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, 2000

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. [X]

As of January 22, 2001 there were 866,339,457 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 $2.905 billion.

Documents incorporated by reference.

Parts I and II of this Form 10-K incorporate by reference certain information from the registrant's 2000 Annual Report to Shareholders (Annual Report). Part III of this Form 10-K incorporates by reference the registrant's Proxy Statement dated February 22, 2001, except for the performance graph, Compensation Committee Report, Audit Committee Report and Audit Committee Charter.

ALCOA INC.

Formed in 1888 under the laws of the Commonwealth of Pennsylvania, Alcoa Inc. has its registered office in Pittsburgh, Pennsylvania. The name of the Company was changed, effective January 1, 1999, from Aluminum Company of America to Alcoa Inc. 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 and transportation, aerospace, building and construction, industrial products and distribution markets. Related Alcoa businesses include packaging machinery, precision castings, vinyl siding, plastic bottles and closures, fiber optic cables and electrical distribution systems for cars and trucks.

Alcoa has operating locations in 37 countries. North America remains the largest market for aluminum. Europe, Asia and Latin America, however, present opportunities for substantial growth in aluminum use. To take advantage of these growth opportunities, Alcoa has made acquisitions or formed joint ventures and strategic alliances in key regional markets.

Recent Developments

Reynolds Metals Company

In August 1999, Alcoa and Reynolds Metals Company (Reynolds) announced they had reached a definitive agreement to merge. On May 3, 2000, after approval by the U.S. Department of Justice (DOJ), the European Commission and other regulatory agencies, Alcoa and Reynolds completed their merger. Under the agreement, Alcoa issued approximately 135 million shares of its common stock to Reynolds stockholders. The transaction was valued at approximately $5.9 billion, including debt assumed, and has been accounted for using the purchase method.

As part of the merger approval process, Alcoa agreed to divest the following Reynolds operations:

- Reynolds' 56% stake in an alumina refinery at Worsley, Australia,
- Reynolds' 50% stake in an alumina refinery at Stade, Germany,
- 100% of Reynolds' alumina refinery at Sherwin, Texas and
- 25% of Reynolds' interest in an aluminum smelter at Longview, Washington.

On August 29, 2000, Alcoa and Billiton plc (Billiton) announced that they had reached an agreement under which Billiton will acquire Reynolds Australia Alumina, Ltd. LLC, which holds Reynolds' 56% interest in the Worsley alumina refinery. The price was $1.49 billion and the sale closed in late January 2001. Agreement between Alcoa and Billiton was reached following an auction process that attracted bids from a variety of aluminum industry participants. Before the closing, Worsley was owned 56% by Alcoa, 30% by Billiton and 14% by Kobe Steel, Nissho Iwai and Itochu.

On October 19, 2000, Alcoa reached an agreement to sell the Sherwin alumina refinery located near Corpus Christi, Texas to BPU Reynolds, Inc., a private investment company. The sale to BPU Reynolds, Inc. was approved by the DOJ and closed on December 31, 2000.

On December 27, 2000, Alcoa and Michigan Avenue Partners (MAP) announced an agreement for MAP to acquire the 204,000 metric ton (mt) per year aluminum smelter in Longview, Washington. The sale closed on February 27, 2001.

Negotiations to divest Reynolds' interests in an alumina refinery in Stade, Germany are on-going and are expected to be concluded in the first quarter of 2001.

Cordant Technologies Inc. and Howmet International Inc.

On March 14, 2000, Alcoa and Cordant Technologies Inc. (Cordant) announced a definitive agreement under which Alcoa would acquire all outstanding shares of Cordant, a technology-based company serving global aerospace and industrial markets. In addition, on April 13, 2000, Alcoa announced plans to commence a cash tender offer for all outstanding shares of Howmet International Inc. (Howmet). On April 18, 2000, Alcoa commenced a tender offer for all of the shares of Howmet owned by the public (other than the 85% of the outstanding shares owned by Cordant) and entered into a definitive agreement under which Alcoa would acquire all publicly held shares of Howmet.

On May 25, 2000 and June 20, 2000, after approval by the DOJ and other regulatory agencies and the satisfaction of certain other conditions, Alcoa completed the acquisition of Cordant and Howmet, respectively. Under the merger agreements, Alcoa paid $57 for each outstanding share of Cordant common stock and $21 for each outstanding share of Howmet common stock not owned by Cordant. The total value of the transactions was approximately $3.3 billion, including the assumption of debt. The transactions have been accounted for using the purchase method.

On January 31, 2001, Alcoa and Alliant Techsystems Inc. (ATK) announced a definitive agreement under which ATK will acquire Alcoa's Thiokol Propulsion business for $685 million in cash. The Thiokol Propulsion business was one of three businesses acquired as part of the Cordant acquisition. The transaction is subject to customary regulatory approvals.

Alcoa's Financial Reporting Segments

In accordance with Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," Alcoa reports five worldwide segments: Alumina and Chemicals, Primary Metals, Engineered Products, Flat-Rolled Products and Packaging and Consumer. All of the Company's products that do not fall into one of those five segments are reported in the category entitled Other. Alcoa revised its reporting segments in the second quarter of 2000 to accommodate its new businesses associated with the Reynolds and Cordant acquisitions. See page 33 of the Annual Report for information on market revenues. See Note N to the Financial Statements for information on segment and related geographic financial information.

I. Alumina and Chemicals

The Alumina and Chemicals segment includes the production and sale of:

- bauxite
- alumina
- alumina-based chemicals used principally in industrial applications and
- transportation services for bauxite and alumina.

The segment consists of a group of companies and assets referred to as Alcoa World Alumina and Chemicals (AWAC). Alcoa owns 60% and WMC Limited (WMC) owns 40% of the AWAC group of companies. AWAC has two businesses with distinct product lines: Alcoa World Alumina (AWA) produces smelter grade alumina and Alcoa World Chemicals (AWC) makes alumina-based chemicals. AWA also has two geographic regions: Alcoa World Alumina - Australia (AWA - Australia) and Alcoa World Alumina - Atlantic (AWA - Atlantic). Alcoa World Alumina - Australia is the trading name for Alcoa of Australia Limited (AofA); all references throughout this report will be to AWA - Australia instead of AofA.

Bauxite and Alumina

Bauxite is aluminum's principal raw material. Alcoa refines bauxite into alumina using a chemical process. Alcoa processes most of the bauxite that it mines into alumina. All of the Company's active bauxite interests are part of AWAC, except in Brazil and Guyana.

Alcoa is the world's leading producer of alumina. The Company sells alumina principally from operations in Australia, Jamaica and Suriname. Alcoa sold approximately 57% of its alumina production in 2000 under supply contracts to third parties worldwide. The Company consumed the remainder of its alumina production in its smelting and industrial chemical operations. Alcoa negotiates most of its alumina supply contracts on the basis of agreed volumes over multi-year periods to assure a continuous supply to the smelters. The parties negotiate the prices periodically.

Alcoa's present sources of bauxite and alumina are more than adequate to meet the forecasted requirements of its primary aluminum production operations for the foreseeable future.

Alcoa World Alumina - Australia

AWA - Australia's bauxite mineral lease is due for renewal in 2002. Renewal options allow AWA - Australia to extend the lease until 2044.

AWA - Australia's three alumina refineries, located in Kwinana, Pinjarra and Wagerup, in Western Australia, have an aggregate annual capacity of 7.3 million. This includes the Wagerup refinery that now has a rated capacity of 2.2 million mt per year.

AWA - Australia meets most of the energy requirements of its Australian refineries through a contract with the North West Shelf Gas Joint Venture. The contract extends through 2020.

Alcoa World Alumina - Atlantic

Suriname

Suriname Aluminum Company, L.L.C. (Suralco) mines bauxite in Suriname under rights that expire in 2032. Suralco also holds a 24% minority interest in a bauxite mining joint venture managed by the majority owner, an affiliate of Billiton. Bauxite from both mining operations serves Suralco's share of a refinery in Suriname. Suralco has proven new bauxite reserves that will last at least through the year 2023.

Suralco owns 55% of a 1.7 million mt per year alumina refinery in Paranam, Suriname and operates the plant. An affiliate of Billiton holds the remaining 45% interest.

Jamaica

Bauxite mining rights in Jamaica expire after the year 2020. The bauxite mining rights are held in a joint venture (Jamalco) with the Government of Jamaica. In January 2000, Jamalco entered into a cost-sharing and production-sharing joint venture with Aluminum Partners of Jamaica to mine the bauxite.

An Alcoa subsidiary and a corporation owned by the Government of Jamaica are equal participants in an alumina refinery in Clarendon Parish, Jamaica. The Alcoa subsidiary manages the joint venture. The refinery's annual capacity is approximately one million mt.

South America

Alcoa owns 59% of Alcoa Aluminio S.A. (Aluminio). Aluminio manages the operation of the Alumar Consortium (Alumar), a cost-sharing and production-sharing venture that owns a large refining and smelting project near Sao Luis, in the northeastern state of Maranhao, Brazil. For the refining project, Aluminio owns 35.1% of Alumar, an affiliate of Billiton owns 36%, Abalco S.A. (owned 60% by Alcoa and 40% by WMC) owns 18.9% and an affiliate of Alcan Aluminium Limited (Alcan) owns 10%.

The Alumar refinery has an annual capacity of 1.25 million mt. The smelter, at Sao Luis, consumes most of this alumina production.

Aluminio holds an 8.6% interest, Abalco S.A. holds a 4.6% interest and Alcoa (through the Reynolds acquisition) holds a 5% interest in Mineracao Rio do Norte S.A. (MRN), a mining company jointly owned by affiliates of Alcan, Companhia Brasileira de Aluminio, Companhia Vale do Rio Doce, Billiton and Norsk Hydro. MRN owns the Trombetas bauxite mining project in Brazil. Aluminio and Abalco S.A. purchase bauxite from MRN under long-term supply contracts. The Company has agreed to purchase bauxite from the Trombetas project for the period 2000 through 2019.

In March 2000, the MRN board approved an expansion of bauxite mining production from 11.0 million mt per year to 16.3 million mt per year. The additional production will start in January 2003.

Alcoa, through the Reynolds acquisition, also maintains an interest in other, undeveloped bauxite deposits in the Juruti region of the Amazon River in Brazil.

At Pocos de Caldas, Brazil, Aluminio mines bauxite and operates a refinery. The refinery has an annual capacity of 275,000 mt and primarily supplies Aluminio's nearby smelter.

Alcoa, through its Reynolds acquisition, is a 50% partner with the Guyanese government in a bauxite mining project called Aroaima Bauxite Company Ltd. in the Berbice region of Guyana. Reynolds bought bauxite from the project in 2000 for use in the Sherwin alumina refinery, which has been divested. Aroaima Bauxite Company Ltd. will continue to supply the Sherwin refinery with bauxite in 2001.

Spain

Alcoa and a WMC affiliate hold 60% and 40% interests, respectively, in the refinery at San Ciprian. The refinery's current annual capacity is 1.1 million mt. A modernization plan for the San Ciprian plant will increase alumina production capacity by 220,000 mt per year. Basic engineering of the project has been completed and the work is expected to finish by April 2001.

Africa

Alcoa owns a 43% interest (including Reynolds' 6% interest) in Halco (Mining), Inc. Halco owns 51% and the Guinean government owns 49% of Compagnie des Bauxites de Guinee (CBG), which has the exclusive right through 2038 to develop and mine bauxite in a 10,000 square-mile area in northwestern Guinea. The Company has a bauxite purchase contract with CBG that will provide the Company with bauxite for the period 2000 through 2011. This bauxite services most of the requirements of the Pt. Comfort, Texas and San Ciprian, Spain alumina refineries.

As part of the Reynolds acquisition, Alcoa also owns a 10% interest in the Alumina Company of Guinea.

United States

In November 2000, AWA announced that it would suspend operations at its alumina refinery located on St. Croix, U.S. Virgin Islands, on January 31, 2001. The refinery has a nameplate capacity of 600,000 mt per year and ran at a production rate of approximately 450,000 mt per year in 2000. Based on supply available from the Company's other refineries, the output from St. Croix is not needed at this time. Future production from St. Croix will be evaluated in light of internal and external supply commitments or market conditions.

AWA owns an alumina refinery at Pt. Comfort, Texas with an annual capacity of 2.3 million mt. In early February 2001, Alcoa announced that effective immediately, it was reducing the operating rate at this refinery to between 1.6 to 1.9 million mt per year, in response to decreased external and internal demand for alumina. Production levels at this facility will be evaluated in light of future supply commitments. Based on supply available from the Company's other refineries, the full output from Pt. Comfort is not needed at this time.

Alcoa World Chemicals

Alcoa sells industrial chemicals to customers in a broad spectrum of markets. These markets include:

- refractories
- ceramics
- abrasives
- chemicals processing and
- other specialty applications.

Alcoa produces or processes industrial chemicals, principally alumina-based chemicals, at the following locations. Except for the plants located in Brazil, all of the following facilities are part of AWC:

- Bauxite, Arkansas
- Dalton, Georgia
- Falta, India (joint venture)
- Ft. Meade, Florida
- Iwakuni and Naoetsu, Japan
- Kwinana and Rockingham, Australia
- Leetsdale, Pennsylvania
- Ludwigshafen, Germany
- Malakoff, Texas
- Moerdijk and Rotterdam, the Netherlands

- Pocos de Caldas and Salto, Brazil
- Port Allen and Vidalia, Louisiana
- Pt. Comfort, Texas and
- Qingdao, China.

Alcoa produces aluminum fluoride at two locations, Pt. Comfort and Ft. Meade, both in the U.S. At Pt. Comfort, the aluminum fluoride is produced from fluorspar and at Ft. Meade it is produced from hydrofluosilic acid. Aluminum fluoride is used primarily in the aluminum smelting process. In early February 2001, Alcoa announced that effective March 31, 2001, it will temporarily curtail production of aluminum fluoride at Ft. Meade due to reduced demand for the product. Ft. Meade has a rated capacity of 24,000 mt per year and was operating at approximately two-thirds of rated capacity.

In late 1998, AWC began construction of a facility in Qingdao, China to process tabular alumina and other alumina-based materials for sale to the Chinese refractory market. This facility began operation in mid 2000.

AWC and PR Minerals, LLC formed a joint venture company named Great Lakes Minerals, L.L.C. The new company processes industrial mineral products, primarily refractory aggregates such as calcined bauxite and brown fused alumina. A newly constructed processing facility in Wurtland, Kentucky began operating in January 2000.

II. Primary Metals

Alcoa has 16 wholly-owned primary aluminum smelters worldwide. These smelters are located at:

- Badin, North Carolina
- Massena, New York (two smelters)
- Rockdale, Texas
- Alcoa, Tennessee
- Warrick County, Indiana
- Wenatchee, Washington
- Troutdale, Oregon
- Deschambault, Quebec, Canada
- Baie Comeau, Quebec, Canada
- Portovesme, Italy
- Fusina, Italy
- San Ciprian, Spain
- Aviles, Spain
- La Coruna, Spain and
- Paranam, Suriname.

Additionally, the Company has ownership interests in 14 other smelters, as discussed in the following paragraphs.

The Company smelts primary aluminum from alumina obtained principally from its alumina refineries. Alcoa's consolidated primary aluminum capacity is approximately 4.3 million mt per year. When operating at capacity, Alcoa's smelters satisfy most of the primary aluminum requirements of its fabricating operations. Alcoa operations used most of the Company's primary aluminum production in 2000 for alloying and/or further fabricating. Purchases of aluminum scrap, principally used beverage cans, supplemented by purchases of ingot when necessary, satisfy additional aluminum requirements.

From 1994 until 2000, Alcoa had 450,000 mt of its worldwide smelting capacity idle because of an oversupply of ingot on world markets. During 2000, Alcoa restarted approximately 200,000 mt of its idled aluminum smelting capacity. After closing the Troutdale, Oregon smelter and the temporary idlings at Wenatchee and Ferndale, Washington discussed below, Alcoa currently has approximately 500,000 mt of its worldwide smelting capacity idle.

In June 2000, Alcoa indefinitely closed the 121,000 mt per year smelter in Troutdale, Oregon. The smelter had been operating at a rate of 80,000 mt per year.

In January 2001, Alcoa announced its intention to temporarily idle an additional 150,000 mt per year of capacity at its Wenatchee, Washington and Ferndale, Washington smelters. The curtailments are in response to the continuing energy crisis in the Pacific Northwest. Alcoa anticipates that the 80,000 mt per year curtailment at the Wenatchee smelter is temporary. As a result of this curtailment, approximately 150 megawatts of power contracted for this smelter will be made available to Bonneville Power Administration (BPA) to meet regional demands for electricity and Alcoa will be compensated for this power. The adjustment in production at the Ferndale, Washington smelter will redistribute contracted electricity over a four-month period from January through April 2001. The Company anticipates a return to peak production in May.

In February 2001, Alcoa announced that it was curtailing 70,000 mt per year of capacity at its Longview, Washington smelter effective immediately. Power not used due to the curtailment will be made available to BPA to help meet regional electricity demands. The decision to curtail production was in preparation for the sale of Longview to MAP discussed earlier.

North America - Production Facilities

As part of the Reynolds acquisition, Alcoa acquired a smelter located in Baie Comeau, Quebec, Canada as well as three smelters in the United States: at Massena, New York (the St. Lawrence facility); at Troutdale, Oregon (the idling of which is noted above); and at Longview, Washington (the sale of the Longview smelter to MAP is noted above). The Company is also entitled to a share of the primary aluminum produced at four joint ventures in which Reynolds participates: one in Quebec known as the Becancour joint venture (Becancour) (Alcoa was previously participating in this joint venture as discussed below and has increased its ownership percentage with the acquisition of Reynolds), one in Hamburg, Germany, known as Hamburg Aluminum-Werk GmbH (HAW); a third in Ghana, known as Volta Aluminum Company Limited (Ghana); and a fourth in Puerto Ordaz, Venezuela known as the Alcasa smelter. All of these are discussed in greater detail below.

Alcoa also has ownership interests in the following smelters: Intalco, located in Ferndale, Washington (61.00%); Eastalco, located in Frederick, Maryland (61.00%); Mt. Holly, located in Goose Creek, South Carolina (50.33%); and Becancour, located in Becancour, Quebec (74.95%). A Japanese consortium, led by a subsidiary of Mitsui & Co. Ltd., owns an aggregate 39% interest in each of the Intalco and Eastalco facilities. Century Aluminum Company, a publicly traded U.S. corporation, owns 49.67% of Mt. Holly. During 2000, Century Aluminum Company acquired Sudelektra Holding AG's 23% interest in Mt. Holly. As part of the Reynolds acquisition, Alcoa acquired an additional 50% interest in Becancour. A subsidiary of Pechiney owns a 25.05% interest in Becancour and operates the smelter. Intalco, Eastalco, Mt. Holly and Becancour are all cost-sharing and production-sharing joint ventures.

