UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For The Fiscal Year Ended December 31, 2001
OR
[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-3610

ALCOA INC.
(Exact name of registrant as specified in its charter)

Pennsylvania	25-0317820
(State of incorporation)	(I.R.S. Employer Identification No.)

201 Isabella Street, Pittsburgh, Pennsylvania 15212-5858
(Address of principal executive offices) (Zip code)

Registrant's telephone numbers:

Investor Relations------------(212) 836-2674
Office of the Secretary------(412) 553-4707

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.00	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___ .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

As of January 22, 2002 there were 847,586,916 shares of common stock, par value $1.00, of the registrant outstanding. The aggregate market value of such shares, other than shares held by persons who may be deemed affiliates of the registrant, was approximately $27 billion.

Documents incorporated by reference.

Parts I, II and IV of this Form 10-K incorporate by reference certain information from the registrant's 2001 Annual Report to Shareholders (Annual Report). Part III of this Form 10-K incorporates by reference certain information from the registrant's definitive Proxy Statement dated February 15, 2002 (Proxy Statement).

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Note on Incorporation by Reference

In this Form 10-K, selected items of information and data are incorporated by reference to portions of the Annual Report. Any reference in this report to disclosures in the Annual Report shall constitute incorporation by reference of that specific disclosure into this Form 10-K.

ALCOA INC.

Formed in 1888 under the laws of the Commonwealth of Pennsylvania, Alcoa Inc. (formerly Aluminum Company of America) has its registered office in Pittsburgh, Pennsylvania. In this report, unless the context otherwise requires, Alcoa or the "company" means Alcoa Inc. and all subsidiaries consolidated for the purposes of its financial statements.

PART I

Item 1. Business.

Overview

Alcoa is the world's leading producer of primary aluminum, fabricated aluminum and alumina, and is active in all major aspects of the industry: technology, mining, refining, smelting, fabricating and recycling. Alcoa serves customers worldwide in the packaging, consumer, automotive, aerospace and other transportation, building and construction, industrial products and distribution markets. Related businesses include packaging machinery, precision castings, vinyl siding, plastic bottles and closures, fiber optic cables and electrical distribution systems for cars and trucks.

Alcoa's operations consist of five worldwide segments: Alumina and Chemicals, Primary Metals, Flat-Rolled Products, Engineered Products and Packaging and Consumer. Other Alcoa businesses that are not included in one of these five segments are reported as "Other."

Alcoa operates in 38 countries. While North America remains its largest market, the company has doubled its revenues in Europe over the past four years. Asia and Latin America present opportunities for substantial growth. Alcoa has been a component of the Dow Jones Industrial Average since 1959.

Description of the Business

Information describing Alcoa's businesses can be found in the Annual Report at the indicated pages:

Item	Page(s)
Discussion of Recent Business Developments:	
Letter to Shareholders	1-4*
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*Excluding captions, charts, diagrams and related notes.

Structure of Certain Operations

The company's Alumina and Chemicals segment primarily consists of a series of affiliated operating entities referred to as Alcoa World Alumina and Chemicals (AWAC). Generally, Alcoa owns 60% and WMC Limited (WMC), an Australian mining and minerals processing company, owns 40% of these entities. The one exception to that general structure is Alcoa of Australia Limited (AofA), where WMC owns 39.25% with QBE holding the remaining 0.75%. For more information on AWAC, see Exhibit Nos. 10(a) through 10(e) to this report.

Alcoa owns 59.1% of Alcoa Aluminio S.A. (Aluminio), an integrated aluminum producer in Brazil. Aluminio operates mining, refining, smelting and fabricated products facilities at various locations in Brazil. The remaining 40.9% of Aluminio is principally held through direct and indirect ownership by companies controlled by the Camargo Correa Group, a leading contractor and industrial conglomerate in Brazil.

Bauxite Interests

Aluminum is one of the most plentiful metals in the earth's crust. Aluminum is produced primarily from bauxite, an ore containing aluminum in the form of aluminum oxide, commonly referred to as alumina. Aluminum is made by extracting alumina from bauxite and then removing oxygen from the alumina. Alcoa processes most of the bauxite that it mines into alumina. The company obtains bauxite from reserves held by AWAC, from the company's interests in Brazil, from related third parties under long-term contracts and from unrelated third parties under short-term contracts. In 2001, Alcoa consumed 30.8 million metric tons (mt) of bauxite from its own reserves, 4.2 million mt from related third parties and 2.1 million mt from unrelated third parties. Alcoa's present sources of bauxite are sufficient to meet the forecasted requirements of its alumina refining operations for the foreseeable future. The following table provides information regarding the company's bauxite interests:

Alcoa Active/1/ Bauxite Interests

Country	Project	Holder of Mining Rights (% Held)	Expiration Date of Mining Rights
Australia	Darling Range Mines	AofA (100%)	2044
Brazil	Pocos de Caldas	Aluminio (100%)	2017/2/
Guinea	Boke	Compagnie des Bauxites de Guinea (CBG)/3/ (100%)	2038/4/
Jamaica	Clarendon/Manchester Plateau	Alcoa Minerals of Jamaica, L.L.C./5/ (50%) Clarendon Alumina Production Ltd./6/ (50%)	2028
Suriname	Lelydorp	BHP Billiton (76%) Suralco/5/ (24%)	2032/7/
	Moengo	Suralco (100%)	2032/7/

/1/ Alcoa also has interests at the following locations that are bauxite reserves or do not currently produce bauxite: Cape Bougainville and Mitchell Plateau (Australia), Juruti (Brazil), and Kaimangrasi, Klaverblad and Nassau (Suriname). Aluminio holds an 8.6% interest, Abalco S.A. (Abalco) (part of AWAC) holds a 4.6% interest and Alcoa holds a 5% interest in Mineracao Rio do Norte S.A. (MRN), a mining company jointly owned with affiliates of Alcan, Companhia Brasileira de Aluminio, Companhia Vale do Rio Doce, BHP Billiton and Norsk Hydro. MRN owns the Trombetas bauxite-mining project in Brazil. Aluminio and Abalco purchase bauxite from MRN under long-term supply contracts. Alcoa has agreed to purchase bauxite from the Trombetas project through 2019. In 2001, Alcoa sold its 50% interest in a bauxite-mining project called Aroaima Bauxite Company Ltd. in the Berbice region of Guyana to the Guyanan government.

/2/Brazilian mineral legislation does not establish the duration of mining concessions. The concession remains in force until the complete exhaustion of the deposit. Based on proven bauxite reserves and the anticipated needs of the Pocos alumina refinery, Aluminio estimates that bauxite will last until 2017.

/3/Alcoa owns a 43% interest in Halco (Mining), Inc. Halco owns 51% and the Guinean government owns 49% of CBG, which has the exclusive right through 2038 to develop and mine bauxite in a 10,000 square-mile area in northwestern Guinea.

/4/Alcoa has a bauxite purchase contract with CBG that will provide Alcoa with bauxite through 2011.

/5/This Alcoa entity is part of AWAC and therefore is owned 60% by Alcoa and 40% by WMC.

/6/Clarendon Alumina Production Ltd. is a wholly owned subsidiary of the Government of Jamaica.

/7/Proven bauxite reserves are expected to last at least through 2023.

Alumina Refining Facilities and Capacity

Alcoa is the world's leading producer of alumina. Alcoa's alumina refining facilities and its worldwide alumina capacity are shown in the following table:

Alumina Refining Capacity

Country	Facility	Owners (% of Ownership)	Nameplate Capacity/1/ (000 MTPY)	Alcoa Consolidated Capacity/2/ (000 MTPY)
Australia	Kwinana	AofA (100%)	2,000	2,000
	Pinjarra	AofA (100%)	3,400	3,400
	Wagerup	AofA (100%)	2,300	2,300
Brazil	Pocos de Caldas	Aluminio (100%)	300	300
	Alumar	Abalco S.A./3/ (18.9%) Alcan/4/ (10%) Aluminio (35.1%) BHP Billiton/4/ (36%)	1,330	718
Jamaica	Jamalco	Alcoa Minerals of Jamaica, L.L.C./3/ (50%) Clarendon Alumina Production Ltd./5/ (50%)	1,000	500
Spain	San Ciprian	Alumina Espanola, S.A./3/ (100%)	1,330	1,330
Suriname	Suralco	BHP Billiton/4/ (45%) Suralco Aluminum Company, L.L.C./3/ (55%)	1,900	1,045
U.S.	Point Comfort, Tex.	Alcoa World Alumina, L.L.C/3/ (100%)	2,305/6/	2,305/6/
TOTAL			15,865	13,898

/1/Nameplate capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production.

/2/The figures in this column reflect Alcoa's share of production from these facilities. For sites owned by AWAC entities and Aluminio, Alcoa takes 100% of the production from these facilities.

/3/This entity is part of AWAC and therefore is owned 60% by Alcoa and 40% by WMC (or an affiliate).

/4/The named company or an affiliate holds this interest.

/5/Clarendon Alumina Production Ltd. is a wholly owned subsidiary of the Government of Jamaica.

/6/In 2001, Alcoa announced that it was reducing the operating rate at Point Comfort to between 1.6 -1.9 million mt per year (mtpy).

Primary Aluminum Facilities and Capacity

The company's primary aluminum smelters and their respective capacities are shown in the following table:

Alcoa Worldwide Smelting Capacity

Country	Facility	Owners (% of Ownership)	Nameplate Capacity/1/ (000 MTPY)	Alcoa Consolidated Capacity/2/ (000 MTPY)
Australia	Point Henry	AofA (100%)	185	185
	Portland	AofA (55%) CITIC (22.5%) Marubeni (22.5%)	345	190
Brazil	Pocos de Caldas	Aluminio (100%)	93	93
	Sao Luis (Alumar)	Aluminio (53.66%) BHP Billiton (46.34%)	370	199
Canada	Baie-Comeau, Que.	Alcoa (100%)	420	420
	Becancour, Que.	Alcoa (74.95%) Aluminium Pechiney (25.05%)	390	292
	Deschambault, Que.	Alcoa (100%)	240	240
Italy	Fusina	Alcoa (100%)	44	44
	Portovesme	Alcoa (100%)	146	146
Spain	Aviles	Alcoa (100%)	83	83
	La Coruna	Alcoa (100%)	81	81
	San Ciprian	Alcoa (100%)	196	196
U.S.	Evansville, Ind. (Warrick)/3/	Alcoa (100%)	309	309
	Frederick, Md. (Eastalco)	Alcoa (61%) Mitsui & Co. Ltd. (39%)	192	117
	Badin, N.C.	Alcoa (100%)	120	120
	Massena, N.Y.	Alcoa (100%)	130	130
	St. Lawrence, N.Y.	Alcoa (100%)	125	125
	Troutdale, Ore./4/	Alcoa (100%)	121	121
	Mount Holly, S.C.	Alcoa (50.33%) Century Aluminum Company (49.67%)	212	107
	Alcoa, Tenn.	Alcoa (100%)	210	210
	Rockdale, Tex.	Alcoa (100%)	340	340
	Ferndale, Wash. (Intalco)	Alcoa (61%) Mitsui & Co. Ltd. (39%)	278	170
	Wenatchee, Wash.	Alcoa (100%)	227	227
TOTAL			4,857	4,145

/1/Nameplate capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production.

/2/The figures in this column include the minority interests in facilities owned by AofA and Aluminio. Alcoa takes 100% of the production from these facilities.

/3/In December 2001, the Warrick smelter lost approximately two-thirds of its capacity due to the failure of the on-site generating station. The company expects that capacity will be fully restored by the end of the second quarter of 2002.

/4/In 2000, Alcoa curtailed all production at the Troutdale, Oregon smelter.

Alcoa owns interests in the following primary aluminum facilities that are accounted for on the equity or cost basis method. The capacity associated with these facilities is not included in Alcoa's consolidated capacity.

Country	Facility	Owners (% of Ownership)	Nameplate Capacity+ (000 MTPY)
Germany	Hamburg	Alcoa (33.33%) Austria Metall AG (33.33%) VAW AG (33.33%)	120
Ghana	Tema	Alcoa (10%) Kaiser (90%)	200
Nigeria	Alscon++	Alcoa (10%) Federal Government of Nigeria (70%) Ferrostaal AG (20%)	97
Norway	Lista	Alcoa (50%) Elkem A/S (50%)	90
	Mosjoen	Alcoa (50%) Elkem A/S (50%)	120
Venezuela	Alcasa	Alcoa (7.31%) CVG and Japanese Interests (92.69%)	210

+Nameplate capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production.

++Alcoa is entitled to purchase all but 40,000 mt of the production of the Alscon smelter. Only about one-half of the smelter has been built and only about one-half of the completed portions have been operated. The smelter has been idled since mid-1999. Alcoa is negotiating with the shareholders of Alscon for an amicable disengagement from the Alscon project.

Production at primary aluminum smelters in the Northwest U.S. and in Brazil was curtailed in 2001 due to energy shortages or the unavailability of energy at competitive prices. Recently, the smelters in Brazil have restarted some of the previously curtailed production. Alcoa currently has approximately 634,500 mtpy of idled smelting capacity out of a worldwide consolidated primary aluminum capacity of 4,145,000 mtpy.

Energy

Alcoa produces aluminum from alumina by an electrolytic process requiring large amounts of electric power. Electric power accounts for approximately 25% of the company's primary aluminum costs. Alcoa generates approximately 25% of the power used at its smelters worldwide, and generally purchases the remainder under long-term arrangements. The paragraphs below summarize the sources of power and material long-term power arrangements for Alcoa's smelters.

North America - Electricity

For its 14 North American smelters, the company (largely through its wholly-owned subsidiary, Alcoa Power Generating Inc. (APGI)) generates approximately 25% of the power requirements, and generally purchases the remainder under long-term contracts. APGI owns and operates two hydroelectric projects consisting of eight dams under Federal Energy Regulatory Commission licenses, which are up for renewal in 2005 and 2008.

In the Pacific Northwest, Alcoa obtains approximately 10% of the self-generated power from its entitlement through 2011 to a fixed percentage of the output from Chelan County Public Utility District's

Rocky Reach hydroelectric power facility located in the State of Washington for use in Alcoa's Wenatchee smelter. In addition, Alcoa has a contract through 2006 with the Bonneville Power Administration (BPA) that serves part of the Wenatchee smelter, as well as the Intalco and Troutdale smelters. Several contractual provisions allow power supply restrictions when power is in short supply.

The company generates substantially all of the power used at its Warrick smelter using nearby coal reserves. A 1996 coal supply contract satisfies 40% of the smelter's fuel requirements through 2006. Short-term contracts of less than two years satisfy the remainder of the fuel requirements. In April 2001, under the terms of an operating agreement, the company assumed operation of the power plants that supply the Warrick smelter from Southern Indiana Gas & Electric Company until at least 2008.

The Rockdale smelter uses lignite supplied by the company's Sandow Mine to generate power. The company has applied for permits to open a new lignite mine, the Three Oaks Mine, on land it owns or controls adjacent to its existing Sandow Mine. Company-owned generating units supply about one-half of the total requirements of the smelter. Texas Utilities Company supplies the balance through a long-term power contract expiring in 2013.

APGI facilities provide electric power for the aluminum smelters at Alcoa, Tennessee and Badin, North Carolina. The Tennessee smelter also purchases firm and interruptible power from the Tennessee Valley Authority under a contract that extends to 2010. APGI entered into a long-term arrangement with Aquila Energy Marketing Corporation (Aquila), which expires in mid-2005. Under the terms of the agreement, APGI sells to Aquila all of the capacity and energy produced at its hydroelectric units near Badin and Aquila supplies all of the power requirements of the Badin smelter.

In the Northeast, the purchased power (primarily hydroelectric) contracts for the Massena and St. Lawrence, New York smelters expire not earlier than 2003, and will be extended for an additional 10 years upon the successful relicensing by the New York Power Authority of one of its hydroelectric projects. The company, however, may terminate either of these contracts with one year's notice.

The Lauralco and Becancour smelters located in Quebec purchase electricity under long-term contracts with Hydro-Quebec which expire in 2014, subject to certain extension provisions. The smelter located in Baie Comeau, Quebec purchases approximately 60% of its power needs under a long-term contract with Hydro-Quebec which expires in 2014 and receives a portion of its power needs from a 40%-owned hydroelectric generating company, Manicouagan Power Company.

The Eastalco smelter located in Frederick, Maryland and the Mt. Holly smelter in South Carolina purchase electricity under long-term contracts that expire in 2003 and 2005, respectively, subject to certain extension provisions.

Australia - Electricity

Power is generated from extensive brown coal deposits covered by a long-term mineral lease held by AofA, and that power currently provides approximately 40% of the electricity for the company's smelter in Point Henry, Victoria. The State Electricity Commission of Victoria, under contracts with AofA, provides the remaining power for this smelter and all power for the Portland smelter.

Brazil - Electricity

The Alumar smelter has an agreement through 2004 to purchase electric power from Central Eletricas do Norte, the government controlled electric utility.

Aluminio has a purchase agreement with Central Eletricas de Minas Gerais S.A. (CEMIG) through September 2002 to supply energy to the Pocos de Caldas smelter. It will purchase power for the smelter from Brazilian sources after the expiration of the CEMIG contract.

Aluminio participates in a consortium that has recently completed the construction of the Machadinho hydroelectric power plant in southern Brazil. Aluminio will receive a share of the output of the plant, which has begun operations in 2002. At full operation, Aluminio expects its share to be sufficient to supply approximately one-half of the power requirements for the Pocos de Caldas smelter.

In 2001, Aluminio entered into agreements to participate in four additional hydroelectric construction projects in Brazil that are scheduled to be completed at various dates ranging from 2005 to 2008. Aluminio's share of the output from the hydroelectric facilities, when completed, ranges from 20% to 39.5%. Total costs for all four projects are estimated at $1.4 billion, with Aluminio's share of total project costs totaling approximately 30%. The plans for financing these projects have not yet been finalized. Aluminio may be required to provide guarantees of project financing or commit to additional investments as these projects progress. At December 31, 2001, Aluminio had provided $13 million of guarantees on two of the hydroelectric construction projects in the form of performance bonds.

Europe - Electricity

The company purchases electricity for its Portovesme, Italy and Fusina, Italy smelters from ENEL, Italy's state-owned utility, under contracts expiring in 2005.

The company's smelters at San Ciprian, La Coruna and Aviles, Spain purchase electricity from the government-controlled power grid at the lowest applicable industrial tariff rate under contracts expiring in 2013.

Minority Interests - Electricity

The smelters in Germany, Ghana, Nigeria, Norway and Venezuela, in which Alcoa has only an equity stake and is not the operational manager, have made a variety of long-term electricity purchase arrangements, under the managing partner or entity. These contracts are up for renewal at various times, the majority of them in the period from 2011 to 2020.

Canada & U.S. - Natural Gas

The company generally procures natural gas on a competitively bid basis from a variety of sources including producers in the gas production areas and independent gas marketers. For Alcoa's larger consuming locations in Canada and the U.S., the gas commodity as well as interstate pipeline transportation is procured to provide increased flexibility and reliability. Contract pricing for gas is typically based on a published industry index or NYMEX price.

Sources and Availability of Raw Materials

The major purchased raw materials in 2001 for each of the company's segments are listed below.

Alumina & Chemicals	Primary Metals
bauxite	alumina
electricity	calcined petroleum coke
natural gas	liquid pitch
caustic soda	aluminum fluoride
silicon carbide	electricity
calcined petroleum coke	natural gas
	cathode blocks

Flat-Rolled Products	Engineered Products
primary aluminum (rolling ingot)	primary aluminum (billet)
commercial metals	electricity
used beverage cans	natural gas
aluminum scrap	nickel
electricity	cobalt
natural gas	titanium
coatings	
alloying materials	

Packaging & Consumer	Other
aluminum	copper
natural gas	polyvinyl chloride compound
polypropylene	fiber
polyvinyl chloride	aluminum tape
polyethylene	

Other materials generally are purchased from third party suppliers under competitively priced supply contracts or bidding arrangements. The company believes that the raw materials necessary to its business are and will continue to be available.

Joint Ventures and Investments

The company's principal alliances and joint ventures are included in its "upstream" operating segments (alumina and chemicals and primary metals) as shown in the tables above relating to those segments.

Alcoa's other significant joint ventures and investments are as follows:

Alcoa Fujikura Ltd. Alcoa Fujikura Ltd. (AFL) is owned 51% by Alcoa and 49% by Fujikura International. AFL produces and markets electronic and electrical distribution systems for the automotive industry, as well as fiber optic products and systems for selected electric utilities, telecommunications, cable television and datacom markets. AFL subsidiaries provide EF&I (engineer, furnish and install) services to the telecom and CATV industries.

Alcoa Kobe Transportation Products, Inc. and Kobe Alcoa Transportation Products Ltd. These joint ventures are owned 50% by Alcoa and 50% by Kobe Steel, Ltd. (Kobe). The focus of these ventures, consisting of one company in the U.S. and one in Japan, is to expand the use of aluminum sheet products in passenger cars and light trucks. As a result of a restructuring of the venture in January 2000, the U.S. company will focus on research and development efforts, while the Japanese company will continue to engage in commercial (manufacturing, marketing and sales) as well as research and development efforts, to serve the transportation industry.

Alcoa (Shanghai) Aluminum Products Company Limited. Alcoa (Shanghai) Aluminum Products Company Limited is owned 60% by Alcoa and 40% by Shanghai Light Industry Equipment (Group) Co., Ltd. It produces aluminum foil products in Shanghai, China.

Bohai Aluminum Industries Ltd. This venture is owned 32.48% by Alcoa, 37.36% by Shortridge Ltd. and 30.16% by China International Trust & Investment Corporation. The venture produces aluminum foil and aluminum extrusions in Qinghuangdao, China.

Chalco. A joint venture to be formed by Alcoa and Aluminum Corporation of China Limited (Chalco) will be owned 50% by Alcoa and 50% by Chalco. In November 2001, Alcoa entered into a strategic alliance with Chalco. Under this alliance, the parties will form the joint venture at Chalco's facility at Pingguo, which is one of the most efficient alumina and aluminum production facilities in China. Alcoa will transfer management, operational and technical expertise, and best practices to Chalco. As part of the alliance, Alcoa has become a strategic investor in Chalco's global offering and listing on the New York Stock Exchange and The Stock Exchange of Hong Kong. Alcoa's investment is 8% of the outstanding shares. In connection with its investment, Alcoa is entitled to one seat on Chalco's board of directors. Aluminum Corporation of China, or Chinalco, the parent company of Chalco, will remain the largest shareholder in Chalco.

Elkem Aluminium ANS. This Norwegian partnership is owned 50% by Alcoa and 50% by Elkem ASA, with Elkem as managing partner. The partnership is the second largest aluminum producer in Norway and operates two plants: Mosjoen and Lista. These facilities supply extrusion billets, rolling ingots and foundry ingots to leading rolling mills, extrusion plants and foundries in Europe.

Integris Metals, Inc. Integris Metals, Inc. is owned 50% by Alcoa and 50% by BHP Billiton. In November 2001, Alcoa and BHP Billiton merged Alcoa's metals distribution business, Reynolds Aluminum Supply Company (RASCO), and BHP Billiton Group's North American metals distribution business, Vincent Metal Goods in the U.S. and Atlas Ideal Metals in Canada. Integris Metals serves markets such as transportation, general manufacturing, machinery and equipment and building and construction. The company provides aluminum, stainless steel, carbon steel, copper, brass and nickel in a variety of forms and it offers a full range of processing services.

Kaal Australia Pty. Ltd. Kaal Australia Pty. Ltd. is owned 50% by Alcoa and 50% by Kobe. It owns and operates rolling mills at Point Henry and Yennora, Australia. These mills produce rigid container sheet (RCS) for the Australian and Asian markets and general sheet and foil for the Australian market. AofA supplies Kaal Australia's Point Henry rolling mill with molten aluminum.

KSL Alcoa Aluminum Company, Ltd. This joint venture is owned 50% by Alcoa and 50% by Kobe. It produces RCS for markets in Japan and other Asian countries. In connection with this venture, Alcoa has a long-term contract to supply metal to Kobe.

Latas de Aluminio, S. A. Latas de Aluminio, S.A. (Latasa) is owned 37% by Alcoa, 39% by Bradesco Seguros, S.A., 12% by J. P. Morgan International Capital Corporation, and 12% by others. Latasa, which is managed by Alcoa, manufactures and recycles aluminum beverage cans in Brazil and owns subsidiaries in other South American countries that also manufacture and recycle aluminum beverage cans.

Shibazaki Seisakusho Limited. Shibazaki Seisakusho Limited is owned 50.5% by Alcoa, 20.3% by Furukawa Electric Co., Ltd. and the remainder by the public and the Shibazaki family. Shibazaki manufactures and markets plastic and aluminum closures and packaging equipment in Japan.

Yunnan Aluminum Processing Factory. This joint venture is owned 56% by Alcoa and 44% by Yunnan Aluminum Processing Factory. It produces aluminum foil products in Kunming, China.

Patents and Trademarks

The company believes that its domestic and international patent and trademark assets provide it with a significant competitive advantage. The company's rights under its patents, as well as the products made and sold under them, are important to the company as a whole and, to varying degrees, important to each business segment. The patents owned by Alcoa generally concern particular products or

manufacturing techniques. Alcoa's business is not, however, materially dependent on patents, and no individual patent is of material importance to any segment.

The company has a number of domestic and international registered trademarks that have significant recognition at the consumer level, and others that have significant recognition within the markets that are served. Examples include Alcoa and the Alcoa Symbol for aluminum products, Howmet metal castings, Huck fasteners, Kawneer building panels, Presto storage bags, Cut-Rite wax paper, Reynolds plastic wrap and Reynolds Wrap aluminum foil. The company's rights under its trademarks are important to the company as a whole and, to varying degrees, important to each business segment.

Competitive Conditions

Alcoa is the world's leading producer of alumina, primary aluminum and fabricated aluminum. Alcoa is subject to highly competitive conditions in all aspects of its aluminum and non-aluminum businesses. Competitors include a variety of both U.S. and non-U.S. companies in all major markets. Price, quality and service are the principal competitive factors in Alcoa's markets. Where aluminum products compete with other materials -- such as steel and plastics for automotive and building applications; magnesium, titanium, composites and plastics for aerospace and defense applications; steel, plastics and glass for packaging applications; and wood and vinyl for building and construction applications -- aluminum's diverse characteristics, particularly its light weight, recyclability and flexibility, are also significant factors. For the Packaging and Consumer Products segment, which markets products under Alcoa's brand names, brand recognition and brand loyalty also play a role.

Research and Development

Alcoa, a technology leader in the aluminum industry, engages in research and development programs that include process and product development, and basic and applied research. Alcoa conducts these activities within its businesses and at the Alcoa Technical Center near Pittsburgh. Expenditures for R&D activities were $203 million in 2001, $194 million in 2000 and $128 million in 1999.

Each of the major process and product areas within the company has a Technology Management Review Board (TMRB) consisting of members from various worldwide locations. Each TMRB is responsible for formulating and communicating a technology strategy for the corresponding product and process area, developing and managing the technology portfolio and ensuring the global transfer of technology.

During 2001 the company continued work on new developments in inert anode technology and the pursuit of patent protection in jurisdictions throughout the world related to these advanced smelting technologies. The company completed a test of the technology in a single pot, and plans to further test the technology in a complete potline in an existing commercial facility. Also during 2001 the company developed improved fabricating techniques for inert anode assemblies and enhanced fabricating capacity consistent with the planned requirements for testing during 2002. If the technology proves to be commercially feasible, the company believes that it will be able to convert its existing potlines to this new technology, resulting in significant operating cost savings. The new technology would also generate environmental benefits by reducing and eliminating certain emissions. No timetable has been established for commercial use.

Environmental Matters

Information relating to environmental matters is included in four areas of the Annual Report: under Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading "Environmental Matters" on pages 40 and 41 and under the heading "Liquidity and Capital Resources--Investing Activities" on page 42, in Note A to the financial statements under the caption "Environmental Expenditures" on page 49 and in Note T to the financial statements on pages 60-61.

Employees

Total worldwide employment at year-end 2001 was 129,000 people.

On October 12, 2001, the United Steelworkers of America ratified a new five-year labor agreement that covers 19 locations in the United States and about 12,000 employees. The contract is effective from June 1, 2001 through May 31, 2006.

During 2001, Alcoa announced work force reductions primarily in North America and Europe of 10,400 employees. The company expects these reductions to be completed by the end of 2002.

Cautionary Statements under the Private Securities Litigation Reform Act of 1995

Forward-Looking Statements

This report contains (and oral communications made by Alcoa may contain) forward-looking statements which may be identified by their use of words like "plans," "expects," "anticipates," "intends," "estimates," "forecasts," "will," "outlook" or other words of similar meaning. All statements that address Alcoa's expectations or projections about the future, including statements about Alcoa's strategy for growth, cost reduction goals, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on Alcoa's estimates, assumptions and expectations of future events and are subject to a number of risks and uncertainties. Alcoa cannot guarantee that these estimates, assumptions and expectations are accurate or will be realized. Alcoa disclaims any intention or obligation (other than as required by law) to update or revise any forward-looking statements.

