawsuit alleges, among other things, that Alcoa's proxy statement dated March 8, 1999 contained materially false and misleading representations and omissions concerning the company's proposed Alcoa Stock Incentive Plan and that the shareholder approval of the plan, based upon these alleged representations and omissions, was defective. The plaintiff sought to invalidate the shareholder approval of the plan and enjoin its implementation. She also requested that Alcoa pay the costs and disbursements of the action, including the fees of her accountants, counsel and experts. On March 19, 2001, the court granted without prejudice the defendants' motion to dismiss the plaintiff's claims. On May 31, 2001, Ms. Shaev served an amended complaint making the same allegations as in the previous complaint but styling the complaint as a class action on behalf of shareholders. The company served a motion to dismiss on June 25, 2001. The issues have been briefed and argued. The parties are awaiting the court's decision.

CHANGE IN CONTROL

The company engaged in a periodic review of its change in control arrangements in 2001 with the assistance of outside advisors. Following that study, the Board of Directors determined that it would be appropriate to adopt a change in control severance plan for key executives in order to ensure their impartiality and objectivity in the event of a change in control. The company previously did not have such a plan. In 2002, the Board approved a change in control severance plan for key executives, including officers of the company and other key executives designated by the Compensation Committee. The severance plan entitles these executives to termination compensation if the executive's employment is terminated without cause or terminated by the executive in certain circumstances, in either case within 3 years after a change in control of the company. Termination compensation includes:

- a cash payment equal to 3 times annual salary plus target annual variable compensation
- continuation of benefits for 3 years
- growth on pension credits for 3 years
- reimbursement of excise taxes and gross-up, and
- 6 months outplacement.



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