Alcoa also acquired Reynolds' interests in two carbon products manufacturing facilities located in Lake Charles and Baton Rouge, Louisiana. These facilities have the capacity to produce 875,000 mt of calcined petroleum coke and 145,000 mt of carbon anodes annually. The anodes are produced principally for consumption at Alcoa's primary aluminum plant in Baie Comeau, Quebec. The calcined petroleum coke is used by Alcoa's wholly-owned primary aluminum plants. The Company also sells calcined petroleum coke worldwide to the aluminum and titanium dioxide industries.

As a result of the Reynolds acquisition, the Company operates a commercial hazardous waste treatment facility in Gum Springs, Arkansas for the treatment of spent potliner resulting from the Company's and other producers' North American aluminum reduction operations. Regulations issued by the U.S. Environmental Protection Agency (EPA) require the treatment of spent potliner to prescribed standards prior to disposal. The Gum Springs facility has the capacity to treat 120,000 short tons of spent potliner annually and is currently operating at approximately 50% of capacity. In July 1998, the U.S. Court of Appeals for the District of Columbia struck down the treatment standards included in the then current EPA regulations. The EPA subsequently adopted temporary standards, which are expected to continue in effect until final standards are adopted. As a result of EPA's 1997 decision to classify the facility's treated spent potliner as hazardous waste, Reynolds submitted permit applications to state and federal environmental authorities to allow it to operate the Gum Springs facility's landfill as a hazardous waste landfill. The required permit was issued by the Arkansas Department of Environmental Quality on January 14, 2000.

North America - 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.

The Company has entered into a 50/50 joint venture with C.C. Pace Resource Management, LLC, an energy management and consulting company, which has formed Pace Global Energy Services, LLC. This company continues to provide a variety of energy-related management and consulting services to Alcoa and to other unaffiliated companies.

Effective January 1, 2000, the Company consolidated five wholly-owned utility subsidiaries, Yadkin, Inc., Tapoco, Inc., Alcoa Generating Corporation, Long Sault, Inc. and Colockum Transmission Company into a single entity, Alcoa Power Generating Inc. (APGI).

The Company generates approximately 25% of the power requirements for its 14 North American smelters and generally purchases the remainder under long-term contracts. Alcoa obtains approximately 10% of the self-generated power from its entitlement 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.

In addition, Alcoa has a contract with the BPA that services the Wenatchee, Washington smelter, as well as the Intalco smelter in Ferndale, Washington, the formerly-owned smelter in Longview, Washington and the Troutdale, Oregon smelter. Several contractual provisions allow power supply restrictions when power is in short supply.

The Company has generated substantially all of the power used at its Warrick, Indiana 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. Under the terms of an operating agreement, the Company is in the process of assuming operation of the power plants (3 Company-owned and 1 shared) that supply the Warrick smelter from Southern Indiana Gas & Electric Company. The transition will be completed by the end of the second quarter of 2001.

The Rockdale, Texas smelter uses lignite 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 lignite 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 owns and operates hydroelectric facilities under Federal Energy Regulatory Commission licenses. These 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. In the fall of 2000, APGI entered into a 63-month long arrangement with Aquila Energy Marketing Corporation (Aquila) under which APGI sells the capacity and energy produced at its hydroelectric units near Badin to Aquila, and, in return, Aquila supplies the power requirements of the Badin plant.

The purchased power (primarily hydroelectric) contract for the Massena, New York smelter and for the newly acquired Reynolds St. Lawrence, New York smelter expires not earlier than 2003. The Company, however, may terminate either of these contracts with one year's notice.

The Lauralco smelter located in Deschambault, Quebec purchases electricity under a long-term contract that expires in 2014, subject to certain extension provisions.

The smelter located in Baie Comeau, Quebec receives a portion of its power needs from a 40%-owned hydroelectric generating company, Manicouagan Power Company, and purchases the rest under long-term contract.

Intalco, Eastalco, Mt. Holly, and Becancour purchase electricity under long-term contracts that expire in the years 2001, 2003, 2005 and 2014, respectively, subject to certain extension provisions. Except for Intalco, each facility's contract is with a single supplier. In late 1995, Intalco entered into a series of new long-term power contracts with the BPA and British Columbia Power Exchange Corporation to provide all of its electricity needs from September 1996 through 2001. Under these contracts, Intalco's power costs are set at a fixed rate. Mt. Holly entered into a new electric power supply agreement in 1997, while Eastalco amended its existing power supply agreement during the same year.

BPA supplies electricity to the Company (including the Company's share of the Intalco smelter) in the Pacific Northwest. The current Alcoa, Intalco and Reynolds contracts with BPA expire on September 30, 2001. A new contract, for the period October 1, 2001 to September 30, 2006, has been entered into between the Company and BPA. That contract provides approximately half of the historical usage of the Company's and the former Reynolds' Northwest aluminum smelters, and the final pricing adjustment provisions have not yet been finalized.

Australia

AWA - Australia is a participant in a joint venture smelter at Portland, in the State of Victoria, with an annual capacity of 345,000 mt. The owners of the smelter are:

- AWA - Australia (55% interest)
- the China International Trust and Investment Corporation (22.5% interest) and
- Marubeni Aluminium Australia Pty., Ltd. (22.5% interest).

AWA - Australia increased its ownership in the Portland smelter on September 15, 2000 from 45% to 55% by the purchase of Eastern Aluminum Limited. The equity in the Portland smelter was the only significant asset of this company

Each participant in this smelter contributes to the cost of operations and construction in proportion to its interest in the venture. Each participant also then receives a proportionate share of the output. AWA -

Australia supplies the alumina through individual commercially negotiated contracts and operates the smelter.

Power is generated from extensive brown coal deposits covered by a long-term mineral lease held by AWA - Australia, and that power currently provides approximately 40% of the electricity for the Company's 180,000 mt per year smelter in Point Henry, Victoria. The State Electricity Commission of Victoria, under contracts with AWA - Australia, provides the remaining power for this smelter and all power for the Portland smelter. Negotiations have been finalized to permit power interruptibility at both Point Henry and Portland that will contribute to accommodating peak demands in the power grid serving the State of Victoria.

Brazil

The Alumar smelter at Sao Luis, Brazil has an annual capacity of 365,000 mt. Based on the cost-sharing and production-sharing structure, Aluminio receives about 54% of the production from this smelter. The alumina requirements for its share of the smelter production are supplied from Aluminio's share of the nearby refinery. Aluminio purchases electric power from Central Eletricas do Norte (Eletronorte), the government-controlled electric utility, at a small discount from the applicable industrial tariff price.

In February 1999, Aluminio and Central Eletricas de Minas Gerais S.A. (CEMIG) entered into a new power purchase agreement to supply energy to the Pocos de Caldas smelter. Similar to the previous agreement, Aluminio purchased the plant's anticipated full power requirements for 38 months, beginning April 1999, through a single payment based on the price of energy on the date of the agreement.

Aluminio participates in a consortium that is building the new Machadinho hydroelectric power plant in southern Brazil. In early 1998, after all of the necessary environmental and other approvals had been obtained, the consortium began construction of the dam and related facilities. At the end of 2000, the project was more than 70% completed. Aluminio will share in the output of the plant beginning in 2002. Aluminio expects its share to be sufficient to supply approximately one-half of the power requirements for the Pocos de Caldas smelter.

In May 2000, Aluminio, as part of a consortium, won the ability to explore a hydroelectric power project known as Barra Grande. The Barra Grande project is located on the Pelotas river in southern Brazil.

Europe

The Company's aluminum smelters at Portovesme and Fusina, Italy have a combined annual capacity of 187,000 mt. The owners of the Eurallumina refinery, located on the island of Sardinia adjacent to the Portovesme smelter, supply approximately 40% of the alumina for the smelters under an evergreen agreement. The balance of the alumina requirements for the smelters is supplied by AWA. ENEL, Italy's state-owned utility, supplies power for these smelters.

The Company also operates smelters at San Ciprian, La Coruna and Aviles, Spain, with a combined annual capacity of 363,000 mt. The San Ciprian refinery supplies alumina, and the government-controlled power grid currently supplies electric power at the lowest applicable industrial tariff rate.

The Company reports equity earnings from its interest in two smelters in Norway. Elkem Aluminium ANS, 50%-owned by an Alcoa subsidiary, is a partnership that owns and operates the smelters. The smelters have a combined capacity of 210,000 mt per year. The Company has acquired over 30% of the outstanding shares of Elkem A/S, the other owner of Elkem Aluminium ANS.

As part of the Reynolds acquisition, the Company acquired HAW, which owns 33% of a 120,000 mt per year smelter in Hamburg, Germany.

Africa

As part of the Reynolds acquisition, Alcoa is entitled to a 10% share of the production at the Ghana smelter. Production in Ghana is dependent on hydroelectric power. The Ghana plant is currently operating at reduced capacity due to drought conditions that have existed since 1994.

Alcoa also holds a 10% equity interest in the Aluminum Smelter Company of Nigeria (ALSCON), as a result of the Reynolds acquisition. The smelter closed indefinitely in 1999 due to lack of working capital.

Venezuela

Alcoa acquired from the Reynolds acquisition a 7.31% equity interest in C.V.G. Aluminio del Caroni, S.A. (ALCASA), which produces primary aluminum in Puerto Ordaz, Venezuela.

Primary Metals - Other

In addition, Alcoa produces and markets aluminum paste, particles, flakes, atomized powder and high-purity aluminum.

III. Flat-Rolled Products

Alcoa's flat-rolled products serve three principal markets: packaging, transportation and building and construction. Light gauge sheet products, mainly rigid container sheet and foil, serve the packaging market, and mill products (sheet and plate) serve the other markets. Alcoa employs its own sales force for most flat-rolled products.

Rigid Container Sheet (RCS)

RCS accounted for most of the 2000 revenues in the flat-rolled products packaging market. Can companies purchase RCS for production of beverage and food cans and can ends. The number of RCS customers in the U.S. is relatively small.

Aluminum's diverse characteristics, particularly its light weight, recyclability and flexibility for package designs, are significant factors in packaging markets. Aluminum competes with materials such as steel, plastic and glass in these markets. Alcoa maintains leadership in the packaging markets by improving processes and facilities. Alcoa also provides marketing, research and technical support to its customers. Alcoa produces RCS at the following locations:

- Warrick, Indiana
- Alcoa, Tennessee
- Point Henry and Yennora, Australia (joint venture facilities)
- Moka, Japan (joint venture facility) and
- Swansea, U.K.

Kaal Australia Pty., Ltd., 50%-owned by Alcoa, owns and operates rolling mills at Point Henry and Yennora. These mills produce RCS for the Australian and Asian markets and general sheet and foil for the Australian market. AWA - Australia supplies Kaal Australia's Pt. Henry rolling mill with molten aluminum.

A subsidiary of Alcoa participates in a 50/50 joint venture with Kobe Steel, Ltd. that 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 Steel.

Used aluminum beverage cans are an important source of metal for RCS. Recycling aluminum conserves raw materials, reduces litter and saves energy -- about 95% of the energy needed to produce aluminum from bauxite. In addition, recycling capacity costs much less than new primary aluminum capacity. The Company has can recycling or remelt facilities at or near its plants in:

- Warrick, Indiana
- Alcoa, Tennessee and
- Yennora, Australia.

Foil

The businesses discussed in this section produce products for industrial applications as opposed to the consumer applications of the foil products produced by the Packaging and Consumer Business discussed in Segment V below.

Alcoa's Lebanon, Pennsylvania facility produces heavy gauge foil and brazing sheet. The heating and air conditioning, packaging and automotive markets use these products. A continuous casting facility in Badin, North Carolina produces reroll stock in support of the Lebanon facility. The Company also owns and operates an additional integrated casting and rolling facility in St. Louis, Missouri. Foil products from this facility are sold primarily to commercial users in the flexible packaging, converter and pharmaceutical industries. Alcoa owns and operates a rolling facility in Russellville, Arkansas that supports the facility in St. Louis. The Company also owns and operates a continuous cast aluminum mini-mill in San Antonio, Texas. The equipment in the plant is being upgraded and the facility produces multi-purpose sheet and foil products.

Aluminio, near Recife, Brazil, manufactures light gauge sheet, foil products and laminated evaporator panels. The Yennora, Australia plant produces light gauge sheet. In addition, the facilities at Alicante and Sabinanigo, Spain produce foil products.

Alcoa and Shanghai Aluminum Fabrication Plant (SAFP) have a joint venture, owned 60% by Alcoa and 40% by SAFP, which operates the former SAFP aluminum foil production facility in Shanghai, China. The annual output of the joint venture facility is over 15,000 mt.

The Company owns a 56% interest in a foil mill in Kunming, Yunnan, China.

Mill Products

Alcoa produces sheet and plate products that are used in the following markets:

- aerospace
- auto and truck
- lithographic
- railroad
- shipbuilding
- building and construction
- defense and
- other industrial and consumer markets.

The Company maintains its own sales force for most sheet and plate products.

Differentiation of material properties, price and service are significant competitive factors in these markets. Aluminum's diverse characteristics are important in markets where competitive materials include steel and plastics for automotive and building applications; magnesium, titanium, composites and plastics for aerospace and defense applications; and wood and vinyl in building and construction applications. Alcoa continues to develop alloys and products for aerospace and defense applications, such as those developed for the Boeing 777 aircraft, the Lockheed F-16 aircraft, the Canadair aircraft, the Advanced Amphibious Assault Vehicle and the Airbus A340-600 aircraft.

Davenport, Iowa is home to Alcoa's largest sheet and plate plant. The plant produces products requiring special alloying, heat-treating and other processing. Some of these products are unique and proprietary. Over the past two years, the Davenport plant's heat-treating capacity for sheet and plate was increased to meet aerospace and automotive demand. Alcoa also commissioned the largest vertical heat-treat furnace in North America, thus tripling the plant's capacity for wide-width fuselage sheet. A horizontal plate heat-treating furnace, which was installed in 1997, has increased the plant's capacity by 30%.

Alcoa has a plant in Hutchinson, Kansas for further processing and just-in-time stocking of aluminum sheet products for the U.S. aerospace market. Alcoa serves European sheet and plate markets through a distribution center in Paal, Belgium.

Alcoa has a plant in Danville, Illinois for further processing and just-in-time stocking of aluminum sheet products for the North American automotive market.

The Company also has plants in Lancaster, Pennsylvania and Texarkana, Texas that produce sheet and plate, and semi-fabricated products, circles and blanks. The Lancaster facility also produces semi-fabricated cast aluminum plate, engineered to meet highly specialized industrial applications. The Texarkana mill is a leased facility. The five-year operating lease for the facility expires in November 2002, but is renewable for up to two additional years.

Alcoa and Kobe Steel have a joint venture consisting of one company in the U.S. and one in Japan. The focus of these ventures 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.

The Company's Hungarian subsidiary, Alcoa-Kofem Kft (Kofem), produces common alloy flat and coiled sheet. Kofem delivers aluminum truck bodies to major beverage companies in Europe and the Middle East.

The Company's Alcoa Italia S.p.A. (Alcoa Italia) subsidiary produces industrial plate and common alloy flat and coiled sheet for the building and construction, transportation and other industrial markets in Europe at its Fusina, Italy rolling mill.

Alcoa has rolling mills at Amorebieta, Alicante and Sabinanigo, Spain and Castelsarrasin near Toulouse, France. These mills produce common alloy flat and coiled sheet for the building and construction and transportation markets. They produce lithographic sheet and coil and bright products for lighting, cosmetic and industrial uses and foil products for food, pharmaceutical and industrial applications in Europe.

In October 2000, Alcoa completed its acquisition of selected British Aluminium Limited businesses. This acquisition included a plate mill in Kitts Green, in Birmingham, England and a sheet mill in Dolgarrog, Wales, both with the capabilities to produce heat-treated products for the aerospace industry.

IV. Engineered Products

Engineered products include aluminum extrusions, forgings, castings, investment castings and steel and aluminum fasteners.

Extrusions

North America

Alcoa North American Extrusions is comprised of four businesses operating under the names: Alcoa Extruded Aerospace Products, Alcoa Extruded Construction Products, Alcoa Engineered Products and Alcoa Extruded Heat Exchanger Products.

Alcoa Extruded Aerospace Products (AEAP) produces hard alloy extrusions, primarily for use in commercial aircraft, and drawn tube used in automotive drive shaft, aerospace and consumer durable applications. AEAP's manufacturing facilities are located in Baltimore, Maryland; Lafayette, Indiana and Chandler, Arizona.

Alcoa Extruded Construction Products (AECP) produces soft alloy extrusions used in window and door frames, bath and shower enclosures, patio and pool enclosures, stadium seating, light and flag poles and colored architectural shapes. Manufacturing facilities are located in Magnolia, Arkansas; Plant City, Florida; Tifton and Fairburn, Georgia; Warren, Ohio; Delhi, Louisiana; Hernando, Mississippi and Yankton, South Dakota. Shower and bath enclosures are distributed through service centers in California, Florida, Georgia, Kansas, North Carolina, Pennsylvania, Texas and Washington, as well as through independent distributors.

AECP's Warren, Ohio facility was acquired in January 2000 through the purchase of Excel Extrusions, Inc., a subsidiary of Noranda Aluminum, Inc.

Alcoa Engineered Products' (AEP) soft alloy extrusions, cast rod and cold finished rod and bar are sold to original equipment manufacturers (OEMs) in automotive, commercial transportation, machinery, electrical, consumer durables and other industrial markets and to distributors who service these markets. AEP has six manufacturing facilities located in Catawba, North Carolina; Cressona, Pennsylvania; Elizabethton, Tennessee; Massena, New York; Morris, Illinois and Spanish Fork, Utah.

Alcoa Extruded Heat Exchanger Products has one manufacturing location in Louisville, Kentucky, which produces small diameter round tube and micro-multivoid hollows in coiled form used in heat exchanger applications for automotive and consumer durables.

South America

Aluminio also operates plants in Argentina, Brazil and Venezuela that manufacture aluminum extruded products. Aluminio operates six plants in Brazil that are located in Sorocaba, Utinga, Sao Caetano, Turbarao, Itapissuma and Rio de Janeiro.

Europe

The Company's European extrusions business includes 21 extrusion plants in seven European countries, an independent casthouse and two end product businesses.

Alcoa Extrusions Hannover GmbH & Co. KG produces and markets high-strength aluminum extrusions and rod and bar to serve European transportation and defense markets.

The Company also owns and operates extrusion plants in The Netherlands and Wales.

Alcoa Italia produces and markets industrial extrusions through plants in Bolzano, Fossanova, Feltre and Iglesias, Italy. Also part of Alcoa Italia is an extrusion die shop located in Mori, Italy.

The Company owns and operates extrusion plants in Valls, Noblejas, La Coruna and Irurzun, Spain, as well as a distribution operation for architectural systems, which has warehouses throughout the country. In September 2000, the Company opened a new extrusion plant at La Selva in Spain.