Risk Factors

In addition to the factors discussed elsewhere in this report and in Management's Discussion and Analysis in the Annual Report, the following are some of the important factors that could cause Alcoa's actual results to differ materially from those projected in any forward-looking statements:

- Alcoa is a leading global producer of alumina, aluminum ingot and aluminum fabricated products. The aluminum industry is highly cyclical, with prices subject to worldwide market forces of supply and demand and other influences. Prices can be volatile. Although Alcoa uses contractual arrangements with customers, as well as forward, futures and options contracts, to manage its exposure to the volatility of London Metal Exchange-based prices, and is product and segment diversified, Alcoa's results of operations could be affected by material adverse changes in economic or aluminum industry conditions generally or in the markets served by Alcoa, including the transportation, building, construction, distribution and packaging markets.

- Alcoa consumes substantial amounts of energy in its operations. Although Alcoa generally expects to meet the energy requirements for its alumina refineries and primary aluminum smelters from internal sources or from long-term contracts, the following could affect Alcoa's results of operations:

    - significant increases in electricity costs rendering smelter operations uneconomic;
    - the unavailability of electrical power due to droughts; or
    - interruptions in energy supply due to equipment failure or other causes.

- Alcoa's ability to grow earnings will be affected by increases in the cost of raw materials, including caustic soda, calcined petroleum coke and resins, in addition to energy. Alcoa may not

be able to offset fully the effects of higher raw material costs through price increases or productivity improvements.

- As part of its strategy for growth, Alcoa has made and may continue to make acquisitions and divestitures and form strategic alliances. There can be no assurance that these will be completed or beneficial to Alcoa.

- Alcoa has investments and activities in numerous countries outside the U.S. and in emerging markets, including China, Brazil, India, Korea and Mexico. Changes in the laws or governmental policies in the countries in which Alcoa operates could affect its business in such countries and Alcoa's results of operations. In addition, economic factors, including inflation and fluctuations in foreign currency exchange rates and interest rates, and competitive factors in the countries could affect Alcoa's revenues, expenses and results of operations.

- The markets for most aluminum products are highly competitive. In addition, aluminum competes with other materials, such as steel, plastics and glass, among others, for various applications in Alcoa's key markets. The willingness of customers to accept substitutions for the products sold by Alcoa, the ability of large customers to exert leverage in the marketplace to affect the pricing for certain fabricated aluminum products, such as can sheet, or other developments by or affecting Alcoa's competitors or customers could affect Alcoa's results of operations.

- A significant downturn in the business or financial condition of a key customer or customers supplied by Alcoa could affect Alcoa's results of operations in a particular period.

- Alcoa has undertaken and may continue to undertake productivity and cost-reduction initiatives to improve performance, including deployment of company wide business process models, such as the Alcoa Business System and the Alcoa Enterprise Business Solution, an initiative designed to build a common global infrastructure across Alcoa for data, processes and supporting software. There can be no assurance that these initiatives will be completed or beneficial to Alcoa or that any estimated cost savings from such activities will be realized.

- Alcoa is working on new developments in advanced smelting process technologies, including inert anode technology. There can be no assurance that such technologies will be commercially feasible or beneficial to Alcoa.

- Alcoa's operations worldwide are subject to numerous complex and increasingly stringent environmental laws and regulations. The costs of complying with such environmental laws and regulations, including participation in assessments and cleanups of sites, as well as internal voluntary programs, are significant and will continue to be so for the foreseeable future. Alcoa's results of operations or liquidity in a particular period could be affected by certain environmental matters, including remediation costs and damages related to several sites.

- Alcoa's results of operations or liquidity in a particular period could be affected by significant legal proceedings or investigations adverse to Alcoa, including product liability, safety and health and other claims.

The above list of important factors is not inclusive or necessarily in order of importance.

Item 2. Properties.

Alcoa has facilities under the following segments and in the following geographic areas:

ALUMINA AND CHEMICALS

Bauxite: See the chart in the Bauxite Interests section on page 4.

Alumina: See the chart in the Alumina Refining Facilities and Capacity section on page 5.

Segment	Region	Locations
Alumina Chemicals:	United States:	7 locations in 6 states
	Europe:	3 locations in 3 countries
	South America:	2 locations
	Asia:	3 locations in 2 countries
	Australia:	2 locations

PRIMARY METALS

See the chart in the Primary Aluminum Facilities and Capacity section on page 6.

FLAT-ROLLED PRODUCTS

Segment	Region	Locations
Sheet and Plate:	United States:	11 locations in 10 states
	Europe:	10 locations in 7 countries
	South America:	1 location
	Asia:	1 location
	Australia:	2 locations
Foil Products:	United States:	4 locations in 3 states
	Europe:	2 locations
	South America:	1 location
	Asia:	2 locations
	Australia:	1 location
Can Reclamation:	United States:	1 location
	Europe:	1 location
	South America:	1 location
	Australia:	1 location

ENGINEERED PRODUCTS

Segment	Region	Locations
Aerospace:	United States:	21 locations in 14 states
	Canada:	2 locations in 2 provinces
	Europe:	9 locations in 3 countries
	Asia:	1 location
Auto Components:	United States:	6 locations in 5 states
	Canada:	1 location
	Europe:	6 locations in 4 countries
	South America:	3 locations in 2 countries
Architectural Extrusions:	United States:	12 locations in 10 states
	Canada:	2 locations in 2 provinces
	Europe:	11 locations in 6 countries
	South America:	8 locations in 3 countries
Castings:	United States:	17 locations in 12 states
	Canada:	3 locations in 2 provinces
	Europe:	10 locations in 6 countries
	South America:	1 location
	Asia:	1 location

Segment	Region	Locations
Extrusion, Tube:	United States:	16 locations in 15 states
	Europe:	18 locations in 6 countries
	South America:	9 locations in 4 countries
Fasteners:	United States:	14 locations in 10 states
	Europe:	2 locations
	Australia:	1 location

PACKAGING AND CONSUMER

Segment	Region	Locations
Consumer Products:	United States:	7 locations in 5 states
	Europe:	3 locations
	South America:	1 location
Flexible Packaging:	United States:	8 locations in 4 states
	Europe:	1 location
Closures, Machinery:	United States:	8 locations in 7 states
	Europe:	7 locations in 6 countries
	South America:	9 locations in 6 countries
	Mexico:	2 locations
	Asia:	6 locations in 6 countries
Graphics:	United States:	20 locations in 15 states
	Canada:	3 locations in 1 province
	Mexico:	1 location
Foodservice Packaging:	United States:	7 locations in 6 states
	Canada:	1 location
	South America:	1 location

OTHER

Segment	Region	Locations
AFL		
Automotive:	United States:	6 locations in 4 states
	Canada:	1 location
	Europe:	9 locations in 7 countries
	Mexico:	6 locations
	South America:	2 locations in 2 countries
Telecommunications:	United States:	14 locations in 13 states
	Europe:	1 location
	Mexico:	1 location
Auto Engineering:	United States:	8 locations in 5 states
	Europe:	2 locations
Building Products:	United States:	5 locations in 5 states
Other:	United States:	24 locations in 15 states
	Canada:	1 location
	Europe:	4 locations in 2 countries
	South America:	18 locations in 6 countries
	Australia:	1 location

Alcoa's corporate center is located at 201 Isabella Street, Pittsburgh, Pennsylvania 15212-5858. Alcoa's global office is located at 390 Park Avenue, New York, New York 10022-4608.

Alcoa does lease some of its facilities; however, it is the opinion of management that the leases do not affect the continued use of the properties nor their values. AFL and Southern Graphic Systems, Inc. lease most of their facilities.

Alcoa believes that its facilities are suitable and adequate for its operations. Although no title examination of properties owned by Alcoa has been made for the purpose of this report, the company knows of no material defects in title to any such properties. See Notes A, E and Q to the financial statements for information on properties, plants and equipment and lease expense.

Item 3. Legal Proceedings.

In the ordinary course of its business, Alcoa is involved in a number of lawsuits and claims, both actual and potential, including some that it has asserted against others. While the amounts claimed may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. It is possible that results of operations or liquidity in a particular period could be materially affected by certain contingencies. Management believes, however, that the disposition of matters that are pending or asserted will not have a material adverse effect on the financial position of the company.

Environmental Matters

Alcoa is involved in proceedings under the Superfund or analogous state provisions regarding the usage, disposal, storage or treatment of hazardous substances at a number of sites in the U.S. The company has committed to participate, or is engaged in negotiations with federal or state authorities relative to its alleged liability for participation, in clean-up efforts at several such sites.

Since 1989, Alcoa has been conducting investigations and studies of the Grasse River, adjacent to Alcoa's Massena, New York plant site, under order from the U.S. Environmental Protection Agency (EPA) issued under Section 106 of the Comprehensive Environmental Response, Compensation and Liability Act, also known as Superfund. Sediments and fish in the river contain varying levels of polychlorinated biphenyl (PCB). In the fourth quarter of 1999, Alcoa submitted an Analysis of Alternatives Report to the EPA. This Report identified potential courses of remedial action related to the PCB contamination of the river. The EPA indicated to Alcoa that it believed additional remedial alternatives needed to be included in the Analysis of Alternatives Report. During 2000 and 2001, Alcoa completed certain studies and investigations on the river, including pilot tests of sediment capping techniques and other remediation technologies. In February 2002, Alcoa submitted a revised draft Analysis of Alternatives Report based on these additional evaluations and included additional remedial alternatives required by the EPA. The additional alternatives required by the EPA involve removal of more sediment than was included in the 1999 Analysis of Alternatives Report. The range of costs associated with the remedial alternatives evaluated in the 2002 Report is between $2 million and $525 million. Alcoa believes that several of those alternatives, involving the largest amounts of sediment removal, should not be selected for the Grasse River remedy. Alcoa believes the alternatives that should be selected are those ranging from monitored natural recovery ($2 million) to a combination of moderate dredging and capping ($90 million). A reserve of $2 million has been recorded for any potential losses, as no one of the alternatives is more likely to be selected than any other.

Representatives of various U.S. federal and state agencies and a Native American tribe, acting in their capacities as trustees for natural resources, have asserted that Alcoa and Reynolds may be liable for loss or damage to such resources under federal and state law based on Alcoa's and Reynolds' operations at their Massena, New York and St. Lawrence, New York facilities. While formal proceedings have not been instituted, the company continues to actively investigate these claims.

Since 1990 Alcoa has undertaken investigations and evaluations concerning alleged releases of mercury from its Point Comfort, Texas facility into the adjacent Lavaca Bay pursuant to a Superfund order from the EPA. In March 1994, the EPA listed the "Alcoa (Point Comfort)/Lavaca Bay Site" on the National Priorities List, and Alcoa and Region VI of the EPA entered into an administrative order on consent, EPA docket no. 6-11-94, concerning the site. The administrative order required the company to conduct a remedial investigation and feasibility study under EPA oversight. Following submission by the company of all required information, in December 2001, the EPA issued its Record of Decision (ROD) for the site. That ROD selected the final remedial approach for the site. The cost of such remedy is fully reserved. The company is negotiating a Consent Decree with the United States under which it will undertake to implement the remedy. The company and certain federal and state natural resource trustees, who previously served Alcoa with notice of their intent to file suit to recover damages for alleged loss or injury of natural resources in Lavaca Bay, have cooperatively identified restoration alternatives and approaches for Lavaca Bay. The cost of such restoration is reserved and Alcoa anticipates negotiating a Consent Decree with the trustees under which it will implement the restoration.

In October 1998, Region V of the EPA referred various alleged environmental violations at Alcoa's Lafayette, Indiana operations to the civil division of the U.S. Department of Justice (DOJ). The alleged violations relate to water permit exceedances as reported on monthly discharge monitoring reports. Alcoa and the DOJ entered into a tolling agreement to suspend the statute of limitations related to the alleged violations in order to facilitate settlement discussions with the DOJ and EPA. The parties have been able to reach settlement and a consent decree concluding this matter was executed in January 2002.

In July 2001, the Louisiana Department of Environmental Quality (DEQ) filed an administrative law proceeding, docket no. 2001-5918-EQ, against Discovery Aluminas, Inc. (Discovery), an Alcoa subsidiary, and Waste Management, Inc. (Waste Management) seeking civil penalties for alleged infractions of DEQ's hazardous waste regulations. Both Discovery and Waste Management have denied the allegations and formal discovery is proceeding.

In 1994, the EPA added Reynolds' Troutdale, Oregon primary aluminum production plant to the National Priorities List of Superfund sites. Alcoa is cooperating with the EPA and, pursuant to a September 1995 consent order, docket number 1094-01-19-106, between Reynolds and EPA Region 10, is working with the EPA to identify cleanup solutions for the site. The EPA is expected to issue its ROD during 2002. Following curtailment of active production operations and based on a further evaluation of remedial options, the company has determined the most probable cost of cleanup. This amount has been fully reserved.

On October 24, 2001, the Texas Natural Resource Conservation Commission (TNRCC) approved an Agreed Order concerning Alcoa's Point Comfort Operations. The Agreed Order required corrective actions and fines for various violations of the Clean Air Act that were self-reported to the TNRCC by Alcoa. The Order required payment of a fine of $145,000. In lieu of one-half of the fine, Alcoa agreed to purchase a hazardous material response vehicle for the Calhoun County Local Emergency Planning Committee. TNRCC deferred an additional $36,000 fine contingent upon completion of the terms of the Order.

On December 26, 2001, three citizens groups filed an action in the U.S. District Court for the Western District of Texas against Alcoa. The groups alleged that activities conducted in the mid-1980s at the Alcoa power plant in Rockdale, Texas triggered various requirements under the Clean Air Act and the Texas Clean Air Act and that the plant did not comply with those requirements. The groups also alleged that the plant violated opacity limits. On January 29, 2002, the company filed its answer to the complaint denying the allegations. In addition, on January 9, 2002, the TNRCC issued a Notice of Enforcement and EPA Region VI issued a Notice of Violation against Alcoa. Neither constitutes final agency action. Nevertheless, both notices asserted that activities conducted in the mid-1980s at the Alcoa power plant

in Rockdale, Texas triggered requirements under the Clean Air Act and/or the Texas Clean Air Act and that the plant did not comply with those requirements. The company is engaged in settlement negotiations with the TNRCC and EPA.

To meet the terms of a newly issued decision by the Western Australia Minister for the Environment amending the license regulating emissions from the Wagerup alumina refinery, AWAC is required to implement projects to reduce emissions of odors and nitrogen oxides at the Wagerup facility by June 30, 2002. If the Wagerup facility does not complete the projects by that date, Wagerup's alumina production must be reduced by approximately 6% to the production limits of the prior license until the projects are completed. AWAC is working diligently to meet the new standards by the June 30 deadline.

Other Matters

Alcoa initiated a lawsuit in King County, Washington in December 1992 against nearly 100 insurance companies that provided insurance coverage for environmental property damage at Alcoa plant sites between the years 1956 and 1985. The trial for the first three sites concluded in October 1996 with a jury verdict partially in Alcoa's favor and an award of damages to Alcoa. In its post-trial decisions, the trial court substantially reduced the amount that Alcoa will be able to recover from its insurers on the three test sites. Alcoa appealed these rulings to the Washington Court of Appeals, which certified the appeal to the Washington Supreme Court. Alcoa prevailed on significant portions of the appeal and the matter is currently set for trial in June 2003.

Along with various asbestos manufacturers, distributors and premises users, Alcoa and/or its subsidiaries are defendants in several hundred active individual lawsuits filed on behalf of persons alleging injury predominantly (98%) as a result of occupational exposure to asbestos at various company facilities. In addition to the above cases, an Alcoa subsidiary has been routinely named, along with a large common group of industrial companies, in a standardized complaint utilized by one particular law firm where the company's involvement is not evident. Since 1999, about seven thousand such complaints have been filed. To date, Alcoa's subsidiary has been dismissed from almost every case (99.8%) that was actually placed in line for trial. Alcoa, its subsidiaries and acquired companies, all have had numerous insurance policies over the years that provide coverage for asbestos based claims. Many of these policies provide layers of coverage for varying periods of time and for varying locations. Alcoa believes that between its reserves and insurance it is adequately covered for its known asbestos exposures. For the period from 1997 through the end of 2001, Alcoa's net out-of-pocket costs in payments on asbestos claims has averaged a little over $1 million per year. The costs of defense and settlement have not been and are not expected to be material to the financial condition of the company.

In July 1999, Alcoa Aluminio S.A. received notice that an administrative proceeding was commenced by Brazil's Secretary of Economic Law of the Ministry of Justice against Brazilian producers of primary aluminum, including Alcoa Aluminio. The suit alleges collusive action in the pricing of primary aluminum in violation of Brazilian antitrust law. Alcoa Aluminio has presented its defense and is awaiting the decision of the Secretary of Economic Law. If the Secretary of Economic Law determines that the antitrust law was violated, then the action may be further prosecuted by the Administrative Council of Economic Defense. Brazilian law provides for civil and criminal sanctions for violations of antitrust law, including fines ranging from 1% to 30% of a company's revenue during the last fiscal year.

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 U.S. 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 the 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.

A purported class action was filed on February 14, 2002 in the U.S. District Court for the Northern District of Ohio against the company and the International UAW, on behalf of 400 African-American employees of Cleveland Works, alleging discrimination in Cleveland's apprenticeship program. Plaintiffs seek certification of the class, declaratory and injunctive relief, lost wages, entry into apprenticeship programs, compensatory and punitive damages and costs and expenses of litigation. The complaint has not yet been served on the company.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of the company's security holders during the fourth quarter of 2001.

Item 4A. Executive Officers of the Registrant.

The names, ages, positions and areas of responsibility of the executive officers of the company as of February 15, 2002 are listed below.

Alain J. P. Belda, 58, Director, Chairman of the Board and Chief Executive Officer. Mr. Belda was elected to Alcoa's Board of Directors in September 1998 and became Chairman in January 2001. He has been Chief Executive Officer since May 1999. He was President and Chief Executive Officer from May 1999 to January 2001, and President and Chief Operating Officer from January 1997 to May 1999. He served as Vice Chairman from 1995 to 1997. Mr. Belda and Ricardo E. Belda, Executive Vice President - Alcoa and Group President, Alcoa Europe, are brothers.

Ricardo E. Belda, 57, Executive Vice President - Alcoa and Group President, Alcoa Europe. He was elected to his current position in November 2001. Mr. Belda was named President - Alcoa Europe in March 2000 and elected a Vice President of Alcoa in May 2000. He was named President of Alcoa Nederland B.V. in 1995 and took on responsibility for Extrusions and End Products for all of Europe in 1997.

L. Patrick Hassey, 56, Executive Vice President and Group President, Alcoa Industrial Components. Alcoa Industrial Components includes Howmet, Huck, Alcoa Automotive, Alcoa Wheels and Forged Products. Mr. Hassey was elected to his current position in May 2000. He was appointed President - Alcoa Europe in November 1997. He was elected a Vice President of Alcoa and was named President -Aerospace/Commercial Rolled Products Division in November 1991.

Robert S. Hughes, II, 57, Executive Vice President - Alcoa and Group President, Alcoa Allied Products. He was elected to his current position in July 2001. He also continues to lead Alcoa Fujikura Ltd. where he has been Chairman, Chief Executive Officer and President since 1996. He was elected a Vice President of Alcoa in 1997.

Richard B. Kelson, 55, Executive Vice President and Chief Financial Officer; Chief Compliance Officer. He was elected to his current position in July 2001. Mr. Kelson has been Executive Vice President and Chief Financial Officer since May 1997. He was Executive Vice President and General Counsel from May 1994 to 1997.

William E. Leahey, Jr., 52, Executive Vice President - Alcoa and Group President, Packaging, Consumer, Construction & Distribution. He was elected to his current position in September 2001. Mr. Leahey joined Alcoa in May 2000 as Vice President - Alcoa and Group President, Packaging, Consumer, Construction & Distribution following Alcoa's merger with Reynolds Metals Company. He was Executive Vice President and Chief Financial Officer of Reynolds since 1998; Senior Vice President of Reynolds' global can business in 1997 and Vice President and General Manager of Reynolds' Can Division from 1993 to 1997.

Timothy S. Mock, 59, Vice President, Alcoa Business Support Services and Controller. He was elected to his current position in November 2001. He was elected Vice President, Controller in September 1999;

was President of Alcoa Automotive Structures from 1998 to 1999 and was Managing Director of Alcoa Italia S.p.A. following Alcoa's acquisition of Alumix, S.p.A. from 1996 to 1998.

G. John Pizzey, 56, Executive Vice President and Group President, Alcoa Primary Products. Alcoa Primary Products includes the Alumina and Chemicals segment and the Primary Metals segment. Mr. Pizzey was elected to his current position in July 2001. Mr. Pizzey was named Group President, Alcoa Primary Products in June 2000; was President of Primary Metals in 1997, President, Alcoa World Alumina in 1998 and took on additional responsibility for chemicals in August 1999. He has been a Vice President of Alcoa since 1996.

Lawrence R. Purtell, 54, Executive Vice President and General Counsel. Mr. Purtell joined Alcoa and was elected to his current position in November 1997. Prior to joining Alcoa, Mr. Purtell was Senior Vice President, General Counsel and Corporate Secretary of Koch Industries, Inc.

The company's executive officers are elected or appointed to serve until the next annual meeting of the Board of Directors (held in conjunction with the annual meeting of shareholders) except in the case of earlier death, resignation or removal.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Dividend per share data, high and low prices per share, the principal exchanges on which the company's common stock is traded, and the estimated number of holders of common stock are set forth on page 66 of the Annual Report and are incorporated by reference.

Item 6. Selected Financial Data.

The comparative table showing selected financial data for the company is on page 33 of the Annual Report and is incorporated by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Management's review and comments on the consolidated financial statements are on pages 34 through 43 of the Annual Report and are incorporated by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The information regarding quantitative and qualitative disclosures about market risk is on pages 39 through 40 of the Annual Report and is incorporated by reference.

Item 8. Financial Statements and Supplementary Data.

The company's consolidated financial statements, the notes thereto, selected quarterly financial data and the report of the independent accountants are on pages 44 through 61 of the Annual Report and are incorporated by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information regarding directors is contained under the captions "Board of Directors" and "Item 1-Election of Directors" on pages 6 through 12 of the Proxy Statement and is incorporated by reference.

The information regarding executive officers is set forth in Part I, Item 4A of this report under "Executive Officers of the Registrant."

The information required by Item 405 of Regulation S-K is contained under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" on page 15 of the Proxy Statement and is incorporated by reference.

Item 11. Executive Compensation.

This information is contained under the captions "Directors' Compensation" on page 6, "Stock Performance Graph" on page 15, "Executive Compensation" on pages 18 through 27, and "Change in Control" on page 28 of the Proxy Statement. Such information (other than the Stock Performance Graph and Report of the Compensation Committee, which shall not be deemed to be "filed") is incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 403 of Regulation S-K is contained under the captions "Stock Ownership of Certain Beneficial Owners" and "Stock Ownership of Directors and Executive Officers" on pages 13 through 14 of the Proxy Statement and is incorporated by reference.

Item 13. Certain Relationships and Related Transactions.

This information is contained under the caption "Transactions with Directors' Companies" on page 6 of the Proxy Statement and is incorporated by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) The consolidated financial statements, financial statement schedule and exhibits listed below are filed as part of this report.

(1) The company's consolidated financial statements, the notes thereto and the report of the independent accountants are on pages 44 through 61 of the Annual Report and are incorporated by reference.

(2) The following report and schedule should be read with the company's consolidated financial statements in the Annual Report:

Report of PricewaterhouseCoopers LLP dated January 9, 2002 on the company's financial statement schedule filed as a part hereof for the fiscal years ended December 31, 2001, 2000 and 1999.

Schedule II - Valuation and Qualifying Accounts For the Years Ended December 31, 2001, 2000 and 1999.

(3) Exhibits

Exhibit Number	Description *
2(a).	Agreement and Plan of Merger among the company, Omega Acquisition Corp. and Cordant Technologies Inc. dated as of March 14, 2000, incorporated by reference to exhibit 12(d)(1) to the Tender Offer Statement on Schedule TO filed by the company and Omega Acquisition Corp. on March 20, 2000.
2(b).	Agreement and Plan of Merger among the company, HMI Acquisition Corp. and Howmet International Inc. dated as of June 2, 2000, incorporated by reference to exhibit 12(d)(5) to Amendment No. 5 to the Tender Offer Statement on Schedule TO filed by the company and HMI Acquisition Corp. on June 5, 2000.
3(a).	Articles of the Registrant as amended, incorporated by reference to exhibit 3(a) to the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.
3(b).	By-Laws of the Registrant as amended, incorporated by reference to exhibit 3(b) to the company's Annual Report on Form 10-K for the year ended December 31, 1998.
4(a).	Articles. See Exhibit 3(a) above.
4(b).	By-Laws. See Exhibit 3(b) above.
4(c).	Form of Indenture, dated as of September 30, 1993, between Alcoa and J. P. Morgan Trust Company, N.A. (formerly Chase Manhattan Trust Company, N.A.), as successor Trustee (undated form of Indenture incorporated by reference to exhibit 4(a) to Registration Statement No. 33-49997 on Form S-3).
10(a).	Alcoa's Summary of the Key Terms of the AWAC Agreements, incorporated by reference to exhibit 99.2 to the company's Current Report on Form 8-K, dated November 28, 2001.
10(b).	Charter of the Strategic Council executed December 21, 1994, incorporated by reference to exhibit 99.3 to the company's Current Report on Form 8-K, dated November 28, 2001.

10(c). Amended and Restated Limited Liability Company Agreement of Alcoa Alumina & Chemicals, L.L.C. dated as of December 31, 1994, incorporated by reference to exhibit 99.4 to the company's Current Report on Form 8-K, dated November 28, 2001.

10(d). Shareholders Agreement dated May 10, 1996 between Alcoa International Holdings Company and WMC Limited, incorporated by reference to exhibit 99.5 to the company's Current Report on Form 8-K, dated November 28, 2001.

10(e). Side Letter of May 16, 1995 clarifying transfer restrictions, incorporated by reference to exhibit 99.6 to the company's Current Report on Form 8-K, dated November 28, 2001.

10(f). Amended and Extended Revolving Credit Agreement (364-Day), dated as of April 27, 2001, incorporated by reference to exhibit 10(n) to the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001.

10(g). Amended and Restated Revolving Credit Agreement (Five-Year), dated as of April 27, 2001, incorporated by reference to exhibit 10(o) to the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001.

10(h). Revolving Credit Agreement (Five-Year), dated as of August 14, 1998, incorporated by reference to exhibit 10(o) to the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

10(i). Alcoa Stock Acquisition Plan, effective January 1, 1999, incorporated by reference to exhibit 10(a) to the company's Annual Report on Form 10-K for the year ended December 31, 1999.

10(i)(1). Amendments to Alcoa Stock Acquisition Plan, effective September 1, 2000, incorporated by reference to exhibit 10(a)(1) to the company's Annual Report on Form 10-K for the year ended December 31, 2000.

10(j). Employees' Excess Benefit Plan, Plan A, incorporated by reference to exhibit 10(b) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1980.

10(j)(1). Amendments to Employees' Excess Benefit Plan, Plan A, effective January 1, 2000, incorporated by reference to exhibit 10(b)(1) to the company's Annual Report on Form 10-K for the year ended December 31, 2000.

10(k). Incentive Compensation Plan, as amended effective January 1, 1993, incorporated by reference to exhibit 10(c) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1992.

10(l). Employees' Excess Benefit Plan, Plan C, as amended and restated in 1994, effective January 1, 1989, incorporated by reference to exhibit 10(d) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1994.

10(l)(1). Amendments to Employees' Excess Benefit Plan, Plan C, effective January 1, 2000, incorporated by reference to exhibit 10(d)(1) to the company's Annual Report on Form 10-K for the year ended December 31, 2000.

10(m). Employees' Excess Benefit Plan, Plan D, as amended effective October 30, 1992, incorporated by reference to exhibit 10(e) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1992 and exhibit 10(e)(1) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1994.

10(n). Deferred Fee Plan for Directors, as amended effective July 9, 1999, incorporated by reference to exhibit 10(g)(1) to the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999.

10(o). Restricted Stock Plan for Non-Employee Directors, as amended effective March 10, 1995, incorporated by reference to exhibit 10(h) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1994.

10(o)(1). Amendment to Restricted Stock Plan for Non-Employee Directors, effective November 10, 1995, incorporated by reference to exhibit 10(h)(1) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1995.

10(p). Fee Continuation Plan for Non-Employee Directors, incorporated by reference to exhibit 10(k) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1989.

10(p)(1). Amendment to Fee Continuation Plan for Non-Employee Directors, effective November 10, 1995, incorporated by reference to exhibit 10(i)(1) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1995.

10(q). Deferred Compensation Plan, as amended effective October 30, 1992, incorporated by reference to exhibit 10(k) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1992.

10(q)(1). Amendments to Deferred Compensation Plan, effective January 1, 1993, February 1, 1994 and January 1, 1995, incorporated by reference to exhibit 10(j)(1) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1994.

10(q)(2). Amendment to Deferred Compensation Plan, effective June 1, 1995, incorporated by reference to exhibit 10(j)(2) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1995.

10(q)(3). Amendment to Deferred Compensation Plan, effective November 1, 1998, incorporated by reference to exhibit 10(j)(3) to the company's Annual Report on Form 10-K for the year ended December 31, 1999.

10(q)(4). Amendments to Deferred Compensation Plan, effective January 1, 1999, incorporated by reference to exhibit 10(j)(4) to the company's Annual Report on Form 10-K for the year ended December 31, 1999.

