



**Alcoa**

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Donna Dabney  
Corporate Secretary  
Corporate Governance Counsel

September 26, 2007

Ms. Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090



Re: Shareholder Proposals (File Number S7-16-07)

Ms. Morris:

I am writing on behalf of Alcoa, Inc. ("Alcoa"), a leading producer and manager of aluminum and alumina facilities with approximately 123,000 employees. Founded in 1888, Alcoa is a member of the Dow Jones Industrial Average index and has a market capitalization of approximately \$31 billion.

We are pleased to submit the following comments regarding the Securities and Exchange Commission's ("SEC") proposed amendments to Rule 14a-8(i)(8) of the Securities Exchange Act of 1934 and the disclosure requirements of Schedule 14A and Schedule 13G. These amendments would allow shareholders to include in a company's proxy materials a proposal for bylaw amendments establishing procedures for shareholder nominations of director candidates, and they would require such shareholders to make certain disclosures.

As a widely-held public company, we truly value the views and suggestions of our shareholders and understand the fundamental importance of our shareholders' rights to nominate director candidates. However, we believe that allowing shareholders to use a company's proxy statement to propose director nominations is a serious mistake, and we encourage the SEC to instead continue its long-standing policy of allowing companies to exclude such proposals pursuant to Rule 14a-8(i)(8).

We are concerned that these amendments will enable activists and special interest groups to promote their agendas through short-slate proxy contests, to the detriment of both the company and shareholders. The election of directors who represent special interests rather than the interests of all shareholders promises to undermine the openness and effectiveness of the board's deliberative process, which is a cornerstone of successful management.

In addition, we are concerned that insofar as the SEC's proposed amendments will increase the frequency of contested elections, these changes may prove to be tremendously disruptive and divert significant time and resources away from business operations. While proxy contests are sometimes necessary as a last resort, it is far from clear to us that they enhance the value of a company, promote long-term growth, or produce other positive results. To the extent the new Schedule 14A and Schedule 13G disclosures proposed by the SEC would need to be prepared or vetted by companies, these corporate distractions would be amplified.

Moreover, we believe the SEC amendments are simply unnecessary. Alcoa shareholders, like shareholders of most other public companies, have several avenues of influence they may pursue in

seeking to change the composition of the board of directors. Alcoa has a Governance and Nominating Committee composed entirely of independent directors which is tasked with, among other things, reviewing shareholder recommendations for director nominations. This committee carefully considers all candidates recommended by shareholders who comply with basic submission requirements. We believe this committee is well positioned to consider the interests of all shareholders in having strong candidates with both fresh views and diverse backgrounds.

In addition, Alcoa's articles of incorporation provide that any shareholder entitled to vote at an annual shareholders meeting may nominate director candidates for election from the floor of the meeting by following certain advance notice procedures. As a third alternative, shareholders can propose director candidates and solicit votes in their own proxy materials in accordance with SEC rules, which have been honed over many years of experience to address the special disclosure and accountability concerns in contested elections.

Recent SEC rule changes have further enhanced the influence of shareholders and will greatly facilitate contested elections. The implementation of SEC amendments allowing electronic dissemination of proxy materials will significantly reduce the costs for shareholders who wish to engage in contested solicitations. In addition, the influence of institutional shareholders would be enhanced by the proposal to eliminate broker discretion to vote in uncontested elections where brokers do not receive direction from their clients.

Given these and other recent developments enhancing shareholder rights, such as the adoption of majority voting provisions by many corporations, we believe federal intervention to promote shareholder rights is particularly unwarranted, and at the very least the SEC should consider postponing an amendment to Rule 14a-8(i)(8) until the full impact of these changes can be assessed.

In the event, however, that the SEC's proposed amendment to Rule 14a-8(i)(8) is adopted, we would suggest the ownership requirement for proponents of bylaw amendments should be at least 5%. Given the far-reaching course of events that may be set in motion when a shareholder proposes the type of bylaw amendment addressed by the SEC's proposed changes, as well as the importance of ensuring that proponents have a significant, long-term stake in the company rather than a short-term arbitration position or a narrow interest, we believe the 5% threshold is the minimum standard that should be applied.

In addition, we would suggest the SEC require disclosure of the total position in a company's stock, rather than just long positions. Such disclosures should cover agreements, arrangements or understandings entered into by the shareholder or its affiliates with respect to equity securities of the company (including put or call arrangements, derivative securities, short positions, borrowed shares or swap or similar arrangements), and should specify the effect of such arrangements on voting or economic rights of equity securities and describe the anticipated changes in voting or economic rights which may arise pursuant to the terms of such arrangements. Given the increasingly frequent decoupling of economic interests from voting rights, as well as the practice prevalent among some shareholders of holding more votes than economic ownership, this information could in some cases be essential for shareholders to obtain a clear and accurate understanding of the proponent's interest in the company. We believe this information is not adequately captured by the proposed rule or existing regulations and that it is important information for investors to have when individual shareholders or

groups of shareholders who do not owe a fiduciary duty to the company or to other shareholders propose changes in corporate governance.

We appreciate this opportunity to provide our comments on the SEC's proposed amendments.

Sincerely,  
Alcoa Inc.

A handwritten signature in black ink, appearing to read "Donna Dabney". The signature is written in a cursive style with a large initial "D".

By: Donna Dabney  
Corporate Secretary  
and Corporate Governance Counsel