Alcoa also has extrusion plants in Hungary and the United Kingdom. The Company owns and operates three soft alloy extrusion plants that are located in Holland, Germany and the Republic of Ireland which were acquired in the Reynolds acquisition. In addition to producing products for the building and industrial sectors, they also supply the automotive market with heat exchanger tubing and structural parts, including bumpers, car and truck door frames and sunroof frames.

With its acquisition of the British Aluminium Limited businesses, the Company acquired three extrusion plants, which are located in Banbury, St. Helens and Latchford, Great Britain.

Asia

As part of the Reynolds acquisition, Alcoa has a 32.48% ownership interest in Bohai Aluminium Industries Limited in Qinhuangdao, China.

Forgings and Castings

The Company's plant in Cleveland, Ohio produces aluminum forgings, sold principally in the aerospace, automotive, commercial transportation and defense markets. The Cleveland plant, along with the Company's facility in Barberton, Ohio, also produces aluminum forged wheels for passenger automobiles, sport utility vehicles and light trucks and wheels for the bus and Class 8 heavy-duty truck industry.

As part of the Reynolds acquisition, the Company acquired a transportation business that operates nine plants supplying a wide range of fabricated aluminum products to the transportation industry and has interests in two additional plants located in Canada and Venezuela. The principal products are wheels, heat exchanger tubing and automotive structures. The Company markets these products primarily in North America to the "Big Three" automobile manufacturers, with customers also in Europe and Venezuela.

The Company produces forged and cast aluminum wheels in a variety of sizes, styles and finishes. In February 1999, Reynolds completed the start-up of a $32 million expansion of its forged aluminum wheel manufacturing facility in Lebanon, Virginia. The expansion doubled the plant's production capacity to 1.4 million wheels per year.

Alcoa's plant in Szekesfehervar, Hungary manufactures forged aluminum truck wheels for the European market. The plant also manufactures wheels for export to Asian, South American and other geographic markets that use European-style wheels.

Aluminio operates a 72,000-unit-per-year aluminum wheel finishing plant in the state of Pernambuco, Brazil. The plant imports forgings from other Alcoa operations and finishes them for sale in South America.

Investment Castings

Howmet Corporation (Howmet), acquired in June 2000 as part of the Cordant acquisition, and now a wholly-owned indirect subsidiary of Alcoa, manufactures super-alloy, titanium and aluminum components for aerospace engine and airframe applications and industrial gas turbine engine applications for customers worldwide.

Howmet's aerospace castings consist of super-alloy and titanium castings for aircraft turbine engines and airframe and engine structural applications. Products include individual airfoils consisting of blades (rotating foils) or vanes (non-rotating foils), as well as integral castings such as turbine rotors and nozzle rings for smaller engines involving an entire set of blades and related components cast together. Structural components include support components of engines, such as engine castings, frames and bearing housings, and other airframe components. Howmet's aerospace castings are manufactured for commercial and military applications and sold to aircraft OEMs. The OEMs use the castings in new engines and/or sell them as replacement parts.

Industrial gas turbine engine products consist of airfoils (including moving blades and stationary vanes) for gas turbines used for power generation primarily by the electric utility industry and mechanical drive applications for industrial and pipeline operations, oil and gas processing and offshore drilling.

Howmet subsidiaries produce aluminum investment castings for the commercial aerospace and defense markets. Applications include electronic packaging, electro-optical system housings, pumps, compressors and aircraft structurals.

The aerospace market consists of both commercial and military aerospace manufacturing companies, domestic and foreign. Customer product qualification required by domestic and foreign regulatory agencies such as the Federal Aviation Administration as to plant and product quality and lot traceability is important for the aerospace market acceptance of certain products.

Fasteners

As part of Alcoa's acquisition of Cordant, the Company acquired Cordant's fastening systems products business known as Huck Fasteners (Huck). This business consists of specialty fasteners, installation tools and custom injection molded plastic products that are sold to customers directly by Huck and through a distribution network in both U.S. and international markets. Fasteners made from a variety of materials, including high strength metals and metal alloys, are threaded and non-threaded consisting of lock bolts, blind bolts, lock nuts, blind rivets, cap screws and various other metal products sold under various trade names and trademarks for aerospace, industrial, automotive and construction industry applications. Injection molded products consist of custom components and end products. Fastener installation tools are also manufactured and marketed to provide customers complete fastener installation systems.

Huck faces the same aerospace market competition and customer product qualifications as discussed above. In that regard, Huck's fasteners have been qualified by major aerospace companies worldwide in order for such customers to use these fasteners in original equipment and aftermarket aircraft products. Principal domestic and foreign industrial markets include automotive, truck, trailer, railcar, and mining applications. The construction industry utilizes Huck's fastening systems for certain structural applications such as bridges and building structures. Plastic injection molded products are used in the computer, telecommunications and medical industries.

In January 2001, the Company acquired certain assets of Midwest Fastener Corporation for the manufacture of non-proprietary externally threaded fasteners used primarily in joining auto body parts and final auto assemblies. The fasteners vary in size, are made from various grades of steel and are used across a wide variety of engineered applications in many automobile makes and models.

V. Packaging and Consumer

This new segment includes the packaging and consumer businesses as well as closures and packaging equipment.

Packaging and Consumer Businesses

As part of the Reynolds acquisition, Alcoa acquired the Reynolds' packaging and consumer business. This business provides a variety of foil, plastic and other products and related services to the packaging and consumer products markets. Reynolds was, and Alcoa now is, the world's leading aluminum foil producer and a major converter of plastic resins.

Flexible Packaging

Alcoa markets a diverse range of flexible packaging products under the Reynolds brand name, including inner and outer wraps, pouches, specialty cartons, child-resistant blister backing, and plastic containers. The customers of this business include global marketers of food, confection, healthcare and tobacco products. Alcoa also serves the foodservice market (restaurants, delis, supermarket take-out, and fast-food and catering establishments) with over 1,000 foil, plastic and paper products including aluminum and plastic film, plastic containers and lids, foodservice bags, catering trays, sandwich bags and wraps, baking cups and trays also marketed under the Reynolds brand name. Alcoa also produces industrial plastic film (including Reynolon shrink film) and labels for shrink wrapping and tamper-evident packaging.

Alcoa manufactures its packaging products at wholly-owned facilities it acquired in the Reynolds acquisition which are located in the U.S., Brazil, Canada and Spain. Alcoa also has an interest in foil operations in Colombia and Venezuela as part of the Reynolds acquisition. The capacity of these manufacturing facilities depends on the variety and types of products manufactured.

In September 2000, Aluminio acquired Itaipava, a producer of flexible aluminum packaging in Brazil.

Consumer Products

Alcoa's consumer business manufactures and markets an extensive line of foil, plastic and paper consumer products predominantly under the Reynolds brand name. Products include the well-known Reynolds Wrap Aluminum Foil, Reynolds Plastic Wrap, Reynolds Oven Bags, Reynolds Pot Lux Cookware, Reynolds Freezer Paper, Reynolds Cut-Rite Wax Paper, Reynolds Baker's Choice Bake Cups, and Reynolds Wrappers Foil Sheets. Reynolds' consumer products are distributed throughout North America, with the U.S. being Reynolds' largest market for these products, and in more than 65 other countries.

A consumer products subsidiary, Reyco Ltda., in Sao Paulo, Brazil, produces consumer products under the Masterpack brand name, and a limited number of foodservice items under the Reynolds brand.

Through a subsidiary acquired in the Reynolds acquisition that trades under the name Presto Products Company, Alcoa is a supplier of private label plastic consumer products. The Company produces a variety of plastic food wraps and bags (including trash bags and reclosable snack, sandwich, storage and freezer bags) that are sold predominantly in North America. In August 2000, Presto Products acquired certain assets of Conagra Inc.'s Arrow Industries Division. These assets will add significant capacity to Presto Products' operations and will produce products such as consumer disposer bags, non-reclosable sandwich and food storage bags and plastic wrap.

In August 2000, the Company acquired certain assets of privately held Baco Consumer Products, Ltd. (Baco). Baco is the U.K.'s leading supplier of household wraps, including aluminum foil, plastic bags, clingfilm and bin liners.

Graphics

Alcoa's subsidiary, Southern Graphic Systems, Inc., which was acquired as part of the Reynolds acquisition, produces rotogravure printing cylinders, color separations and flexographic plates used in Alcoa's packaging printing operations and for the consumer and industrial packaging industry. Southern Graphic's major customers, in addition to Alcoa, are other consumer products companies and converters, with a trend toward consumer products companies. Southern Graphic also provides graphics management services and manufactures printing accessories (bases and anilox rolls).

Southern Graphic has a plant in Toronto, Ontario, Canada that produces flexographic separations and plates for the packaging industry in Canada. Southern Graphic has four U.S. production facilities for flexographic separations and plates for the packaging industry. In addition, Southern Graphic, through its Mexican subsidiary, Southern Graphic Systems Mexico S. de R.L. de C. V., provides onsite services to its customers at its new Mexico City, Mexico offices.

In April 2000, Southern Graphic acquired the assets of Cage Graphic Arts, Inc., a company that offered a complete line of prepress services for the flexographic and offset printing industries.

Closures and Packaging Equipment

Alcoa Closure Systems International, Inc. (ACSI), the world's largest producer of plastic closures, manages all of Alcoa's worldwide closures businesses other than in South America. ACSI coordinates its business from Indianapolis, Indiana. The Company's South American closures business and PET (polyethylene terephthalate) plastic bottles manufacturing facilities are managed separately by Aluminio from Sao Paulo, Brazil.

The use of plastic closures has surpassed that of aluminum closures for beverage containers in the U.S. and in many other countries. Alcoa has facilities designing and/or making plastic and aluminum closures, PET plastic bottles, closure molding equipment, capping machinery and other equipment for the food and beverage industry at the following locations:

Packaging and Closures Facilities:

- Barcelona, Spain
- Barueri, Itapissuma, Lages and Queimados, Brazil
- Bogota, Colombia
- Buenos Aires and Uschuaia, Argentina

- Canton, Ohio
- Crawfordsville, Indiana
- Englewood, Colorado
- Ensenada and Saltillo, Mexico
- Kilgore, Texas
- Lima, Peru
- Lyubuchany, Russia
- Manama, Bahrain
- Manila, the Philippines
- Montivideo, Uruguay
- Nogi, Japan
- Olive Branch, Mississippi
- Randolph, New York
- Rieti, Italy
- San Jose, Costa Rica
- Santiago, Chile
- Sidney, Ohio
- Shreveport, Louisiana
- Szekesfehervar, Hungary
- Tianjin, China
- Valencia, Venezuela
- West Bromwich, UK and
- Worms and Viernheim, Germany.

In February 2000, ACSI acquired certain assets from Redicon Corporation involved in the design and manufacture of metal forming systems, which is an extension of its product line.

On July 31, 2000, the Company completed the acquisition of Southern Plastics, Inc. The acquisition adds injection molding technology as well as access to the food and personal care markets to ACSI.

The Alcoa Packaging Equipment business unit designs, manufactures and services:

- can forming equipment
- registered embossers
- end manufacturing systems
- printing systems and
- a variety of testing equipment for the can-making industry.

VI. Other

This category includes the Alcoa Automotive businesses, Alcoa Fujikura Ltd.'s electronic and electrical distribution systems (EDS) as well as its telecommunications products and services, Thiokol's propulsion systems, Kawneer Company, Inc.'s architectural aluminum products, Alcoa Building Products, Inc.'s building and construction products, and various other aluminum and non-aluminum products.

Alcoa Automotive

The Company's Automotive unit is organized into three businesses: Automotive Castings, Automotive Engineering and Automotive Assembly & Fabrication.

The Company's Alcoa Automotive Castings unit offers high-quality structural castings, while its Alcoa Automotive Engineering unit provides design, engineering, prototyping and cost analysis for aluminum structures, assemblies and components to both internal and external customers, and its Alcoa Automotive Assembly & Fabrication unit manufactures structural assemblies and components as well as formed and machined extrusions.

Alcoa Automotive Castings' Soest, Germany plant produces the components and selected sub-assemblies for the Audi A8 spaceframe, the result of a cooperative effort between the two companies that began in 1981, as well as the front-end module for the Mercedes-Benz A Class car.

Alcoa Automotive Castings also produces components at its Michigan Casting Center in Fruitport, Michigan, its Kentucky Casting Center in Hawesville, Kentucky and its Scandinavian Casting Center in Lista, Norway. The Lista plant is located near the 50%-owned Elkem Aluminium ANS smelter, which delivers molten aluminum to the plant. Current Automotive Castings customers include DaimlerChrysler, Ford, Volvo, BMW, Jaguar, Audi and General Motors.

Together with Lingotes Especiales S.A. of Valladolid, Spain, Alcoa acquired Alloy Technologies Limited, now known as "Alcoa-Lingotes Castings Limited" in Leyland, England, in the second quarter of 2000. Alcoa-Lingotes Castings is developing automated green sand-casting technology to supply automotive components.

The Alcoa Automotive Assembly & Fabrication unit consists of the Company's Ohio Assembly & Fabrication Center in Northwood, Ohio, which manufactures DaimlerChrysler's Plymouth Prowler frame and a variety of aluminum structural assemblies for the U.S. automotive industry, including the Corvette windshield surround; the Indiana Assembly & Fabrication Center (formerly Reynolds' RAMCO Manufacturing Company) unit in Auburn, Indiana, which makes extrusions and assembles other components for use in bumpers, car and truck door frames, convertible roof brackets, sunroof frames, antilock brake system housings, steering shafts and steering column brackets; and the Italian Assembly & Fabrication Center in Modena, Italy, which assembles spaceframes for the Ferrari 360 Modena, which was introduced in 1999 to favorable automotive industry reviews.

Alcoa Automotive Engineering includes the design and engineering offices in Esslingen (Stuttgart), Germany, Livonia (Detroit), Michigan and Alcoa Technical Center, near Pittsburgh, Pennsylvania. The unit of Alcoa Automotive designs aluminum auto body structures for a variety of car manufacturers and for Tier 1 suppliers to the automotive industry.

Alcoa is working with several other automobile manufacturers in North America, Europe and Japan to develop new automotive applications for aluminum products.

Alcoa Fujikura Ltd. (AFL)

AFL produces and markets electronic and electrical distribution systems (EDS) for the automotive industry, as well as fiber optic products and systems for selected electric utilities, telecommunications, cable television and datacom markets.

AFL owns Michels GmbH & Co. K.G. (Michels), a European manufacturer of EDS for automobiles. AFL also owns the Stribel group of companies, European manufacturers of electromechanical and electronic components for the European automotive market. The European facilities are located in Germany, Hungary, Ireland and the United Kingdom.

AFL's subsidiaries operate EDS facilities in Ciudad Acuna, Piedras Negras, Monterrey, Torreon and Ciudad Juarez, Mexico. AFL and Aluminio have a joint venture, AFL do Brasil Ltda., that manufactures and sells EDS in Brazil. AFL also has an EDS manufacturing facility in Venezuela.

An AFL subsidiary operates a telecommunications components assembly facility in Monterrey, Mexico.

Six "R" Communications, L.L.C., part of AFL's telecommunications division, is a Monroe, North Carolina-based provider of EF&I services (engineer, furnish and install) to the telecom and CATV industries. Other EF&I subsidiaries of AFL include T.I.C.S. Corporation in Charlotte, North Carolina; MinTel Communications, L.L.C. in Norcross, Georgia; Quality Control Services, L.L.C. in Richmond, Virginia; Tele-Tech Company, Inc. in Lexington, Kentucky; and Digisys Corp. in Alpharetta, Georgia. AFL also provides cabling contracting services for LAN and computer network installations.

In February 2000, AFL's telecommunications division acquired privately held Noyes Fiber Systems, Inc., headquartered in Belmont, New Hampshire. Noyes Fiber Systems is a manufacturer of fiber optic test equipment for measuring, maintaining and documenting the performance of fiber optic networks.

In June 2000, AFL's telecommunications division purchased the assets of Focas, Ltd. in Swindon, UK and the assets of Focas, Inc. in Alpharetta, Georgia. Both companies manufacture aerial fiber optic cable for communication networks around the world.

In November 2000, AFL's telecommunications division purchased Atlantic and Pacific Telcom, Inc. headquartered in Roanoke, Virginia. This company provides a variety of EF&I services to the telecom industry. In addition, the telecommunications division purchased the assets of Thomas & Betts Corporation's fiber optic division located in Attleboro, Massachusetts. This company manufactures fiber optic components for OEMs and their optical system suppliers.

Thiokol Propulsion

As part of the Cordant acquisition, Alcoa acquired the propulsion systems division of Cordant operating as Thiokol Propulsion (Thiokol). Thiokol produces solid rocket propulsion systems and related products, and provides research and development and launch support services for the National Aeronautics and Space Administration, Department of Defense and commercial space applications. On January 31, 2001, Alcoa announced that it had reached an agreement to sell Thiokol. See Recent Developments on page 3.

Other Aluminum Products

Kawneer Company, Inc. (Kawneer) designs, manufactures and markets architectural aluminum products and is a leading producer of these products in the U.S. and Canada. These products include entrances, windows, framing and curtain wall systems for the commercial building markets. Kawneer products also are engineered for use on construction projects throughout the world.

Kawneer operates five integrated architectural plants, 15 service centers and two additional manufacturing locations in the U.S. Distribution is principally through dealers, most of whom are glazing contractors.

Kawneer also operates two integrated architectural plants in Canada that provide most of the product that is sold for large overseas projects, as well as two service centers.

Alcoa Europe Building and Construction Systems manages the architectural aluminum systems businesses (curtain walling, windows, doors) of Kawneer and Reynolds through five major locations (UK, Ireland, Holland, Germany and France) along with Reynobond composite panels and Reynolux painted coil produced in Merxheim, France. A number of additional building products (partition systems, balcony railings, roof edging and ancillary products) are produced and marketed in Holland.

The Company produces Reynobond aluminum composite material that is sold worldwide for architectural and specialty applications.

The Company also produces Reynolux painted aluminum sheet and profiled products; designs and markets architectural systems consisting of curtainwall, window and door units for residential and commercial applications; and produces and sells polymer-coated magnet wire for electrical transformers.

Alcoa Building Products, Inc. (ABP) manufactures and markets aluminum siding and accessory products for the residential building and construction markets. ABP sells these products principally through specialty distributors.

Alcoa owns a 36% interest in American Trim, L.L.C., a joint venture that manufactures primarily auto parts and appliance control panels.

As part of the Reynolds acquisition, Alcoa acquired a 36% interest in LATASA, the largest aluminum can producer in Latin America. LATASA has four operating locations in Brazil, one in Argentina and one in Chile.

Other Nonaluminum Products

ABP produces vinyl siding and accessories and other nonaluminum building products for the residential building and construction markets. ABP sells these products principally through specialty distributors.