10(q)(5). Amendments to Deferred Compensation Plan, effective January 1, 2000, incorporated by reference to exhibit 10(j)(5) to the company's Annual Report on Form 10-K for the year ended December 31, 2000.

10(r). Summary of the Executive Split Dollar Life Insurance Plan, dated November 1990, incorporated by reference to exhibit 10(m) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1990.

10(s). Dividend Equivalent Compensation Plan, effective February 3, 1997, incorporated by reference to exhibit 10(l) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1996.

10(t). Form of Indemnity Agreement between the company and individual directors or officers, incorporated by reference to exhibit 10(j) to the company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1987.

10(u). Alcoa Stock Incentive Plan, effective June 1, 1999, incorporated by reference to exhibit 10(p)(1) to the company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999.

10(v). Alcoa Supplemental Pension Plan for Senior Executives, effective January 1, 1999, incorporated by reference to exhibit 10(q) to the company's Annual Report on Form 10-K for the year ended December 31, 1998.

10(v)(1). Amendments to Alcoa Supplemental Pension Plan for Senior Executives, effective January 1, 2000, incorporated by reference to exhibit 10(q)(1) to the company's Annual Report on Form 10-K for the year ended December 31, 2000.

10(w). Deferred Fee Estate Enhancement Plan for Directors, effective July 10, 1998, incorporated by reference to exhibit 10(r) to the company's Annual Report on Form 10-K for the year ended December 31, 1998.

10(x). Alcoa Deferred Compensation Estate Enhancement Plan, effective July 10, 1998, incorporated by reference to exhibit 10(s) to the company's Annual Report on Form 10-K for the year ended December 31, 1998.

10(x)(1). Amendments to Alcoa Deferred Compensation Estate Enhancement Plan, effective January 1, 2000, incorporated by reference to exhibit 10(s)(1) to the company's Annual Report on Form 10-K for the year ended December 31, 1999.

10(x)(2). Amendments to Alcoa Deferred Compensation Estate Enhancement Plan, effective January 1, 2000, incorporated by reference to exhibit 10(s)(2) to the company's Annual Report on Form 10-K for the year ended December 31, 2000.

10(y). 2001 PLUS Performance Plan, effective 2001.

10(z). Alcoa Inc. Change in Control Severance Plan.

12. Computation of Ratio of Earnings to Fixed Charges.

13. Portions of Alcoa's 2001 Annual Report to Shareholders.

21. Subsidiaries and Equity Entities of the Registrant.

23. Consent of Independent Accountants.

24. Power of Attorney for certain directors.

*Exhibit Nos. 10(i) through 10(z) are management contracts or compensatory plans required to be filed as Exhibits to this Form 10-K.

Amendments and modifications to other Exhibits previously filed have been omitted when in the opinion of the Registrant such Exhibits as amended or modified are no longer material or, in certain instances, are no longer required to be filed as Exhibits.

No other instruments defining the rights of holders of long-term debt of the Registrant or its subsidiaries have been filed as Exhibits because no such instruments met the threshold materiality requirements under Regulation S-K. The Registrant agrees, however, to furnish a copy of any such instruments to the Commission upon request.

(b) Reports on Form 8-K. During the fourth quarter of 2001, Alcoa filed three reports on Form 8-K with the Securities and Exchange Commission, all of which reported matters under Item 5:

(1) a Form 8-K dated November 19, 2001, reporting Alcoa's announcement of restructuring charges;

(2) a Form 8-K dated November 28, 2001, reporting on certain matters between Alcoa and WMC Limited and their existing alliance known as Alcoa World Alumina and Chemicals; and

(3) a Form 8-K dated December 6, 2001, reporting that Alcoa had completed the offering and sale of $1,500,000,000 principal amount of notes in an underwritten public offering.

Report of Independent Accountants on Financial Statement Schedule

To the Shareholders and Board of Directors
of Alcoa Inc. (Alcoa)

Our audits of the consolidated financial statements referred to in our report dated January 9, 2002 appearing in the 2001 Annual Report to Shareholders of Alcoa (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

600 Grant Street
Pittsburgh, Pennsylvania
January 9, 2002

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31
(in millions)

Col. A	Col. B	Col. C		Col. D	Col. E
		Additions			
Description	Balance at beginning of Period	Charged to costs and expenses	Charged to other accounts (A)	Deductions (B)	Balance at end of period
Allowance for doubtful accounts:					
2001	$ 69	$ 58	$ 7(A)	$ 5(B)	$ 129
2000	$ 58	$ 9	$ 11(A)	$ 9(B)	$ 69
1999	$ 61	$ 10	$ (5)(A)	$ 8(B)	$ 58
Income tax valuation allowance:					
2001	$ 165	$ 50	$ (7)(A)	$ 7(C)	$ 201
2000	$ 134	$ 27	$ 30(A)	$ 26(C)	$ 165
1999	$ 135	$ 12	$ 6(A)	$ 19(C)	$ 134

Notes: (A) Collections on accounts previously written off, acquisition/divestiture of subsidiaries and foreign currency translation adjustments.

(B) Uncollectible accounts written off.

(C) Related primarily to utilization of tax loss carryforwards.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALCOA INC.

March 4, 2002

By /s/ Timothy S. Mock

Timothy S. Mock
Vice President, Alcoa Business Support Services and Controller
(Also signing as Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Alain J.P. Belda Alain J. P. Belda	Chairman of the Board and Chief Executive Officer (Principal Executive Officer and Director)	March 4, 2002
/s/ Richard B. Kelson Richard B. Kelson	Executive Vice President and Chief Financial Officer; Chief Compliance Officer (Principal Financial Officer)	March 4, 2002

Kathryn S. Fuller, Joseph T. Gorman, Judith M. Gueron, Sir Ronald Hampel, John P. Mulroney, Henry B. Schacht, Franklin A. Thomas and Marina v.N. Whitman, each as a Director, on March 4, 2002, by Donna C. Dabney, their Attorney-in-Fact.*

*By /s/ Donna C. Dabney

Donna C. Dabney
Attorney-in-Fact

EXHIBIT 10(Y)

ALCOA INC.

("PLUS")PLAN

ARTICLE I - DEFINITIONS

For the purposes of this PLUS Plan ("Plan"), unless a different meaning is clearly required by the context:

"Award" means the benefit provided to Participants under Article III herein.

"Award Date" means March 31, 2004, or such other date during the first quarter of 2004, as determined by the Company.

"Business Unit Participants" means those employees who are eligible salaried employees of a business unit.

"Committee" means the Compensation Committee of the Board of Directors of the Company, or its designee, the VP, People and Communications, as set forth in the Plan.

"Company" means Alcoa Inc. and any successor thereto.

"Corporate Participants" means those employees who are eligible salaried employees of the Company, but not employees of a particular business unit.

"Deferred Compensation Plan" means the Company's Deferred Compensation Plan, or Deferred Compensation Estate Enhancement Plan, as

applicable, as they may be amended from time to time or any deferred compensation plan which may be established during the Effective Period.

"Disability" means a mental or physical condition preventing the employee from performing his or her position satisfactorily, where a qualified physician designated by the Committee certifies that, in his or her opinion, the employee's state of health is such that he or she should not be burdened with the responsibilities of his or her position even though he or she is not totally or permanently disabled.

"Effective Period" means January 1, 2001 through December 31, 2003.

"Participants" means Business Unit Participants and Corporate Participants who satisfy all of the requirements of Section 2 of Article II.

"Retirement" means (a) termination of employment with rights to an immediate pension (other than a deferred vested pension) under the provisions of any retirement plan of the Company, a Subsidiary or government sponsored retirement plan or (b) termination of employment upon or after attaining age 65 regardless of pension eligibility.

"Subsidiary" means any corporation in which the Company owns, directly or indirectly, stock possessing a majority of the total combined voting power of all classes of stock in such corporation, and any corporation, partnership, joint venture, limited liability company or other business entity as to which the Company possesses a significant ownership interest, directly or indirectly, as determined by the Committee.

ARTICLE II - PARTICIPATION

SECTION 1. Purpose. The Purpose of the Plan is to provide compensation for officers and other key employees of the Company and its Subsidiaries as a reward for achieving three year stretch performance and cost reduction goals.

SECTION 2. Eligibility. Those employees who, for at least 12 months during the Effective Period, are both eligible to participate in the Alcoa Stock Incentive Plan, and are at least job grade 21 and above, are eligible to participate in the Plan. The Company, in its sole discretion, may include other key employees of the Company and its Subsidiaries who do not meet the foregoing requirements as Participants and exclude any employees who otherwise would meet the foregoing requirements.

ARTICLE III - AWARDS

SECTION 1. Determination. Only upon the Company meeting or exceeding its Return on Capital ("ROC") threshold goal are Awards granted to Participants. In addition, Business Unit Participants will receive Awards only upon the Participant's business unit meeting or exceeding its threshold ROC goal. Awards shall be determined in accordance with the PLUS award guidelines, which may be amended from time to time by the Company.

SECTION 2. Cash Awards. Each Award is paid in cash to the Participants on the Award Date. Cash payment of Awards are made from the general funds of the Company.

SECTION 3. Deferred Awards. Awards may be deferred under applicable deferred compensation plans. For purposes of the U.S. Deferred Compensation Plan, 100% of the Award may be deferred.

SECTION 4. _Not Benefit Compensation_. Awards are not treated as compensation for any purpose under any other compensation or benefit plan of the Company.

ARTICLE IV - EMPLOYEE OBLIGATIONS

SECTION 1. _Contingent Awards_. In the event a Participant's employment is terminated for any reason other than death, Disability, or Retirement, all rights to an Award are forfeited. In the event a Participant's employment is terminated by reason of death, Disability or Retirement, then the granting of an Award is at the sole discretion of the Committee.

SECTION 2. _Participant Rights_. No Participant or other person, by virtue of any Award, has any interest whatever, either vested or contingent, in any property of the Company or its Subsidiaries or in any share of Company Stock held in the treasury of the Company. The interest of any Participant in the Plan is not assignable, transferable or subject to any lien, in whole or in part, either directly or by operation of law or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner. Participation in the Plan does not give any employee the right to continued employment by the Company or its Subsidiaries.

SECTION 3. _Beneficiary_. Upon the death of a Participant, any unpaid Awards will be paid to a Participant's spouse, if the Participant is married, or to a Participant's estate, if the Participant is not married.

ARTICLE V - ADMINISTRATION

SECTION 1. Committee. The Committee has the exclusive power and discretionary authority to grant Awards to Participants who are officers of the Company. The Vice President - People and Communication has the exclusive power and discretionary authority to grant Awards to all other Participants. The Committee may take all action, including the adoption of rules and regulations, as it deems appropriate for the administration of the Plan. All determinations by the Committee are final and binding upon the Company, its Subsidiaries, Participants, employees and beneficiaries.

SECTION 2. Indemnification. No member of the Committee or employee of the Company is personally liable for any decision made or action taken in reliance upon any report or information furnished by the Company's independent certified public accountants and upon any other information furnished in connection with the Plan by any person or persons other than such member; nor for any mistake of judgment made by such member or any other member of the Committee; nor for any loss, unless resulting from his or her own gross negligence or willful misconduct; and no member of the Committee is liable for the neglect, omissions or wrongdoing of any other member or agent of the Committee; and each member of the Committee is indemnified and held harmless by the Company against and from any cost or liability that may be reasonably incurred by or imposed upon such member in connection with any claim or proceeding to which such member may be a party or in which such member may be involved by reason of any action taken or failure to act under the Plan.

SECTION 3. Amendments. The Committee may from time to time amend, modify, suspend or terminate the Plan, rules or guidelines at any time and for any reason.

SECTION 4. Expenses. All expenses of administering the Plan are paid by the Company, which in turn may seek reimbursement from Subsidiaries. The cost of all Awards incurred by the Company with respect to employees of any Subsidiary will be reimbursed by the Subsidiary.

ARTICLE VI - MISCELLANEOUS

SECTION 1. Construction. The Plan is construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania, excluding any choice of law provisions, which may indicate the application of the laws of another jurisdiction.

SECTION 2. No Modifications. This Plan encompasses all of the rights of a Participant and supersedes all agreements, understandings, negotiations, discussions and commitments with respect to the matters herein.

Exhibit 10(z)

ALCOA INC.
CHANGE IN CONTROL
SEVERANCE PLAN

The Company hereby adopts, as of January 11, 2002, the Alcoa Inc. Change in Control Severance Plan for the benefit of certain employees of the Company and its subsidiaries, on the terms and conditions hereinafter stated. All capitalized terms used herein are defined in Section 1 hereof.

Section 1. DEFINITIONS. As hereinafter used:

1.1 "Affiliate" shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

1.2 "Applicable Multiplier" shall mean three (3); provided, however, that, with respect to an Eligible Employee who incurs a Severance during the three year period immediately preceding such individual's Mandatory Retirement Age, such multiplier shall be equal to (x) the number of full and partial months remaining until such Eligible Employee attains Mandatory Retirement Age, (y) divided by twelve.

1.3 "Applicable Period" shall mean the thirty-six (36) month period immediately following an Eligible Employee's Severance Date; provided, however, that, with respect to an Eligible Employee who incurs a Severance during the three year period immediately preceding such individual's Mandatory Retirement Age, the Applicable Period shall mean the period remaining until such Eligible Employee attains Mandatory Retirement Age.

1.4 "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

1.5 "Board" means the Board of Directors of the Company.

1.6 "Cause" means: (i) the willful and continued failure by the Eligible Employee to substantially perform the Eligible Employee's duties with the Employer that has not been cured within thirty (30) days after a written demand for substantial performance is delivered to the Eligible Employee by the Board, which demand specifically identifies the manner in which the Board believes that the Eligible Employee has not substantially performed the Eligible Employee's duties, or (ii) the willful engaging by the Eligible Employee in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Eligible Employee's part shall be deemed "willful" unless done, or omitted to be done, by the

Eligible Employee not in good faith and without reasonable belief that the Eligible Employee's act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists and the Board finding to that effect is adopted by the affirmative vote of not less than three quarters (3/4) of the entire membership of the Board (after reasonable notice to the Eligible Employee and an opportunity for the Eligible Employee, together with the Eligible Employee's counsel, to be heard by the Board).

1.7 "Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(a) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, as of the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended;

(b) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation or other Entity where one of the following is true (i) such merger or consolidation, as applicable, results in the voting securities of the Company outstanding immediately prior to such merger or consolidation no longer representing (either by remaining outstanding or by being converted into voting securities of the surviving Entity or any parent thereof) at least 55% of the combined voting power of the stock and securities of the Company or such surviving Entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) immediately following such merger or consolidation, as applicable, the individuals who comprise the board of directors of the Company immediately prior to such merger or consolidation no longer constitute at least a majority of the board of directors of the Company, the surviving Entity or any parent thereof;

(c) the sale or disposition by the Company of all or substantially all of the Company's assets other than a sale or disposition by the Company of all or substantially all of the assets to an Entity at least 55% of the combined voting power

of the stock and securities of which is owned by the shareholders of the Company in substantially the same proportions as their ownership of the Company's voting stock immediately prior to such sale; or

(d) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company.

1.8 "Code" means the Internal Revenue Code of 1986, as it may be amended from time to time.

1.9 "Committee" means the Compensation Committee of the Board.

1.10 "Company" means Alcoa Inc., or any successors thereto.

1.11 "DB Pension Plan" means any tax-qualified, supplemental or excess defined benefit pension plan maintained by the Company or any of its Affiliates and any other defined benefit plan or agreement entered into between the Eligible Employee and the Company or any of its Affiliates which is designed to provide the Eligible Employee with supplemental defined benefit retirement benefits.

1.12 "DC Pension Plan" means any tax-qualified, supplemental or excess defined contribution plan maintained by the Company or any of its Affiliates and any other defined contribution plan or agreement entered into between the Eligible Employee and the Company or any of its Affiliates which is designed to provide the Eligible Employee with supplemental defined contribution retirement benefits.

1.13 "Eligible Employee" means any Tier I, Tier II or Tier III Employee. An Eligible Employee becomes a "Severed Employee" once he or she incurs a Severance.

1.14 "Employer" means the Company or any of its subsidiaries which is an employer of the Eligible Employee.

1.15 "Entity" means any individual, entity, person (within the meaning of Section 3(a)(9) of the Exchange Act or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than (i) an employee plan of the Company or any of its Affiliates, (ii) any Affiliate of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by shareholders of the Company in substantially the same proportions as their ownership of the Company.

1.16 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

1.17 "Excise Tax" shall mean any excise tax imposed under section 4999 of the Code.

1.18 "Good Reason" in respect of an Eligible Employee means the occurrence, after a Change in Control (or prior to a Change in Control, under the circumstances described in the second sentence of Section 1.24 hereof, treating all references below to a "Change in Control" as references to a "Potential Change in Control"), of:

(i) the assignment to the Eligible Employee of any duties inconsistent with the Eligible Employee's employment status with the Employer immediately prior to the Change in Control or a substantial adverse alteration in the nature or status of the Eligible Employee's responsibilities from those in effect immediately prior to the Change in Control, including, but not limited to, (x) with respect to a Tier I Employee, the Eligible Employee's ceasing to hold the office as the sole chief executive officer of the Company (or its parent or successor) and to function in that capacity, reporting directly to the board of directors of a public company, and (y) with respect to a Tier II Employee, the Eligible Employee's ceasing to report directly to the chief executive officer of a public company;

(ii) a reduction by the Company in the Eligible Employee's total compensation and benefits in the aggregate from that in effect immediately prior to the Change in Control. Total compensation and benefits includes, but is not limited to (1) annual base salary, annual variable compensation opportunity (taking into account applicable performance criteria and the target bonus amount of annual variable compensation); (2) long term stock-based and cash incentive opportunity (taking into account applicable performance criteria and the target stock option amount); and (3) benefits and perquisites under pension, savings, life insurance, medical, health, disability, accident and material fringe benefit plans of the Company or its subsidiaries or Affiliates in which the Eligible Employee was participating immediately before the Change in Control;

(iii) the relocation of the Eligible Employee's principal place of employment to a location more than fifty (50) miles from the Eligible Employee's principal place of employment immediately prior to the Change in Control; or

(iv) the failure by the Employer to pay to the Eligible Employee any portion of the Eligible Employee's compensation, within fourteen (14) days of the date such compensation is due.

The Eligible Employee's right to terminate the Eligible Employee's employment for Good Reason shall not be affected by the Eligible Employee's incapacity due to physical or mental illness. The Eligible Employee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any good faith determination by the Eligible Employee that Good Reason exists shall be conclusive. Notwithstanding anything in this Section 1.18 to the contrary, any termination of employment by a Tier I Employee or a Tier II Employee, whether voluntary or involuntary, for any reason or no reason, within a thirty (30) day period commencing on a date six months immediately following a Change in Control shall be deemed to constitute a termination for Good Reason hereunder.

1.19 "Gross-Up Payment" shall have the meaning set forth in Section 2.2 hereof.

1.20 "Mandatory Retirement Age" shall have the meaning set forth in the Company's Mandatory Retirement Policy or its successor policy.

1.21 "Notice of Termination" shall have the meaning set forth in Section 3.6.

1.22 "Plan" means the Alcoa Inc. Change in Control Severance Plan, as set forth herein, as it may be amended from time to time.

1.23 A "Potential Change in Control" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(a) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; or

(b) any Entity becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities and the Board determines the Entity intends to effect a Change in Control.

1.24 "Severance" means the termination of an Eligible Employee's employment with the Employer on or within three years immediately following the date of the Change in Control, (x) by the Employer other than for Cause, or (y) by the Eligible Employee for Good Reason. In addition, for purposes of this Plan, the

Eligible Employee shall be deemed to have incurred a Severance, if (i) the Eligible Employee's employment is terminated by the Employer without Cause prior to a Change in Control (whether or not a Change in Control ever occurs) and such termination was at the request or direction of an Entity who has entered into an agreement with the Company the consummation of which would constitute a Change in Control or (ii) the Eligible Employee terminates his employment for Good Reason prior to a Change in Control (whether or not a Change in Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Entity. For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Eligible Employee shall be presumed to be correct unless the Company establishes to the Board by clear and convincing evidence that such position is not correct. An Eligible Employee will not be considered to have incurred a Severance if his or her employment is discontinued by reason of the Eligible Employee's death or a physical or mental condition causing such Eligible Employee's inability to substantially perform his or her duties with the Company, including, without limitation, such condition entitling him or her to benefits under any sick pay or disability income policy or program of the Company.

1.25 "Severance Date" means the date specified in the Notice of Termination, as provided in Section 3.6 (which, in the case of a termination by the Company, shall not be less than thirty (30) days and, in the case of a termination by the Eligible Employee, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

1.26 "Severance Pay" means the payment determined pursuant to Section 2.1(a) hereof.

1.27 "Tier I Employee" means the Chief Executive Officer of the Company.

1.28 "Tier II Employee" means the Chief Financial Officer, the General Counsel and the Vice President-Corporate Development of the Company, or such other officer (other than an assistant officer) of the Company as the Committee determines.

1.29 "Tier III Employee" means (i) any officer (other than an assistant officer) of the Company and (ii) any such other key executive of the Company or any of its subsidiaries or Affiliates as the Committee determines, which employee, in each case, is not a Tier I Employee or Tier II Employee.

Section 2. BENEFITS.

2.1 Severance Payments and Benefits. Each Eligible Employee who incurs a Severance shall be entitled, subject to Section 2.4, to receive the following payments and benefits from the Company.

(a) Severance Pay equal to the product of (i) the sum of (x) the Severed Employee's annual base salary, and (y) his or her target annual variable compensation with respect to the year in which the Change in Control occurs, and (ii) the Applicable Multiplier. For purposes of this Section 2.1(a), annual base salary shall be the higher of (i) base monthly salary in the calendar month immediately preceding a Change in Control or (ii) base monthly salary in the calendar month immediately preceding the Severed Employee's Severance Date (in either case without regard to any reductions therein which constitute Good Reason) multiplied by twelve.

(b) During the Applicable Period, the Company shall arrange to provide the Severed Employee and anyone entitled to claim through the Severed Employee life, accident and health (including medical, behavioral, prescription drug, dental and vision) benefits substantially similar to those provided to the Severed Employee and anyone entitled to claim through the Severed Employee immediately prior to Employee's Severance Date or, if more favorable to the Severed Employee, those provided to the Severed Employee and those entitled to claim through the Severed Employee immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater after tax cost to the Severed Employee than the after tax cost to the Severed Employee immediately prior to such Severance Date or occurrence. Benefits otherwise receivable by the Severed Employee pursuant to this Section 2.1(b) shall be reduced to the extent benefits of the same type are received by or made available to the Severed Employee during the Applicable Period (and any such benefits received by or made available to the Severed Employee shall be reported to the Company by the Severed Employee); provided, however, that the Company shall reimburse the Severed Employee for the excess, if any, of the after-tax cost of such benefits to the Severed Employee over such cost immediately prior to the Severed Employee's Severance Date or, if more favorable to the Severed Employee, the first occurrence of an event or circumstance constituting Good Reason.

(c) In addition to the retirement benefits to which the Severed Employee is entitled under each DC Pension Plan or any successor plan thereto, the Company shall pay the Severed Employee a lump sum amount, in cash, equal to the product of (i) the value of contributions or allocations actually made by the Company

to all DC Pension Plans, on behalf of the employee, with respect to the calendar year immediately preceding the year in which the Change in Control occurs (but assuming such contributions and allocations had been based on the annualized base salary plus target annual variable compensation as determined in Section 2.1(a)) and (ii) the Applicable Multiplier. Such contributions or allocations shall specifically not include any employee deferrals or contributions, or any earnings.

(d) In addition to the retirement benefits to which the Severed Employee is entitled under each DB Pension Plan or any successor plan thereto, the Company shall pay the Severed Employee a lump sum amount, in cash, equal to the excess of the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined in accordance with each of the DB Pension Plan's normal form of payment, commencing at the date (but in no event earlier than the end of the Applicable Period) as of which the actuarial equivalent of such form of payment is greatest) which the Severed Employee would have accrued under the terms of all DB Pension Plans determined:

(i) without regard to any amendment to any DB Pension Plan made subsequent to a Change in Control and on or prior to the date of the Severed Employee's Severance Date, which amendment adversely affects in any manner the computation of retirement benefits thereunder, and

(ii) as if the Severed Employee were fully vested thereunder, and

(iii) as if the Severed Employee had accumulated (after the Severed Employee's Severance Date) a number of additional months of age and service credit thereunder as if the Severed Employee had remained employed by the Company during the Applicable Period (for all such purposes of determining pension benefits and eligibility for such benefits including all applicable retirement subsidies), and

(iv) as if the Severed Employee had been credited under each DB Pension Plan compensation for each full calendar month during the Applicable Period following the calendar month of the Severed Employee's Severance Date equal to the Severed Employee's annualized base salary plus target annual variable compensation as determined in Section 2.1(a) divided by twelve

over

the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined in accordance with each of the DB Pension Plan's normal form of payment commencing at the date (but in no event earlier than the Severed Employee's Severance Date) as of which the actuarial equivalent of such form of payment is greatest) which the Severed Employee had accrued pursuant to the provisions of the DB Pension Plans as of the Severed Employee's Severance Date.

For purposes of this Section 2.1(d), "actuarial equivalent" shall be determined based upon the Severed Employee's age as of the Severed Employee's Severance Date using the same assumptions utilized under the Alcoa Retirement Plan I, Section 8.3(d)(ii) or the successor to such provision (without regard to applicable dollar limitations ($5,000 as of January 1, 2002)) immediately prior to the Severed Employee's Severance Date or, if more favorable to the Severed Employee, immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

(e) If the Severed Employee would have become entitled to benefits under the Company's post-retirement health care or life insurance plans, as in effect immediately prior to the Severed Employee's Severance Date or, if more favorable to the Severed Employee, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Severed Employee's employment terminated at any time during the Applicable Period, the Company shall provide such post-retirement health care or life insurance benefits to the Severed Employee and the Severed Employee's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in 2.1(b) terminate. Any such benefit, which is dependent on service or compensation shall be determined as if the Severed Employee had accumulated (after the Severed Employee's Severance Date) a number of additional months of age and service credit thereunder as if the Severed Employee had remained employed by the Company up to the foregoing commencement date, and as if the Severed Employee had been credited with compensation for each full calendar month following the calendar month of the Severed Employee's Severance Date up to the foregoing commencement date equal to the Severed Employee's annualized based salary as determined in Section 2.1(a) divided by twelve plus the Severed Employee's target annual variable compensation as determined in Section 2.1(a) divided by twelve. Except for the additional service and compensation during the Applicable Period, nothing herein is intended to provide the Severed Employee with benefits, which exceed the benefits provided to other participants in said post-retirement health care or life insurance plans.

(f) The Company shall provide the Severed Employee with outplacement services suitable to the Severed Employee's position for a period of six (6) months or, if earlier, until the first acceptance by the Severed Employee of an offer of employment.

The amounts described in Sections 2.1(a), (c) and (d) shall be paid to the Severed Employee in a cash lump sum, as soon as practicable following the Severance Date, but in no event later than twenty (20) business days immediately following the later of (x) the Severance Date or (y) the expiration of the revocation period, if any, applicable to such Severed Employee's release, described in Section 2.4.

2.2 Gross-Up Payment.

(a) Whether or not an Eligible Employee incurs a Severance, if any of the payments or benefits received or to be received by the Eligible Employee in connection with a Change in Control or the Eligible Employee's termination of employment (whether pursuant to the terms of this Plan or any other plan, arrangement or agreement) (all such payments and benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, the Company shall pay to the Eligible Employee an additional amount (the "Gross-Up Payment") such that the net amount retained by the Eligible Employee, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments.

(b) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b)(2) of the Code) unless, in the opinion of tax counsel, a compensation consultant or accountant of recognized standing (the "Expert") reasonably acceptable to the Eligible Employee and selected by the accounting firm which was, immediately prior to the Change in Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of section 280G(b)(l) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of the Expert, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section

280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Eligible Employee shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Eligible Employee's residence on the Eligible Employee's Severance Date (or if there is no Severance Date, then the date on which the Gross-Up Payment is calculated for purposes of this Section 2.2) net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(c) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Eligible Employee shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Eligible Employee), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Eligible Employee's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Eligible Employee with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Eligible Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

(d) The Gross-Up Payment shall be paid on the thirtieth (30) day (or such earlier date as the Excise Tax becomes due and payable to the taxing authorities) after it has been determined that the Total Payments are subject to the Excise Tax; provided however, that if the amount of the Gross-Up Payment or any

portion thereof cannot be finally determined on or before that day, the Company shall pay to the Eligible Employee on such date an estimate as determined by the Auditor until such point in time that the final determination of the Gross-Up Payment can occur. Notwithstanding the foregoing, payments may be delayed until the expiration of the revocation period, if any, applicable to such Eligible Employee's release described in Section 2.4.

(e) The Eligible Employee shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of any additional Gross-Up Payment pursuant to Section 2.2(c). Such notification shall be given as soon as practicable but no later than ten (10) business days after the Eligible Employee is informed in writing of such claim and shall apprise the Company of the nature of such claim and date on which the Company must respond to contest the claim. If the Company provides timely notice to the Eligible Employee in writing that it desires to contest such claim, the Eligible Employee shall (i) give the Company any information reasonably requested by the Company relating to such claim; (ii) take such action in connection with contesting such claim, as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company; (iii) cooperate with the Company in good faith in order effectively to contest such claim; and (iv) permit the Company to participate in any proceeding relating to such claim. The Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Eligible Employee harmless on an after-tax basis, for any Excise tax or income tax including interest and penalties with respect hereto) imposed as a result of such representation and payment of cost and expenses. Without limiting the foregoing, the Company shall control all proceedings taken in connection with such contest and at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may at its sole option either direct the Eligible Employee to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Eligible Employee agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts as the Company shall determine. Provided however if the Company directs the Eligible Employee to pay such claim and sue for a refund, the Company shall advance the amount of the payment to the Eligible Employee on an interest-free basis and shall indemnify and hold the Eligible Employee harmless on an after-tax basis from any Excise Tax or income tax imposed with respect to such advance or with respect to such imputed income with respect to such advance and further provided that any extension of the statute of limitation relating to such payment of taxes for the taxable

year of the Eligible Employee with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest and reimbursement for the expenses shall be limited to issues with respect to which an additional Gross-Up Payment would be payable hereunder and the Eligible Employee shall be entitled to settle or contest as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority. If after the receipt by the Eligible Employee of an amount advanced by the Company, the Eligible Employee becomes entitled to receive any refund with respect to such claims, the Eligible Employee shall promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Eligible Employee of an amount advanced by the Company pursuant to the above section, a determination is made that the Eligible Employee shall not be entitled to any refund with respect to such claim and the Company does not notify the Eligible Employee in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall off-set to the extent thereof the amount of Gross-Up Payment required to be paid.

2.3 Legal Fees. The Company shall pay to the Eligible Employee all legal fees and expenses incurred by the Eligible Employee in disputing in good faith any issue hereunder or in seeking in good faith to obtain or enforce any benefit or right provided by this Plan; provided, that the payment of legal fees hereunder by the Company shall not be required if the Eligible Employee pursues such dispute in a manner inconsistent with the provisions of Sections 3.4 and 3.5 hereof; and provided further, that, the Eligible Employee shall be required to repay any such amounts to the Company to the extent that an arbitrator issues a final, unappealable order setting forth a determination that the position taken by the Eligible Employee was frivolous or advanced in bad faith. Subject to Section 2.2(e) hereof, the Company shall pay to the Eligible Employee all legal fees and expenses incurred in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within fourteen (14) business days after delivery of the Eligible Employee's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

2.4 Release. No Severed Employee shall be eligible to receive Severance Pay or other benefits under the Plan unless and until he or she first executes a written release substantially in the form attached hereto as Schedule A (the "Release") (or, if the Severed Employee is not a United States employee, a

similar release which is in accordance with the applicable laws of the relevant jurisdiction), and such release becomes effective by its terms.

2.5 Withholding. The Company shall be entitled to withhold from amounts to be paid to the Severed Employee hereunder any federal, state or local withholding or other taxes or charges (or foreign equivalents of such taxes or charges) which it is from time to time required to withhold.

2.6 Status of Plan Payments. Neither Severance Pay nor any payment made pursuant to Section 2.1(c) or (d) hereof shall constitute "compensation" (or similar term) under the Company's and its Affiliates' employee benefit plans, including any DB Pension Plan or DC Pension Plan.

2.7 Mitigation; Setoff. The Severed Employee is not required to seek other employment or attempt in any way to reduce any amounts payable to him or her under the Plan. Further, except as specifically provided in Section 2.1(b), no payment or benefit provided for in this Plan shall be reduced by any compensation earned by the Severed Employee as a result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Severed Employee to the Company or its Affiliates, or otherwise.

Section 3. PLAN ADMINISTRATION; CLAIMS PROCEDURES.

3.1 The Committee shall administer the Plan and may interpret and construe the terms of the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan, including, without limitation, Section 3.4. Any determination by the Committee shall be final and binding with respect to the subject matter thereof on all Eligible Employees.

3.2 The Committee may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

3.3 The Committee is empowered, on behalf of the Plan, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Committee shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof shall be borne by the Company.

3.4 In the event of a claim by an Severed Employee, such Severed Employee shall present the reason for his or her claim, dispute or controversy in writing to the Committee. The Committee shall, within sixty (60) days after receipt of such written claim, dispute or controversy, send a written notification to the Severed Employee as to its disposition. In the event the claim, dispute or controversy is wholly or partially denied, such written notification shall (i) state the specific reason or reasons for the denial, (ii) make specific reference to pertinent Plan provisions on which the denial is based, (iii) provide a description of any additional material or information necessary for the Severed Employee to perfect the claim, dispute or controversy and an explanation of why such material or information is necessary, and (iv) set forth the procedure by which the Severed Employee may appeal the denial of his or her claim, dispute or controversy. In the event a Severed Employee wishes to appeal the denial of his or her claim, dispute or controversy he or she may request a review of such denial by making application in writing to the Committee within sixty (60) days after receipt of such denial. Such Severed Employee (or his or her duly authorized legal representative) may, upon written request to the Committee, review any documents pertinent to his or her claim, dispute or controversy and submit in writing, issues and comments in support of his or her position. Within sixty (60) days after receipt of a written appeal (unless special circumstances require an extension of time, but in no event more than one hundred twenty (120) days after such receipt), the Committee shall notify the Severed Employee of the final decision. The final decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based. Notwithstanding the foregoing, any claim, dispute or controversy regarding whether an Eligible Employee was terminated for Cause shall be submitted to the Board in accordance with Section 1.6, and upon the mutual agreement of the Severed Employee and the Committee, any claim, dispute or controversy that has been submitted by the Severed Employee in writing to the Committee may be submitted directly to arbitration in accordance with Section 3.5.

3.5 Except with respect to any dispute or controversy arising under the Release, any unresolved claim, dispute or controversy arising under or in connection with the Plan, and which is not resolved in accordance with Section 3.4, shall be settled exclusively by arbitration in New York City or at any other mutually agreed upon location. All claims, disputes and controversies shall be submitted to the CPR Institute for Dispute Resolution ("CPR") in accordance with the CPR's rules then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. The claim, dispute or controversy shall be heard and decided by three arbitrators selected from CPR's employment panel. The arbitrator's

decision shall be final and binding on all parties. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

3.6 Any purported termination of an Eligible Employee's employment shall be communicated by written Notice of Termination from one party hereto to the other party in accordance with Section 5.8. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Plan relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Eligible Employee's employment under the provision so indicated.

Section 4. PLAN MODIFICATION OR TERMINATION.

The Plan may be amended or terminated by the Board at any time; provided, however, that the Committee may make amendments to the Plan (i) that are required by law, (ii) that will have minimal effect upon the Company's cost of providing benefits, or (iii) that do not change or alter the character and intent of the Plan; and further provided that the Plan may not be terminated or amended within three years immediately following a Change in Control.

Section 5. GENERAL PROVISIONS.

5.1 Except as otherwise provided herein or by law, no right or interest of any Eligible Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Eligible Employee under the Plan shall be liable for, or subject to, any obligation or liability of such Eligible Employee. When a payment is due under this Plan to an Eligible Employee who is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

5.2 If the Company is obligated by law or by contract to pay severance pay, a termination indemnity, notice pay, or the like, or if the Company is obligated by law to provide advance notice of separation ("Notice Period"), then any Severance Pay hereunder shall be reduced by the amount of any such severance pay, termination indemnity, notice pay or the like, as applicable, and by the amount of any compensation received during any Notice Period (but not below zero). Except as set forth in the immediately preceding sentence, nothing herein is intended to

affect an employee's rights under any unemployment law or severance contract or plan.

5.3 Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee, or any person whomsoever, the right to be retained in the service of the Company, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

5.4 If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

5.5 This Plan shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Eligible Employee, present and future, and any successor to the Company. If an Eligible Employee shall die while any amount would still be payable to such Eligible Employee hereunder if the Eligible Employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative or administrators of the Eligible Employee's estate.

5.6 The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

5.7 The Plan shall not be funded. No Eligible Employee shall have any right to, or interest in, any assets of the Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

5.8 Any notice or other communication required or permitted pursuant to the terms hereof shall have been duly given when delivered or mailed by United States Mail, first class, postage prepaid, addressed to the intended recipient at his, her or its last known address.

5.9 This Plan shall be construed and enforced according to the laws of the State of New York to the extent not preempted by federal law, which shall otherwise control.

WAIVER AND RELEASE OF CLAIMS AGREEMENT

In consideration of, and subject to, the payments and benefits provided to me pursuant to the Alcoa Inc. Change in Control Severance Plan (the "Plan"), I agree to this Waiver and Release of Claims Agreement (the "Release Agreement") as follows:

I hereby waive, release and completely discharge Alcoa Inc. (the "Company"), its parents, subsidiaries and affiliates, and all of their respective past and present directors, officers, managers, employees, shareholders, partners, representatives, agents, attorneys, servants, predecessors, successors and assigns (collectively, the "Releasees") from any and all claims, charges, complaints, promises, agreements, controversies, liens, demands, causes of action, obligations, damages and liabilities of any nature whatsoever, known or unknown, suspected or unsuspected, arising out of or in any way relating to my employment with the Company, or the termination thereof, which against the Company or any of the Releasees, I or my executors, administrators, successors or assigns ever had, now have, or may hereafter claim to have against any of the Releasees by reason of any matter, cause or thing whatsoever arising on or before the date this Release Agreement is executed by me, and whether or not previously asserted before any state or federal court or before any state or federal agency or governmental entity (the "Release"). This Release includes, without limitation, any rights or claims arising under any statute or regulation, including, in each case as amended, the federal Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act of 1993 and the National Labor Relations Act of 1947, each as amended, the [insert specific state and/or local anti-discrimination law], or any other federal, state or local law, regulation, ordinance, or common law, or under any policy, agreement, understanding or promise, written or oral, formal or informal, between me and the Company and/or any of the Releasees. I further discharge, indemnify and hold harmless the Company and the Releasees from any and all liability from such claims, or claims under any company sponsored internal dispute resolution process.

I represent that I have not commenced, filed or joined in, and am not a participant in, any claim, charge, action or proceeding whatsoever against the Company or any of the Releasees arising out of or relating to any of the matters set forth in the above Release. By signing this Release Agreement, I further covenant and agree that I shall not seek or be entitled to any personal recovery in any claim,

charge, action or proceeding that may be commenced on my behalf arising out of the matters released hereby. Notwithstanding the foregoing or any other provision hereof, nothing in this Release Agreement shall adversely affect: (i) my rights under the Plan; (ii) my rights to benefits other than severance benefits under plans, programs and arrangements of the Company or any subsidiary or parent of the Company; (iii) my rights to indemnification under any indemnification agreement, applicable law and the articles of incorporation and bylaws of the Company and any subsidiary or parent of the Company, and my rights under any director's and officer's liability insurance policy covering me; (iv) any claims that may arise after this Release Agreement is executed, or (v) any claims related to worker's compensation or unemployment compensation. I agree that neither the Company nor any Releasee has any obligation to reinstate me or to employ me in the future.

I acknowledge and represent that the Company has advised me to consult with an attorney of my choosing prior to signing this Release Agreement and that I have been given forty-five (45) days during which to review and consider the provisions of this Release Agreement, although I may sign and return it sooner if I so desire. I further acknowledge and represent that I have been advised by the Company that I have the right to revoke this Release Agreement for a period of seven (7) days after signing it. I acknowledge and agree that, if I wish to revoke this Release Agreement, I must do so in a writing, signed by me and received by the General Counsel of the Company at the address listed above, no later than 5:00 p.m. Eastern Standard Time on the seventh (7th) day of the revocation period. If no such revocation occurs, this Release Agreement shall become effective on the eighth (8th) day following my execution of this Release Agreement (the "Effective Date"). I further acknowledge and agree that, in the event that I revoke this Release Agreement, it shall have no force or effect, and I shall have no right to receive any payment hereunder. I understand and agree that the Company is under no obligation to offer the payments set forth in the Plan, and that I am under no obligation to consent to this Release Agreement. I acknowledge that the payments made under the Plan are more than that which I am entitled to receive if I did not enter into this Release Agreement. I further represent that I have read this Release Agreement, and understand its terms and that I enter into this Release Agreement freely, voluntarily, and without coercion.

The offer to me of this Release Agreement and the payments and benefits set forth in the Plan is not intended to, and shall not be construed as, any admission of liability to me or of any improper conduct on the part of the Company or the Releasees.

This Release Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof, and it supersedes any and all other prior or contemporaneous agreements, discussions, or negotiations with respect to said subject matter. I represent and acknowledge that in executing this Release Agreement, I have not relied upon any representation or statement made by the Company not set forth herein. This Release Agreement may be modified, amended, or supplemented only in a writing duly signed by all parties hereto.

This Release Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York.

The provisions of this Release Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. In the event that any one or more of the provisions of this Release Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of this Release Agreement shall not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Release Agreement is held to be excessively broad as to duration, scope, activity or subject, such provisions shall be construed by limiting and reducing them so as to be enforceable to the maximum extent allowed by applicable law.

I ACKNOWLEDGE THAT I HAVE FULLY READ AND UNDERSTAND THIS RELEASE AGREEMENT, INCLUDING MY RELEASE AND WAIVER OF CLAIMS AGAINST THE COMPANY AND THE RELEASEES, THAT GOOD AND SUFFICIENT CONSIDERATION HAS BEEN GIVEN TO ME FOR SIGNING THIS RELEASE AGREEMENT, THAT THE EXECUTION OF THIS RELEASE AGREEMENT IS VOLUNTARY AND DONE OF MY OWN FREE WILL, ACT, AND DEED, AND THAT I HAVE HAD AN OPPORTUNITY TO SEEK COUNSEL WITH AN ATTORNEY AND HAVE HAD SUFFICIENT TIME TO READ THE AGREEMENT AND MAKE A DECISION REGARDING ACCEPTANCE OF ITS TERMS.

Date: , 200__

______________________________	______________________
Witness	Employee

Received and acknowledged this ____ day of ____________, 200 __

By: __________________.

For the Company

Exhibit 12

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
FOR THE YEAR ENDED DECEMBER 31
(in millions, except ratios)

	2001	2000	1999	1998	1997
Earnings:					
Income before taxes on income and before accounting change	1,641	2,812	1,849	1,605	1,602
Minority interests' share of earnings of majority-owned subsidiaries without fixed charges	-	1	-	(2)	3
Less equity earnings	(118)	(115)	(55)	(50)	(42)
Fixed charges added to net income	423	470	232	245	182
Distributed income of less than 50% owned persons	23	9	9	-	-
Amortization of capitalized interest:					
Consolidated	13	15	15	20	20
Proportionate share of 50% owned persons	-	-	-	-	1
Total earnings	1,982	3,192	2,050	1,818	1,766
Fixed Charges:					
Interest expense:					
Consolidated	371	427	195	198	141
Proportionate share of 50% owned persons	6	6	4	3	3
	377	433	199	201	144
Amount representative of the interest factor in rents:					
Consolidated	44	35	32	43	37
Proportionate share of 50% owned persons	2	2	1	1	1
	46	37	33	44	38
Fixed charges added to earnings	423	470	232	245	182
Interest capitalized:					
Consolidated	22	20	21	13	9
Proportionate share of 50% owned persons	-	-	-	-	-
	22	20	21	13	9
Total fixed charges	445	490	253	258	191
Ratio of earnings to fixed charges	4.5	6.5	8.1	7.0	9.2

To Alcoa Shareholders

Despite an extremely challenging business environment, 2001 proved to be the second best year in the company's history in terms of earnings before special charges, and the fourth best year after such charges. As compared with the Dow Jones 30 Industrials, which had a total shareholder return of minus 5.4%, Alcoa's total shareholder return was 7.8%.

Net income for the year was $908 million, or $1.05 per share, including special after-tax charges of $355 million, or 41 cents per share, compared with $1.484 billion, or $1.80 per share, in 2000. Excluding the special charges, earnings for 2001 were $1.263 billion, or $1.46 per share. This was a drop of 42% on a post-special items basis and 19% on a pre-special items basis. We operated in a deteriorating environment. Demand in our markets weakened as a consequence of the U.S. recession, the European slowdown, and the continued recession in Japan. London Metal Exchange prices for aluminum decreased by 13%, from a closing price of $1,550 a metric ton (mt) on January 2, 2001, to $1,355/mt at closing on December 28, 2001. The price decrease occurred despite a 4% reduction in global output, as reported by the International Aluminium Institute, between December 2000 and December 2001. Power shortages in the U.S. and Brazil reduced Alcoa's own output by 316,000 mtpy, or 7.6% of our total consolidated annual capacity. All of Alcoa's major markets were affected by the economy - aerospace, automotive, housing and construction, packaging, and industrial.

We did what you have to do in circumstances like these. We contained capital expenditures, paid down debt, controlled expenses, and closed high cost facilities. Several of these actions were started in the second half of year 2000. As a consequence, we will have reduced our workforce by some 10,000, or 8%; permanently closed 18 locations, mostly in Europe and the U.S.; and reduced our costs by $348 million. Our actions blunted the impact of greatly reduced market activity but could not eliminate it.

In addition to our ongoing cost controls, in 2001 we completed strategic reviews of our global market positions in primary and fabricated aluminum and addressed the results. Though our restructuring activities had a negative impact on earnings in the second and fourth quarters, they now are contributing to cost savings.

We believe Alcoa is better positioned to do business in the currently depressed economy and to benefit when it rebounds.

Meanwhile, we continued to work for long-term shareholder value by investing in research and development, pursuing appropriate energy self-sufficiency, evaluating and making acquisitions, and strengthening our balance sheet. We continued to safeguard our people and to invest in our communities and protection of the environment.

The Growth Challenge

Striving to grow - top line and bottom line - is a requirement and an ingrained attitude at Alcoa, challenging everyone to do more, better and faster. In a business environment where change is the only certainty, we are guided by proven strategies and competencies to nurture organic growth, preserve shareholder value in difficult times, and grow value when the times are right. In 2001, we walked away from several opportunities because they did not, after analysis, meet our criteria for profitable growth. We have consistently demonstrated the ability to choose strategic partners and buy wisely, and to integrate acquisitions to the mutual benefit of Alcoa and the businesses we acquire. We will continue to do so.

In addition to a number of relatively small alliances, acquisitions, and divestitures reported in the News section of this report, Alcoa undertook a major growth initiative in 2001. We began a long-term strategic relationship with Chalco (Aluminum Corporation of China) that establishes us strongly in the fastest-growing aluminum market in the world. Our future participation as a 50% partner in Chalco's Pingguo primary aluminum and alumina facility will support our plans for further growth in fabricated products in China. We anticipate future mutually beneficial joint ventures with Chalco.

Customers First

Recognizing that our customers' world is changing as much as Alcoa's, as many consolidate and some become global enterprises, we have begun to implement a major shift in the way we manage our relationships with our customers and among our business units. This customer-focused change grows from the Alcoa Business System (ABS) and our recently developed Market Sector Lead Teams (MSLTs). Connecting with our customers through ABS is enabling us to selectively deliver to them just in time and better manage the supply chain. MSLTs provide a simplified, powerful means to coordinate the sale and delivery of various products and services from our geographically and market-diverse businesses to the same customer, anywhere that customer does business, bringing to bear the full advantage of our global capabilities.

Maintaining Our Strengths

The events of 2001, whether tragic, uplifting, or simply part of everyday business, brought me increased appreciation of Alcoa's strength and flexibility as an organization, and of its people in responding to whatever an occasion demands of them. In 2001, the company adopted a new Vision - "Alcoa aspires to be the best company in the world." We reaffirmed our commitment to our Values that have guided the company for many years, revising them only to place appropriate emphasis on what we owe to our customers and people.

The safety of our people and communities always is our highest priority. Excluding recent acquisitions, Alcoa locations achieved a 2001 Lost Workday (LWD) rate of 0.16, which translates to only one Lost Workday injury per 1.25 million work hours. We are proud of our record of continuous improvement, but our goal is to become completely accident-free. In 2001, we intensified our efforts to raise safety performance at locations

acquired in 2000 to the levels expected at other Alcoa operations, and undertook a company-wide effort to eliminate workplace fatalities.

Wherever we operate, Alcoa will strive to reward its shareholders by remaining true to its stated goals - profitability, integrity in how we operate, leadership in technology and manufacturing practices, and respect and honesty in all of our relationships.

Looking Ahead

Are we satisfied with our performance for you? No. While our 2001 financial results were better than those of most of our competitors in our diverse markets, they did not advance in closing the gap between our performance and our stated objective: standing among the industrial companies in the first quintile of return on capital among Standard and Poor's Industrials in 2003. We still intend to meet that objective.

Overall, the near-term business climate will be difficult. Nevertheless, we believe that Alcoans have the will, the resources, and the competencies to control our destiny and meet the key financial goals we have set. In this regard, I invite your attention to the special section in this report entitled Alcoa's Way: Five Defining Strategies.

Recently, the Board welcomed three new directors whose outstanding qualifications and experience strengthen Alcoa now, and will contribute greatly in the future. Kathryn S. Fuller, president of the World Wildlife Fund, brings extensive knowledge and international experience in conservation and environmental law to support Alcoa's commitment to sustainable development. Dr. Ernesto Zedillo, former president of Mexico and an expert on international trade and economics, will help us to move confidently in setting our agenda for global growth. Carlos Ghosn, president and CEO of Nissan Motor Co., Ltd. and former head of Michelin North America, brings to our Board a keen understanding of the automotive market and an impressive track record in cost-cutting and restructuring to improve corporate performance.

On behalf of Alcoa and the Board of Directors, thank you for the confidence you demonstrate with your continued trust and investment.

/s/ Alain J. P. Belda

Alain J. P. Belda
Chairman and Chief Executive Officer

February 15, 2002

Alliances

A Big Step in China

In 2001, Alcoa completed agreements for a strategic alliance with Aluminum Corporation of China Ltd. (Chalco), marking the beginning of a long-term strategic partnership. The companies are forming a 50/50 joint venture at Chalco's facility at Pingguo, one of the most efficient alumina and aluminum plants in China. Alcoa will gain a strong position in China's aluminum market, the fastest growing in the world, while Chalco will benefit from Alcoa's management skills, operational and technical expertise, and best practices. Alcoa's participation in the primary sector will also support Alcoa's further growth in fabricated products in China.

Venture plans include a significant increase in refining and smelting capacities at Pingguo, doubling the 450,000-mtpy alumina refining capacity by 2003 and expanding the 135,000-mtpy smelter to 355,000 mtpy by 2006. Alcoa is the strategic investor in Chalco's global offering and listing on the New York Stock Exchange and The Stock Exchange of Hong Kong. The alliance is expected to lead to additional joint ventures in China.

New Business for Howmet

Alcoa's Howmet Castings business strengthened its ties with two major customers. In 2001, Howmet and Siemens AG began a multiyear, several hundred million dollar agreement for the supply of Howmet turbine airfoil castings. In January 2002, Boeing awarded Howmet Castings $8 million in new contracts for its F-22 aircraft.

Hydropower in Brazil

Alcoa Aluminio is engaged in several hydropower projects with other Brazilian companies that will increase its energy self-sufficiency and cost-stability while also meeting Alcoa and Brazilian standards for socially and environmentally sound development.

- In 2002, Aluminio began receiving its own energy from the Machadinho plant, in which Aluminio has a 27.23% stake. The plant has a total installed capacity of 1,140 megawatts (MW) and is expected to supply 55% of the energy requirements of Aluminio's Pocos de Caldas smelter.

- A consortium including Aluminio won an auction for construction of the Santa Isabel plant. The facility will have a total installed capacity of 1,087 MW, and will supply 30% of the Alumar smelter's needs. Aluminio owns a 20% share, corresponding to 106.5 MW of firm power. Start-up is expected in 2008.

Aluminio also participates in the Barra Grande and Serra do Facao hydropower projects.

- Barra Grande construction has begun and is expected to be completed in 2005, with total installed capacity of 690 MW. The facility will provide 45% of the energy for Pocos de Caldas and a smaller percentage of Alumar's needs. Aluminio has a 35.30% stake.

- Construction of the Serra do Facao facility, in which Aluminio has a 39.46% stake, will begin in 2002 and is scheduled for completion by 2005. It will have total installed capacity of 210 MW, and supply 26% of Alumar's needs.

Closures for India and Nepal

Alcoa Closure Systems International (CSI) and Nilkamal Plastics Group of Mumbai, India, the leading supplier of plastic beverage crates to bottlers in Asia, formed a joint venture to produce plastic closures for beverage markets in India and Nepal. The venture was granted foreign investment approval from the Nepal government to build a plant in Hetauda, a border town between Nepal and India.

New Metals Distributor

Alcoa and BHP Billiton formed a North American metals-distribution joint venture, with each of the partners owning 50%. Named Integris Metals, it is a Minneapolis-based, independently managed company with projected annual revenues of more than $2 billion. The venture combines Reynolds Aluminum Supply Co. with BHP Billiton's Vincent

Metal Goods in the U.S. and Atlas Ideal Metals in Canada.

Bigger Stake in Korea

Korea Packaging System was renamed Alcoa CSI Korea, reflecting Alcoa's purchase of an additional 26% interest in the company from Maro Corp. Alcoa now holds 51% of this leading producer of plastic beverage closures.

Acquisitions

. Alcoa increased its equity in Elkem ASA to more than 40% and made a cash tender offer for the remaining shares, as required by Norwegian securities law. Elkem, through its partnership with Alcoa, is Norway's second largest aluminum producer and the world's largest supplier of silicon metal.

. Alcoa and Dooray Air Metal Co. signed a definitive agreement for Alcoa to acquire Dooray's aluminum extrusion assets in Changwon, marking Alcoa's entrance into the aluminum market in Korea.

. AFL acquired four wire harness plants from Siemens VDO Automotive AG of Germany. The facilities, located in Europe and Mexico, have helped AFL expand its customer base and made it a significant supplier to Volkswagen AG.

. Alcoa Wheel Products purchased the remaining 25% ownership of Reynolds-Lemmerz Industries, a producer of cast aluminum wheels.

. AFL Telecommunications acquired Laser Armor Tech Corp. and ISAC, enhancing AFL's position in optical ground wire and extending its family of engineer, furnish and install companies. AFL also acquired majority ownership in Pacific 17, which designs and operates wireless communications sites.

. Alcoa Engineered Products acquired REDD Team Mfg., Inc., a privately held maker of extruded aluminum products.

. Alcoa Packaging Machinery, Inc. (APMI) acquired some assets of Didde Web Press Corp., a producer of narrow web offset printing presses, and the assets of Preferred Machinery Corp., a manufacturer of food and beverage handling equipment.

Divestitures

. Alcoa sold its Thiokol Propulsion business to Alliant Techsystems Inc. (ATK).

. Alcoa Aluminio sold its 40% share of Alcoa Fios e Cabos Eletricos S.A. to the co-owner, Phelps Dodge.

. Alcoa sold the assets of Hanover Manufacturing Corp. to Rea Magnet Wire Co.

. Alcoa's Malakoff Industries, Inc. was sold to Baikowski International Corp.

. Alcoa divested its 50% stake in Aroaima Bauxite Co. to the Guyanan government.

Selected Financial Data
(dollars in millions, except per-share amounts and ingot prices)

	2001	2000	1999	1998	1997
Sales	$ 22,859	$ 22,936	$ 16,323	$ 15,340	$ 13,319
Net income	908	1,484	1,054	853	805
Earnings per common share					
Basic (before cumulative effect)	1.06	1.83	1.43	1.22	1.17
Basic (after cumulative effect)	1.06	1.82	1.43	1.22	1.17
Diluted (before cumulative effect)	1.05	1.81	1.41	1.21	1.15
Diluted (after cumulative effect)	1.05	1.80	1.41	1.21	1.15
Alcoa's average realized price per pound for aluminum ingot	.72	.77	.67	.67	.75
LME average 3-month price per pound for aluminum ingot	.66	.71	.63	.63	.73
Cash dividends paid per common share	.600	.500	.403	.375	.244
Total assets	28,355	31,691	17,066	17,463	13,071
Short-term borrowings	142	2,719	343	431	348
Long-term debt	6,491	5,414	2,724	3,058	1,604

See Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of special items, gains on asset sales and various charges to cost of goods sold and selling and general administrative expenses that impacted net income in 2001. In 2000, net income included the cumulative effect of accounting change for revenue recognition of $(5).

Net Income
million of dollars

[GRAPH APPEARS HERE]

Dividends Paid per
Common share
dollars

[GRAPH APPEARS HERE]

Management's Discussion and Analysis of Financial Condition and Results of Operations
(dollars in millions, except per-share amounts and ingot prices; shipments in thousands of metric tons [mt])

Certain statements in this report under this caption and elsewhere relate to future events and expectations and, as such, constitute forward-looking statements. Forward- looking statements also include those containing such words as "anticipates," "believes," "estimates," "expects," "hopes," "targets," "should," "will," "will likely result," "forecast," "outlook," "projects" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Alcoa to be different from those expressed or implied in the forward- looking statements. For discussion of some of the specific factors that may cause such a difference, see Notes J and T to the financial statements and the disclosures included below under Segment Information and Market Risks.

Alcoa is the world's leading producer of primary aluminum, fabricated aluminum and alumina, and is active in all major aspects of the industry: technology, mining, refining, smelting, fabricating and recycling. Aluminum is a commodity that is traded on the London Metal Exchange (LME) and priced daily based on market supply and demand. Aluminum and alumina represent approximately two-thirds of Alcoa's revenues, and the price of aluminum influences the operating results of Alcoa. Nonaluminum products include precision castings, industrial fasteners, vinyl siding, food service and flexible packaging products, plastic bottles and closures, fiber-optic cables, electrical distribution systems for cars and trucks, and packaging machinery.