As part of the Reynolds acquisition, Alcoa acquired a distribution business that distributes aluminum, stainless steel and other specialty metal products under the names Reynolds Aluminum Supply Company (RASCO), Permamet Metals, Inc. and RASCO Specialty Metals Inc. (in Canada).

RASCO provides supply chain management services to North American metal fabricating customers requiring high-quality aluminum, stainless steel and other specialty metal products. During 2000, RASCO's total distribution sales were 49% in aluminum mill products and 49% in stainless steel mill products. RASCO processes and distributes plate, sheet, extrusions, rod and bar products through 37 facilities across North America. RASCO provides metal processing services such as cutting to length, slitting, blanking, shearing, sawing and plasma burning. The metal processing services offered by RASCO allow it to provide customized products, delivered just-in-time to customers. RASCO's customers include fabricators and manufacturers in transportation, equipment, machinery and other markets.

During 2000, RASCO completed a new 72,000 square foot service center in Kansas City and began expansions to facilities in Shelbyville, Kentucky, and Wilmington, Delaware, each with new blanking equipment. The blanking lines will provide customers with close tolerance, custom size blanks ready for their production lines.

Northwest Alloys, Inc., in Addy, Washington, produces magnesium from minerals in the area owned by the Company. Alcoa uses the magnesium for certain aluminum alloys and also sells it to third parties.

The Alcoa facility at Cleveland, Ohio produces large press steel, titanium and special super-alloy forgings. Aerospace and commercial customers are the principal purchasers of these products.

Alcoa e-Business

The Company has formed a "virtual" business unit to champion closer eCommerce integration between Alcoa and its customers and suppliers. This initiative utilizes an enhanced infrastructure and a combination of internal and external resources.

The Company has standardized its desktop systems, is consolidating its numerous North American data centers and is implementing a common enterprise business system. Alcoa's eProcurement initiatives include an internal catalog based electronic mall which has been rolled out in North America with an MRO/indirect procurement focus. The functionality of the mall streamlines the procurement process from requisition through payment. Additionally, a number of major purchases have been accomplished using dedicated auction sites and exchange marketplaces.

Certain Alcoa business units have developed individual eCommerce portals which are now being consolidated into a coordinated corporate site.

Where there is opportunity to enhance supply chain efficiency or to expand market reach, Alcoa utilizes external eCommerce sites and marketplaces and in some instances has taken a minority equity position.

Competition

The markets for most aluminum products are highly competitive. Price, quality and service are the principal competitive factors in most of these markets. Where aluminum products compete with other materials, the diverse characteristics of aluminum are also a significant factor, particularly its light weight and recyclability.

The Company continues to examine all aspects of its operations and activities and redesign them where necessary to enhance effectiveness ad achieve cost reductions. Research and development has led to improved product quality and production techniques, new product development and cost control. Alcoa believes that it enhances its competitive position through its improved processes, extensive facilities and willingness and ability to commit capital where necessary to meet growth in important markets, and by the capability of its employees. This is being done through aggressive implementation of the Alcoa Business System (ABS), an integrated set of systems and tools organized to provide a common language and unencumbered transfer of knowledge across businesses and geographies.

ABS is the management system Alcoa set out to implement worldwide four years ago. The basic ABS Principles are: (1) making only what the customer wants, when the customer wants it; (2) eliminating as waste anything not wanted by the customer; and (3) recognizing that people are critical to the success of ABS.

In addition to the positive and tangible financial outcomes, ABS provides a simple, consistent, powerful framework for decision making, communication and people engagement. It has been a valuable contributor to the integration of Alcoa's recent acquisitions.

Alcoa believes that ABS will in time substantially improve its profitability and become a source of competitive advantage. At the end of 2000, the Company announced that it had achieved its $1.1 billion annualized cost savings initiative (announced in 1998), excluding the impact of higher energy costs, which were $132 million for the year 2000. At the end of January 2001, Alcoa announced a new $1.0 billion cost reduction initiative to be achieved by December 31, 2003.

Risk Factors

This report contains (and oral communications made by Alcoa may contain) forward-looking statements. These statements are based on Alcoa's estimates and assumptions and are subject to a number of risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes," "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects" or similar expressions. For each of these statements, Alcoa claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Alcoa disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In addition to the risks inherent in its operations, Alcoa is exposed to financial, market, political and economic risks. The following discussion, which provides additional detail regarding Alcoa's exposure to the risks of changing commodity prices, foreign exchange rate, interest rates, legal contingencies and environmental matters, includes forward-looking statements that involve risk and uncertainties.

Commodity Price Risks

The aluminum industry is highly cyclical, and the London Metal Exchange (LME)-based prices of primary aluminum influence the Company's results of operations. This price sensitivity impacts a portion of the Company's alumina sales and many of the Company's aluminum products. There is, however, less impact on the more specialized and value-added products.

Alcoa is a leading global producer of aluminum ingot and aluminum fabricated products. As a condition of sale, customers often require Alcoa to commit to fixed-price contracts that sometimes extend a number of years into the future. Customers will likely require Alcoa to enter into similar arrangements in the future. These contracts expose Alcoa to the risk of fluctuating aluminum prices between the time the order is accepted and the time that the order ships.

In order to fulfill some of the orders noted above, Alcoa might be required to purchase aluminum to supplement its internal production. These purchases expose the company to the risk of higher aluminum prices. To hedge this risk, Alcoa enters into long positions, principally using futures and options. Alcoa follows a stable pattern of purchasing metal; therefore, it is highly likely that anticipated metal purchase requirements will be met. At December 31, 2000 and 1999, these contracts totaled approximately 522,000 mt and 465,000 mt, respectively. These contracts act to fix the purchase price for these metal purchase requirements, thereby reducing Alcoa's risk to rising metal prices.

A hypothetical 10% change from the 2000 year-end, three-month LME aluminum ingot price of $1,565 per mt would result in a pretax gain or loss to future earnings of $81 million related to all of the futures and options contracts noted above. However, it should be noted that any change in the value of these contracts, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying metal purchase transactions.

Earnings were selected as the measure of sensitivity due to the historical relationship between aluminum ingot prices and Alcoa's earnings. The hypothetical change of 10% was calculated using a parallel shift in the existing December 31, 2000 forward price curve for aluminum ingot. The price curve takes into account the time value of money, as well as future expectations regarding the price of aluminum ingot.

The futures and options contracts noted above are with creditworthy counter parties and are further supported by cash, treasury bills or irrevocable letters of credit issued by carefully chosen banks.

Alcoa also had 51,000 mt and 21,000 mt of futures and options contracts outstanding at year-end 2000 and 1999, respectively, that cover long-term, fixed-price commitments to supply customers with metal from internal sources. Accounting convention requires that these contracts be marked to market, which resulted in after-tax gains of $6 million in 2000 and $12 million in 1999 and charges of $45 million in 1998. A hypothetical 10% change in aluminum ingot prices from the year-end 2000 level of $1,565 per mt would result in a pre-tax gain or loss of $7 million related to these positions. The hypothetical gain or loss was calculated using the same model and assumptions noted earlier.

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 hedge a portion of these exposures to reduce the risk of fluctuating market prices on these sales. Towards this end, Alcoa may enter into short positions using futures and options contracts. At December 31, 2000 and 1999, these contracts totaled 112,000 and 244,000 mt respectively. These contracts act to fix a portion of the sales price related to these sales contracts. A hypothetical 10% change in aluminum ingot prices from the year-end 2000 level of $1,565 per mt would result in a pretax gain or loss of $15 million related to these positions. The hypothetical gain or loss was calculated using the same model and assumptions noted earlier.

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. At December 31, 2000 the fair value of the contracts for natural gas totaled approximately $69 million. A hypothetical 50% change in the market price of natural gas from year-end 2000 levels would increase or decrease future earnings by $81 million.

Alcoa also purchases certain other commodities, such as fuel oil, electricity and copper, for its operations and enters into futures and options contracts to eliminate volatility in the prices of such products. None of these contracts are material. For additional information on financial instruments, see Notes A and S to the Financial Statements.

Foreign Exchange Risks

Alcoa is subject to significant exposure from fluctuations in foreign currencies. As a matter of company policy, foreign currency exchange contracts, including forwards and options, are sometimes used to limit the risk of fluctuating exchange rates. A hypothetical 10% change in applicable 2000 year-end forward rates would result in a pretax gain or loss of approximately $210 million related to these positions. However, it should be noted that any change in the value of these contracts, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying hedged item. The model assumes a parallel shift in the forward curve for the applicable currencies and includes the foreign currency impacts of Alcoa's cross-currency interest rate swaps. See Notes A and S to the Financial Statements for information related to the accounting policies and fair market values of Alcoa's foreign exchange contracts at December 31, 2000 and 1999.

Interest Rate Risks

Alcoa attempts to maintain a reasonable balance between fixed and floating-rate debt and uses interest rate swaps and caps to keep financing costs as low as possible. At December 31, 2000 and 1999, Alcoa had $8,133 million and $3,067 million of debt outstanding at effective interest rates of 7.6% for 2000 and 5.8% for 1999, after the impact of interest rate swaps and caps is taken into account. A hypothetical change of 10% in Alcoa's effective interest rate from year-end 2000 levels would increase or decrease interest expense by $62 million. The interest rate effect of Alcoa's cross-currency interest rate swaps has been included in this analysis. For more information related to Alcoa's use of interest rate instruments, see Notes A and S to the Financial Statements.

Risk Management

All of the aluminum and other commodity contracts, as well as the various types of financial instruments, are straightforward and are held for purposes other than trading. They are used primarily to mitigate uncertainty and volatility and cover underlying exposures.

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 may select from time to time. SRMC reports to the board of directors on the scope of its derivative activities.

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.

Legal 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. For more information, see Note K to the Financial Statements.

Environmental Matters

It is possible that Alcoa's results of operations or liquidity in a particular period could be materially affected by certain environmental matters, including remediation costs and damages related to the Massena, New York; Pt. Comfort, Texas; Troutdale, Oregon; and Sherwin, Texas sites. For more information, see Note T to the Financial Statements.

Employees

Alcoa and its subsidiaries had approximately 142,000 employees worldwide at year-end 2000.

In the U.S., in mid-1996, Alcoa and a number of unions ratified six-year labor agreements, which, at year-end 2000, covered approximately 13,000 of Alcoa's production and maintenance workers. The agreements have five years of defined provisions. At the end of the fifth year, Alcoa and the unions will reopen the entire contract. If the parties cannot reach agreement, they will submit the economic provisions to arbitration. There are approximately 14,000 U.S. production and maintenance workers covered under various other labor agreements, which provide for varying termination dates and other employment provisions. There are approximately 18,000 non-union U.S. production and maintenance workers.

Agreements negotiated under guidelines established by a national industrial relations authority cover wages for AWA - Australia employees.

Aluminio negotiates wages for both hourly and salaried employees annually in compliance with government guidelines. Each Aluminio location, however, has a separate compensation package for its employees.

In Canada, Alcoa has over 4,000 employees, some of whom are covered under six different labor agreements.

In Mexico, Alcoa has over 30,000 employees, some of whom are covered under three different labor agreements.

In Italy, Alcoa has 16 locations with approximately 2,600 employees, most of whom are represented by national trade unions.

In the United Kingdom, Alcoa has approximately 4,600 employees, most of whom are represented by four different trade unions.

In Spain, Alcoa has eight plants and one central office, each one with its own collective bargaining agreement. There are two plants with collective bargaining agreements at a regional level. Each agreement is negotiated with the committee of workers of the plant. The collective bargaining agreements affect about 4,000 employees.

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 business units and at Alcoa Technical Center. Expenditures for R&D activities were $194 million in 2000, $128 million in 1999 and $128 million in 1998. The Company funds substantially all R&D expenses.

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

In June 2000, Alcoa confirmed that it had been working on new developments in inert anode technology and that the United States Patent and Trademark Office had granted the Company patents related to these advanced smelting process technologies. The Company plans a test of the technology in a single pot in a commercial facility during the first half of this year. Dependent upon results of single pot testing activity, testing may be expanded to a complete potline in 2002. Assuming 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 will also generate substantial environmental benefits in the form of reduction and elimination of certain emissions. No timetable has been established for commercial use.

Environmental

Alcoa's Environment, Health and Safety Policy confirms its commitment to operate worldwide in a manner that protects the environment and the health and safety of employees and of the citizens of the communities where the Company operates.

Alcoa continues its efforts to develop and implement modern technology, and standards and procedures, to meet its Environment, Health and Safety goals. The Company spent approximately $96 million during 2000 for new or expanded facilities for environmental control. Capital expenditures for such facilities will approximate $91 million in 2001. These figures do not include the costs of operating these facilities. Remediation expenses are continuing at many of the Company's facilities. See Note T on Environmental Matters in the Annual Report to Shareholders and "Item 3 -- Legal Proceedings" below.

Alcoa's operations worldwide, like those of others in manufacturing industries, have in recent years become subject to increasingly stringent legislation and regulations intended to protect human health and safety, and the environment. The Company expects this trend to continue. Compliance with new laws, regulations or policies could require substantial expenditures by the Company in addition to those mentioned above.

Alcoa supports the use of sound scientific research and realistic risk criteria to analyze environmental and human health and safety effects and to develop effective laws and regulations in all countries where it operates. The Company also relies on internal standards that it applies worldwide to ensure that its facilities operate with minimal adverse environmental, health and safety impacts, even where no regulatory requirements exist. Alcoa recognizes that recycling and pollution prevention offer real solutions to many environmental problems, and it continues vigorously to pursue efforts in these areas.

Item 2. Properties.

See "Item 1. Business." Alcoa believes that its facilities are suitable and adequate for its operations.

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.

In response to a unilateral order issued under Section 106 of the Comprehensive Environmental Compensation and Liability Act of 1980 (CERCLA) by the U.S. Environmental Protection Agency (EPA) Region II regarding releases of hazardous substances, including polychlorinated biphenyls (PCBs), into the Grasse River near its Massena, New York facility, Alcoa has been conducting investigations and studies of the river under order from the EPA issued under CERCLA. EPA Region II has reviewed the Company's Analysis of Alternatives document submitted in December 1999. EPA has requested that Alcoa revise the document by including additional remedial alternatives. Alcoa expects to submit a revised Analysis of Alternatives report during 2001.

Representatives of various 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 facilities. While formal proceedings have not been instituted, the Company continues to actively investigate these claims.

In March 1994, Alcoa and Region VI of the EPA entered into an administrative order on consent, EPA Docket No. 6-11-94, concerning the Alcoa (Pt. Comfort)/Lavaca Bay National Priorities List site that includes portions of Alcoa's Pt. Comfort, Texas bauxite refining operations and portions of Lavaca Bay, Texas, adjacent to the Company's plant. The administrative order requires the Company to conduct a remedial investigation and feasibility study under EPA oversight. Work under the administrative order is proceeding, including actions to fortify an offshore dredge disposal island that may include the removal of certain mercury-contaminated sediments adjacent to Alcoa's plant in and near routinely dredged navigation channels. As required by the order, the Company submitted a baseline risk assessment for the site and a draft Feasibility Study. 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 entered into several agreements to cooperatively identify restoration alternatives and approaches for Lavaca Bay. Efforts under those agreements are ongoing.

As previously reported, on May 13, 1998, an action was filed in the Superior Court of Riverside County, California allegedly on behalf of more than 500 plaintiffs who currently live, or formerly lived, in the Glen Avon, California area, who claim to have suffered personal injuries, both physical and emotional, as well as property damage, as a result of air and water contamination due to the escape of toxic wastes from the Stringfellow disposal site. The complaint, which names Alcoa, Alumax Inc. and more than 130 other companies as defendants, was served on Alcoa and Alumax in October 1998. Based on motions filed during 1999, the court ruled in March 2000 that approximately 350 plaintiffs' claims were not timely and dismissed those claims. Approximately 140 claims remain in litigation, and nearly all those of individuals were minors or not yet born during the relevant time period.

In October 1998, Region V of the EPA referred various alleged environmental violations at Alcoa's Lafayette Operations to the civil division of the 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 unable to reach settlement on this matter. In June 1999, the DOJ and EPA filed a complaint against Alcoa in the United States District Court for the Northern District of Indiana. The matter is proceeding with discovery and is currently set for trial in late November 2001. In addition, the Company is engaged in settlement negotiations with EPA and DOJ.

As previously reported, in March 1999, two search warrants were executed by various federal and state agencies on the Alcoa Port Allen works of Discovery Aluminas, Inc. (Discovery), a subsidiary, in Port Allen, Louisiana. Also in March, Discovery was served with a grand jury subpoena that required the production to a federal grand jury of certain company records relating to alleged environmental issues involving wastewater discharges and management of solid or hazardous wastes at the plant. In April 1999, the Port Allen plant manager was indicted for a single count of violating the Clean Water Act. In December 2000 a plea agreement was executed between Discovery and the federal authorities. In addition, an agreement was reached between Discovery and state/local authorities to resolve this matter. Under these agreements together, Discovery will: (1) plead guilty to a one-count felony for violating the federal Clean Water Act and its state analog; (2) pay a $700,000 fine to the United States; (3) pay $50,000 in community restitution; and (4) pay $400,000 to the State of Louisiana. Discovery anticipates being sentenced sometime in the first quarter of 2001. The Louisiana Department of Environmental Quality has expressed an intention to issue a civil penalty to Discovery for water violations and settlement discussions are ongoing.

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 is awaiting a decision by the trial court implementing the ruling on appeal.

Alcoa and Reynolds, along with various asbestos manufacturers, distributors and other premises users, are defendants in numerous individual lawsuits filed in the State of Texas on behalf of persons claiming injury as a result of occupational exposure to asbestos at various Alcoa and Reynolds facilities.

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 United States District Court for the Southern District of New York, naming as defendants the Company, each member of Alcoa's Board of Directors, certain officers of the Company and PricewaterhouseCoopers LLP, Alcoa's independent accountants. The shareholder did not make a demand on the Company prior to filing this lawsuit. Under relevant law, this demand is required. The lawsuit alleges, among other things, that Alcoa's proxy statement dated March 8, 1999 contained materially false and misleading representations and omissions concerning the Company's proposed Alcoa Stock Incentive Plan and that the shareholder approval of the plan, based upon these alleged representations and omissions, was defective. The Plaintiff seeks to invalidate the shareholder approval of the plan and enjoin its implementation. She also requests that Alcoa pay the costs and disbursements of the action, including the fees of her accountants, counsel and experts. A motion to dismiss the matter has been filed and is pending before the court.

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 2000.

Item 4A. Executive Officers of the Registrant.

The names, ages, positions and areas of responsibility of the executive officers of the Registrant as of February 15, 2001 are listed below.

Alain J. P. Belda, 57, 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 and Executive Vice President from 1994 to 1995. Mr. Belda was President of Alcoa Aluminio S.A. in Brazil from 1979 to March 1994. He was elected Vice President of Alcoa in 1982 and, in 1989, was given responsibility for all of Alcoa's interests in Latin America (other than Suriname). In August 1991 Mr. Belda was named President - Latin America for the Company.