Alcoa is a global company operating in 38 countries. North America, including Canada and the United States, is the largest market with 68% of Alcoa's revenues. Europe is also a significant market with 20% of the company's revenues. Alcoa also has investments and activities in Asia and Latin America that present opportunities for substantial growth, including Brazil, China, India, Korea and Mexico. Governmental policies and other economic factors, including inflation and fluctuations in foreign currency exchange rates and interest rates, affect the results of operations in these emerging markets.

Earnings Summary

Alcoa's net income for 2001 was $908, or $1.05 per diluted share, compared with $1,484, or $1.80 per share, in 2000. Net income in 2001 included special after-tax charges of $355 related to the strategic restructuring of Alcoa's primary and fabricating businesses to optimize assets and lower costs. Excluding these special after-tax charges, net income was $1,263, or $1.46 per share, a decrease of 15% from 2000 results. Revenues in 2001 of $22,859 were essentially flat compared with revenues of $22,936 in 2000. Overall, 2001 results were negatively affected by lower realized prices and lower volumes due to weak market conditions in the transportation, building and construction and distribution markets. Also impacting earnings in 2001 were costs incurred for contract losses, customer claims and bad debts. These negative factors were partially offset by cost savings and gains on the sales of businesses. In 2001, Alcoa announced a goal to reduce costs by $1,000 by December 2003.

Alcoa had a record year in 2000, with net income the highest in the company's 112-year history. The acquisitions of Reynolds and Cordant were completed in 2000. Net income of $1,484, or $1.80 per share, in 2000 was up 41% compared with 1999 net income of $1,054, or $1.41 per share. Revenues of $22,936 in 2000 also increased 41% from 1999 revenues of $16,323. Improved financial results for 2000 relative to 1999 were the result of higher volumes, aided by the Reynolds and Cordant acquisitions, an increase in aluminum prices and continued operating improvements. Additionally, in 2000, Alcoa achieved the cost reduction target initiated in 1998 to eliminate $1,100 in costs through the continued implementation of the Alcoa Business System. Partially offsetting these positive factors in 2000 were higher energy costs, a higher effective tax rate and softening in the transportation, building and construction and distribution markets.

Return on average shareholders' equity for 2001 was 8.3% (11.4% excluding special items) compared with 16.8% in 2000 and 17.2% in 1999. The decrease in 2001 was due to the earnings decline mentioned above, special items recorded in 2001 and a larger average number of shares outstanding during the period primarily resulting from the Reynolds acquisition.

Percent Return on Average
Shareholders' Equity

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COST OF GOODS SOLD--COGS as a percentage of sales was 78.1% in 2001, an increase of 2.5 percentage points from 2000. The increase was primarily due to lower realized prices, lower volumes and a full year's impact of the higher cost of sales ratios of the acquired Reynolds and Cordant businesses. Additionally, COGS was impacted by a pretax charge of $56 for contract losses, customer claims and the power failure at the company's Warrick (Ind.) smelter. Partially offsetting these negative factors were cost savings and operating improvements.

Cost of Goods Sold
as a percent of sales

[GRAPH APPEARS HERE]

COGS as a percentage of sales was 75.6% in 2000, down 1.2 percentage points from 1999, due primarily to higher sales prices resulting from a stronger LME and cost-cutting efforts, somewhat offset by higher cost of sales at acquired entities and higher energy costs.

Selling And General Administrative Expenses--S&GA expenses were $1,276, or 5.6% of sales, in 2001 compared with S&GA expenses of $1,108, or 4.8% of sales, in 2000. The increase in 2001 was primarily due to customer bad debt write-offs of $78 and the full-year impact of the acquisitions of Reynolds and Cordant, as well as lower sales volumes in 2001.

S&GA expenses increased from $851 in 1999 to $1,108 in 2000. The increase in 2000 was due primarily to acquisitions and higher personnel costs related to pay for performance, partially offset by cost-cutting improvements. S&GA as a percentage of sales decreased from 5.2% in 1999 to 4.8% in 2000, primarily due to higher sales prices.

Research And Development Expenses--in 2001, R&D expenses increased $9 to $203 from 2000 primarily due to the full- year impact of acquisitions made in 2000 and an increase in spending in the Primary Metals segment related to inert anode technology.

In 2000, R&D expenses increased $66 to $194 from 1999 with acquisitions accounting for half of the increase. The remaining increase was due to corporate spending and increases in the Primary Metals and Flat-Rolled Products segments as well as at Alcoa Fujikura Ltd. (AFL).

Special Items--During 2001, Alcoa recorded charges of $566 ($355 after tax and minority interests) as a result of a restructuring plan. The company completed a strategic review of its primary products and fabricating businesses aimed at optimizing and aligning its manufacturing systems with customer needs, while positioning the company for stronger profitability. The charge of $566 consisted of a charge of $212 ($114 after tax and minority interests) in the second quarter of 2001 and a charge of $354 ($241 after tax and minority interests) in the fourth quarter of 2001. These charges consisted of asset write-downs ($372 pretax), employee termination and severance costs ($178 pretax) related to workforce reductions of approximately 10,400 employees, and exit costs ($16 pretax). The second quarter charge was primarily due to actions taken in Alcoa's primary products businesses because of economic and competitive conditions. These actions included the shutdown of three facilities in the U.S. Alcoa expects to complete these actions by mid-2002. The fourth quarter charge was primarily due to actions taken in Alcoa's fabricating businesses. These actions included the shutdown of 15 facilities in the U.S. and Europe. Alcoa expects to complete these actions by the end of 2002. These charges were not recorded in the segment results. The impact to the segments would have been a pretax charge of $94 in Alumina and Chemicals, $157 in Primary Metals, $105 in Flat-Rolled Products, $126 in Engineered Products and $63 in the Other group. Additional unaccruable employee termination costs of approximately $30 related to the restructuring plan are expected to be recognized in 2002. As a result of the restructuring, management anticipates stronger profitability through lower depreciation, employee and other costs.

Interest Expense--Interest expense decreased $56 from 2000 to $371 in 2001, due to lower interest rates as well as the pay down of debt, primarily short-term borrowings.

Interest expense rose $232 from 1999 to $427 in 2000, primarily as a result of the Reynolds and Cordant acquisitions.

Other Income/Foreign Currency--Other income increased $154 to $308 in 2001. The increase was primarily due to $114 ($93 after tax) of gains on asset sales related primarily to the sales of Thiokol Propulsion (Thiokol), Alcoa Proppants, Inc. and Alcoa's interest in a Latin American cable business, as well as the impact of foreign currency exchange adjustments.

In 2000, other income increased $30 to $154. The increase was due to a $59 increase in equity income and higher interest and dividend income, offset by the negative impact of foreign currency exchange adjustments.

Selling and General
Administrative Expenses
as a pecent of sales

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Foreign exchange losses included in other income were $11 in 2001, $82 in 2000 and $19 in 1999.

Effective July 1, 1999, the Brazilian real became the functional currency for translating the financial statements of Alcoa's 59%-owned Brazilian subsidiary, Alcoa Aluminio S.A. (Aluminio). As a result of the change, Alcoa's accumulated other comprehensive loss (unrealized translation adjustments) and minority interests accounts were reduced by $156 and $108, respectively. These amounts were driven principally by a reduction in fixed assets and resulted in decreases in Aluminio's depreciation expense of $30 in 2001 and 2000 and $15 in 1999.

Income Taxes--Alcoa's effective tax rate was 32% in 2001 and 33.5% in 2000, which differed from the statutory rate of 35%, primarily due to lower taxes on foreign income. Alcoa's effective tax rate in 1999 was 29.9%, primarily driven by lower taxes on foreign income including a reduction in the Australian corporate income tax rate. In the 1999 fourth quarter, Australia reduced its corporate income tax rate from 36% to 34% for 2000 and to 30% for 2001.

Minority Interests--Minority interests' share of income from operations decreased $173 to $208 in 2001. The decrease was primarily due to lower earnings at AFL, Alcoa World Alumina and Chemicals (AWAC) and Aluminio, as well as the impact of special charges of $42. In 2000, minority interests' share of income from operations increased $139 from 1999 to $381. The increase was due to higher earnings at Alcoa of Australia, AFL and Aluminio.

Segment Information

Alcoa's operations consist of five worldwide segments: Alumina and Chemicals, Primary Metals, Flat-Rolled Products, Engineered Products and Packaging and Consumer. Alcoa businesses that are not reported to management as part of one of these five segments are aggregated and reported as "Other." Alcoa's management reporting system measures the after-tax operating income (ATOI) of each segment. Nonoperating items, such as interest income, interest expense, foreign exchange gains/losses, the effects of last-in, first-out (LIFO) inventory accounting, minority interests and special items are excluded from segment ATOI. In addition, certain expenses, such as corporate general administrative expenses, and depreciation and amortization on corporate assets, are not included in segment ATOI. Segment assets exclude cash, cash equivalents, short-term investments and all deferred taxes. Segment assets also exclude items such as corporate fixed assets, LIFO reserves, goodwill allocated to corporate and other amounts.

ATOI for all segments totaled $2,043 in 2001, compared with $2,389 in 2000 and $1,489 in 1999. See Note L to the financial statements for additional information. The following discussion provides shipment, revenue and ATOI data for each segment for the years 1999 through 2001.

Alumina Production
thousands of metric tons

[GRAPH APPEARS HERE]

Alumina and Chemicals

	2001	2000	1999
Alumina production (mt)	12,527	13,968	13,273
Third-party alumina shipments (mt)	7,217	7,472	7,054
Third-party sales	$ 1,908	$ 2,108	$ 1,842
Intersegment sales	1,021	1,104	925
Total sales	$ 2,929	$ 3,212	$ 2,767
After-tax operating income	$ 471	$ 585	$ 307

This segment consists of Alcoa's worldwide alumina and chemicals system, that includes the mining of bauxite, which is then refined into alumina. Alumina is sold directly to internal and external smelter customers worldwide or is processed into industrial chemical products. The industrial chemical products are sold to a broad spectrum of markets including refractories, ceramics, abrasives, chemicals processing and other specialty applications. Slightly more than half of Alcoa's alumina production is sold under supply contracts to third parties worldwide, while the remainder is used internally. Alumina comprises approximately two-thirds of total third-party sales.

In 2001, third-party sales of alumina decreased 13% compared with 2000, primarily due to a decrease in shipments of 3% and a decrease in realized prices of 10%. In 2000, third-party sales of alumina increased 19% compared with 1999 as a result of a 6% increase in shipments along with a 13% increase in prices. The increased shipments were driven by increased production with the completion of the 440,000-mt expansion of Alcoa's Wagerup, Australia alumina refinery as well as increased production levels at Kwinana and Pinjarra, also in Australia, and San Ciprian, Spain.

Third-party sales of alumina-based chemical products were down 31% in 2001 compared with 2000, primarily due to lower volumes. In 2000, third-party sales of alumina-based chemical products were up 2% compared with 1999, primarily attributable to increased volume in Alcoa's Latin American chemical operations.

Segment ATOI in 2001 fell 20% from 2000 to $471 due to lower volumes, resulting from production curtailments at Point Comfort

(Tex.) and Brazil and the shutdown of the alumina refinery in St. Croix, as well as lower prices. Segment ATOI in 2000 rose 91% over 1999 due to higher alumina prices, higher shipment volumes and continued cost reductions, partially offset by higher energy costs.

Primary Metals

	2001	2000	1999
Aluminum production (mt)	3,488	3,539	2,851
Third-party aluminum shipments (mt)	1,873	2,071	1,442
Third-party sales	$3,432	$3,756	$2,241
Intersegment sales	3,300	3,504	2,793
Total sales	$6,732	$7,260	$5,034
After-tax operating income	$ 905	$1,000	$ 535

This segment consists of Alcoa's worldwide smelter system. Primary Metals receives alumina primarily from the Alumina and Chemicals segment and produces aluminum ingot to be used by Alcoa's fabricating businesses, as well as sold to external customers, aluminum traders and commodity markets. Results from the sale of aluminum powder, scrap and excess power are also included in this segment, as well as the results of aluminum derivative contracts. Aluminum ingot produced by Alcoa and used internally is transferred to other segments at prevailing market prices. The sale of ingot represents approximately 80% of this segment's third-party sales.

Third-party sales in 2001 decreased $324, or 9%, from 2000. The decrease was primarily due to a 10% decrease in shipments and lower realized prices, partially offset by power sales and the full-year results of the Reynolds acquisition. In 2000, third-party sales rose $1,515, or 68%. Approximately two-thirds of this increase was the result of the Reynolds acquisition. The remaining increase was due to a 7% increase in shipments and higher realized prices for ingot in 2000. Alcoa's average third-party realized price for ingot in 2001 was 72 cents per pound, a decrease of 7% from the average realized price of 77 cents per pound in 2000. In 1999, the average realized price

Aluminum Production
thousands of metric tons

[GRAPH APPEARS HERE]

was 67 cents. This compares with average 3-month prices on the LME of 66 cents per pound in 2001, 71 cents per pound in 2000 and 63 cents per pound in 1999.

Primary Metals ATOI decreased by $95, or 10%, in 2001 from 2000. The decrease is primarily attributed to lower volumes and lower prices, partially offset by power sales. The year-over-year impact of power sales, net of volume-related decreases, was approximately $50. ATOI increased by $465, or 87%, in 2000 from 1999. Higher metal prices in 2000 were responsible for approximately two-thirds of the increase, while the Reynolds acquisition accounted for approximately one-fourth of the increase. The remainder of the increase was due to increased volumes and cost reductions, offset somewhat by higher energy prices.

Alcoa announced various capacity curtailments and restarts. After the curtailment and restart of capacity, Alcoa will have approximately 635,000 mt per year of idle capacity. Additionally, in December 2001, approximately two-thirds of the capacity at the company's Warrick (Ind.) smelter was impacted by power failures. The total financial impact of approximately $45 (pretax) associated with the power failures and related restart of capacity at Warrick is expected to be incurred primarily in the first quarter of 2002.

Flat-Rolled Products

	2001	2000	1999
Third-party aluminum shipments (mt)	1,818	1,960	1,982
Third-party sales	$4,999	$5,446	$5,113
Intersegment sales	64	97	51
Total sales	$5,063	$5,543	$5,164
After-tax operating income	$ 262	$ 299	$ 281

This segment's principal business is the production and sale of aluminum plate, sheet and foil. This segment includes rigid container sheet (RCS), which is sold directly to customers in the packaging and consumer market and is used to produce aluminum beverage cans. Seasonal increases in RCS sales are generally experienced in the second and third quarters of the year. This segment also includes sheet and plate used in transportation and distributor markets, of which approximately two-thirds is sold directly to customers while the remainder is sold through distributors. Approximately 60% of the third-party sales in this segment are derived from sheet and plate, and foil used in industrial markets, while the remaining 40% of third-party sales consists of RCS. Sales of RCS, sheet and plate are dependent on a relatively small number of customers.

In 2001, third-party sales from this segment decreased by $447, or 8%, from 2000. This decrease was driven primarily by 7% lower shipments due to weakness in the transportation and distribution markets in North America and Europe, partially offset by sales increases resulting from the acquisition of British

Aluminium and improved mix on sheet and plate sales. In 2000, third-party sales from this segment increased $333 from 1999, with rising prices offsetting a slight decrease in shipments.

ATOI for Flat-Rolled Products decreased in 2001 by 12% due to lower volumes in North America and Europe, which were partly offset by a more profitable product mix for sheet and plate in the U.S. ATOI increased in 2000 by 6% from 1999 as higher prices and equity earnings offset lower shipments and higher energy costs.

Engineered Products

	2001	2000	1999
Third-party aluminum shipments (mt)	932	1,061	989
Third-party sales	$6,098	$5,471	$3,728
Intersegment sales	35	62	26
Total sales	$6,133	$5,533	$3,754
After-tax operating income	$ 173	$ 210	$ 180

This segment includes hard- and soft-alloy extrusions, including architectural extrusions, super-alloy castings, steel and aluminum fasteners, aluminum forgings and wheels. These products serve the transportation, building and construction and distributor markets and are sold directly to customers and through distributors.

In 2001, third-party sales increased 11% primarily due to a full-year's results of the 2000 acquisitions of Reynolds, Cordant and British Aluminium, partially offset by a decrease in volume, mainly in North America, due to weakness in the transportation and distributor markets. In 2000, third- party sales increased 47% primarily due to the acquisitions of Reynolds and Cordant, as well as price increases in other businesses. The aluminum shipment data for this segment was not impacted in 2001 and 2000 by the additions of Huck and Howmet, which produce revenues but do not have third-party aluminum shipments.

ATOI for Engineered Products decreased 18% from 2000 to $173 in 2001. This decrease is primarily due to decreased volumes as a result of weak market conditions and the impact of exchange rate fluctuations in Brazil, partially offset by the positive impact of acquisitions and cost- reduction efforts. ATOI in 2000 increased by 17% from 1999 to $210 due to the impact of acquisitions, primarily Huck and Howmet, offset by a decline in other U.S. and European businesses as a result of the overall decline in the transportation market.

Revenues by Segment
billion of dollars

[GRAPH APPEARS HERE]

Packaging and Consumer

	2001	2000	1999
Third-party aluminum shipments (mt)	143	119	9
Third-party sales	$2,720	$2,084	$ 801
After-tax operating income	$ 185	$ 131	$ 68

This segment includes foodservice, flexible packaging, consumer products and packaging graphics design, as well as closures, PET (polyethylene terephthalate) bottles and packaging machinery. The principal products in this segment include aluminum foil; plastic wraps and bags; metal and plastic beverage and food closures; pre-press services; and plastic shrink film and wraps. Consumer products are marketed under brands including Reynolds Wrap, Diamond(R), Baco and Cut-Rite(R) wax paper. Products are sold directly to customers, consisting of various retail chains and commercial foodservice distributors. Sales in this segment are dependent on a relatively small number of customers.

Third-party sales were $2,720 in 2001, an increase of $636 over 2000. The increase is primarily due to the full- year results of the Reynolds acquisition, as well as several smaller acquisitions in 2000. Third-party sales were $2,084 in 2000, up $1,283 from 1999 due to the acquisition of Reynolds packaging and consumer businesses in 2000.

ATOI increased 41% in 2001 from 2000 due primarily to acquisitions as well as improved volumes in closures sales. ATOI increased by 93% in 2000 from 1999 due to the acquisition of the Reynolds packaging and consumer businesses.

Seasonal increases generally occur in the third and fourth quarters of the year for such products as consumer foil and plastic wraps and bags, while seasonal slowdowns for closures generally occur in the fourth quarter of the year.

Other

	2001	2000	1999
Third-party aluminum shipments (mt)	228	187	56
Third-party sales	$3,702	$4,071	$2,592
After-tax operating income	$ 47	$ 164	$ 118

This group includes other Alcoa businesses that are not included in the segments previously mentioned. This group includes AFL, which produces fiber-optic cable and provides services to the telecommunications industry and produces electrical components for the automotive industry; residential building products operations, Alcoa Building Products (ABP); automotive parts businesses; Thiokol, a producer of solid rocket propulsion systems (Thiokol was sold in April 2001); and Reynolds' metal distribution business, RASCO (in November 2001, the net assets of RASCO were contributed to a joint venture, Integris Metals, Inc., in

which Alcoa retains a 50% equity interest). Products in this segment are generally sold directly to customers or through distributors. AFL sales are dependent on a relatively small number of customers. Seasonal increases in the building products business generally occur in the second and third quarters of the year.

In 2001, third-party sales were down 9% due primarily to the sale of Thiokol in 2001, as well as lower volumes and prices in the AFL automotive and telecommunications businesses. These decreases

were somewhat offset by improved demand for residential building products. In 2000, third-party sales were up 57% due primarily to the RASCO, Thiokol and AFL telecommunications acquisitions, partially offset by a sales decrease at ABP. The decline in ABP sales in 2000 was due to softness in the overall housing and construction market.

In 2001, ATOI for this group decreased $117 primarily as a result of volume and price declines at AFL, partially offset by improved sales of building products and gains totaling $87 from the sales of Thiokol, Alcoa Proppants, Inc. and Alcoa's interest in a Latin American cable business. In 2000, ATOI for this group increased by 39% from 1999 primarily due to the RASCO, Thiokol and AFL telecommunications acquisitions, offset by a decrease at ABP, due to lower volumes and higher resin costs.

Reconciliation of ATOI to Consolidated Net Income

The following reconciles segment ATOI to Alcoa's consolidated net income and explains each line item in the reconciliation:

	2001	2000	1999
Total after-tax operating income	$ 2,043	$ 2,389	$ 1,489
Impact of intersegment profit eliminations	(20)	24	(24)
Unallocated amounts (net of tax):			
Interest income	40	40	26
Interest expense	(242)	(278)	(126)
Minority interests	(208)	(381)	(242)
Special items	(397)	--	--
Corporate expense	(261)	(227)	(171)
Other	(47)	(83)	102
Consolidated net income	$ 908	$ 1,484	$ 1,054

Items required to reconcile ATOI to consolidated net income include:

> Corporate adjustments to eliminate any remaining profit or loss between segments;

> The after-tax impact of interest income and expense at the statutory rate;

> Minority interests;

> Special items (excluding minority interests) related to the strategic restructuring in 2001;

Revenues by
Geographic Area
billion of dollars

[GRAPH APPEARS HERE]

> Corporate expense, comprised of general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities along with depreciation on corporate owned assets; and

> Other, which includes the impact of LIFO, differences between estimated tax rates used in the segments and the corporate effective tax rate and other nonoperating items such as foreign exchange.

The variance in Other between 1999 and 2000 was due to LIFO adjustments in 1999 and adjustments to deferred taxes in 1999 that resulted from a change in the Australian corporate income tax rate.

Market Risks

In addition to the risks inherent in its operations, Alcoa is exposed to financial, market, political and economic risks. The following discussion provides additional detail regarding Alcoa's exposure to the risks of changing commodity prices, foreign exchange rates and interest rates.

Derivatives

Alcoa's commodity and derivative activities are subject to the management, direction and control of the Strategic Risk Management Committee (SRMC). SRMC is composed of the chief executive officer, the chief financial officer and other officers and employees that the chief executive officer selects. SRMC reports to the Board of Directors on the scope of its derivative activities.

All of the aluminum and other commodity contracts, as well as various types of derivatives, are held for purposes other than trading. They are used primarily to mitigate uncertainty and volatility, and cover underlying exposures. The company is not involved in energy-trading activities or weather derivatives or to any material extent in other nonexchange commodity trading activities.

The following discussion includes sensitivity analyses for hypothetical changes in the commodity price, exchange rate or interest rate contained in the various derivatives used for hedging certain exposures. In all cases, the hypothetical change was calculated based on a parallel shift in the forward price curve existing at December 31, 2001. The forward curve takes into account the time value of money and the future expectations regarding the value of the underlying commodity, currency and interest rate.

Commodity Price Risks--Alcoa is a leading global producer of aluminum ingot and aluminum fabricated products. As a condition of sale, customers often require Alcoa to enter into long-term fixed-price commitments. These commitments expose Alcoa to the risk of fluctuating aluminum prices between the time the order is committed and the time that the order is shipped.

Alcoa's aluminum commodity risk management policy is to manage, through the use of futures and options contracts, the aluminum price risk associated with a portion of its fixed price firm commitments. At December 31, 2001, these contracts totaled approximately 802,000 mt with a fair value loss of approximately $65 ($42 after tax). A hypothetical 10% increase (or decrease) in aluminum ingot prices from the year-end 2001 level of $1,355 per mt would result in a pretax gain (or loss) of $108 related to these positions.

Past accounting convention required that certain long positions be marked to market. As a result of the change in accounting under Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," these contracts were re-designated and qualified as hedges on January 1, 2001.

Alcoa sells products to various third parties at prices that are influenced by changes in LME aluminum prices. From time to time, the company may elect to sell forward a portion of its anticipated primary aluminum and alumina production to reduce the risk of fluctuating market prices on these sales. Toward this end, Alcoa may enter into short positions using futures and options contracts. At December 31, 2001, these contracts totaled 28,000 mt. The fair value of these contracts at December 31, 2001 was not material. These contracts act to fix a portion of the sales price related to these sales contracts. A hypothetical 10% increase (or decrease) in aluminum ingot prices from the year-end 2001 level of $1,355 per mt would result in a pretax loss (or gain) of $4 related to these positions.

Alcoa is required to purchase natural gas to meet its production requirements. These purchases expose the company to the risk of higher natural gas prices. To hedge this risk, Alcoa enters into long positions, principally using futures and options. Alcoa follows a stable pattern of purchasing natural gas; therefore, it is highly likely that anticipated natural gas purchases will occur. The fair value of the contracts for natural gas was a loss of approximately $30 ($18 after tax and minority interests) at December 31, 2001. A hypothetical 50% increase (or decrease) in the market price of natural gas from the year-end 2001 level would result in a pretax gain (or loss) to future earnings of $26.

Alcoa also purchases certain other commodities, such as fuel oil and electricity, for its operations and may enter into futures and options contracts to eliminate volatility in the prices of such products. None of these contracts were material.

Financial Risk

Currencies--alcoa is subject to significant exposure from fluctuations in foreign currencies. Foreign currency exchange contracts are used to hedge the variability in cash flows from the forecasted payment or receipt of currencies other than the functional currency. These contracts cover periods commensurate with known or expected exposures, generally within three years. The fair value of these contracts was a loss of approximately $132 ($51 after tax and minority interests) at December 31, 2001.

A hypothetical 10% strengthening (or weakening) of the U.S. dollar at December 31, 2001, would result in a pretax loss (or gain) of approximately $114 related to these positions.

Interest Rates--alcoa uses interest rate swaps to help maintain a reasonable balance between fixed- and floating- rate debt and to keep financing costs as low as possible. The company has entered into pay floating, receive fixed interest rate swaps to change the interest rate risk exposure of its outstanding debt. The fair value of these swaps was a gain of $34 ($23 after tax) at December 31, 2001.

At December 31, 2001 and 2000, Alcoa had $6,633 and $8,133 of debt outstanding at effective interest rates of 5.0% for 2001 and 7.6% for 2000, after the impact of interest rate swaps is taken into account. A hypothetical change of 10% in Alcoa's effective interest rate from year-end 2001 levels would increase or decrease interest expense by $33.

Material Limitations--The disclosures with respect to commodity prices and foreign exchange risk do not take into account the underlying anticipated purchase obligations and the underlying transactional foreign exchange exposures. If the underlying items were included in the analysis, the gains or losses on the futures and options contracts may be offset. Actual results will be determined by a number of factors that are not under Alcoa's control and could vary significantly from those factors disclosed.

Alcoa is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to its hedged customers' commitments. Although nonperformance is possible, Alcoa does not anticipate nonperformance by any of these parties. Futures and options contracts are with creditworthy counterparties and are further supported by cash, treasury bills or irrevocable letters of credit issued by carefully chosen banks. In addition, various master netting arrangements are in place with counterparties to facilitate settlement of gains and losses on these contracts.

For additional information on derivative instruments, see Notes A and S to the financial statements.

Environmental Matters

Alcoa continues to participate in environmental assessments and cleanups at a number of locations. These include approximately 31 owned or operating facilities and adjoining properties, approximately 28 previously owned or operated facilities and adjoining properties, and approximately 91 Superfund and other waste sites. A liability is recorded for environmental remediation costs or damages when a cleanup program becomes probable and the costs or damages can be reasonably estimated. For additional information, see Notes A and T to the financial statements.

As assessments and cleanups proceed, the liability is adjusted based on progress in determining the extent of remedial actions and related costs and damages. The liability can change substantially due to factors such as the

nature and extent of contamination, changes in remedial requirements and technological changes. Therefore, it is not possible to determine the outcomes or to estimate with any degree of accuracy the potential costs for certain of these matters. For example, there are issues related to Alcoa's Massena, New York and Point Comfort, Texas sites where investigations have been ongoing and where natural resource damage or off-site contaminated sediments have been alleged. In the case of Massena, the company submitted a revised draft Analysis of Alternatives Report to the EPA in February 2002 which included remedial alternatives required by the EPA related to PCB contamination of the Grasse River, adjacent to Alcoa's Massena, New York plant site. The range of costs associated with the remedial alternatives evaluated in the 2002 report is between $2 and $525. Alcoa believes that several of those alternatives, involving the largest amounts of sediment removal, should not be selected for the Grasse River remedy. Alcoa believes the alternatives that should be selected are those ranging from monitored natural recovery ($2) to a combination of moderate dredging and capping

($90). A reserve of $2 has been recorded for any probable losses, as no one of the alternatives is more likely to be selected than any other.

Based on these facts, it is possible that Alcoa's results of operations, in a particular period, could be materially affected by matters relating to these sites. However, based on facts currently available, management believes that the disposition of these matters will not have a materially adverse effect on the financial position or liquidity of the company.

Alcoa's remediation reserve balance at the end of 2001 was $431, of which $74 was classified as a current liability, and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. Of the 2001 reserve balance, approximately 8% relates to the Massena, New York plant sites, 6% relates to the Troutdale, Oregon plant site, and 23% relates to the Sherwin, Texas site. Remediation expenses charged to the reserve were $72 in 2001, $77 in 2000, and $47 in 1999. These include expenditures currently mandated, as well as those not required by any regulatory authority or third party. In 2001, the reserve balance was increased by $56, primarily as a result of acquisitions and the shutdown of the company's magnesium plant in Addy, Washington.