Ricardo E. Belda, 56, Vice President and Group President, Alcoa Europe. Mr. Belda joined Alcoa Aluminio S.A. in Brazil in 1968. In 1987, he was named General Manager of the Flat Rolled Products Division and elected a director of Alcoa Aluminio. In 1991, he was named Executive Director of the Mill Products Division of Alcoa Aluminio. He was appointed President, Alcoa Netherland Holding B.V. in 1995 and President, Alcoa Europe -- Extrusions and End Products in 1997. Mr. Belda was elected a Vice President of Alcoa in May 2000 and was appointed Group President, Alcoa Europe in March 2000. Mr. Belda and Alain J.P. Belda are brothers.

Michael Coleman, 50, Vice President and President, Alcoa Rigid Packaging. Mr. Coleman joined Alcoa in January 1998. He had been Vice President - Operations of North Star Steel from 1993 to 1994, Executive Vice President - Operations from 1994 to 1996 and President from 1996 through 1997. Mr. Coleman joined North Star Steel in 1982.

L. Patrick Hassey, 55, Executive Vice President and Group President, Alcoa Industrial Components. Mr. Hassey joined Alcoa in 1967 and was named Davenport Works Manager in 1985. In 1991, he was elected a Vice President of Alcoa and appointed President - Aerospace/Commercial Rolled Products Division. He was appointed President - Alcoa Europe in November 1997. He was named to his current position in May 2000.

Barbara S. Jeremiah, 49, Vice President-Corporate Development. Ms. Jeremiah joined Alcoa in 1977 as an attorney and was elected Assistant General Counsel in 1992 and Corporate Secretary in 1993. She was elected to her current position in 1998, where she heads Alcoa corporate development activities.

Richard B. Kelson, 54, Executive Vice President and Chief Financial Officer. Mr. Kelson was elected Assistant General Counsel in 1989, Senior Vice President - - Environment, Health and Safety in 1991 and Executive Vice President and General Counsel in May 1994. He was named to his current position in May 1997.

William E. Leahey, Jr., 51, Vice President and Group President, Alcoa Packaging, Consumer, Construction and Distribution. Mr. Leahey joined Reynolds Metals Company in 1990 and served as its

Vice President, Can Division from 1993 to 1997 and Senior Vice President, Global Can from 1997 to 1998. In 1998, he was named Executive Vice President and Chief Financial Officer of Reynolds. He was named to his current position at Alcoa in May 2000.

Frank L. Lederman, 51, Vice President and Chief Technical Officer. Mr. Lederman was Senior Vice President and Chief Technical Officer of Noranda, Inc., a Canadian-based, diversified natural resource company, from 1988 to 1995. He joined Alcoa as a Vice President in May 1995 and became Chief Technical Officer in December 1995. In his current position, Mr. Lederman directs operations of the Alcoa Technical Center.

Timothy S. Mock, 58, Vice President and Controller. Mr. Mock joined Alcoa in 1964 and was named President of Alcoa's Wire, Rod and Bar business unit in 1988. He was appointed Managing Director of Alcoa Italia S.p.A. following Alcoa's acquisition of Alumix, S.p.A. in 1996. In 1998, he was named President of Alcoa Automotive Structures. He was elected to his current position in September 1999.

Joseph C. Muscari, 54, Vice President-Environment, Health and Safety, Audit and Compliance. Mr. Muscari joined Alcoa in 1969 and was named President-Alcoa Asia in 1993. In 1997, he was elected Vice President-Audit. He was named to his current position in May 1999 and is responsible for EHS policy, standards and strategy and the Alcoa integrated audit process. In addition, Mr. Muscari is the chief compliance officer for the Company.

G. John Pizzey, 55, Vice President and Group President, Alcoa Primary Products. Mr. Pizzey joined Alcoa of Australia Limited in 1970 and was appointed to the board of Alcoa of Australia as Executive Director -- Victoria Operations and Managing Director of Portland Smelter Services in 1986. He was named President - - Bauxite and Alumina Division of Alcoa in 1994 and President - Primary Metals Division of Alcoa in 1995. Mr. Pizzey was elected a Vice President of Alcoa in 1996 and was appointed President - Alcoa World Alumina in November 1997 and President -- Alcoa World Alumina and Chemicals in August 1999. He was named to his current position in June 2000.

Lawrence R. Purtell, 53, Executive Vice President and General Counsel. Mr. Purtell joined Alcoa in November 1997. He had been Corporate Secretary and Associate General Counsel of United Technologies Corporation from 1989 to 1992. Mr. Purtell was Vice President and General Counsel of Carrier Corporation, a unit of United Technologies Corporation and international designer, manufacturer and marketer of heating, ventilating and air conditioning equipment and services, from 1992 to 1993. He was Senior Vice President and General Counsel and Corporate Secretary of McDermott International, Inc. from 1993 to 1996. In 1996, Mr. Purtell joined Koch Industries, Inc. as Senior Vice President, General Counsel and Corporate Secretary.

Robert F. Slagle, 60, Executive Vice President, Human Resources and Communications. Mr. Slagle was elected Treasurer in 1982 and Vice President in 1984. In 1986, he was named Vice President - Industrial Chemicals and, in 1987, Vice President - Industrial Chemicals and U.S. Alumina Operations. Mr. Slagle served as Vice President - Raw Materials, Alumina and Industrial Chemicals in 1989, and Vice President of Alcoa and Managing Director - Alcoa of Australia Limited in 1991. He was named President - Alcoa World Alumina in 1996 and was elected to his current position in November 1997.

G. Keith Turnbull, 65, Executive Vice President - Alcoa Business System. Dr. Turnbull was appointed Assistant Director of Alcoa Laboratories in 1980. He was named Director - Technology Planning in 1982, Vice President -- Technology Planning in 1986 and Executive Vice President -- Strategic Analysis/Planning and Information in 1991. In January 1997, he was named to his current position, with responsibility for company-wide implementation of the Alcoa Business System.

PART II

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

Dividend per share data, high and low prices per share and the principal exchanges on which the Company's common stock is traded are set forth on page 66 of the 2000 Annual Report to Shareholders (Annual Report) and are incorporated herein by reference.

On January 10, 2000, the Board of Directors declared a two-for-one common stock split, subject to shareholder approval to increase the number of authorized shares. At the Company's annual meeting on May 12, 2000, Alcoa shareholders approved an amendment to increase the authorized shares of Alcoa common stock from 600 million to 1.8 billion. As a result of the stock split, shareholders of record on May 26, 2000, received an additional common share for each share held. The additional shares were distributed on June 9, 2000. In this report, all per-share amounts and number of shares outstanding have been restated to reflect the stock split.

At December 31, 2000, there were approximately 265,300 Alcoa shareholders, including both record holders and an estimate of the number of individual participants in security position listings.

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 herein 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 herein by reference.

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

The information regarding quantitative and qualitative disclosures about market risk is on pages 40 through 41 of the Annual Report and is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

The Company's consolidated financial statements, the notes thereto and the report of the independent public accountants are on pages 44 through 61 of the Annual Report and are incorporated herein 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 "Election of Directors" on pages 6 through 12 of the Registrant's definitive Proxy Statement dated February 22, 2001 (Proxy Statement) and is incorporated herein by reference.

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

The information required by Item 405 of Regulation S-K contained under the caption "Compliance With Section 16(a) Reporting" on page 14 of the Proxy Statement is incorporated herein by reference.

Item 11. Executive Compensation.

This information is contained under the captions "Stock Performance Graph" and "Executive Compensation" on page 15 and pages 18 through 27, respectively, of the Proxy Statement and is incorporated herein by reference. The stock performance graph and the Report of the Compensation Committee shall not be deemed to be "filed."

Item 12. Security Ownership of Certain Beneficial Owners and Management.

This information 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 herein 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 herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedule 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 public accountants are on pages 44 through 61 of the Annual Report and are incorporated herein 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 8, 2001, except for Note U, for which the date is January 31, 2001, on the Company's financial statement schedule filed as a part hereof for the fiscal years ended December 31, 2000, 1999 and 1998.

Schedule II - Valuation and Qualifying Accounts - for the fiscal years ended December 31, 2000, 1999 and 1998.

(3) Exhibits

Exhibit Number	Description *
2(a).	Agreement and Plan of Merger among the Company, RLM Acquisition Corp. and Reynolds Metals Company dated as of August 18, 1999, incorporated by reference to exhibit 99.1 to the Company's Current Report on Form 8-K filed August 27, 1999.
2(b).	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(c).	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.
10(a).	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(a)(1).	Amendments to Alcoa Stock Acquisition Plan, effective September 1, 2000.
10(b).	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(b)(1).	Amendments to Employees' Excess Benefit Plan, Plan A, effective January 1, 2000.
10(c).	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(d).	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(d)(1).	Amendments to Employees' Excess Benefit Plan, Plan C, effective January 1, 2000.
10(e).	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)

the Company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1994.

10(f). Employment Agreement of Paul H. O'Neill, as amended through February 25, 1993, 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, 1987, exhibit 10(g) to the Company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1990 and exhibit 10(f)(2) to the Company's Annual Report on Form 10-K (Commission file number 1-3610) for the year ended December 31, 1992.

10(g). 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(h). 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(h)(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(i). 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(i)(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(j). 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(j)(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(j)(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(j)(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(j)(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(j)(5). Amendments to Deferred Compensation Plan, effective January 1, 2000.

10(k). 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(l). 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 for the year ended December 31, 1996.

10(m). 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(n). Revolving Credit Agreement (364-Day), dated as of April 28, 2000, incorporated by reference to exhibit 10(n) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.

10(o). Revolving Credit Agreement (Five-Year), dated as of April 28, 2000, incorporated by reference to exhibit 10(t) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000.

10(p). 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(q). 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(q)(1). Amendments to Alcoa Supplemental Pension Plan for Senior Executives, effective January 1, 2000.

10(r). 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(s). 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(s)(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(s)(2). Amendments to Alcoa Deferred Compensation Estate Enhancement Plan, effective January 1, 2000.

13. Portions of Alcoa's 2000 Annual Report to Shareholders.

21. Subsidiaries and Equity Entities of the Registrant.

23. Consent of Independent Certified Public Accountants.

24. Power of Attorney for certain directors.

*Exhibit Nos. 10(a) through 10(m) and 10(p) through 10(s) 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. None was filed in the fourth quarter of 2000.

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 8, 2001, except for Note U, for which the date is January 31, 2001, appearing in the 2000 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 8, 2001, except for
Note U, for which the date is
January 31, 2001

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:					
2000	$ 58	$ 9	$11(A)	$9(B)	$ 69
1999	$ 61	$10	$(5)(A)	$8(B)	$ 58
1998	$ 37	$11	$ 23(A)	$10(B)	$ 61
Income tax valuation allowance:					
2000	$134	$27	$30(A)	$26(D)	$165
1999	$135	$12	$ 6(A)	$19(D)	$134
1998	$104	$16	$ 21(A)	$ 6(C)	$135

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 reductions in the valuation reserve based on a change in circumstances.

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

SIGNATURE

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 2, 2001

By /s/Timothy S. Mock

Timothy S. Mock
Vice President 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	Chairman and Chief Executive Officer (Principal Executive Officer and Director)	March 2, 2001
/s/Richard B. Kelson	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 2, 2001

Kenneth W. Dam, Joseph T. Gorman, Judith M. Gueron, Sir Ronald Hampel, Hugh M. Morgan, John P. Mulroney, Henry B. Schacht, Franklin A. Thomas and Marina v.N. Whitman, each as a Director, on March 2, 2001, by Donna C. Dabney, their Attorney-in-Fact.*

*By /s/Donna C. Dabney

Donna C. Dabney
Attorney-in-Fact

[LOGO ALCOA]

Form A07-15899

Exhibit 10 (a) (1)

AMENDMENTS TO THE
ALCOA STOCK ACQUISITION PLAN

Pursuant to Section 7.1 of the Plan, the Plan is amended as follows:

1. The definition of "Award" is amended by adding the following sentence to the end thereof:

   For purposes of this Plan, payments in 2001 under the Performance Enhancement Reward Program will be treated as an Award for the purpose of determining Incentive Compensation Deferral Credits and Matching Company Credit Awards.

2. Section 3.2 is amended by replacing "10%," wherever it appears with "1%."

3. A new Section 5.7 is added as follows:

   Effective September 1, 2000, any transfer of employment to a subsidiary or affiliate in which the Company and/or any one or more Subsidiaries have at least a 20% ownership interest will not be considered a termination in Continuous Service for purposes of this Article V - Distributions.

4. The second and third sentences of Section 5.4 are deleted in their entirety and replaced with the following:

   A Participant's election to receive installments must be made at least 6 months prior to his or her retirement date. The Participant's election to receive either a lump sum or annual installments shall become irrevocable 6 months prior to the Participant's retirement date, or at such other time as may be approved by the Committee.

5. In all other respects the Plan is hereby ratified and confirmed.

Exhibit 10 (b) (1)

AMENDMENTS TO THE
ALCOA EXCESS BENEFITS PLAN A

Pursuant to Article 5 of the Plan, the Plan is amended as follows:

1. Section 2.3 is deleted in its entirety and replaced with the following:

> No benefit under this Excess Plan may be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or anticipation, except that any exceptions to the non-alienation provisions in Plan I, shall also apply to benefits hereunder.

2. In all other respects the Plan is hereby ratified and confirmed.

Exhibit 10 (d) (1)

AMENDMENTS TO THE
ALCOA EXCESS BENEFITS PLAN C

Pursuant to Article 5 of the Plan, the Plan is amended as follows:

1. The definition of Annual Compensation is amended by adding the following sentence to the end thereof:

   "Special Payments" within the meaning of the Alcoa Deferred Compensation Plan are not treated as Annual Compensation.

2. Section 2.6 is deleted in its entirety and replaced with the following:

   No benefit under this Excess Plan may be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or anticipation, except that any exceptions to the non-alienation provisions in Plan I, shall also apply to benefits hereunder.

3. In all other respects the Plan is hereby ratified and confirmed.

Exhibit 10 (j) (5)

AMENDMENTS TO THE
ALCOA DEFERRED COMPENSATION PLAN

Pursuant to Article 10 of the Plan, the Plan is amended as follows:

1. The definition of "Eligible Employee" is deleted in its entirety and replaced with the following:

   "Eligible Employee" means any employee who is a member of the group of select management and highly compensated employees, who on or after June 1, 1990 is actively at work for the Company, a Subsidiary or Affiliate, has a job grade of 19 or higher, as determined by the Company, is not in a collective bargaining unit, and (a) who is eligible for participation in the Savings Plan, or (b) who on or after January 1, 1999 is eligible to participate in the Alumax Inc. Thrift Plan for Salaried Employees and is named as an Eligible Employee by the Executive Vice President - Human Resources, as provided on Schedule A hereto, or (c) who on or after May 3, 2000 is a Reynolds Metals Company employee and is eligible for Incentive Compensation. Such Alumax eligible employees will be eligible to make Salary Reduction Credits and/or Incentive Compensation Deferral Credits, in accordance with this plan, as provided on Schedule A.

2. Effective January 1, 2000, Section 3.5 is amended by adding the following to the end thereof:

   Payments in 2001 under the Performance Enhancement Reward Program will be treated as "special payments" under this plan.

3. Sections 5.1(a), 7(b)(ii), 7(c)(i) and (ii) are amended by replacing "10%," wherever it appears with "1%."

4. Sections 7(c)(i) and 8.1 are amended by replacing "5," wherever it appears with "3."

5. Section 8.1 is amended by adding the following sentence to the end thereof:

   Effective September 1, 2000, any transfer of employment to a subsidiary or affiliate in which the Company and/or any one or more Subsidiaries have at least a 20% ownership interest will not be considered a termination in Continuous Service for purposes of this Article VIII - Distributions.

6. The second and third sentences of Section 8.3 are deleted in their entirety and replaced with the following:

   A Participant's election to receive installments must be made at least 6 months prior to his or her retirement date. The Participant's election to receive either a lump sum or annual installments shall become irrevocable 6 months prior to the

Participant's retirement date, or at such other time as may be approved by the Committee.

7. In all other respects the Plan is hereby ratified and confirmed.

Exhibit 10 (q) (1)

AMENDMENTS TO THE ALCOA SUPPLEMENTAL PENSION PLAN FOR SENIOR EXECUTIVES

Pursuant to Article 5 of the Plan, the Plan is amended as follows:

1. The definition of Annual Compensation is amended by adding the following sentence to the end thereof:

   "Special Payments" within the meaning of the Alcoa Deferred Compensation Plan are not treated as Annual Compensation.

2. Section 2.4 is deleted in its entirety and replaced with the following:

   No benefit under this Plan may be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or anticipation, except that any exceptions to the non-alienation provisions in Plan I, shall also apply to benefits hereunder.

3. In all other respects the Plan is hereby ratified and confirmed.

Exhibit 10 (s) (2)

AMENDMENTS TO THE
ALCOA ESTATE ENHANCEMENT DEFERRED COMPENSATION PLAN

Pursuant to Article 10 of the Plan, the Plan is amended as follows:

1. Effective January 1, 2000, the definition of "Eligible Employee" is deleted in its entirety and replaced with the following:

   "Eligible Employee" means any employee who is a member of the group of select management and highly compensated employees, who on or after June 1, 1990 is actively at work for the Company, a Subsidiary or Affiliate, has a job grade of 19 or higher, as determined by the Company, is not in a collective bargaining unit, and (a) who is eligible for participation in the Savings Plan, or (b) who on or after January 1, 1999 is eligible to participate in the Alumax Inc. Thrift Plan for Salaried Employees and is named as an Eligible Employee by the Executive Vice President - Human Resources, as provided on Schedule A hereto, or (c) who on or after May 3, 2000 is a Reynolds Metals Company employee and is eligible for Incentive Compensation. Such Alumax eligible employees will be eligible to make Salary Reduction Credits and/or Incentive Compensation Deferral Credits, in accordance with this plan, as provided on Schedule A.

2. Effective January 1, 2000, Section 3.5 is amended by adding the following sentence to the end thereof:

   Payments in 2001 under the Performance Enhancement Reward Program will be treated as "special payments" under this Plan.

3. Sections 5.1(a), 6(a)(ii), 6(b)(ii) are amended by replacing "10%," wherever it appears with "1%."

4. Section 7.1 is amended by replacing "five," wherever it appears with "3."

5. Section 7.1 is amended by adding the following sentence to the end thereof:

   Effective September 1, 2000, any transfer of employment to a subsidiary or affiliate in which the Company and/or any one or more Subsidiaries have at least a 20% ownership interest will not be considered a termination in Continuous Service for purposes of this Article VII - Distributions.

6. Effective September 1, 2000, the second and third sentences of Section 8.3 are deleted in their entirety and replaced with the following:

   A Participant's election to receive installments must be made at least 6 months prior to his or her retirement date. The Participant's election to receive either a lump sum or annual installments shall become irrevocable 6 months prior to the

Participant's retirement date, or at such other time as may be approved by the Committee.

7. In all other respects the Plan is hereby ratified and confirmed.

SELECTED FINANCIAL DATA
(dollars in millions, except per-share amounts and ingot prices)

	2000	1999	1998	1997	1996
Sales	$ 22,936	$ 16,323	$ 15,340	$ 13,319	$ 13,061
Net income*	1,484	1,054	853	805	515
Earnings per common share					
Basic (before cumulative effect)	1.83	1.43	1.22	1.17	0.74
Basic (after cumulative effect)	1.82	1.43	1.22	1.17	0.74
Diluted (before cumulative effect)	1.81	1.41	1.21	1.15	0.73
Diluted (after cumulative effect)	1.80	1.41	1.21	1.15	0.73
Alcoa's average realized price per pound for aluminum ingot	.77	.67	.67	.75	.73
Average U.S. market price per pound for aluminum ingot (Metals Week)	.75	.66	.66	.77	.71
Cash dividends paid per common share	.500	.403	.375	.244	.333
Total assets	31,691	17,066	17,463	13,071	13,450
Long-term debt (noncurrent)	4,987	2,657	2,877	1,457	1,690

*2000 includes cumulative effect of accounting change for revenue recognition of $(5); 1997 and 1996 include net after-tax gains of $44 and net after-tax charges of $122, respectively.

RESULTS OF OPERATIONS
(dollars in millions, except share amounts and ingot prices; shipments in thousands of metric tons [mt])

EARNINGS SUMMARY
2000 was another record year for Alcoa, with net income the highest in the company's 112-year history, marking the fourth consecutive year for increases in both earnings and earnings per share. The acquisitions of Reynolds Metals Company (Reynolds) and Cordant Technologies Inc. (Cordant) were completed in 2000 and were accretive to earnings in the fourth quarter. Highlights from the year include:
> Net income of $1,484, a 41% increase from 1999;
> Revenues of $22,936, a 41% increase from 1999;
> Return on average shareholders' equity of 16.8%;
> Achievement of the $1.1 billion cost reduction target; and
> Aluminum shipments of 5,398 mt, up 21% from 1999.

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. Partially offsetting these positive factors were higher energy costs, a higher effective tax rate and softening in the transportation, building, construction and distribution markets.

1999 was a milestone year for Alcoa, as net income exceeded $1 billion for the first time in the company's history. Highlights from 1999 include:
> Net income of $1,054, a 24% increase from 1998;
> Revenues of $16,323, driven by higher volumes;
> Return on average shareholders' equity of 17.2%; and
> Aluminum shipments of 4,478 mt, up 13% from 1998.

The improvement in Alcoa's 1999 net income was the result of higher aluminum revenues, operating improvements and a lower effective tax rate. Revenues in 1999 increased from 1998 as a result of higher volumes and a full year's results from the Alumax, Inc. (Alumax) acquisition which occurred in July 1998, partly offset by lower overall aluminum prices.

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 and minority interests 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 reserve, goodwill allocated to corporate and other amounts.

In 2000, as a result of acquisitions, Alcoa changed its internal management reporting structure to add the Packaging and Consumer segment. This segment includes the Reynolds packaging and consumer businesses acquired in 2000, Alcoa's closures, packaging, PET (polyethylene terephthalate) bottles and packaging machinery businesses. Previously, the closures, packaging, PET bottles and packaging machinery businesses were reported in the Other group. Segment data from 1999 and 1998 has been restated to reflect this change. Other Reynolds and Cordant businesses were added to the appropriate existing segments.

ATOI for all segments totaled $2,389 in 2000, compared with $1,489 in 1999 and $1,344 in 1998. See Note N to the financial statements for additional information. The following discussion provides shipment, revenue and ATOI data for each segment for the years 1998 through 2000.

I. ALUMINA AND CHEMICALS

	2000	1999	1998
Alumina production (mt)	13,968	13,273	12,938
Third-party alumina shipments (mt)	7,472	7,054	7,130
Third-party sales	$ 2,108	$ 1,842	$ 1,847
Intersegment sales	1,104	925	832
Total sales	$ 3,212	$ 2,767	$ 2,679
After-tax operating income	$ 585	$ 307	$ 318

This segment's activities include the mining of bauxite, which is then refined into alumina. Alumina is sold to internal and external 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. This segment does not include the Reynolds alumina assets that were required to be divested.

Alumina comprises approximately two-thirds of the total third-party sales. In late 1999, Alcoa completed the expansion of its Wagerup alumina refinery in Australia. This expansion, which increased Wagerup's capacity by 440,000 mt to a total plant capacity of 2.2 million mt per year, was completed on time and on budget. With the completion of this expansion and the increased production levels at Kwinana, Pinjarra and San Ciprian, alumina shipments increased 6% from 1999. The increase in production, along with a 13% increase in prices, led to a 19% increase in third-party sales of alumina in 2000 compared with 1999. In 1999, third-party sales of alumina were up 5% compared with 1998. Shipments fell 1% while realized prices rose 6%. Third-party sales of alumina-based chemical products were up 2% in 2000 compared with 1999. The increase was mainly attributable to increased volume in Alcoa's Latin America chemical operations. Third-party sales of alumina-based chemical products were down 3% in 1999 from 1998, as the divestiture of Alcoa Specialty Chemicals in 1998, lower prices and a lower value-added mix more than offset higher shipments.

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. There was an increase in both alumina and chemicals ATOI of 95% and 23%, respectively, from 1999 to 2000. Segment ATOI for 1999 fell 3% from 1998 to $307 as a result of lower operating income recognized on intersegment sales, somewhat offset by cost reductions. Alumina ATOI fell 4%, while chemicals ATOI rose 13% from 1998 to 1999.

As announced in 2000, operations at the alumina refinery located in St. Croix, U.S. Virgin Islands, were suspended on January 31, 2001. Additionally, in February 2001, Alcoa announced reduced operating rates at its Pt. Comfort, Texas refinery and a complete curtailment at its aluminum fluoride facility in Fort Meade, Florida. Future production at St. Croix, Pt. Comfort and Ft. Meade will be evaluated in light of internal and external supply commitments or market conditions.

II. PRIMARY METALS

	2000	1999	1998
Aluminum production (mt)	3,539	2,851	2,471
Third-party aluminum shipments (mt)	2,071	1,442	1,392
Third-party sales	$ 3,756	$ 2,241	$ 2,105
Intersegment sales	3,504	2,793	2,509
Total sales	$ 7,260	$ 5,034	$ 4,614
After-tax operating income	$ 1,000	$ 535	$ 372

This segment consists of Alcoa's worldwide smelter system. The smelting operations of Reynolds have been added to this segment. Primary Metals receives alumina from the Alumina and Chemicals segment and produces aluminum ingot to be used by Alcoa's fabricating businesses, as well as sold to outside customers. Revenues from the sale of powder, scrap and excess power are also included in this segment. Results from internal hedging contracts and from marking to market certain aluminum commodity contracts are also included in this segment. Aluminum ingot produced by Alcoa and used internally is transferred to other segments at prevailing market prices.

In 2000, third-party sales rose $1,515 or 68%. Approximately two-thirds of this increase was a 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 realized price for ingot in 2000 was 77 cents per pound, an increase of 15% over the average realized price of 67 cents per pound in both 1999 and 1998. This compares with average prices on the London Metal Exchange (LME) of 75 cents per pound in 2000 and 66 cents per pound in 1999 and 1998.

In 1999, third-party sales rose 6% from 1998. The increase was due primarily to higher shipments of 4%.

Intersegment sales continued to increase in 2000 and in 1999 as the former Reynolds, Alumax and Inespal locations sourced the majority of their metal needs internally.

Including the Reynolds acquisition, Primary Metals ATOI increased by $465 in 2000, up 87% 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. Mark-to-market gains in 2000 and 1999 were not material.

Primary Metals ATOI rose 44% in 1999 from 1998. Driving the improvement was a 7% increase in shipments due to including a full year's results from the July 1998 purchase of Alumax, lower raw material prices, production improvements and cost reductions. Mark-to-market gains in 1999 versus losses in 1998 added $57 to ATOI in 1999.

Alcoa announced various capacity restarts and curtailments. After the curtailments and restart of capacity, Alcoa will have approximately 500,000 mt per year of idle capacity.

III. FLAT-ROLLED PRODUCTS

	2000	1999	1998
Third-party aluminum shipments (mt)	1,960	1,982	1,764
Third-party sales	$ 5,446	$ 5,113	$ 4,900
Intersegment sales	97	51	59
Total sales	$ 5,543	$ 5,164	$ 4,959
After-tax operating income	$ 299	$ 281	$ 306

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 45% of the third-party shipments in this segment are derived from the sale of RCS and approximately 48% is obtained from sheet and plate. Other flat-rolled products, such as foil, comprise the remainder of this segment.

In 2000, third-party sales from this segment increased $333 from 1999 with rising prices offsetting a slight decrease in shipments. The net decrease in shipments is comprised of a decrease of 24 mt in sheet and plate, offset by a 12 mt increase in RCS. Third-party sales from RCS in 2000 were up 8% from 1999, primarily due to a rise in average prices of 7%. Third-party sales for sheet and plate rose 6% from 1999, as average prices increased by 9%, offset by a decrease in shipments of 2%. Lower shipments in the U.S. more than offset increases in Europe and Latin America. Higher prices in all regions also contributed to the increase in sales.

Third-party sales from this segment in 1999 increased 4% from 1998, as shipments rose 12%, aided by a full year's results from the Alumax locations. In 1999, third-party sales from RCS were down 5% compared with 1998 primarily as a result of lower prices. In 1999, sheet and plate third-party sales were up 14% from 1998, as shipments rose 32% and average prices fell 14%. Higher shipments in the U.S. and the impact of acquisitions were partly offset by lower shipments in Latin America. Average realized prices fell in 1999 in part due to a change in product mix resulting from the full-year impact of the Alumax acquisition.

ATOI for Flat-Rolled Products increased in 2000 by 6% as higher prices offset lower shipments and higher energy costs. RCS ATOI dropped 7% from 1999 as stronger revenues and a $14 increase in equity earnings were more than offset by higher energy and scrap costs. Sheet and plate ATOI increased by 7% from 1999 due to increased volumes in Latin America and Europe, while the U.S. remained constant. ATOI for foil operations was down due to lower volumes and increased natural gas prices.

In 1999, ATOI for Flat-Rolled Products fell 8%, as higher revenues and cost reductions were overshadowed by lower prices and lower equity earnings. RCS ATOI fell 14% due to a decline of $16 in equity earnings, lower prices and less favorable product mix, partially offset by cost improvements. Sheet and Plate ATOI fell 9% as improved results for U.S. operations, aided by acquisitions, were more than offset by weaker performance in Latin America and Europe. Partially offsetting the decline in RCS and sheet and plate ATOI were improved results from foil operations and the shutdown of Alcoa Memory Products in 1999.

IV. ENGINEERED PRODUCTS

	2000	1999	1998
Third-party aluminum shipments (mt)	1,061	989	729
Third-party sales	$ 5,471	$ 3,728	$ 3,110
Intersegment sales	62	26	11
Total sales	$ 5,533	$ 3,754	$ 3,121
After-tax operating income	$ 210	$ 180	$ 183

This segment consists of hard- and soft-alloy extrusions, including architectural extrusions, super-alloy castings, steel and aluminum fasteners, aluminum forgings and wheels. These products serve the transportation, construction and distributor markets. This segment includes the Reynolds wheel business, as well as the Huck fasteners and Howmet super-alloy castings businesses acquired as part of the Cordant acquisition.

In 2000, third-party sales increased 47% primarily due to the acquisitions of Reynolds and Cordant. The shipment data and average realized prices per pound of aluminum for this segment were significantly impacted in 2000 by the additions of Huck and Howmet, which produce revenue but have little aluminum components. Extruded products third-party sales were up 17%, 7% from price increases in existing businesses and 10% from the recent acquisitions. Shipment volumes for the existing businesses were down 1%, offset by an increase in prices. Forged wheel sales increased 34% in 2000 mainly due to the Reynolds acquisition.

In 1999, third-party shipments for this segment were up 36%, generating a 20% increase in revenues. Extruded product sales were up 26% in 1999 from 1998 as shipments rose 43%, offset by a decrease in average realized price of 12%, primarily due to a change in product mix as a result of the Alumax acquisition. The continued strong demand for forged wheels used in sport utility vehicles and light trucks was a major factor in the higher shipment levels in 1999 compared with 1998.

ATOI for Engineered Products in 2000 increased by 17% to $210. The impact of acquisitions, primarily Huck and Howmet, increased ATOI by 23%, offset by a decline in existing businesses. The U.S. and European engineered and extruded products ATOI fell 37% and 61% in 2000 and 1999, respectively, as a result of the overall decline in the transportation market. This was somewhat offset by an increase of 125% for Latin America due to improvements in market share.

In 1999, ATOI for Engineered Products fell 2% from 1998 to $180. The decrease was due to the sale of Alcotec in 1998, as well as declines in volumes in the extrusion business. These factors were slightly offset by improved results in Europe due to acquisitions and in forged products as a result of higher prices and continued growth in the wheel market.

V. PACKAGING AND CONSUMER

	2000	1999	1998
Third-party aluminum shipments (mt)	119	9	10
Third-party sales	$ 2,084	$ 801	$ 856
After-tax operating income	$ 131	$ 68	$ 61

This segment includes the packaging and consumer businesses of Reynolds acquired in 2000, as well as Alcoa's closures, packaging, PET bottles and packaging machinery businesses. Alcoa's closures, packaging, PET bottles and packaging machinery businesses were previously included in the Other group. Data from 1999 and 1998 has been restated to reflect this change.

Third-party sales were $2,084 in 2000, up $1,283 from 1999. The Reynolds packaging and consumer businesses accounted for 92% of the increase. Third-party sales from existing businesses improved 12% over 1999. Closures increased third-party sales 16% year over year, driven by acquisitions in 2000.

Third-party sales in 1999 decreased by $55 or 6% from 1998, as the decline in packaging operations in Brazil more than offset the increased sales from closures.

ATOI increased by 93% in 2000 due to the acquisition of the Reynolds packaging and consumer businesses. Excluding the impact of Reynolds, ATOI fell 13% from 1999 primarily due to the impact of higher resin prices in closures.

ATOI for this segment rose 12% from 1998 to 1999, as improvements in closures were partially offset by a decline from packaging operations in Brazil. The improvement in closures ATOI in 1999 was a result of higher volumes and cost improvements, offset in part by lower prices. Cost improvements somewhat offset the impact of a 23% decline in revenues from packaging operations in Brazil.

VI. OTHER

	2000	1999	1998
Third-party aluminum shipments (mt)	187	56	56
Third-party sales	$ 4,071	$ 2,592	$ 2,506
After-tax operating income	$ 164	$ 118	$ 104

This group includes Alcoa's businesses that do not fit into the segments previously mentioned. This group includes Alcoa Fujikura Ltd. (AFL), which produces fiber-optic cable and provides services for the telecommunications industry and produces electrical components for the automotive industry; Thiokol Propulsion (Thiokol), a producer of solid rocket propulsion systems; Reynolds' metal distribution business (RASCO); the residential building products operations, Alcoa Building Products (ABP) and aluminum automotive engineering and parts businesses. Thiokol and RASCO were added in 2000 as part of the Cordant and Reynolds acquisitions, respectively. Alcoa's closures, packaging, PET bottles and packaging machinery businesses that were previously reported in this group are now included in the Packaging and Consumer segment.

In 2000, third-party sales were up 57% due primarily to the RASCO and Thiokol acquisitions. Excluding these acquisitions, third-party revenue increased by 14%, driven by an increase of 16% in the AFL telecommunications business that was partially offset by a 7% decrease at ABP. The increase in the AFL telecommunications business is largely due to acquisitions in 2000. The decline in ABP sales is due to softness in the overall housing and construction market.

Third-party sales from this group in 1999 were up $86 or 3% from 1998. Higher sales of automotive electrical components and a 5% increase in third-party sales at AFL were somewhat offset by declines from the castings and cable businesses in Brazil.

In 2000, ATOI for this group increased by 39% including the acquisitions of RASCO and Thiokol. Excluding these acquisitions, ATOI rose by 14%, driven by a 20% increase at AFL, mainly due to acquisitions, offset by a decrease at ABP, due to lower volumes and higher resin costs.

In 1999, ATOI for this group rose 13% from 1998 as aluminum automotive parts benefited from higher volumes and selling prices, lower administrative costs and improved productivity.

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:

	2000	1999	1998
Total after-tax operating income	$ 2,389	$ 1,489	$ 1,344
Elimination of intersegment profit	(20)	(24)	(16)
Unallocated amounts (net of tax):			
Interest income	40	26	64
Interest expense	(278)	(126)	(129)
Minority interests	(381)	(242)	(238)
Corporate expense	(227)	(171)	(197)
Other	(39)	102	25
Consolidated net income	$ 1,484	$ 1,054	$ 853

Items required to reconcile ATOI to consolidated net income include:

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

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

> Minority interests;

> 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 each segment and the corporate effective tax rate and other nonoperating items such as foreign exchange.

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

COSTS AND OTHER

COSTS OF GOODS SOLD (COGS) -- COGS rose $4,806 or 38% to $17,342 in 2000. The increase was primarily due to higher sales volumes in 2000. COGS as a percentage of sales was 75.6%, down 1.2% from 1999. The decrease is 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. COGS totaled $12,536 for 1999, up 5% from 1998. The increase was due to higher volumes that generated additional costs of $1,100. The higher volumes related primarily to acquired companies. Offsetting a portion of the increases were cost and operating improvements of approximately $500. In 1999, COGS as a percentage of sales also fell 1.0% to 76.8% as cost reductions and a LIFO liquidation more than offset the negative impact of lower overall aluminum prices on revenues.

SELLING AND GENERAL ADMINISTRATIVE EXPENSES (S&GA) -- S&GA expenses increased 30% to $1,108 in 2000. The increase was primarily due to acquisitions and higher personnel costs related to pay for performance, partially offset by cost-cutting improvements. However, as a percentage of revenue, S&GA was down by 0.4% to 4.8% in 2000.

S&GA expenses in 1999 were $851, an increase of 9% or $68 from 1998. The higher level of S&GA in 1999 was also due to acquisitions; Alcoa owned Alumax for 12 months in 1999 versus six months in 1998. S&GA expenses were also impacted by higher personnel costs related to pay for performance in 1999. As a percentage of sales revenue, S&GA was 5.2% in 1999.

RESEARCH AND DEVELOPMENT EXPENSES (R&D) -- In 2000, R&D expenses increased $66 or 52% with acquisitions accounting for $33 or 26%. The remaining increases were due to corporate spending and increases in Primary Metals, Flat-Rolled Products and AFL.