Included in annual operating expenses are the recurring costs of managing hazardous substances and environmental programs. These costs are estimated to be about 2% of cost of goods sold.

Liquidity and Capital Resources

Cash from Operations

Cash from operations decreased 15% to $2,411, following an increase of 20% to $2,851 in 2000 from $2,381 in 1999. The decrease in 2001 is primarily the result of lower earnings. The increase in cash from operations in 2000 relative to 1999 was primarily due to the impact of acquisitions, higher aluminum prices resulting in increased earnings, and an increase in depreciation and amortization, partially offset by changes in noncurrent assets and liabilities.

Cash from Operations
millions of dollars

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Financing Activities

Cash used for financing activities was $3,127 in 2001 compared with cash provided from financing activities of $1,552 in 2000. The increase in cash used was primarily due to debt repayments that were funded by the proceeds from the sales of operations required to be divested from the Reynolds merger, the sale of Thiokol and issuing additional debt. In 2000, cash provided from financing activities was $1,552, versus cash used for financing activities of $1,311 in 1999. The increase in cash in 2000 was due to increases in short-term borrowings, commercial paper and long-term debt. This was partially offset by a decrease in common stock issued for employee stock compensation plans.

In 2001 and 2000, additions to long-term debt exceeded payments on long-term debt by $1,112 and $571, respectively. In May 2001, Alcoa issued $1,500 of notes. Of these notes, $1,000 mature in 2011 and carry a coupon rate of 6.50%, and $500 mature in 2006 and carry a coupon rate of 5.875%. In December 2001, Alcoa issued an additional $1,500 of notes. This issue consisted of $1,000 of notes that mature in 2012 and carry a coupon rate of 6% and $500 of floating-rate notes that mature in 2004. In 2000, Alcoa issued $1,500 of notes. Of these notes, $1,000 mature in 2010 and carry a coupon rate of 7.375%, and $500 mature in 2005 and carry a coupon rate of 7.25%.

Free Cash Flow to Debt Coverage
times covered

[GRAPH APPEARS HERE]

In April 2001, Alcoa refinanced the $2,490 revolving-credit facility that was to expire in April 2001 and the $510 revolving-credit facility that expires in April 2005. These facilities were refinanced into a $2,000 revolving- credit agreement that expires in April 2002 and a $1,000 revolving-credit agreement that expires in April 2005. The revolving-credit facilities are used to support Alcoa's commercial paper program.

The increase in cash used for financing activities in 2001 was also attributed to the repurchase of 39,348,136 shares of the company's common stock for $1,452 at an average price of $36.87 per share.

In 2000, Alcoa used $763 to repurchase 21,742,600 shares of the company's common stock at an average price of $35.08 per share. Stock repurchases in 2001 and 2000 were partially offset by stock issued for employee stock compensation plans of 21,412,772 shares for $552 in 2001 and 16,579,158 shares for $251 in 2000.

Debt as a percentage of invested capital was 35.7% at the end of 2001, compared with 38.6% for 2000 and 28.3% for 1999.

In 2001, dividends paid to shareholders increased by $100 to $518. The increase was primarily due to an increase in the total common stock dividend paid from 50 cents per share in 2000 to 60 cents per share in 2001, due to the payout of a variable dividend in addition to Alcoa's base dividend in 2001. Alcoa had a variable dividend program that provided for the distribution, in the following year, of 30% of Alcoa's annual earnings in excess of $1.50 per basic share. In January 2002, the Board of Directors approved eliminating the variable dividend and declared a quarterly dividend of 15 cents per common share, which represents a 20% increase in the quarterly dividend from the prior 12.5 cents per common share. In 2000, dividends paid to shareholders increased by $120 to $418. The increase was due to a higher number of shares outstanding as well as an increase in the dividend per share in 2000, with a total payout of 50 cents per share versus 40.3 cents per share in 1999.

Debt as a Percent of Invested Capital

[GRAPH APPEARS HERE]

Investing Activities

Cash provided from investing activities in 2001 totaled $939, compared with cash used for investing activities of $4,309 in 2000. The increase of $5,248 was partly due to $2,507 of proceeds from asset sales in 2001 due to dispositions of assets required to be divested from the Reynolds merger, as well as proceeds from the sale of Thiokol. Additionally, cash paid for acquisitions in 2001 was $159, while in 2000, cash paid for acquisitions was $3,121, primarily attributable to the acquisition of Cordant.

Capital Expenditures and Depreciation
millions of dollars

[GRAPH APPEARS HERE]

Capital expenditures totaled $1,177 in 2001, compared with $1,121 and $920 in 2000 and 1999, respectively. Of the total capital expenditures in 2001, 37% related to capacity expansion, primarily in the Engineered Products segment. Also included are costs of new and expanded facilities for environmental control in ongoing operations totaling $80 in 2001, $96 in 2000, and $91 in 1999. Capital expenditures related to environmental control are anticipated to be approximately $123 in 2002.

Alcoa added $270, $94 and $96 to its investments in 2001, 2000 and 1999, respectively. The increase of $176 in 2001 was primarily due to Alcoa's purchase of an 8% interest in Aluminum Corporation of China (Chalco) for approximately $150, as part of a strategic alliance to form a 50/50 joint venture at Chalco's facility in Pingguo, China. The increase in investments is also due to Alcoa's increased investment in the Norwegian metals producer, Elkem ASA. On January 9, 2002, Alcoa raised its equity stake in Elkem above 40% which, under Norwegian law, required Alcoa to initiate an unconditional cash tender offer for the remaining outstanding shares of Elkem. Under the tender offer, which will expire on February 22, 2002, Alcoa will pay approximately $17.40 for each outstanding share of Elkem. Alcoa's potential cash commitment if all outstanding shares are tendered is approximately $515. Additions to investments in 2000 and 1999 were primarily related to Elkem.

Contractual Obligations and Commercial Commitments

The company is obligated to make future payments under various contracts such as debt agreements, lease agreements and unconditional purchase obligations and has certain contingent commitments such as debt guarantees. The following tables represent the significant contractual cash obligations and other commercial commitments of Alcoa as of December 31, 2001.

Contractual Cash Obligations	Total	Due in 2002	Due in 2003	Due in 2004	Due in 2005	Due in 2006	Thereafter
Long-term debt (including $44 of capital lease obligations)	$ 6,491	$ 103	$ 91	$ 563	$ 979	$ 586	$ 4,169
Operating leases	650	128	98	77	64	60	223
Unconditional purchase obligations	3,116	176	180	185	178	154	2,243
Total contractual cash obligations	$10,257	$ 407	$ 369	$ 825	$ 1,221	$ 800	$ 6,635

See Notes H, J, and Q to the Consolidated Financial Statements for additional information regarding these obligations.

Other Commercial Commitments	Total Amounts Committed	Amount of commitment expiration per period			
		Less than 1 year	1-3 years	4-5 years	Over 5 years
Standby letters of credit	$181	$181	$ --	$ --	$ --
Guarantees	136	--	--	--	136
Total commercial commitments	$317	$181	$ --	$ --	$136

The standby letters of credit are related to environmental, insurance and other activities. See Note J to the Consolidated Financial Statements for additional information regarding guarantees.

Critical Accounting Policies

Alcoa's significant accounting policies are described in Note A to the Consolidated Financial Statements. The application of these policies may require management to make judgments and estimates about the amounts reflected in the financial statements. Management uses historical experience and all available information to make these estimates and judgments, and different amounts could be reported using different assumptions and estimates. In addition to the information described in Note A to the Consolidated Financial Statements, a discussion of the judgments and uncertainties associated with accounting for derivatives and environmental matters can be found in the Market Risks and Environmental Matters sections.

Related Party Transactions

Alcoa buys products from and sells products to various related companies, consisting of entities in which Alcoa retains a 50% or less equity interest, at negotiated prices between the two parties. These transactions were not material to the financial position or results of operations of Alcoa at December 31, 2001.

Recently Adopted and Recently Issued Accounting Standards

The Financial Accounting Standards Board has recently issued various new accounting standards, including SFAS No. 141, "Business Combinations," SFAS No. 142, "Goodwill and Other Intangible Assets," SFAS No. 143, "Accounting for Asset Retirement Obligations," and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." See Note A to the Consolidated Financial Statements for additional information on these standards, including a description of the new standards and the timing of adoption.

Management's Report to Alcoa Shareholders

The accompanying financial statements of Alcoa and consolidated subsidiaries were prepared by management, which is responsible for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles and include amounts that are based on management's best judgments and estimates. The other financial information included in this annual report is consistent with that in the financial statements.

The company maintains a system of internal controls, including accounting controls, and a strong program of internal auditing. The system of controls provides for appropriate procedures that are consistent with high standards of accounting and administration. The company believes that its system of internal controls provides reasonable assurance that assets are safeguarded against losses from unauthorized use or disposition and that financial records are reliable for use in preparing financial statements.

Management also recognizes its responsibility for conducting the company's affairs according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in key policy statements issued from time to time regarding, among other things, conduct of its business activities within the laws of the host countries in which the company operates and potentially conflicting outside business interests of its employees. The company maintains a systematic program to assess compliance with these policies.

/s/ Alain J. P. Belda
Alain J. P. Belda
Chairman and Chief Executive Officer

/s/ Richard B. Kelson
Richard B. Kelson
Executive Vice President and
Chief Financial Officer/
Chief Compliance Officer

Report of Independent Accountants

To the Shareholders and Board of Directors Alcoa Inc. (Alcoa)

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Alcoa at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Alcoa's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes A and S to the consolidated financial statements, Alcoa changed its method of accounting for derivatives in 2001.

/s/ PricewaterhouseCoopers LLP

600 Grant St., Pittsburgh, Pa.
January 9, 2002

Statement Of Consolidated Income Alcoa and subsidiaries
(in millions, except per-share amounts)

For the year ended December 31	2001	2000	1999
Sales (A and L)	$ 22,859	$ 22,936	$ 16,323
Cost of goods sold	17,857	17,342	12,536
Selling, general administrative and other expenses	1,276	1,108	851
Research and development expenses	203	194	128
Provision for depreciation, depletion and amortization	1,253	1,207	888
Special items (B)	566	--	--
Interest expense (R)	371	427	195
Other income, net	(308)	(154)	(124)
	21,218	20,124	14,474
Income before taxes on income	1,641	2,812	1,849
Provision for taxes on income (O)	525	942	553
Income from operations	1,116	1,870	1,296
Less: Minority interests' share	208	381	242
Income before accounting change	908	1,489	1,054
Cumulative effect of accounting change (A)	--	(5)	--
Net Income	$ 908	$ 1,484	$ 1,054
Earnings Per Share (N)			
Basic (before cumulative effect)	$ 1.06	$ 1.83	$ 1.43
Basic (after cumulative effect)	1.06	1.82	1.43
Diluted (before cumulative effect)	1.05	1.81	1.41
Diluted (after cumulative effect)	1.05	1.80	1.41

The accompanying notes are an integral part of the financial statements

Consolidated Balance Sheet   Alcoa and subsidiaries
(in millions)

December 31	2001	2000
Assets		
Current assets:		
Cash and cash equivalents (S)	$ 512	$ 315
Short-term investments (S)	15	56
Receivables from customers, less allowances: 2001- $129; 2000-$69	2,577	3,461
Other receivables	288	354
Inventories (D)	2,531	2,703
Deferred income taxes (O)	410	385
Prepaid expenses and other current assets	459	304
Total current assets	6,792	7,578
Properties, plants and equipment (E)	11,982	12,850
Goodwill, net of accumulated amortization of $524 in 2001 and $344 in 2000 (C)	5,733	6,003
Other assets (F)	3,848	5,260
Total Assets	$ 28,355	$ 31,691
Liabilities		
Current liabilities:		
Short-term borrowings (H and S)	$ 142	$ 2,719
Accounts payable, trade	1,630	1,876
Accrued compensation and retirement costs	889	928
Taxes, including taxes on income	903	702
Other current liabilities	1,336	1,302
Long-term debt due within one year (H and S)	103	427
Total current liabilities	5,003	7,954
Long-term debt, less amount due within one year (H and S)	6,388	4,987
Accrued postretirement benefits (P)	2,513	2,719
Other noncurrent liabilities and deferred credits (G)	1,968	2,126
Deferred income taxes (O)	556	969
Total liabilities	16,428	18,755
Minority Interests (I)	1,313	1,514
Commitments and Contingencies (J)		
Shareholders' Equity		
Preferred stock (M)	56	56
Common stock (M)	925	925
Additional capital	6,114	5,927
Retained earnings	7,517	7,127
Treasury stock, at cost	(2,706)	(1,717)
Accumulated other comprehensive loss	(1,292)	(896)
Total shareholders' equity	10,614	11,422
Total Liabilities And Equity	$ 28,355	$ 31,691

The accompanying notes are an integral part of the financial statements.

Statement of Consolidated Cash Flows   Alcoa and subsidiaries
(in millions)

For the year ended December 31	2001	2000	1999
Cash from Operations			
Net income	$ 908	$ 1,484	$ 1,054
Adjustments to reconcile net income to cash from operations:			
Depreciation, depletion and amortization	1,265	1,219	901
Change in deferred income taxes	(24)	135	54
Equity income, net of dividends	(56)	(66)	(10)
Noncash special items (B)	526	--	--
Gains from investing activities--sale of assets	(114)	(7)	(12)
Provision for doubtful accounts	78	10	11
Accounting change	--	5	--
Minority interests	208	381	242
Other	9	32	31
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:			
Reduction (increase) in receivables	605	(456)	(67)
(Increase) reduction in inventories	(13)	117	253
(Increase) reduction in prepaid expenses and other current assets	(69)	6	(36)
Reduction in accounts payable and accrued expenses	(419)	(88)	(79)
(Reduction) increase in taxes, including taxes on income	(60)	407	171
Change in deferred hedging gains/losses	--	7	(63)
Net change in noncurrent assets and liabilities	(433)	(335)	(69)
Cash provided from operations	2,411	2,851	2,381
Financing Activities			
Net changes to short-term borrowings	(2,570)	2,123	(89)
Common stock issued for stock compensation plans	552	251	464
Repurchase of common stock	(1,452)	(763)	(838)
Dividends paid to shareholders	(518)	(418)	(298)
Dividends paid to minority interests	(251)	(212)	(122)
Net change in commercial paper	(1,290)	530	--
Additions to long-term debt	3,343	1,918	572
Payments on long-term debt	(941)	(1,877)	(1,000)
Cash (used for) provided from financing activities	(3,127)	1,552	(1,311)
Investing Activities			
Capital expenditures	(1,177)	(1,121)	(920)
Acquisitions, net of cash acquired (K)	(159)	(3,121)	(122)
Proceeds from the sale of assets	2,507	22	45
Additions to investments	(270)	(94)	(96)
Changes in short-term investments	41	21	(37)
Other	(3)	(16)	(37)
Cash provided from (used for) investing activities	939	(4,309)	(1,167)
Effect of exchange rate changes on cash	(26)	(16)	(8)
Net change in cash and cash equivalents	197	78	(105)
Cash and cash equivalents at beginning of year	315	237	342
Cash and cash equivalents at end of year	$ 512	$ 315	$ 237

The accompanying notes are an integral part of the financial statements.

Statement of Shareholders' Equity — Alcoa and subsidiaries
(in millions, except per-share amounts)

December 31	Comprehensive income	Preferred stock	Common stock	Additional capital	Retained earnings	Treasury stock	Accumulated other comprehensive loss	Total shareholders' equity
Balance at end of 1998		$ 56	$ 395	$ 1,676	$ 5,305	$ (1,029)	$ (347)	$ 6,056
Comprehensive income--1999:								
Net income--1999	$1,054				1,054			1,054
Other comprehensive loss:								
Unrealized translation adjustments (A)	(291)						(291)	(291)
Comprehensive income	$ 763							
Cash dividends: Preferred @ $3.75 per share					(2)			(2)
Common @ $.403 per share					(296)			(296)
Treasury shares purchased						(838)		(838)
Stock issued: compensation plans				28		607		635
Balance at end of 1999		56	395	1,704	6,061	(1,260)	(638)	6,318
Comprehensive income--2000:								
Net income--2000	$1,484				1,484			1,484
Other comprehensive income (loss):								
Change in minimum pension liability, net of $(3) tax expense	5							
Unrealized translation adjustments	(263)						(258)	(258)
Comprehensive income	$1,226							
Cash dividends: Preferred @ $3.75 per share					(2)			(2)
Common @ $.500 per share					(416)			(416)
Treasury shares purchased						(763)		(763)
Stock issued: Reynolds acquisition			135	4,367				4,502
Stock issued: compensation plans				251		306		557
Stock issued: two-for-one split			395	(395)				--
Balance at end of 2000		56	925	5,927+	7,127	(1,717)	(896)	11,422
Comprehensive income--2001:								
Net income--2001	$ 908				908			908
Other comprehensive income (loss):								
Change in minimum pension liability, net of $27 tax benefit	(51)							
Unrealized translation adjustments	(241)							
Unrecognized gains/(losses) on derivatives, net of tax and minority interests of $124 (S):								
Cumulative effect of accounting change	(4)							
Net change from periodic revaluations	(175)							
Net amount reclassified to income	75							
Total unrecognized gains/(losses) on derivatives	(104)						(396)	(396)
Comprehensive income	$ 512							
Cash dividends: Preferred @ $3.75 per share					(2)			(2)
Common @ $.600 per share					(516)			(516)
Treasury shares purchased						(1,452)		(1,452)
Stock issued: compensation plans				187		463		650
Balance at end of 2001		$ 56	$ 925	$ 6,114+	$ 7,517	$ (2,706)	$ (1,292) *	$ 10,614

*Comprised of unrealized translation adjustments of $(1,127), minimum pension liability of $(61) and unrecognized gains/(losses) on derivatives of $(104)
+Includes stock to be issued under options of $138 and $182 in 2001 and 2000, respectively

Share Activity
(number of shares)

	Preferred stock	Common stock: Issued	Common stock: Treasury	Common stock: Net outstanding
Balance at end of 1998	557,649	789,391,852	(55,773,696)	733,618,156
Treasury shares purchased			(31,211,044)	(31,211,044)
Stock issued: compensation plans			33,090,884	33,090,884
Balance at end of 1999	557,649	789,391,852	(53,893,856)	735,497,996
Treasury shares purchased			(21,742,600)	(21,742,600)
Stock issued: Reynolds acquisition		135,182,686		135,182,686
Stock issued: compensation plans			16,579,158	16,579,158
Balance at end of 2000	557,649	924,574,538	(59,057,298)	865,517,240
Treasury shares purchased			(39,348,136)	(39,348,136)
Stock issued: compensation plans			21,412,772	21,412,772

Balance at end of 2001	557,649	924,574,538	(76,992,662)	847,581,876

The accompanying notes are an integral part of the financial statements.

Notes To Consolidated Financial Statements
(dollars in millions, except per-share amounts)

A. Summary Of Significant Accounting Policies

Principles Of Consolidation. The consolidated financial statements include the accounts of Alcoa and companies more than 50% owned. Investments in other entities are accounted for principally on the equity basis.

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and require management to make certain estimates and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates upon subsequent resolution of identified matters.

Cash Equivalents. Cash equivalents are highly liquid investments purchased with an original maturity of three months or less.

Inventory Valuation. Inventories are carried at the lower of cost or market, with cost for a substantial portion of U.S. and Canadian inventories determined under the last-in, first-out (LIFO) method. The cost of other inventories is principally determined under the average-cost method. See Note D for additional detail.

Properties, Plants And Equipment. Properties, plants and equipment are recorded at cost. Depreciation is recorded principally on the straight-line method at rates based on the estimated useful lives of the assets, averaging 33 years for structures and between 5 and 25 years for machinery and equipment. Profits or losses from the sale of assets are included in other income. Repairs and maintenance are charged to expense as incurred. Interest related to the construction of qualifying assets is capitalized as part of the construction costs. Depletion is taken over the periods during which the estimated mineral reserves are extracted. See Notes E and R for additional detail.

Amortization Of Intangibles. The excess purchase price over the net tangible assets of businesses acquired is reported as goodwill in the Consolidated Balance Sheet. Goodwill and other intangibles have been amortized on a straight-line basis over not more than 40 years. The carrying value of goodwill and other intangibles is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses. Adjustments are made if the sum of expected future net cash flows is less than book value. See Note F for additional information. See Recently Adopted Accounting Standards regarding the accounting for goodwill and intangibles amortization effective January 1, 2002.

Revenue Recognition. Alcoa recognizes revenue when title, ownership and risk of loss pass to the customer. In 2000, Alcoa changed its method of accounting for revenue recognition in accordance with the provisions of Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements." The application of this method of accounting for revenue recognition resulted in a cumulative effect charge to income of $5 (net of taxes and minority interests of $3) in 2000. The change did not have a significant effect on revenues or results of operations for the year ended December 31, 2000. The pro forma amounts, assuming that the new revenue recognition method was applied retroactively to prior periods, were not materially different from the amounts shown in the Statement of Consolidated Income for the year ended December 31, 1999.

Environmental Expenditures. Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, and which do not contribute to future revenues, are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated. The liability may include costs such as site investigations, consultant fees, feasibility studies, outside contractor and monitoring expenses. Estimates are not discounted or reduced by potential claims for recovery. Claims for recovery are recognized when received. The estimates also include costs related to other potentially responsible parties to the extent that Alcoa has reason to believe such parties will not fully pay their proportionate share. The liability is periodically reviewed and adjusted to reflect current remediation progress, prospective estimates of required activity and other factors that may be relevant, including changes in technology or regulations. See Note T for additional information.

Stock-based Compensation. Alcoa accounts for stock-based compensation in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, compensation cost is not recognized on options granted. Disclosures required with respect to alternative fair value measurement and recognition methods prescribed by Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," are presented in Note M.

Derivatives And Hedging. Effective January 1, 2001, Alcoa adopted SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities," as amended. The fair values of all outstanding derivative instruments are recorded on the balance sheet in other current and noncurrent assets and liabilities at December 31, 2001. The transition adjustment on January 1, 2001 resulted in a net charge of $4 (after tax and minority interests), which was recorded in other comprehensive income.

Derivatives are held as part of a formally documented risk management (hedging) program. Alcoa's hedging activities are subject to the management, direction and control of the Strategic Risk Management Committee (SRMC). SRMC is composed of the chief executive officer, the chief financial officer and other officers and employees that the chief executive officer may select from time to

time. SRMC reports to the Board of Directors on the scope of its derivative activities. All derivatives are straightforward and are held for purposes other than trading. Alcoa measures hedge effectiveness by formally assessing, at least quarterly, the historical and probable future high correlation of changes in the fair value or expected future cash flows of the hedged item. The ineffective portions are recorded in other income or expense in the current period. To the extent that Alcoa uses options contracts as hedging instruments, effectiveness is assessed based on changes in the intrinsic value of the option. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, gains or losses on the derivative are recorded in other income or expense.

Changes in the fair value of derivatives are recorded in current earnings along with the change in the fair value of the underlying hedged item if the derivative is designated as a fair value hedge or in other comprehensive income if the derivative is designated as a cash flow hedge. If no hedging relationship is designated, the derivative is marked to market through earnings.

Cash flows from financial instruments are recognized in the statement of cash flows in a manner consistent with the underlying transactions.

Prior to the adoption of SFAS No. 133, gains and losses related to transactions that qualified for hedge accounting, including closed futures contracts, were deferred and reflected in earnings when the underlying physical transactions took place. The deferred gains or losses were reflected on the balance sheet in other current and noncurrent assets and liabilities.

Past accounting convention also required that certain positions be marked to market. Mark-to-market gains and losses were recorded in other income. As a result of the change in accounting under SFAS No. 133, these contracts were re-designated and qualified as hedges on January 1, 2001. See Note S for additional information.

Foreign Currency. The local currency is the functional currency for Alcoa's significant operations outside the U.S., except in Canada, where the U.S. dollar is used as the functional currency. The determination of the functional currency for Alcoa's operations is made based on the appropriate economic and management indicators.

Effective July 1, 1999, the Brazilian real became the functional currency for translating the financial statements of Alcoa's 59%-owned Brazilian subsidiary, Alcoa Aluminio S.A. (Aluminio). Economic factors and circumstances related to Aluminio's operations had changed significantly due to the devaluation of the real in the 1999 first quarter. Under SFAS No. 52, "Foreign Currency Translation," the change in these facts and circumstances required a change in Aluminio's functional currency. As a result of the change, Alcoa's accumulated other comprehensive loss (unrealized translation adjustments) and minority interests accounts were reduced by $156 and $108, respectively. These amounts were driven principally by a reduction in fixed assets and resulted in decreases in Aluminio's depreciation expense of $30 in 2001 and 2000 and $15 in 1999.

Recently Adopted Accounting Standards. Alcoa adopted SFAS No. 141, "Business Combinations" for all business combinations after June 30, 2001. This standard requires that all business combinations be accounted for using the purchase method, and it further clarifies the criteria for recognition of intangible assets separately from goodwill. Since June 30, 2001, there have been no material business combinations.

Effective January 1, 2002, Alcoa will adopt SFAS No. 142, "Goodwill and Other Intangible Assets" for existing goodwill and other intangible assets. This standard eliminates the amortization of goodwill and intangible assets with indefinite useful lives and requires annual testing for impairment. This standard requires the assignment of assets acquired and liabilities assumed, including goodwill, to reporting units for purposes of goodwill impairment testing. Under the provisions of this standard, any impairment of goodwill as well as the unamortized balance of negative goodwill will be written off and recognized as a cumulative effect of a change in accounting principle effective January 1, 2002. Alcoa had unamortized goodwill of $5,733 at December 31, 2001, and had recorded net goodwill amortization expense of $170, $122 and $39 for the years ended December 31, 2001, 2000 and 1999, respectively. The company is currently evaluating the cumulative effect and ongoing impact of the application of SFAS No. 142 on the consolidated financial statements.

Effective January 1, 2002, Alcoa will adopt SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement supersedes or amends existing accounting literature related to the impairment and disposal of long-lived assets. Management is currently developing a plan to apply the provisions of this standard to its operations on an ongoing basis.

Recently Issued Accounting Standards. In June 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement establishes standards for accounting for obligations associated with the retirement of tangible long-lived assets. The standard is required to be adopted by Alcoa beginning on January 1, 2003. Management is currently assessing the details of the standard and is preparing a plan of implementation.

Reclassification. Certain amounts in previously issued financial statements were reclassified to conform to 2001 presentations.

B. Special Items

During 2001, Alcoa recorded charges of $566 ($355 after tax and minority interests) as a result of a restructuring plan. The company completed a strategic review of its primary products and fabricating businesses aimed at optimizing and aligning its manufacturing systems with customer needs, while positioning the company for stronger profitability. The total charge of $566 consisted of a charge of $212 ($114 after tax and minority interests) in the second quarter of 2001 and a charge of $354 ($241 after tax and minority interests) in the fourth quarter of 2001. These charges consisted of asset write-downs ($372 pretax), employee termination and severance costs ($178 pretax) related to workforce reductions of approximately 10,400 employees, and exit costs ($16 pretax). The second quarter charge was primarily due to actions taken in Alcoa's primary products businesses because of economic and competitive conditions. These actions included the shutdown of three facilities in the U.S. Alcoa expects to complete these actions by mid-2002. The fourth quarter charge was primarily due to actions taken in Alcoa's fabricating businesses. These

actions included the shutdown of 15 facilities in the U.S. and Europe. Alcoa expects to complete these actions by the end of 2002.

Pretax restructuring charges consisted of:

	Asset Write-Downs	Employee Termination and Severance Costs	Other	Total
2001:				
Total restructuring charges	$ 372	$ 178	$ 16	$ 566
Cash payments	(3)	(32)	(5)	(40)
Noncash charges	(314)	--	--	(314)
Reserve balance at December 31, 2001	$ 55	$ 146	$ 11	$ 212

Asset write-downs of $372 were primarily recorded as a direct result of the company's decision to close certain facilities. The asset write-downs consisted primarily of structures and machinery and equipment, as well as related selling or disposal costs, and were comprised of $145 related to assets that will be phased out and $227 of assets that could be disposed of immediately. Assets to be phased out consisted of $46 of assets in the Flat-Rolled Products segment, $78 of assets in the Engineered Products segment and $21 at corporate. Assets to be disposed of consisted of $110 of assets in the Alumina and Chemicals segment, $84 of assets in the Primary Metals segment, $23 of assets in the Engineered Products segment, $4 in the Other group and $6 at corporate.

Assets to be phased out will be removed from service by mid-2002. Fair values of assets were determined based on expected future cash flows or appraised values. Expected operating cash flows during the phaseout period were not significant and did not have a material impact on the determination of the amount of the write-down.

Assets that could be disposed of immediately will be sold or vacated by the end of 2002. The remaining carrying amount of these assets was approximately $80 at December 31, 2001. The results of operations related to these assets were not material.

Employee termination and severance costs of $178 were recorded as management implemented workforce reductions of 10,400 hourly and salaried employees at various manufacturing facilities--primarily located outside of the U.S.-due to weak market conditions and the shutdowns of several manufacturing facilities. These workforce reductions primarily consisted of a combination of early retirement incentives and involuntary severance programs. As of December 31, 2001, approximately 4,000 employees had been terminated.

The $16 of exit costs were recorded for activities associated with the shutdowns above, which will be substantially complete by the end of 2002.