R&D expenses of $128 in 1999 were essentially unchanged from 1998, as a reduction in corporate spending was offset by increases in the Primary Metals and Flat-Rolled Products segments.

INTEREST EXPENSE -- Interest expense rose $232 to $427 in 2000 primarily as a result of the Reynolds and Cordant acquisitions. Debt of $1,297 was assumed in the acquisition of Reynolds while $826 of debt was assumed in the Cordant acquisition. Alcoa issued $1,500 of notes. Alcoa also issued $3,711 of commercial paper. Additionally, the company entered into a new $2,490 revolving-credit facility that expires in April 2001 and a $510 revolving-credit facility that expires in August 2005. Total interest costs, including interest capitalized, was $447, with the capitalized interest cost remaining relatively constant from 1999. Interest expense of $195 in 1999 was down $3 from 1998. Total interest costs, including capitalized interest, were up 2% to $216 in 1999 due to a higher level of capitalized interest and higher interest rates, partly offset by lower debt levels and the repayment of some higher cost debt. The increase in capitalized interest relates to the expansion of the Wagerup alumina refinery in Australia.

INCOME TAXES -- In 2000, Alcoa's effective tax rate was 33.5%, one and a half percentage points below the statutory rate of 35%. This lower rate is primarily driven by lower taxes on foreign income. Alcoa's effective tax rate in 1999 was 29.9%. The lower rate was primarily due to lower taxes on foreign income and 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. Alcoa's effective tax rate in 1998 was 32%. The lower rate was primarily due to lower taxes on foreign income.

OTHER INCOME/FOREIGN CURRENCY -- In 2000, other income increased 24% or $30 from 1999. The increase was due to a $59 increase in equity income and higher interest and dividend income, offset by foreign exchange losses. Other income totaled $124 in 1999, down $25 from 1998. The decline was due to a $57 decline in interest income, a negative swing in foreign exchange and lower gains from asset sales. Offsetting a portion of these negative factors in 1999 were gains from marking to market certain aluminum commodity contracts versus losses in 1998.

Foreign exchange losses included in other income were $82 in 2000, $19 in 1999, and $4 in 1998.

In July 1999, the Brazilian real became the functional currency for translating the financial statements of Alcoa's 59%-owned Brazilian subsidiary, Alcoa Aluminio (Aluminio). Economic factors and circumstances related to Aluminio's operations had changed significantly since the devaluation of the real in the 1999 first quarter. Under Statement of Financial Accounting Standards (SFAS) No. 52, "Foreign Currency Translation," the change in those facts and circumstances required a change in Aluminio's functional currency. As a result, at July 1, 1999, Alcoa's shareholders' equity (cumulative translation adjustment) and minority interests were reduced by $156 and $108, respectively. These amounts were driven principally by a reduction in fixed assets. This reduction resulted in a $15 decrease in Aluminio's depreciation expense for 1999 and $30 in 2000.

The total impact of translation and exchange included in net income, after taxes and minority interests, was an $8 loss in each year.

MINORITY INTERESTS -- In 2000, minority interests increased by $139 to $381. The increase was due to higher earnings at Alcoa of Australia (AofA), AFL, and Aluminio. Minority interests' share of income from operations rose 2% in 1999 from 1998 to $242. The increase was due to higher earnings at AofA and AFL, partially offset by lower earnings from other Alcoa World Alumina and Chemicals (AWAC) locations.

MARKET RISKS

In addition to the risks inherent in its operations, Alcoa is exposed to financial, market, political and economic risks. The following discussion, which provides additional detail regarding Alcoa's exposure to the risks of changing commodity prices, foreign exchange rates and interest rates, includes forward-looking statements that involve risk and uncertainties. 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. Actual results could differ materially from those projected in these forward-looking statements.

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 commit to fixed-price contracts that sometimes extend a number of years into the future. Customers will likely require Alcoa to enter into similar arrangements in the future. These contracts expose Alcoa to the risk of fluctuating aluminum prices between the time the order is accepted and the time that the order ships.

In order to fulfill some of the orders noted above, Alcoa might be required to purchase aluminum to supplement its internal production. These purchases expose the company to the risk of higher aluminum prices. To hedge this risk, Alcoa enters into long positions, principally using futures and options. Alcoa follows a stable pattern of purchasing metal; therefore, it is highly likely that anticipated metal purchase requirements will be met. At December 31, 2000 and 1999, these contracts totaled approximately 522,000 mt and 465,000 mt, respectively. These contracts act to fix the purchase price for these metal purchase requirements, thereby reducing Alcoa's risk to rising metal prices.

A hypothetical 10% change from the 2000 year-end, three-month LME aluminum ingot price of $1,565 per mt would result in a pretax gain or loss to future earnings of $81 related to all of the futures and options contracts noted above. However, it should be noted that any change in the value of these contracts, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying metal purchase transactions.

Earnings were selected as the measure of sensitivity due to the historical relationship between aluminum ingot prices and Alcoa's earnings. The hypothetical change of 10% was calculated using a parallel shift in the existing December 31, 2000 forward price curve for aluminum ingot. The price curve takes into account the time value of money, as well as future expectations regarding the price of aluminum ingot.

The futures and options contracts noted above are with creditworthy counterparties and are further supported by cash, treasury bills or irrevocable letters of credit issued by carefully chosen banks.

Alcoa also had 51,000 mt and 21,000 mt of futures and options contracts outstanding at year-end 2000 and 1999, respectively, that cover long-term, fixed-price commitments to supply customers with metal from internal sources. Accounting convention requires that these contracts be marked to market, which resulted in after-tax gains of $6 in 2000 and $12 in 1999 and charges of $45 in 1998. A hypothetical 10% change in aluminum ingot prices from the year-end 2000 level of $1,565 per mt would result in a pretax gain or loss of $7 related to these positions. The hypothetical gain or loss was calculated using the same model and assumptions noted earlier.

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 hedge a portion of these exposures 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, 2000 and 1999, these contracts totaled 112,000 mt and 244,000 mt, respectively. These contracts act to fix a portion of the sales price related to these sales contracts. A hypothetical 10% change in aluminum ingot prices from the year-end 2000 level of $1,565 per mt would result in a pretax gain or loss of $15 related to these positions. The hypothetical gain or loss was calculated using the same model and assumptions noted earlier.

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. At December 31, 2000, the fair value of the contracts for natural gas totaled approximately $69. A hypothetical 50% change in the market price of natural gas from year-end 2000 levels would increase or decrease future earnings by $81.

Alcoa also purchases certain other commodities, such as fuel oil, electricity and copper, for its operations and enters into futures and options contracts to eliminate volatility in the prices of such products. None of these contracts are material. For additional information on financial instruments, see Notes A and S to the financial statements.

FOREIGN EXCHANGE RISKS -- Alcoa is subject to significant exposure from fluctuations in foreign currencies. As a matter of company policy, foreign currency exchange contracts, including forwards and options, are sometimes used to limit the risk of fluctuating exchange rates. A hypothetical 10% change in applicable 2000 year-end forward rates would result in a pretax gain or loss of approximately $210 related to these positions. However, it should be noted that any change in the value of these contracts, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying hedged item. The model assumes a parallel shift in the forward curve for the applicable currencies and includes the foreign currency impacts of Alcoa's cross-currency interest rate swaps. See Notes A and S for information related to the accounting policies and fair market values of Alcoa's foreign exchange contracts at December 31, 2000 and 1999.

INTEREST RATE RISKS -- Alcoa attempts to maintain a reasonable balance between fixed- and floating-rate debt and uses interest rate swaps and caps to keep financing costs as low as possible. At December 31, 2000 and 1999, Alcoa had $8,133 and $3,067 of debt outstanding at effective interest rates of 7.6% for 2000 and 5.8% for 1999, after the impact of interest rate swaps and caps is taken into account. A hypothetical change of 10% in Alcoa's effective interest rate from year-end 2000 levels would increase or decrease interest expense by $62. The interest rate effect of Alcoa's cross-currency interest rate swaps has been included in this analysis. For more information related to Alcoa's use of interest rate instruments, see Notes A and S to the financial statements.

RISK MANAGEMENT -- All of the aluminum and other commodity contracts, as well as the various types of financial instruments, are straightforward and are held for purposes other than trading. They are used primarily to mitigate uncertainty and volatility and cover underlying exposures.

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 may select from time to time. SRMC reports to the board of directors on the scope of its derivative activities.

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.

ENVIRONMENTAL MATTERS

Alcoa participates in environmental assessments and cleanups at a number of locations. These include approximately 24 owned or operating facilities and adjoining properties, approximately 28 previously owned or operated facilities and adjoining properties and approximately 87 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 Massena, New York; Pt. Comfort, Texas; and Troutdale, Oregon sites where investigations are ongoing and where natural resource damage or off-site contaminated sediments have been alleged.

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 2000 was $447, of which $78 was classified as a current liability, and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. Approximately 17% of this balance relates to the Massena, New York plant sites, 22% relates to the Sherwin, Texas plant site and 11% relates to the Troutdale, Oregon plant site. Remediation expenses charged to the reserve were $77 in 2000, $47 in 1999 and $63 in 1998. These include expenditures currently mandated, as well as those not required by any regulatory authority or third party. 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 3% of cost of goods sold.

LIQUIDITY AND CAPITAL RESOURCES
(dollars in millions, except share amounts)

CASH FROM OPERATIONS

Cash from operations increased 20% to $2,851 in 2000, after rising 8% in 1999 to $2,381, versus $2,197 in 1998. The 2000 increase was primarily due to increases in net income, depreciation and amortization, partially offset by changes in noncurrent assets and liabilities. The increase in cash from operations in 1999 relative to 1998 was primarily the result of higher earnings and lower working capital. In 1999, the lower working capital was a result of lower inventories and higher taxes, partly offset by higher receivables.

FINANCING ACTIVITIES

Cash provided from financing activities was $1,552 in 2000 compared with cash used in financing activities of $1,311 in 1999. The primary reason for the shift in 2000 was the increase in short-term borrowings, commercial paper and long-term debt. This was partially offset by a decrease in common stock issued for stock compensation plans. In 1999, financing activities used $1,311 of cash versus $280 in the 1998 period. The primary reason for the increase in 1999 was a decrease in borrowings. This decrease was partly offset by an increase in common stock issued in connection with stock compensation plans.

In 2000, the additions to long-term debt exceeded the payments by $571. 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%. Additionally, Alcoa issued $3,711 of commercial paper. Net payments on long-term debt in 1999 totaled $428, versus $561 of net additions in 1998. In 1998, Alcoa issued $1,100 of commercial paper, $200 of term debt due in 2005, $250 of term debt due in 2018, and $300 of thirty-year bonds due in 2028. Partially offsetting these borrowings were net payments of $350 on commercial paper and the repayment of $950 of Alumax debt. In 2000, Alcoa entered into a new $2,490 revolving-credit facility that expires in April 2001 and a $510 revolving-credit facility that expires in August 2005. The revolving-credit facilities are used to support Alcoa's commercial paper program.

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. In 1999, Alcoa used $838 to repurchase 31,211,044 shares of the company's common stock at an average price of $26.85 per share. Stock purchases in 2000 and 1999 were partially offset by $251 and $464, respectively, of stock issued for stock compensation plans.

Debt as a percentage of invested capital was 38.6% at the end of 2000, compared with 28.3% for 1999 and 31.7% for 1998.

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. Alcoa has a variable dividend program that provides for the distribution, in the following year, of 30% of Alcoa's annual earnings in excess of $1.50 per basic share. The dividends paid to shareholders in 1999 were $298, an increase of $33 from 1998 when dividends paid were 37.5 cents per share.

The dividends paid to minority interests in 2000 were $212, an increase of $90 from 1999. The increase was due to an increase in dividends paid to Aluminio and AWAC. For 1999, the dividends paid and return of capital to minority interests totaled $122, a decline of $100 from 1998. The decline was due to a lack of dividends paid at Aluminio and at entities comprising AWAC.

INVESTING ACTIVITIES

Cash used for investing activities in 2000 totaled $4,309, up $3,142 from 1999. In 2000, cash used in investing activities included $3,121 for a number of acquisitions, consisting mainly of Reynolds, Cordant and British Aluminium Limited. In 1999, Alcoa spent $122 to acquire a number of businesses, none of which were individually significant.

Capital expenditures totaled $1,121 in 2000, compared with $920 and $932 in 1999 and 1998, respectively. Of the total capital expenditures in 2000, 32% related to capacity expansion, including alumina production in Australia and automotive sheet production in the U.S. Also included are costs of new and expanded facilities for environmental control in ongoing operations totaling $96 in 2000, $91 in 1999, and $105 in 1998. Alcoa added $94, $96 and $126 to its investments in 2000, 1999 and 1998, respectively, primarily to acquire a stake in the Norwegian metals producer, Elkem.

SUBSEQUENT EVENT

On January 31, 2001, Alcoa and Alliant Techsystems Inc. (ATK) announced that they had reached a definitive agreement under which ATK will acquire Thiokol for $685 cash. The transaction, which has received all necessary corporate approvals of both companies, is subject to customary regulatory approvals. It is expected to close by the end of the second quarter of 2001.

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.

Alain J.P. Belda
Chairman and
Chief Executive Officer

Richard B. Kelson
Executive Vice President and
Chief Financial 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, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, 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 audits 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.

600 Grant St., Pittsburgh, Pa.
January 8, 2001, except for Note U,
for which the date is January 31, 2001

STATEMENT OF CONSOLIDATED INCOME Alcoa and subsidiaries
(in millions, except per-share amounts)

For the year ended December 31	2000	1999	1998
REVENUES			
Sales (A and N)	$ 22,936	$ 16,323	$ 15,340
Other income	154	124	149
	23,090	16,447	15,489
COSTS AND EXPENSES			
Cost of goods sold	17,342	12,536	11,933
Selling, general administrative and other expenses	1,108	851	783
Research and development expenses	194	128	128
Provision for depreciation, depletion and amortization	1,207	888	842
Interest expense (R)	427	195	198
	20,278	14,598	13,884
EARNINGS			
Income before taxes on income	2,812	1,849	1,605
Provision for taxes on income (O)	942	553	514
Income from operations	1,870	1,296	1,091
Less: Minority interests' share	381	242	238
Income before accounting change	1,489	1,054	853
Cumulative effect of accounting change (A)	(5)	--	--
NET INCOME	$ 1,484	$ 1,054	$ 853
EARNINGS PER SHARE (B and L)			
Basic (before cumulative effect)	$ 1.83	$ 1.43	$ 1.22
Basic (after cumulative effect)	$ 1.82	$ 1.43	$ 1.22
Diluted (before cumulative effect)	$ 1.81	$ 1.41	$ 1.21
Diluted (after cumulative effect)	$ 1.80	$ 1.41	$ 1.21

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

CONSOLIDATED BALANCE SHEET Alcoa and subsidiaries
(in millions)

December 31	2000	1999
ASSETS		
Current assets:		
Cash and cash equivalents (S)	$ 315	$ 237
Short-term investments (S)	56	77
Receivables from customers, less allowances: 2000-$69; 1999-$58	3,461	2,199
Other receivables	354	165
Inventories (D)	2,703	1,618
Deferred income taxes (O)	385	233
Prepaid expenses and other current assets	304	271
Total current assets	7,578	4,800
Properties, plants and equipment (E)	12,850	9,133
Goodwill, net of accumulated amortization of $344 in 2000 and $221 in 1999 (C)	6,003	1,328
Other assets (G and S)	5,260	1,805
TOTAL ASSETS	$ 31,691	$ 17,066
LIABILITIES		
Current liabilities:		
Short-term borrowings (F and S)	$ 2,719	$ 343
Accounts payable, trade	1,876	1,219
Accrued compensation and retirement costs	928	582
Taxes, including taxes on income	702	368
Other current liabilities	1,302	424
Long-term debt due within one year (F and S)	427	67
Total current liabilities	7,954	3,003
Long-term debt, less amount due within one year (F and S)	4,987	2,657
Accrued postretirement benefits (P)	2,719	1,720
Other noncurrent liabilities and deferred credits (H)	2,126	1,473
Deferred income taxes (O)	969	437
Total liabilities	18,755	9,290
MINORITY INTERESTS (I)	1,514	1,458
Contingent liabilities (K)	--	--
SHAREHOLDERS' EQUITY		
Preferred stock (M)	56	56
Common stock (M)	925	395
Additional capital	5,927	1,704
Retained earnings	7,127	6,061
Treasury stock, at cost	(1,717)	(1,260)
Accumulated other comprehensive loss	(896)	(638)
Total shareholders' equity	11,422	6,318
TOTAL LIABILITIES AND EQUITY	$ 31,691	$ 17,066

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	2000	1999	1998
CASH FROM OPERATIONS			
Net income	$ 1,484	$ 1,054	$ 853
Adjustments to reconcile net income to cash from operations:			
Depreciation, depletion and amortization	1,219	901	856
Change in deferred income taxes	135	54	110
Equity earnings before additional taxes, net of dividends	(66)	(10)	(3)
Gains from investing activities --sale of assets	(7)	(12)	(32)
Accounting change	5	--	--
Minority interests	381	242	238
Other	32	31	(23)
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:			
(Increase) reduction in receivables	(446)	(56)	145
Reduction in inventories	117	253	100
Reduction (increase) in prepaid expenses and other current assets	6	(36)	23
Reduction in accounts payable and accrued expenses	(88)	(79)	(68)
Increase in taxes, including taxes on income	407	171	69
Change in deferred hedging gains/losses	7	(63)	(51)
Net change in noncurrent assets and liabilities	(335)	(69)	(20)
CASH PROVIDED FROM OPERATIONS	2,851	2,381	2,197
FINANCING ACTIVITIES			
Net changes to short-term borrowings	2,123	(89)	(76)
Common stock issued for stock compensation plans	251	464	87
Repurchase of common stock	(763)	(838)	(365)
Dividends paid to shareholders	(418)	(298)	(265)
Dividends paid and return of capital to minority interests	(212)	(122)	(222)
Net change in commercial paper	530	--	776
Additions to long-term debt	1,918	572	881
Payments on long-term debt	(1,877)	(1,000)	(1,096)
CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES	1,552	(1,311)	(280)
INVESTING ACTIVITIES			
Capital expenditures	(1,121)	(920)	(932)
Acquisitions, net of cash acquired (J)	(3,121)	(122)	(1,463)
Proceeds from the sale of assets	4	45	55
Additions to investments	(94)	(96)	(126)
Sale of investments	18	--	--
Changes in minority interests	--	--	33
Changes in short-term investments	21	(37)	66
Other	(16)	(37)	(10)
CASH USED FOR INVESTING ACTIVITIES	(4,309)	(1,167)	(2,377)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(16)	(8)	1
Net change in cash and cash equivalents	78	(105)	(459)
Cash and cash equivalents at beginning of year	237	342	801
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 315	$ 237	$ 342

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 1997		$ 56	$ 179	$ 578	$ 4,717	$ (758)	$ (353)	$ 4,419
Comprehensive income--1998:								
Net income--1998	$ 853				853			853
Other comprehensive income (loss):								
Change in minimum pension liability, net of $3 tax benefit	(5)							
Unrealized translation adjustments	11						6	6
Comprehensive income	$ 859							
Cash dividends:								
Preferred @ $3.75 per share					(2)			(2)
Common @ $.375 per share					(263)			(263)
Treasury shares purchased						(365)		(365)
Stock issued: Alumax acquisition			19	1,302				1,321
Stock issued: compensation plans				(7)		94		87
Stock issued: two-for-one split			197	(197)				--
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

* Comprised of unrealized translation adjustments of $(886) and minimum pension liability of $(10)
** Includes stock to be issued under options of $182

SHARE ACTIVITY (B)
(number of shares)

	Preferred stock	Common stock: Issued	Common stock: Treasury	Common stock: Net outstanding

BALANCE AT END OF 1997	557,649	715,690,332	(42,587,828)	673,102,504
Treasury shares purchased			(19,549,200)	(19,549,200)
Stock issued: Alumax acquisition		73,701,520		73,701,520
Stock issued: compensation plans			6,363,332	6,363,332
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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars and shares 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 an equity basis.