C. Acquisitions And Divestitures

In May of 2000, Alcoa completed a merger with Reynolds Metals Company (Reynolds) by issuing approximately 135 million shares of Alcoa common stock at a value of $33.30 per share to Reynolds stockholders. The transaction was valued at approximately $5,900, including debt assumed of $1,297. The purchase price included the conversion of outstanding Reynolds options to Alcoa options as well as other direct costs of the acquisition. The goodwill of approximately $2,100 resulting from the purchase price allocation was being amortized over a 40-year period.

As part of the merger with Reynolds, Alcoa agreed to divest Reynolds' interests in the alumina refineries in Worsley, Australia; Stade, Germany; and Sherwin, Texas as well as 25% of Reynolds' interest in the aluminum smelter located in Longview, Washington.

The consolidated financial statements have been prepared in accordance with Emerging Issues Task Force (EITF) 87- 11, "Allocation of Purchase Price to Assets to be Sold." Under EITF 87-11, at December 31, 2000, the fair value of net assets to be divested were reported as assets held for sale in the balance sheet, and the results of operations from these assets of $19 (after tax) were not included in the Statement of Consolidated Income. In 2001, the results of operations from these assets were not material, and there were no significant adjustments to the purchase price allocation as a result of these divestitures.

The sale of Sherwin was completed in December 2000; the sales of Worsley and 100% of Longview were completed in the first quarter of 2001; and the sale of Stade was completed in the second quarter of 2001. There were no gains or losses on the sales of these assets.

In November of 2001, Alcoa contributed net assets of approximately $200 of Reynolds Aluminum Supply Company (RASCO), the metals distribution business acquired in the Reynolds acquisition, to a joint venture in which Alcoa retains a 50% equity interest.

In May and June of 2000, Alcoa completed the acquisitions of Cordant Technologies Inc. (Cordant) and Howmet International Inc. (Howmet), a majority-owned company of Cordant. Under the agreement and tender offer, Alcoa paid $57 for each outstanding share of Cordant common stock and $21 for each outstanding share of Howmet common stock. The total value of the transactions was approximately $3,300, including the assumption of debt of $826. The purchase price includes the conversion of outstanding Cordant and Howmet options to Alcoa options as well as other direct costs of the acquisition. In April of 2001, Alcoa completed the sale of Thiokol, a business acquired in the Cordant transaction, to Alliant Techsystems Inc. for net proceeds of $698 in cash, which included a working capital adjustment, and recognized a $55 pretax gain that is included in other income. The goodwill of approximately $2,200 resulting from the purchase price allocation, after considering the impact of the Thiokol sale, was being amortized over a 40-year period.

The following unaudited pro forma information for the years ended December 31, 2000 and 1999 assumes that the acquisitions of Reynolds and Cordant had occurred at the beginning of 2000 and 1999. Adjustments that have been made to arrive at the pro forma totals include those related to acquisition financing; the amortization of goodwill; the elimination of transactions among Alcoa, Reynolds and Cordant; and additional depreciation related to the increase in basis that resulted from the transactions. Tax effects from the pro forma adjustments previously noted have been included at the 35% U.S. statutory rate.

(Unaudited)	2000	1999
Sales	$ 25,636	$ 23,369
Net income	1,514	1,148

Earnings per share:		
Basic	$ 1.86*	$ 1.32
Diluted	1.84*	1.30

*Includes the cumulative effect adjustment of the accounting change for revenue recognition

The pro forma results are not necessarily indicative of what actually would have occurred if the transactions had been in effect for the periods presented, are not intended to be a projection of future results and do not reflect any cost savings that might be achieved from the combined operations.

In October of 2000, Alcoa completed the acquisition of Luxfer Holdings plc's aluminum plate, sheet and soft-alloy extrusion manufacturing operations and distribution businesses of British Aluminium

Limited, a wholly owned subsidiary of Luxfer. Alcoa paid approximately $271 in cash. The allocation of the purchase price resulted in goodwill of approximately $121, which was being amortized over a 40-year period. Had the British Aluminium acquisition occurred at the beginning of 2000 or 1999, net income for those years would not have been materially different.

Alcoa completed a number of other acquisitions in 2001, 2000 and 1999. Net cash paid for other acquisitions was $159, $488 and $122 in 2001, 2000 and 1999, respectively. None of these transactions had a material impact on Alcoa's financial statements.

Alcoa's acquisitions have been accounted for using the purchase method. The purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair market values. Any excess purchase price over the fair market value of the net assets acquired has been recorded as goodwill. For all of Alcoa's acquisitions, operating results have been included in the Statement of Consolidated Income since the dates of the acquisitions.

D. Inventories

December 31	2001	2000
Finished goods	$ 691	$ 814
Work in process	734	806
Bauxite and alumina	410	311
Purchased raw materials	531	562
Operating supplies	165	210
	$ 2,531	$ 2,703

Approximately 47% of total inventories at December 31, 2001 were valued on a LIFO basis. If valued on an average-cost basis, total inventories would have been $605 and $658 higher at the end of 2001 and 2000, respectively. During 2000, LIFO inventory quantities were reduced, which resulted in a partial liquidation of the LIFO bases. The impact of this liquidation increased net income by $31, or four cents per share, in 2000.

E. Properties, Plants and Equipment, at Cost

December 31	2001	2000
Land and land rights, including mines	$ 390	$ 384
Structures	5,318	5,329
Machinery and equipment	15,779	16,063
	21,487	21,776
Less: accumulated depreciation and depletion	10,554	9,750
	10,933	12,026
Construction work in progress	1,049	824
	$ 11,982	$ 12,850

F. Other Assets

December 31	2001	2000
Investments, principally equity investments	$ 1,384	$ 954
Assets held for sale	--	1,473
Intangibles, net of accumulated amortization of $323 in 2001 and $238 in 2000	674	821
Noncurrent receivables	44	118
Deferred income taxes	445	360
Deferred charges and other	1,301	1,534
	$ 3,848	$ 5,260

G. Other Noncurrent Liabilities and Deferred Credits

December 31	2001	2000
Deferred alumina sales revenue	$ 204	$ 212
Environmental remediation	357	369
Deferred credits	278	317
Other noncurrent liabilities	1,129	1,228
	$ 1,968	$ 2,126

H. Debt

December 31	2001	2000
Commercial paper, variable rate, (1.9% and 6.6% average rates)	$ 220	$ 1,510
5.75% Notes	--	250

6.625% Notes, due 2002	57	114
9% Bonds, due 2003	21	21
Floating-rate notes, due 2004 (2.2% average rate)	500	--
6.125% Bonds, due 2005	200	200
7.25% Notes, due 2005	500	500
5.875% Notes, due 2006	500	--
6.625% Notes, due 2008	150	150
7.375% Notes, due 2010	1,000	1,000
6.50% Notes, due 2011	1,000	--
6% Notes, due 2012	1,000	--
6.50% Bonds, due 2018	250	250
6.75% Bonds, due 2028	300	300
Tax-exempt revenue bonds ranging from 1.6% to 7.3%, due 2002-2033	341	347
Medium-term notes, due 2002-2013 (8.0% and 8.3% average rates)	224	334
Alcoa Fujikura Ltd.		
Variable-rate term loan (6.3% average rate)	--	190
Alcoa Aluminio		
7.5% Export notes, due 2008	165	184
Variable-rate notes (8.2% average rate)	--	3
Other	63	61
	6,491	5,414
Less: amount due within one year	103	427
	$ 6,388	$ 4,987

The amount of long-term debt maturing in each of the next five years is $103 in 2002, $91 in 2003, $563 in 2004, $979 in 2005 and $586 in 2006.

In May 2001, Alcoa issued $1,500 of notes. Of these notes, $1,000 mature in 2011 and carry a coupon rate of 6.50%, and $500 mature in 2006 and carry a coupon rate of 5.875%. In December 2001, Alcoa issued $1,500 of notes. This issue consisted of $1,000 of notes that mature in 2012 and carry a coupon rate of 6%, and $500 of floating-rate notes that mature in 2004. The proceeds from these borrowings were used to refinance debt, primarily commercial paper, and for general corporate purposes.

In 2000, Alcoa issued $1,500 of notes. Of these notes, $1,000 mature in 2010 and carry a coupon rate of 7.375%, and $500 mature in 2005 and carry a coupon rate of 7.25%.

In April 2001, Alcoa refinanced the $2,490 revolving-credit facility that was to expire in April 2001 and the $510 revolving-credit facility that expires in April 2005. These facilities were refinanced into a $2,000 revolving-credit agreement that expires in April 2002 and a $1,000 revolving-credit agreement that expires in April 2005. Alcoa

also has a $1,000 revolving-credit facility that expires in August 2003. Under these agreements, a certain ratio of indebtedness to consolidated net worth must be maintained. Commercial paper of $220 and $1,510 at December 31, 2001 and 2000, respectively, was classified as long-term debt because it is backed by the revolving-credit facilities. There were no amounts outstanding under these facilities at December 31, 2001. The interest rate on these facilities, if drawn upon, is Libor plus 19 basis points, which is subject to adjustment if Alcoa's credit rating changes, to a maximum interest rate of Libor plus 40 basis points.

Aluminio's export notes are collateralized by receivables due under an export contract. Certain financial ratios must be maintained, including the maintenance of a minimum debt service ratio as well as a certain level of tangible net worth of Aluminio and its subsidiaries.

Short-term borrowings of $142 at December 31, 2001 consisted of bank and other borrowings. Short-term borrowings of $2,719 at December 31, 2000 consisted of commercial paper of $2,201, extendible commercial notes of $280 and bank and other borrowings of $238. The weighted average interest rate on short-term borrowings was 2.5% in 2001 and 6.6% in 2000.

I. Minority Interests

The following table summarizes the minority shareholders' interests in the equity of consolidated subsidiaries.

December 31	2001	2000
Alcoa of Australia	$ 431	$ 462
Alcoa Aluminio	222	256
Alcoa World Alumina and Chemicals	175	260
Alcoa Fujikura Ltd.	277	309
Other majority-owned companies	208	227
	$ 1,313	$ 1,514

J. Commitments and Contingencies

Various lawsuits, claims and proceedings have been or may be instituted or asserted against Alcoa, including those pertaining to environmental, product liability, and safety and health matters. While the amounts claimed may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that results of operations or liquidity in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a materially adverse effect on the financial position of the company.

Aluminio is a 27.23% participant in Machadinho, a hydroelectric construction project in Brazil. Aluminio has guaranteed up to 39% of the project's total debt of approximately $315. Beginning in February 2002, Aluminio is committed to taking a share of the output of the completed project for 30 years at cost, including cost of financing the project. In the event that other participants in this project fail to fulfill their financial responsibilities, Aluminio may be required to fund a portion of the deficiency. In accordance with the agreement, if Aluminio funds any such deficiency, its participation and share of the output from the project will increase proportionately.

Aluminio also entered into agreements to participate in four additional hydroelectric construction projects in Brazil that are scheduled to be completed at various dates ranging from 2005 to 2008. Aluminio's share of the output from the hydroelectric facilities, when completed, ranges from 20% to 39.5%. Total costs for all four projects are estimated at $1,400, with Aluminio's share of total project costs totaling approximately 30%. The plans for financing these projects have not yet been finalized. Aluminio may be required to provide guarantees of project financing or commit to additional investments as these projects progress. At December 31, 2001, Aluminio had provided $13 of guarantees on two of the hydroelectric construction projects in the form of performance bonds.

Aluminio accounts for its investments in these hydroelectric projects on the equity method. Aluminio's investment in these projects was $108 and $48 at December 31, 2001 and 2000, respectively.

Alcoa of Australia (AofA) is party to a number of natural gas and electricity contracts that expire between 2002 and 2020. Under these take-or-pay contracts, AofA is obligated to pay for a minimum amount of natural gas or electricity even if these commodities are not required for operations. Commitments related to these contracts total $176 in 2002, $180 in 2003, $185 in 2004, $178 in 2005, $154 in 2006 and $2,243 thereafter. Expenditures under these contracts totaled $179 in 2001, $188 in 2000 and $179 in 1999.

On January 9, 2002, Alcoa raised its equity stake in Elkem ASA, a Norwegian metals producer, above 40% which, under Norwegian law, required Alcoa to initiate an unconditional cash tender offer for the remaining outstanding shares of Elkem. Under the tender offer, which expires on February 22, 2002, Alcoa will pay approximately $17.40 for each outstanding share of Elkem. Alcoa's potential cash commitment if all outstanding shares are tendered is approximately $515.

Alcoa has standby letters of credit related to environmental, insurance and other activities. The total amount committed under these letters of credit, which expire at various dates in 2002, was $181 at December 31, 2001.

K. Cash Flow Information

Cash payments for interest and income taxes follow.

	2001	2000	1999
Interest	$ 418	$ 388	$ 225
Income taxes	548	419	394

The details of cash payments related to acquisitions follow.

	2001	2000	1999
Fair value of assets acquired	$ 184	$ 14,991	$ 282
Liabilities assumed	(24)	(7,075)	(159)
Stock options issued	--	(182)	--
Stock issued	--	(4,502)	--
Cash paid	160	3,232	123
Less: cash acquired	1	111	1
Net cash paid for acquisitions	$ 159	$ 3,121	$ 122

L. Segment and Geographic Area Information

Alcoa is primarily a producer of aluminum products. Its segments are organized by product on a worldwide basis. Alcoa's management reporting system evaluates performance based on a number of factors; however, the primary measure of performance is the after-tax operating income (ATOI) of each segment. Nonoperating items such as interest income, interest expense, foreign exchange gains/losses, the effects of LIFO inventory accounting, minority interests and special items are excluded from segment ATOI. In addition, certain expenses, such as corporate general administrative expenses, and depreciation and amortization on corporate assets, are not included in segment ATOI. Segment assets exclude cash, cash equivalents, short-term investments and all deferred taxes. Segment assets also exclude items such as corporate fixed assets, LIFO reserves, goodwill allocated to corporate and other amounts.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies (Note A). Transactions among segments are established based on negotiation among the parties. Differences between segment totals and Alcoa's consolidated totals for line items not reconciled are primarily due to corporate allocations.

Alcoa's products are used primarily by packaging, consumer products, transportation (including aerospace, automotive, truck trailer, rail and shipping), building and construction and industrial customers worldwide. Total exports from the U.S. were $2,066 in 2001, compared with $1,687 in 2000 and $1,309 in 1999. Alcoa's reportable segments follow.

Segment information	Alumina and Chemicals	Primary Metals	Flat-Rolled Products	Engineered Products	Packaging and Consumer	Other	Total
2001							
Sales:							
Third-party sales	$ 1,908	$ 3,432	$ 4,999	$ 6,098	$ 2,720	$ 3,702	$ 22,859
Intersegment sales	1,021	3,300	64	35	--	--	4,420
Total sales	$ 2,929	$ 6,732	$ 5,063	$ 6,133	$ 2,720	$ 3,702	$ 27,279
Profit and loss:							
Equity income (loss)	$ 1	$ 52	$ (2)	$ --	$ 28	$ 16	$ 95
Depreciation, depletion and amortization	144	327	191	268	137	113	1,180
Income taxes	184	434	94	111	79	--	902
After-tax operating income	471	905	262	173	185	47	2,043
Assets:							
Capital expenditures	$ 129	$ 209	$ 221	$ 259	$ 94	$ 84	$ 996
Equity investments	170	319	47	--	128	317	981
Total assets	2,797	7,122	3,453	6,231	2,498	1,883	23,984
2000							
Sales:							
Third-party sales	$ 2,108	$ 3,756	$ 5,446	$ 5,471	$ 2,084	$ 4,071	$ 22,936
Intersegment sales	1,104	3,504	97	62	--	--	4,767
Total sales	$ 3,212	$ 7,260	$ 5,543	$ 5,533	$ 2,084	$ 4,071	$ 27,703
Profit and loss:							
Equity income	$ 3	$ 50	$ 6	$ 1	$ --	$ 32	$ 92
Depreciation, depletion and amortization	163	311	188	221	105	127	1,115
Income taxes	279	505	126	124	70	93	1,197
After-tax operating income	585	1,000	299	210	131	164	2,389
Assets:							
Capital expenditures	$ 154	$ 232	$ 185	$ 234	$ 112	$ 100	$ 1,017
Equity investments	176	274	90	6	1	139	686
Total assets	2,924	7,700	3,657	6,455	2,457	3,376	26,569
1999							
Sales:							
Third-party sales	$ 1,842	$ 2,241	$ 5,113	$ 3,728	$ 801	$ 2,592	$ 16,317
Intersegment sales	925	2,793	51	26	--	--	3,795
Total sales	$ 2,767	$ 5,034	$ 5,164	$ 3,754	$ 801	$ 2,592	$ 20,112
Profit and loss:							
Equity income (loss)	$ --	$ 42	$ (9)	$ --	$ --	$ 10	$ 43
Depreciation, depletion and amortization	161	216	184	116	60	89	826
Income taxes	159	214	131	88	32	71	695
After-tax operating income	307	535	281	180	68	118	1,489
Assets:							
Capital expenditures	$ 183	$ 207	$ 166	$ 144	$ 96	$ 62	$ 858
Equity investments	54	153	66	--	1	138	412
Total assets	3,046	4,532	3,385	2,320	646	1,647	15,576

Alumina And Chemicals. This segment consists of Alcoa's worldwide alumina and chemicals system, that includes the mining of bauxite, which is then refined into alumina. Alumina is sold directly to internal and external smelter customers worldwide or is processed into industrial chemical products. Alcoa's alumina operations in Australia are a significant component of this segment. Approximately two-thirds of the third-party sales from this segment are derived from alumina.

Primary Metals. This segment consists of Alcoa's worldwide smelter system. Primary Metals receives alumina primarily from the Alumina and Chemicals segment and produces aluminum ingot to be used by Alcoa's fabricating businesses, as well as sold to external customers, aluminum traders and commodity markets. Results from the sale of aluminum powder, scrap and excess power are also included in this segment, as well as the results from aluminum derivative contracts. The sale of ingot represents approximately 80% of this segment's third-party sales.

Flat-Rolled Products. This segment's principal business is the production and sale of aluminum plate, sheet and foil. This segment includes rigid container sheet (RCS), which is used to produce aluminum beverage cans, and sheet and plate used in the transportation and distributor markets. Approximately 60% of the third-party sales in this segment are derived from sheet and plate, and foil used in industrial markets, while the remaining 40% of third-party sales consists of RCS.

Engineered Products. This segment includes hard- and soft- alloy extrusions, including architectural extrusions, super-alloy castings, steel and aluminum fasteners, aluminum forgings and wheels. These products serve the transportation, building and construction and distributor markets.

Packaging and Consumer. This segment includes foodservice, flexible packaging, consumer products and packaging graphics design, as well as closures, PET bottles and packaging machinery. The principal products in this segment include aluminum foil; plastic wraps and bags; metal and plastic beverage and food closures; pre-press services and plastic shrink film and wraps. Consumer products are marketed under brands including Reynolds Wrap, Diamond, Baco and Cut-Rite wax paper.

Other. This group includes other Alcoa businesses that are not included in the segments previously mentioned. This group includes Alcoa Fujikura Ltd., which produces electrical components for the automotive industry along with fiber-optic cable and provides services to the telecommunications industry; residential building products operations, Alcoa Building Products (ABP); automotive parts businesses; Thiokol, a producer of solid rocket propulsion systems (Thiokol was sold in April 2001); and Reynolds' metal distribution business, RASCO (in November 2001, the net assets of RASCO were contributed to a joint venture, in which Alcoa retains a 50% equity interest).

The following reconciles segment information to consolidated totals.

	2001	2000	1999
Sales:			
Total sales	$ 27,279	$ 27,703	$ 20,112
Elimination of intersegment sales	(4,420)	(4,767)	(3,795)
Other revenues	--	--	6
Consolidated sales	$ 22,859	$ 22,936	$ 16,323
Net income:			
Total after-tax operating income	$ 2,043	$ 2,389	$ 1,489
Impact of intersegment profit eliminations	(20)	24	(24)
Unallocated amounts (net of tax):			
Interest income	40	40	26
Interest expense	(242)	(278)	(126)
Minority interests	(208)	(381)	(242)
Special items	(397)	--	--
Corporate expense	(261)	(227)	(171)
Other	(47)	(83)	102
Consolidated net income	$ 908	$ 1,484	$ 1,054
Assets:			
Total assets	$ 23,984	$ 26,569	$ 15,576
Elimination of intersegment receivables	(309)	(530)	(362)
Unallocated amounts:			
Cash, cash equivalents and short-term investments	527	371	314
Deferred tax assets	855	745	657
Corporate goodwill	1,710	1,570	558
Corporate fixed assets	513	414	278
LIFO reserve	(605)	(658)	(645)
Operations to be divested	--	1,473	--
Other	1,680	1,737	690
Consolidated assets	$ 28,355	$ 31,691	$ 17,066

Geographic information for revenues, based on country of origin, and long-lived assets follows.

	2001	2000	1999
Revenues:			
U.S.	$ 15,000	$ 15,487	$ 10,392
Australia	1,350	1,690	1,398

Spain	1,011	1,146	1,059
United Kingdom	899	379	253
Brazil	736	885	730
Germany	720	713	521
Other	3,143	2,636	1,970
	$ 22,859	$ 22,936	$ 16,323
Long-lived assets:			
U.S.	$ 12,495	$ 14,276	$ 6,650
Canada	2,787	2,844	948
Australia	1,345	1,458	1,585
United Kingdom	682	378	72
Brazil	600	698	712
Germany	194	213	165
Other	1,164	1,322	1,050
	$ 19,267	$ 21,189	$ 11,182

M. Preferred And Common Stock

Preferred Stock. Alcoa has two classes of preferred stock. Serial preferred stock has 557,740 shares authorized and outstanding, with a par value of $100 per share and an annual $3.75 cumulative dividend preference per share. Class B serial preferred stock has 10 million shares authorized (none issued) and a par value of $1 per share.

Common Stock. There are 1.8 billion shares authorized at a par value of $1 per share. As of December 31, 2001, 94.5 million shares of common stock were reserved for issuance under the long-term stock incentive plans.

In July 2001, the Alcoa Board of Directors authorized the repurchase of 50 million shares of Alcoa common stock. As of December 31, 2001, there were 37.5 million shares remaining on the stock repurchase authorization.

Stock options under the company's stock incentive plans have been and may be granted, generally at not less than market prices on the dates of grant. The stock option program includes a reload or stock continuation ownership feature. Stock options granted have a maximum term of 10 years. Vesting periods are one year from the date of grant and six months for options granted under the reload feature.

Alcoa's net income and earnings per share would have been reduced to the pro forma amounts shown below if compensation cost had been determined based on the fair value at the grant dates.

	2001	2000	1999
Net income:			
As reported	$ 908	$ 1,484	$ 1,054
Pro forma	730	1,277	912
Basic earnings per share:			
As reported	1.06	1.82	1.43
Pro forma	0.85	1.57	1.24
Diluted earnings per share:			
As reported	1.05	1.80	1.41
Pro forma	0.84	1.55	1.22

The weighted average granted was $9.54 fair value per option in 2001, $10.13 in 2000 and $5.35 in 1999.

The fair each value of option is estimated on the date of grant or subsequent reload Black-Scholes using the pricing model with the following assumptions:

	2001	2000	1999
Average risk-free interest rate	3.8%	6.1%	5.0%
Expected dividend yield	1.6	1.6	1.4
Expected volatility	43.0	40.0	37.0
Expected life (years):			
New option grants	2.5	2.5	2.5
Reload option grants	2.0	2.0	1.5

The transactions for shares under options were: (shares in millions)

	2001	2000	1999
Outstanding, beginning of year:			
Number of options	74.8	53.0	53.2
Weighted average exercise price	$ 29.29	$ 22.15	$ 16.50
Options assumed from acquisitions:			
Number of options	--	15.2	--
Weighted average exercise price	--	$ 25.09	--
Granted:			
Number of options	28.9	31.3	43.6
Weighted average exercise price	$ 36.19	$ 37.87	$ 24.47
Exercised:			
Number of options	(29.0)	(24.3)	(43.2)
Weighted average exercise price	$ 29.03	$ 22.03	$ 17.22
Expired or forfeited:			
Number of options	(1.2)	(.4)	(.6)
Weighted average exercise price	$ 32.50	$ 34.90	$ 18.59
Outstanding, end of year:			
Number of options	73.5	74.8	53.0
Weighted average exercise price	$ 32.02	$ 29.29	$ 22.15
Exercisable, end of year:			
Number of options	58.6	44.6	26.4
Weighted average exercise price	$ 31.88	$ 23.42	$ 19.21
Shares reserved for future options	21.0	15.8	28.6

The following tables summarize certain stock option information at December 31, 2001: (shares in millions)

Options Outstanding

Range of   Weighted average   Weighted average

exercise price	Number	remaining life	exercise price
$ 0.125	0.2	employment career	$ 0.125
$ 4.38-$12.15	2.0	3.24	10.11
$12.16-$19.93	5.8	3.85	17.08
$19.94-$27.71	12.0	5.39	23.16
$27.72-$35.49	27.0	7.14	32.56
$35.50-$43.25	26.5	6.67	40.63
Total	73.5	6.31	$ 32.02

Options Exercisable

Range of exercise price	Number	Weighted average exercisable price
$ 0.125	0.2	$ 0.125
$ 4.38-$12.15	2.0	10.11
$12.16-$19.93	5.8	17.08
$19.94-$27.71	12.1	23.16
$27.72-$35.49	14.0	33.52
$35.50-$43.25	24.5	40.74
Total	58.6	$ 31.88

N. Earnings Per Share

Basic earnings per common share (EPS) amounts are computed by dividing earnings after the deduction of preferred stock dividends by the average number of common shares outstanding. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive equivalents outstanding.

The details of basic and diluted EPS follow. (shares in millions)

	2001	2000	1999
Income before cumulative effect	$ 908	$ 1,489	$ 1,054
Less: preferred stock dividends	2	2	2
Income available to common stockholders before cumulative effect	$ 906	$ 1,487	$ 1,052
Cumulative effect of accounting change	--	(5)	--
Income available to common stockholders after cumulative effect	$ 906	$ 1,482	$ 1,052
Average shares outstanding--basic	858.0	814.2	733.8
Effect of dilutive securities:			
Shares issuable upon exercise of dilutive stock options	8.6	9.0	13.4
Average shares outstanding--diluted	866.6	823.2	747.2
Basic EPS (before cumulative effect)	$ 1.06	$ 1.83	$ 1.43
Basic EPS (after cumulative effect)	1.06	1.82	1.43
Diluted EPS (before cumulative effect)	1.05	1.81	1.41
Diluted EPS (after cumulative effect)	1.05	1.80	1.41

Options to purchase 32 million shares of common stock at an average exercise price of $40 per share were outstanding as of December 31, 2001 but were not included in the computation of diluted EPS because the option exercise price was greater than the average market price of the common shares.

In April 2000, Alcoa entered into a forward share repurchase agreement to partially hedge the equity exposure related to its stock option program. As of June 30, 2001, Alcoa had repurchased all 10 million shares under the agreement.

O. Income Taxes

The components of income before taxes on income were:

	2001	2000	1999
U.S.	$ (84)	$ 756	$ 631
Foreign	1,725	2,056	1,218
	$ 1,641	$ 2,812	$ 1,849

The provision for taxes on income consisted of:

	2001	2000	1999
Current:			
U.S. federal*	$ (17)	$ 217	$ 175
Foreign	521	568	306
State and local	45	22	18
	549	807	499
Deferred:			
U.S. federal*	(32)	90	74
Foreign	3	42	(25)
State and local	5	3	5
	(24)	135	54
Total	$ 525	$ 942	$ 553

*Includes U.S. taxes related to foreign income

In the 1999 fourth quarter, Australia reduced its corporate income tax rate from 36% to 34% for 2000 and 30% for 2001.

The exercise of employee stock options generated a tax benefit of $90 in 2001, $108 in 2000 and $145 in 1999. This amount was credited to additional capital and reduced current taxes payable.

Reconciliation of the U.S. federal statutory rate to Alcoa's effective tax rate follows.

	2001	2000	1999
U.S. federal statutory rate	35.0%	35.0%	35.0%
Taxes on foreign income	(8.4)	(3.5)	(2.4)
State taxes net of federal benefit	1.1	.5	.5
Tax rate changes	--	--	(2.4)
Minority interests	1.8	.1	.3
Permanent differences on sold and disposed assets	(1.4)	--	--
Goodwill amortization	2.4	1.2	0.5
Other	1.5	.2	(1.6)
Effective tax rate	32.0%	33.5%	29.9%

The components of net deferred tax assets and liabilities follow.

December 31	2001 Deferred tax asset	2001 Deferred tax liabilities	2000 Deferred tax assets	2000 Deferred tax liabilities
Depreciation	$ --	$ 1,744	$ --	$ 2,263
Employee benefits	1,071	--	1,127	--
Loss provisions	406	--	588	--
Deferred income/expense	279	132	237	166
Tax loss carryforwards	329	--	272	--
Tax credit carryforwards	219	--	144	--
Other	293	252	262	304
	2,597	2,128	2,630	2,733
Valuation allowance	(201)	--	(165)	--
	$ 2,396	$ 2,128	$ 2,465	$ 2,733

Of the total deferred tax assets associated with the tax loss carryforwards, $65 expires over the next 10 years, $104 over the next 20 years and $160 is unlimited. Of the tax credit carryforwards, $142 is unlimited with the balance expiring over the next 10 years. A substantial portion of the valuation allowance relates to the loss carryforwards because the ability to generate sufficient foreign taxable income in future years is uncertain. Approximately $52 of the valuation allowance relates to acquired companies for which subsequently recognized benefits will reduce goodwill.

The cumulative amount of Alcoa's share of undistributed earnings for which no deferred taxes have been provided was $4,399 at December 31, 2001. Management has no plans to distribute such earnings in the foreseeable future. It is not practical to determine the deferred tax liability on these earnings.

P. Pension Plans and Other Postretirement Benefits

Alcoa maintains pension plans covering most U.S. employees and certain other employees. Pension benefits generally depend on length of service, job grade and remuneration. Substantially all benefits are paid through pension trusts that are sufficiently funded to ensure that all plans can pay benefits to retirees as they become due.

Alcoa maintains health care and life insurance benefit plans covering most eligible U.S. retired employees and certain other retirees. Generally, the medical plans pay a stated percentage of medical expenses, reduced by deductibles and other coverages. These plans are generally unfunded, except for certain benefits funded through a trust. Life benefits are generally provided by insurance contracts. Alcoa retains the right, subject to existing agreements, to change or eliminate these benefits. All U.S. salaried and certain hourly employees hired after January 1, 2002 will not have postretirement health care benefits.

The table below reflects the status of Alcoa's pension and postretirement benefit plans.

	Pension benefits		Postretirement benefits	
December 31	2001	2000	2001	2000
Change in benefit obligation				
Benefit obligation at beginning of year	$ 8,270	$ 5,366	$ 2,924	$ 1,687
Service cost	162	162	25	25
Interest cost	578	502	220	177
Amendments	136	9	76	(17)
Actuarial losses (gains)	634	(309)	369	85
Acquisitions (principally Reynolds and Cordant)	--	3,124	--	1,182
Divestitures (principally Thiokol)	(664)	--	(159)	--
Benefits paid	(585)	(514)	(278)	(215)
Exchange rate	(43)	(70)	--	--
Benefit obligation at end of year	$ 8,488	$ 8,270	$ 3,177	$ 2,924
Change in plan assets				
Fair value of plan assets at beginning of year	$ 9,790	$ 6,103	$ 155	$ 112
Actual return on plan assets	65	586	1	12
Acquisitions (principally Reynolds and Cordant)	--	3,597	--	31
Employer contributions	37	61	--	5
Participants' contributions	11	13	--	--
Divestitures (principally Thiokol)	(783)	--	(33)	--
Transfer to defined contribution pension plan	(49)	--	--	--
Benefits paid	(574)	(487)	--	(5)
Administrative expenses	(17)	(12)	--	--
Exchange rate	(46)	(71)	--	--
Fair value of plan assets at end of year	$ 8,434	$ 9,790	$ 123	$ 155
Funded status	$ (54)	$ 1,520	$ (3,054)	$ (2,769)
Unrecognized net actuarial (gain) loss	(8)	(1,385)	221	(137)
Unrecognized net prior service cost (credit)	138	40	11	(97)
Net amount recognized	$ 76	$ 175	$ (2,822)	$ (3,003)
Amount recognized in the balance sheet consists of:				
Prepaid benefit	$ 502	$ 661	$ --	$ --
Accrued benefit liability	(568)	(509)	(2,822)	(3,003)
Intangible asset	50	9	--	--
Accumulated other comprehensive loss	92	14	--	--
Net amount recognized	$ 76	$ 175	$ (2,822)	$ (3,003)

The components of net periodic benefit costs are reflected below.

	Pension benefits			Postretirement benefits		
December 31	2001	2000	1999	2001	2000	1999
Components of net periodic benefit (income) costs						
Service cost	$ 162	$ 162	$ 141	$ 25	$ 25	$ 19
Interest cost	578	502	342	220	177	109
Expected return on plan assets	(781)	(666)	(427)	(11)	(11)	(9)
Amortization of prior service cost (benefit)	34	35	39	(33)	(34)	(34)
Recognized actuarial gain	(26)	(18)	(4)	(2)	(2)	(4)
Amortization of transition obligation	--	2	2	--	--	--
Net periodic benefit (income) costs	$ (33)	$ 17	$ 93	$ 199	$ 155	$ 81

The aggregate benefit obligation and fair value of plan assets for the pension plans with benefit obligations in excess of plan assets were $1,921 and $1,362, respectively, as of December 31, 2001, and $804 and $508, respectively, as of December 31, 2000. The aggregate pension accumulated benefit obligation and fair value of plan assets with accumulated benefit obligations in excess of plan assets were $1,708 and $1,284, respectively, as of December 31, 2001, and $594 and $338, respectively, at December 31, 2000.

Weighted average assumptions used in the accounting for Alcoa's plans follow.

December 31	2001	2000	1999
Discount rate	7.25%	7.75%	7.00%
Expected long-term return on plan assets	9.50	9.00	9.00
Rate of compensation increase	5.00	5.00	5.00

For measurement purposes, a 9.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2002. The rate was assumed to decrease gradually to 5% in 2006 and remain at that level thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in these assumed rates would have the following effects:

	1% increase	1% decrease
Effect on total of service and interest cost components	$ 16	$ (14)
Effect on postretirement benefit obligations	196	(172)

Alcoa also sponsors a number of defined contribution pension plans. Expenses were $103 in 2001, $80 in 2000 and $64 in 1999.

Q. Lease Expense

Certain equipment, warehousing and office space and oceangoing vessels are under operating lease agreements. Total expense for all leases was $199 in 2001, $152 in 2000 and $145 in 1999. Under long-term operating leases, minimum annual rentals are $128 in 2002, $98 in 2003, $77 in 2004, $64 in 2005, $60 in 2006 and a total of $223 for 2007 and thereafter.

R. Interest Cost Components

	2001	2000	1999
Amount charged to expense	$ 371	$ 427	$ 195
Amount capitalized	22	20	21
	$ 393	$ 447	$ 216

S. Other Financial Instruments and Derivatives

Other Financial Instruments. The carrying values and fair values of Alcoa's financial instruments at December 31 follow.

	2001		2000	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	$ 512	$ 512	$ 315	$ 315
Short-term investments	15	15	56	56
Noncurrent receivables	44	44	118	118
Short-term debt	245	245	3,146	3,146
Long-term debt	6,388	6,535	4,987	5,053

The methods used to estimate the fair values of certain financial instruments follow.

Cash and Cash Equivalents, Short-term Investments and Short-Term Debt. The carrying amounts approximate fair value because of the short maturity of the instruments.

Noncurrent Receivables. The fair value of noncurrent receivables is based on anticipated cash flows and approximates carrying value.

Long-term Debt. The fair value is based on interest rates that are currently available to Alcoa for issuance of debt with similar terms and remaining maturities.

Derivatives. Alcoa holds or purchases derivative financial instruments for purposes other than trading. Details of the fair values of the significant instruments follow.

	2001	2000
Aluminum	$ (65)	$ 29
Interest rates	34	(1)
Foreign currency	(132)	(166)
Other commodities	(30)	74

Fair Value Hedges

Aluminum. Customers often require Alcoa to enter into long-term fixed-price commitments. These commitments expose Alcoa to the risk of fluctuating aluminum prices between the time the order is committed and the time that the order is shipped. Alcoa's commodity risk management policy is to hedge, through the use of futures and option contracts, the aluminum price risk for a portion of its firm commitments. These contracts cover known exposures, generally within three years.

Interest Rates. Alcoa attempts to maintain a reasonable balance between fixed- and floating-rate debt and uses interest rate swaps to help manage this balance. The company has entered into pay floating, receive fixed interest rate swaps to effectively convert the interest rate from fixed to floating on $2,250 of debt,

through 2011.

Hedges of these existing assets, liabilities and firm commitments qualify as "fair value" hedges. As a result, the fair values of derivatives and changes in the fair values of the underlying hedged items are reported in the balance sheet. Changes in the fair values of these derivatives and underlying hedged items generally offset and are recorded each period in sales, cost of goods sold or interest expense, consistent with the underlying hedged item. There were no transactions that ceased to qualify as a fair value hedge in 2001.

Cash Flow Hedges

Currencies. Alcoa is subject to exposure from fluctuations in foreign currencies. Foreign currency exchange contracts are used to hedge the variability in cash flows from the forecasted payment or receipt of currencies other than the functional currency. Alcoa's foreign currency contracts were principally used to purchase Australian dollars and Canadian dollars. The U.S. dollar notional amount of all foreign currency contracts was $1,409 and $2,342 as of December 31, 2001 and 2000, respectively.

Commodities. Alcoa may elect to sell forward a portion of its anticipated primary aluminum and alumina production. In addition, Alcoa anticipates the continued requirement to purchase aluminum and other commodities such as natural gas, fuel oil and electricity for its operations. Alcoa enters into futures and options contracts to reduce volatility in the price of these commodities.

Interest Rates. From time to time, Alcoa enters into pay floating, receive fixed interest rate swaps to hedge the interest rate risk exposure of forecasted interest payments on a portion of its outstanding variable rate debt. As of December 31, 2001, there were no outstanding contracts of this nature.

For these cash flow hedge transactions, the fair values of the derivatives are recorded on the balance sheet. The effective portions of the changes in the fair values of these derivatives are recorded in other comprehensive income and are reclassified to sales, cost of

goods sold or interest expense in the period in which earnings are impacted by the hedged items or in the period that the transaction no longer qualifies as a cash flow hedge. There were no material transactions that ceased to qualify as a cash flow hedge in 2001. These contracts cover periods commensurate with known or expected exposures, generally within three years. Assuming market rates remain constant with the rates at December 31, 2001, $71 of the $104 loss included in other comprehensive income is expected to be recognized in earnings over the next 12 months.

Other

Alcoa also enters into foreign currency contracts that do not qualify as a fair value, cash flow or net investment hedge. These contracts hedge the variability in cash flows from the payment or receipt of currencies other than the functional currency for certain foreign currency denominated assets and liabilities or for certain forecasted transactions that do not qualify as hedged items. These contracts were not material at December 31, 2001 or 2000.

Alcoa is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to its hedged customers' commitments. Although nonperformance is possible, Alcoa does not anticipate nonperformance by any of these parties. Futures and options contracts are with creditworthy counterparties and are further supported by cash, treasury bills or irrevocable letters of credit issued by carefully chosen banks. In addition, various master netting arrangements are in place with counterparties to facilitate settlement of gains and losses on these contracts.

For further information on Alcoa's hedging and derivatives activities, see Note A.

T. Environmental Matters

Alcoa participates in environmental assessments and cleanups at a number of locations. These include approximately 31 owned or operating facilities and adjoining properties, approximately 28 previously owned or operated facilities and adjoining properties and approximately 91 Superfund and other waste sites. A liability is recorded for environmental remediation costs or damages when a cleanup program becomes probable and the costs or damages can be reasonably estimated. See Note A for additional information.

As assessments and cleanups proceed, the liability is adjusted based on progress in determining the extent of remedial actions and related costs and damages. The liability can change substantially due to factors such as the nature and extent of contamination, changes in remedial requirements and technological changes. Therefore, it is not possible to determine the outcomes or to estimate with any degree of accuracy the potential costs for certain of these matters. For example, there are issues related to the Massena, New York and Point Comfort, Texas sites where investigations are ongoing and where natural resource damage or off-site contaminated sediments have been alleged. The following discussion provides additional details regarding the current status of certain sites.

Massena. Since 1989, Alcoa has been conducting investigations and studies of the Grasse River, adjacent to Alcoa's Massena, New York plant site, under order from the U.S. Environmental Protection Agency (EPA) issued under the Comprehensive Environmental Response, Compensation and Liability Act, also known as Superfund. Sediments and fish in the river contain varying levels of polychlorinated biphenyl (PCB).

In the fourth quarter of 1999, Alcoa submitted an Analysis of Alternatives Report to the EPA. This report identified potential courses of remedial action related to the PCB contamination of the river. The EPA indicated to Alcoa that it believed additional remedial alternatives needed to be included in the Analysis of Alternatives Report. During 2000 and 2001, Alcoa completed certain studies and investigations on the river, including pilot tests of sediment-capping techniques and other remediation technologies. In February 2002, Alcoa submitted a revised draft Analysis of Alternatives Report based on these additional evaluations and included additional remedial alternatives required by the EPA. The additional alternatives required by the EPA involve removal of more sediment than was included in the 1999 Analysis of Alternatives Report. The range of costs associated with the remedial alternatives evaluated in the 2002 report is between $2 and $525. Alcoa believes that several of those alternatives, involving the largest amounts of sediment removal, should not be selected for the Grasse River remedy. Alcoa believes the alternatives that should be selected are those ranging from monitored natural recovery ($2) to a combination of moderate dredging and capping ($90). A reserve of $2 has been recorded for any probable losses, as no one of the alternatives is more likely to be selected than any other.

Portions of the St. Lawrence River system adjacent to the former Reynolds plant were also contaminated with PCB, and during 2001, Alcoa substantially completed a dredging remedy for the St. Lawrence River. Further analysis of the condition of the sediments is being performed. Any required additional dredging or capping of residual contamination is likely to be completed during the 2003 construction season. The most probable cost of any such additional remediation is fully reserved.

Alcoa is aware of natural resource damage claims that may be asserted by certain federal, state and tribal natural resource trustees at these locations.

Point Comfort/Lavaca Bay. Since 1990, Alcoa has undertaken investigations and evaluations concerning alleged releases of mercury from its Point Comfort, Texas facility into the adjacent Lavaca Bay pursuant to a Superfund order from the EPA. In March 1994, the EPA listed the "Alcoa (Point Comfort)/Lavaca Bay Site" on the National Priorities List. In December 2001, the EPA issued its Record of Decision (ROD) for the site. That ROD selected the final remedial

approach for the site, which is fully reserved. The company is negotiating a Consent Order with the EPA under which it will undertake to implement the remedy. The company and certain federal and state natural resource trustees, who previously served Alcoa with notice of their intent to file suit to recover damages for alleged loss or injury of natural resources in Lavaca Bay, have cooperatively identified restoration alternatives and approaches for Lavaca Bay. The cost of such restoration is reserved and Alcoa anticipates negotiating a Consent Decree with the trustees under which it will implement the restoration.

Troutdale. In 1994, the EPA added Reynolds' Troutdale, Oregon primary aluminum production plant to the National Priorities List of Superfund sites. Alcoa is cooperating with the EPA and, under a September 1995 Consent Order, is working with the EPA to identify cleanup solutions for the site. Following curtailment of active production operations and based on further evaluation of remedial options, the company has determined the most probable cost of cleanup. This amount has been fully reserved. The company anticipates a final ROD to be issued by the EPA in 2002.

Sherwin. In connection with the sale of the Sherwin alumina refinery in Texas, which was required to be divested as part of the Reynolds merger in 2000 (see Note C), Alcoa has agreed to retain responsibility for the remediation of certain properties, including former waste disposal areas, and a share of the ultimate closure costs of other active waste disposal areas. The most probable cost of such remediation has been evaluated and is fully reserved.

Based on the above, it is possible that Alcoa's results of operations, in a particular period, could be materially affected by matters relating to these sites. However, based on facts currently available, management believes that adequate reserves have been provided and that the disposition of these matters will not have a materially adverse effect on the financial position or liquidity of the company.

Alcoa's remediation reserve balance at the end of 2001 and 2000 was $431 and $447 (of which $74 and $78 were classified as a current liability), respectively, and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. Of the 2001 reserve balance, approximately 8% relates to the Massena, New York plant sites, 6% relates to the Troutdale, Oregon plant site, and 23% relates to the Sherwin, Texas site. Remediation costs charged to the reserve were $72 in 2001, $77 in 2000 and $47 in 1999. They include expenditures currently mandated, as well as those not required by any regulatory authority or third party. In 2001, the reserve balance was increased by $56 primarily as a result of acquisitions and the shutdown of the company's magnesium plant in Addy, Washington. In 2000, the reserve balance was increased by $350 as a result of acquisitions.

Included in annual operating expenses are the recurring costs of managing hazardous substances and environmental programs. These costs are estimated to be about 2% of cost of goods sold.

Supplemental Financial Information

Quarterly Data (unaudited)
(dollars in millions, except per-share amounts)

2001	First	Second	Third	Fourth	Year
Sales	$ 6,176	$5,991	$5,511	$5,181	$22,859
Income (loss) from operations	500	339	391	(114)	1,116
Net income (loss)*	404	307	339	(142)+	908
Earnings per share:					
Basic	0.47	0.36	0.40	(0.17)	1.06
Diluted	0.46	0.35	0.39	(0.17)	1.05

* After special charges of $114, or 13 cents per share, in the second quarter and $241, or 28 cents per share, in the fourth quarter (See Note B) +The 2001 fourth quarter includes an after-tax credit of $22, or three cents per share, related to changes in the LIFO index.

2000	First	Second	Third	Fourth	Year
Sales	$ 4,509	$5,569	$6,298	$6,560	$22,936
Income from operations	457	462	459	492	1,870
Net income	347	377	368	392*	1,484
Earnings per share:					
Basic	.47	.47	.42	.45	1.82
Diluted	.47	.47	.42	.45	1.80

* The 2000 fourth quarter includes an after-tax credit of $18, or two cents per share, related to changes in the LIFO index and LIFO liquidations.

Number of Employees (unaudited)

	2001	2000	1999
Other Americas	38,700	46,500	45,100
U.S.	56,500	61,600	38,400
Europe	27,700	27,400	18,800
Pacific	6,100	6,500	5,400
	129,000	142,000	107,700

Shareholder Information

Annual Meeting

The annual meeting of shareholders will be at 9:30 a.m. Friday, April 19, 2002 at the Westin Convention Center Pittsburgh.

Company News

Visit www.alcoa.com for current stock quotes, Securities and Exchange Commission (SEC) filings, quarterly earnings reports and other company news. This information is also available toll-free 24 hours a day by calling 1 800 522 6757 (in the U.S. and Canada) or 1 402 572 4993 (all other calls). Reports may be requested by voice, fax or mail.

Copies of the annual report, Forms 10-K and 10-Q may be requested through the Internet, by calling the toll-free numbers, or by writing to Corporate Communications at the corporate center address.

Investor Information

Security analysts and investors may write to Director - Investor Relations at 390 Park Avenue, New York, NY 10022-4608, call 1 212 836 2674, or E-mail investor.relations@alcoa.com.

Other Publications

For a report of contributions and programs supported by Alcoa Foundation, write Alcoa Foundation at the corporate center address, visit www.alcoa.com or call 1 412 553 2348.

For a report on Alcoa's environmental, health and safety performance, write Alcoa EHS Department at the corporate center address or visit www.alcoa.com.

Dividends

Alcoa's objective is to pay common stock dividends at rates competitive with other investments of equal risk and consistent with the need to reinvest earnings for long-term growth. In January 2002, the Board of Directors approved a 20% increase in the quarterly common stock dividend from 12.5 cents per share to 15 cents per share. The Board also approved eliminating the variable dividend that was equal to 30% of Alcoa's annual earnings over $1.50 per basic share. Basic earnings per share for 2001 did not meet the $1.50 threshold. Quarterly dividends are paid to shareholders of record at each quarterly distribution date.

Dividend Reinvestment

The company offers a Dividend Reinvestment and Stock Purchase Plan for shareholders of Alcoa common and preferred stock. The plan allows shareholders to reinvest all or part of their quarterly dividends in shares of Alcoa common stock. Shareholders also may purchase additional shares under the plan with cash contributions. The company pays brokerage commissions and fees on these stock purchases.

Direct Deposit of Dividends

Shareholders may have their quarterly dividends deposited directly to their checking, savings or money market accounts at any financial institution that participates in the Automated Clearing House (ACH) system.

Shareholder Services

Shareholders with questions on account balances; dividend checks, reinvestment or direct deposit; address changes; lost or misplaced stock certificates; or other shareholder account matters may contact Alcoa's stock transfer agent, registrar and dividend disbursing agent:

Equiserve Trust Company, N.A.
P.O. Box 2500
Jersey City, NJ 07303-2500

Telephone Response Center:
1 800 317 4445
Outside U.S. and Canada:
1 201 324 0313

Internet address: www.equiserve.com
Telecommunications Device for the Deaf (TDD): 1 201 222 4955

For shareholder questions on other matters related to Alcoa, write to Donna Dabney, Office of the Secretary, at the corporate center headquarters address or call 1 412 553 4707.

Stock Listing

Common: New York Stock Exchange, The Electronical Stock Exchange in Switzerland, the Australian Stock Exchange and exchanges in Brussels, Frankfurt and London
Preferred: American Stock Exchange
Ticker symbol: AA

Quarterly Common Stock Information

	2001			2000		
Quarter	High	Low	Dividend	High	Low	Dividend
First	$ 39.58	$ 30.63	$ .150	$ 43.63	$ 30.41	$ .125
Second	45.71	33.75	.150	37.06	27.88	.125
Third	42.00	27.36	.150	34.94	23.25	.125
Fourth	40.50	29.82	.150	35.00	23.13	.125

Year	$ 45.71	$ 27.36	$ .600	$ 43.63	$ 23.13	$ .500

Common Share Data

	Estimated number of shareholders*	Average shares outstanding (000)
2001	266,800	857,990
2000	265,300	814,229
1999	185,000	733,888
1998	119,000	698,228
1997	95,800	688,904

* These estimates include shareholders who own stock registered in their own names and those who own stock through banks and brokers.

Corporate Center

Alcoa
201 Isabella St. at 7th St. Bridge
Pittsburgh, PA 15212-5858
Telephone: 1 412 553 4545
Fax: 1 412 553 4498
Internet: www.alcoa.com

Alcoa Inc. is incorporated in the Commonwealth of Pennsylvania.

Exhibit 21

SUBSIDIARIES AND EQUITY ENTITIES OF THE REGISTRANT
(As of December 31, 2001)
(Reported Under Item 601 of Regulation S-K)

Name	State or Country of Organization
Alcoa Brazil Holdings Company	Delaware
Alcoa Aluminio S.A.	Brazil
Abalco S.A.	Brazil
Alcoa Building Products, Inc.**	Ohio
Alcoa Closure Systems International, Inc.	Delaware
Alcoa International Holdings Company	Delaware
AIHC Export, Ltd.	Barbados
Alcoa Europe Holding B.V.	Netherlands
Alcoa Automotive GmbH	Germany
Alcoa Chemie Nederland B.V.	Netherlands
Alcoa Europe S.A.	Switzerland
Alcoa Inespal, S.A.	Spain
Alumina Espanola, S.A.	Spain
Aluminio Espanol, S.A.	Spain
Alcoa Italia S.p.A.	Italy
Alcoa Transformacion, S.A.	Spain
Norsk Alcoa A/S	Norway
Alcoa Automotive Castings Scandinavian Casting Center ANS	Norway
Alcoa Inter-America, Inc.	Delaware
Alcoa-Kofem Kft	Hungary
Alcoa of Australia Limited	Australia
Alcoa UK Holdings Limited	United Kingdom
Alcoa Manufacturing (G.B.) Limited	United Kingdom
Baco Consumer Products Limited	United Kingdom
UK Aluminium Holdings Limited	United Kingdom
British Aluminium Limited	United Kingdom
Alcoa Latin American Holdings Corporation	British Virgin Islands
Alcoa Laudel, Inc.	Delaware
Alcoa Power Generating Inc.***	Tennessee

Name	State or Country of Organization
Alcoa Securities Corporation	Delaware
Alcoa Remediation Management, Inc.	Delaware
Alcoa CSI de Mexico en Saltillo, S.A. de C.V.	Mexico
Alcoa Fujikura Ltd.	Delaware
Stribel GmbH	Germany
Six "R" Communications, L.L.C.	Delaware
Tele-Tech Company, Inc.	Kentucky
Pimalco, Inc.	Arizona
Tifton Aluminum Company, Inc.	Delaware
Alcoa (Shanghai) Aluminum Products Company Limited	China
Alcoa World Alumina LLC*	Delaware
AAC Holdings Company	Delaware
Alcoa Steamship Company, Inc.	New York
Alcoa Minerals of Jamaica, L.L.C.	Delaware
Halco (Mining) Inc.	Delaware
Compagnie des Bauxites de Guinee	Delaware
St. Croix Alumina, L.L.C.	Delaware
Suriname Aluminum Company, L.L.C.	Delaware
Alumax Inc.	Delaware
Alcoa Extrusions, Inc.	Pennsylvania
Alumax Foils, Inc.	Delaware
Alumax Mill Products, Inc.	Delaware
Aluminerie Lauralco, Inc.	Delaware
Eastalco Aluminum Company	Delaware
Intalco Aluminum Corporation	Delaware
Kawneer Company, Inc.	Delaware
Howmet International Inc.	Delaware
Cordant Technologies Holding Company	Delaware
Huck International Inc.	Delaware
Gulf Closures W.L.L.	Bahrain

Name	State or Country of Organization
Reynolds Metals Company	Delaware
Reynolds International, Inc.	Delaware
RMCC Company	Delaware
Alcoa Canada Ltd.****	Quebec
Alcoa Ltd.*****	Quebec
Reynolds International do Brasil Participacoes, Ltda.	Brazil
Alcoa Architectural Products SAS	France
Reynolds Aluminium Deutschland, Inc.	Delaware
Reynolds Becancour, Inc.	Delaware
RB Sales Company, Limited	Delaware
Reynolds Consumer Products, Inc.	Delaware
RMC Delaware, Inc.	Delaware
Southern Graphic Systems, Inc.	Kentucky
RMC Properties, Ltd.	Delaware
Saint George Insurance Company	Vermont
Shibazaki Seisakusho Limited	Japan

* Registered to do business in Alabama, Arkansas, California, Florida, Georgia, Louisiana, North Carolina, Pennsylvania and Texas under the name of Alcoa World Chemicals.

** Registered to do business in Ohio under the name of Mastic.

*** Registered to do business in Tennessee under the names Tapoco and APG Trading, in Indiana under the name of AGC, in North Carolina under the names of Yadkin and Tapoco, in New York under the name of Long Sault and in Washington under the name of Colockum.

**** Effective January 1, 2002, the name of the company was changed from Reynolds Aluminum Company of Canada, Ltd. to Alcoa Canada Ltd.

***** Effective January 1, 2002, the name of the company was changed from Canadian Reynolds Metals Company, Ltd. to Alcoa Ltd.

The names of a number of subsidiaries and equity entities have been omitted because considered in the aggregate they would not constitute a significant subsidiary.

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Registration No. 333-74874) and Form S-8 (Registration Nos. 33-22346, 33-24846, 33-49109, 33-60305, 333-27903, 333-62663, 333-79575, 333-91331, 333-32516, 333-36208, 333-36214, 333-37740, 333-39708 and 333-47116) of Alcoa Inc., of our report dated January 9, 2002 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated January 9, 2002 relating to the financial statement schedule which appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

600 Grant Street
Pittsburgh, Pennsylvania
March 4, 2002

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned Directors of Alcoa Inc. (the "Company") hereby constitute and appoint RICHARD B. KELSON, WILLIAM B. PLUMMER, TIMOTHY S. MOCK and DONNA C. DABNEY, or any of them, their true and lawful attorneys-in-fact and agents to do any and all acts and things and to execute any and all instruments which said attorneys-in-fact and agents, or any of them, may deem necessary or advisable or may be required:

(1) To enable the Company to comply with the Securities Exchange Act of 1934, as amended ("the "1934 Act"), and any rules, regulations or requirements of the Securities and Exchange Commission (the "Commission") in respect thereof, in connection with the filing under the 1934 Act of the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (the "2001 Annual Report"), including specifically, but without limiting the generality of the foregoing, power and authority to sign the name of each of the undersigned in the capacity of Director of the Company to the 2001 Annual Report to be filed with the Commission and to any instruments or documents filed as part of or in connection with the 2001 Annual Report, including any amendments or supplements thereto; and

(2) To enable the Company to comply with the Securities Act of 1933, as amended (the "1933 Act"), and any rules, regulations or requirements of the Commission in respect thereof, in connection with the registration under the 1933 Act of the offer and sale or delivery of shares of common stock of the Company to be issued under the Alcoa Stock Incentive Plan or any successor plan, including specifically, but without limiting the generality of the foregoing, power and authority to sign the name of each of the undersigned in the capacity of Director of the Company to any registration statement on Form S-8, or on such other form as may be appropriate, to be filed with the Commission in respect of said shares and said Plan or successor plan, or either of them, to any and all pre-effective amendments, post-effective amendments and supplements to any such registration statements, and to any instruments or documents filed as part of or in connection with any such registration statement or any such amendments or supplements thereto;

granting unto each of said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, and the undersigned hereby ratify and confirm all that said attorneys-in-fact and agents, or any of them, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have subscribed these presents on the date set opposite their names below.

/s/ Kathryn S. Fuller January 11, 2002
- -------------------------
Kathryn S. Fuller

/s/ Joseph T. Gorman January 11, 2002
- -------------------------
Joseph T. Gorman

/s/ Judith M. Gueron January 11, 2002
- -------------------------
Judith M. Gueron

/s/ Sir Ronald Hampel January 11, 2002
- --------------------------
Sir Ronald Hampel

/s/ John P. Mulroney January 11, 2002
- --------------------------
John P. Mulroney

/s/ Henry B. Schacht January 11, 2002
- -------------------------
Henry B. Schacht

/s/ Franklin A. Thomas January 11, 2002
- -------------------------
Franklin A. Thomas

/s/ Marina v.N. Whitman January 11, 2002
- -------------------------
Marina v.N. Whitman