The consolidated financial statements are prepared in conformity with generally accepted accounting principles 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.

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 are 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 G for additional information.

REVENUE RECOGNITION. Alcoa recognizes revenue when title, ownership and risk of loss pass to the customer. See Recently Adopted Accounting Standards for additional information.

Thiokol Propulsion's (Thiokol) sales encompass products and services performed principally under contracts and subcontracts with various United States government (government) agencies and aerospace prime contractors. Sales under cost-type contracts are recognized as costs are incurred and include a portion of total estimated earnings to be realized in the ratio that costs incurred relate to estimated total costs. Sales under fixed-price-type contracts are recognized when deliveries are made or upon completion of specified tasks. Cost or performance incentives are incorporated into certain contracts and are recognized when awards are earned or when realization is reasonably assured and amounts can be estimated. Alcoa participates in teaming arrangements and records its share of sales and profits related to such ventures on the percentage-of-completion method. Adjustments in estimates, which can affect both revenues and earnings, are made in the period in which the information necessary to make the adjustment becomes available. Provisions for estimated losses on contracts are recorded when identified.

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 (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, compensation cost is not required to be 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.

FINANCIAL INSTRUMENTS AND COMMODITY CONTRACTS. Alcoa enters into long-term contracts to supply fabricated aluminum products to a number of its customers. To hedge the market risk of changing prices for purchases or sales of metal, Alcoa uses aluminum commodity futures and options contracts. Alcoa also purchases certain other commodities such as fuel oil, natural gas, electricity and copper for its operations and enters into futures and options contracts to eliminate volatility in the prices of such products.

Gains and losses related to transactions that qualify for hedge accounting, including closed futures contracts, are deferred and reflected in cost of goods sold when the underlying physical transaction takes place. The deferred gains or losses are reflected on the balance sheet in other current and noncurrent liabilities or assets. If future purchases are revised lower than initially anticipated, the futures contracts associated with the reduction no longer qualify for deferral and are marked to market. Mark-to-market gains and losses are recorded in other income in the current period.

The effectiveness of the hedge is measured by an historical and probable future high correlation of changes in the fair value of the hedging instruments with changes in value of the hedged item. If correlation ceases to exist, hedge accounting will be terminated and gains or losses recorded in other income. To date, high correlation has always been achieved.

Alcoa also enters into futures and options contracts that cover long-term, fixed-price commitments to supply customers with metal from internal sources. These contracts are marked to market, and the gains and losses from changes in market value of the contracts are recorded in other income in the current period. This resulted in after-tax gains of $6 in 2000 and $12 in 1999 and losses of $45 in 1998.

From time to time, Alcoa may elect to sell forward a portion of its production. Gains and losses related to transactions that qualify for hedge accounting are deferred and reflected in revenues when the underlying physical transaction takes place. The deferred gains or losses are reflected on the balance sheet in other current and noncurrent liabilities or assets. If the above contracts no longer qualify for deferral, the contracts are marked to market to other income in the current period.

Alcoa attempts to maintain a reasonable balance between fixed- and floating-rate debt, using interest rate swaps and caps, to keep financing costs as low as possible. If the requirements for hedge accounting are met, amounts paid or received under these agreements are recognized over the life of the agreements as adjustments to interest expense. Otherwise, the instruments are marked to market, and the gains and losses from changes in the market value of the contracts are recorded in other income in the current period.

Upon early termination of an interest rate swap or cap, gains or losses are deferred and amortized as adjustments to interest expense of the related debt over the remaining period covered by the terminated swap or cap.

Alcoa is subject to exposure from fluctuations in foreign currencies. To manage this exposure, Alcoa uses foreign exchange forward and option contracts. Gains and losses on contracts that meet the requirements for hedge accounting are deferred and included in the basis of the underlying transactions. Contracts that do not meet these requirements are marked to market in other income each period.

Cash flows from financial instruments are recognized in the statement of cash flows in a manner consistent with the underlying transactions. See Note S for additional detail.

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 Canadian 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, at July 1, 1999, Alcoa's shareholders' equity (cumulative translation adjustment) and minority interests' accounts were reduced by $156 and $108, respectively. These amounts were driven principally by a reduction in fixed assets. This reduction resulted in a $15 decrease in Aluminio's depreciation expense for 1999 and $30 in 2000.

One of the factors affecting the change in Aluminio's functional currency was Alcoa's purchase of approximately $185 of Aluminio's 7.5% secured export notes. The repurchase of these notes was consistent with Alcoa's policy change regarding the manner in which large subsidiaries are capitalized and resulted in lower overall financing costs to the company.

RECENTLY ADOPTED ACCOUNTING STANDARDS. In 2000, Alcoa changed its method of accounting for revenue recognition in accordance with Staff Accounting Bulletin (SAB) 101, "Revenue Recognition in Financial Statements." Under the new accounting method, adopted retroactive to January 1, 2000, Alcoa recognizes revenue upon the passage of title, ownership and risk of loss to the customer. The cumulative effect of the change on prior years resulted in a charge to income of $5 (net of income taxes and minority interests of $3), which has been included in net income for the year ended December 31, 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 were applied retroactively to prior periods, were not materially different from the amounts shown in the Statement of Consolidated Income for the years ended December 31, 1999 and 1998. Therefore, these amounts have not been presented.

For the three months ended March 31, 2000, Alcoa recognized $43 in revenue that resulted from the cumulative effect adjustment as of January 1, 2000. The effect of the revenue in the first quarter was to increase income by $5 (net of income taxes and minority interests of $3) during that period.

Effective January 1, 2001, Alcoa adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS Nos. 137 and 138. The new accounting standard requires that all derivative instruments be recorded on the balance sheet at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as a fair value or cash flow hedge. The ineffective portion of all hedges is recognized in current-period earnings.

For transactions that are designated as fair value hedges, changes in the fair value of the hedged asset, liability or firm commitment are also recorded on the balance sheet. Thus, changes in the fair value of the derivative instrument are generally offset in the income statement by changes in the fair value of the hedged item.

For transactions that are designated as cash flow hedges related to a variable-rate liability or a forecasted transaction, the offsetting effects of changes in the fair value of the derivative instrument are reported in other comprehensive income. These gains and losses will be reclassified to earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item.

On January 1, 2001, Alcoa recorded the fair value of all outstanding derivative instruments as assets or liabilities on the balance sheet. The transition adjustment was not material to earnings or accumulated other comprehensive income.

In September 2000, the Financial Accounting Standards Board (FASB) issued SFAS No. 140, an amendment to SFAS No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS 140 is effective for transfers after March 31, 2001, and is effective for disclosures about securitizations and collateral and for recognition and reclassification of collateral for fiscal years ending after December 15, 2000. This SFAS, which was adopted in 2000, did not have a material impact on Alcoa's financial statements.

RECLASSIFICATION. Certain amounts in previously issued financial statements were reclassified to conform to 2000 presentations.

B. COMMON STOCK SPLIT

On January 10, 2000, the board of directors declared a two-for-one common stock split, subject to shareholder approval to increase the number of authorized shares. At the company's annual meeting on May 12, 2000, Alcoa shareholders approved an amendment to increase the authorized shares of Alcoa common stock from 600 million to 1.8 billion. As a result of the stock split, shareholders of record on May 26, 2000, received an additional common share for each share held. The additional shares were distributed on June 9, 2000. All per-share amounts and number of shares outstanding in this report have been restated for the stock split.

C. ACQUISITIONS

In August 1999, Alcoa and Reynolds Metals Company (Reynolds) announced they had reached a definitive agreement to merge. On May 3, 2000, after approval by the U.S. Department of Justice (DOJ) and other regulatory agencies, Alcoa and Reynolds completed their merger. Under the agreement, Alcoa issued 2.12 shares of Alcoa common stock for each share of Reynolds. The exchange resulted in Alcoa issuing approximately 135 million shares 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 includes the conversion of outstanding Reynolds options to Alcoa options as well as other direct costs of the acquisition. The purchase price allocation is preliminary; the final allocation of the purchase price will be based upon valuation and other studies, including environmental and other contingent liabilities, that have not been completed. However, Alcoa does not believe that the completion of these studies will have a material impact on the purchase price allocation. The preliminary allocation resulted in total goodwill of approximately $2,000, which will be amortized over a 40-year period.

As part of the merger agreement, Alcoa agreed to divest the following Reynolds operations:

> a 56% stake in its alumina refinery at Worsley, Australia;
> a 50% stake in its alumina refinery at Stade, Germany;
> 100% of an alumina refinery at Sherwin, Texas; and
> 25% of an interest in its aluminum smelter at 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, the fair value of net assets to be divested have been reported as assets held for sale in the balance sheet, and the results of operations from these assets of $19 (after tax) have not been included in the Statement of Consolidated Income.

On January 25, 2001, Alcoa completed the sale of Reynolds Australia Alumina, Ltd. LLC, which held the 56% interest in the Worsley alumina refinery in Western Australia, for $1,490. The purchaser is an affiliate of Billiton plc.

On December 31, 2000, Alcoa sold the Reynolds Sherwin, Texas alumina refinery to BPU Reynolds, Inc.

On December 27, 2000, Alcoa and Michigan Avenue Partners (MAP) announced that they had reached an agreement under which MAP will acquire 100% of the Reynolds aluminum smelter located in Longview, Washington. The agreement, which is contingent on financing, is subject to regulatory approvals and is expected to close by the end of the first quarter of 2001.

Negotiations to divest Reynolds' interest in an alumina refinery in Stade, Germany are ongoing and are expected to be concluded in the first quarter of 2001.

On March 14, 2000, Alcoa and Cordant Technologies Inc. (Cordant) announced a definitive agreement under which Alcoa would acquire all outstanding shares of Cordant, a company serving global aerospace and industrial markets. In addition, on April 13, 2000, Alcoa announced plans to commence a cash tender offer for all outstanding shares of Howmet International Inc. (Howmet). The offer for Howmet shares was part of Alcoa's acquisition of Cordant, which owned approximately 85% of Howmet.

On May 25, 2000 and June 20, 2000, after approval by the DOJ and other regulatory agencies, Alcoa completed the acquisitions of Cordant and Howmet, respectively. 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 transaction 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. The purchase price allocation is preliminary; the final allocation is subject to valuation and other studies, including environmental and other contingent liabilities, that have not been completed. However, Alcoa does not believe that the completion of these studies will have a material impact on the purchase price allocation. The preliminary allocation resulted in total goodwill of approximately $2,400, which will be amortized over a 40-year period.

In July 1998, Alcoa acquired Alumax Inc. (Alumax) for approximately $3,800, consisting of cash of approximately $1,500, stock of approximately $1,300 and assumed debt of approximately $1,000. The allocation of the purchase price resulted in goodwill of approximately $910, which is being amortized over a 40-year period.

The following unaudited pro forma information for the years ended December 31, 2000, 1999 and 1998 assumes that the acquisitions of Reynolds and Cordant had occurred at the beginning of 2000 and 1999, and the acquisition of Alumax had occurred at the beginning of 1998. 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 between Alcoa, Reynolds, Cordant and Alumax; and additional depreciation related to the increase in basis that resulted from the transaction. Tax effects from the pro forma adjustments previously noted have been included at the 35% U.S. statutory rate.

(Unaudited)	2000	1999	1998
Sales	$ 25,636	$ 23,369	$16,766
Net income	1,514	1,148	876
Earnings per share:			
Basic	$ 1.86*	$ 1.32	$ 1.18
Diluted	1.84*	1.30	1.18

* 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 transaction 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.

On October 31, 2000, after approval by the European Union (EU), 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. These businesses generated approximately $360 in revenues in 1999 and have about 1,550 employees. Had the British Aluminium acquisition occurred at the beginning of 2000, net income for the year would not have been materially different.

In February 1998, Alcoa completed its acquisition of Inespal, S.A. (Inespal), of Madrid, Spain. Alcoa paid approximately $150 in cash and assumed $260 of debt and liabilities in exchange for substantially all of Inespal's businesses. The acquisition included an alumina refinery, three aluminum smelters, three aluminum rolling facilities, two extrusion plants and an administrative center. Had the Inespal acquisition occurred at the beginning of 1998, net income for the year would not have been materially different.

Alcoa completed a number of other acquisitions in 2000, 1999 and 1998. Net cash paid for other acquisitions in 2000 was $488. 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	2000	1999
Finished goods	$ 814	$ 363
Work in process	806	550
Bauxite and alumina	311	286
Purchased raw materials	562	267
Operating supplies	210	152
	$ 2,703	$ 1,618

Approximately 51% of total inventories at December 31, 2000 were valued on a LIFO basis. If valued on an average-cost basis, total inventories would have been $658 and $645 higher at the end of 2000 and 1999, respectively. During 2000 and 1999, LIFO inventory quantities were reduced, which resulted in partial liquidations of the LIFO bases. The impact of these liquidations increased net income by $31 or four cents per share in 2000 and 1999.

E. PROPERTIES, PLANTS AND EQUIPMENT, AT COST

December 31	2000	1999
Land and land rights, including mines	$ 384	$ 270
Structures	5,329	4,491
Machinery and equipment	16,063	13,090

	21,776	17,851
Less: accumulated depreciation and depletion	9,750	9,303
	12,026	8,548
Construction work in progress	824	585
	$ 12,850	$ 9,133

F. DEBT

December 31	2000	1999
Commercial paper, variable rate, (6.6% and 5.8% average rates)	$ 1,510	$ 980
5.75% Notes payable, due 2001	250	250
6.125% Bonds, due 2005	200	200
7.25% Notes, due 2005	500	--
7.375% Notes, due 2010	1,000	--
6.50% Bonds, due 2018	250	250
6.75% Bonds, due 2028	300	300
Tax-exempt revenue bonds ranging from 3.7% to 7.2%, due 2001-2033	347	166
Alcoa Fujikura Ltd.		
Variable-rate term loan, due 2001-2002 (6.3% average rate)	190	210
Alcoa Aluminio		
7.5% Export notes, due 2008	184	194
Variable-rate notes, due 2001 (8.2% and 7.6% average rates)	3	8
Alcoa of Australia		
Euro-commercial paper, variable rate, (5.4% average rate)	--	20
Reynolds		
9% Bonds, due 2003	21	--
Medium-term notes, due 2001-2013 (8.3% average rate)	334	--
6.625% Notes payable, due 2001-2002	114	--
Cordant		
6.625% Notes payable, due 2008	150	--
Other	61	146
	5,414	2,724
Less: amount due within one year	427	67
	$ 4,987	$ 2,657

The amount of long-term debt maturing in each of the next five years is $427 in 2001, $294 in 2002, $1,089 in 2003, $59 in 2004 and $1,269 in 2005.

Debt increased primarily as a result of the Reynolds and Cordant acquisitions. Debt of $1,297 was assumed in the acquisition of Reynolds, while $826 of debt was assumed in the acquisition of Cordant. The Cordant acquisition, including the acquisition of the remaining shares of Howmet, was financed with debt.

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 addition, Alcoa issued $3,711 of commercial paper. The proceeds from these borrowings were used to fund acquisitions, refinance debt and for general corporate purposes.

In 2000, Alcoa entered into a new $2,490 revolving-credit facility that expires in April 2001 and a $510 revolving-credit facility that expires in August 2005. In 1998, Alcoa entered into a $2,000 revolving-credit facility, half of which expired in August 2000, while the other half expires in August 2003. Under these agreements, certain levels of consolidated net worth must be maintained while commercial paper balances are outstanding. A portion of the commercial paper issued by Alcoa is classified as long-term debt because it is backed by the revolving-credit facilities.

Alcoa Fujikura Ltd. (AFL) and Aluminio are required to maintain certain financial ratios under the terms of the term loan and export note agreements, respectively.

Short-term borrowings of $2,719 consisted of commercial paper of $2,201, extendible commercial notes of $280 and bank and other borrowings of $238 at December 31, 2000. Short-term borrowings of $343 at December 31, 1999 consisted of commercial paper of $108 and bank and other borrowings of $235. The weighted average interest rate on short-term borrowings was 6.6% in 2000 and 5.1% in 1999.

G. OTHER ASSETS

December 31	2000	1999
Investments, principally equity investments	$ 954	$ 630
Assets held for sale	1,473	--
Intangibles, net of accumulated amortization of $238 in 2000 and $177 in 1999	821	117
Noncurrent receivables	118	43
Deferred income taxes	360	424
Deferred charges and other	1,534	591
	$ 5,260	$ 1,805

H. OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS

December 31	2000	1999
Deferred alumina sales revenue	$ 212	$ 220
Environmental remediation	369	111
Deferred credits	317	283
Other noncurrent liabilities	1,228	859
	$ 2,126	$ 1,473

I. MINORITY INTERESTS

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

December 31	2000	1999
Alcoa of Australia	$ 462	$ 439
Alcoa Aluminio	256	253
Alcoa World Alumina and Chemicals	260	290
Alcoa Fujikura Ltd.	309	260
Other majority-owned companies	227	216
	$ 1,514	$ 1,458

J. CASH FLOW INFORMATION

Cash payments for interest and income taxes follow.

	2000	1999	1998
Interest	$ 388	$ 225	$ 199
Income taxes	419	394	371

The details of cash payments related to acquisitions follow.

	2000	1999	1998
Fair value of assets acquired	$ 14,991	$ 282	$ 5,511
Liabilities assumed	(7,075)	(159)	(2,554)
Stock options issued	(182)	--	--
Stock issued	(4,502)	--	(1,321)
Cash paid	3,232	123	1,636
Less: cash acquired	111	1	173
Net cash paid for acquisitions	$ 3,121	$ 122	$ 1,463

K. 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 23.75% participant in a hydroelectric construction project in Brazil. The total estimated costs of the project are $532, of which $422 has been expended to date. Aluminio has contributed $41 to the project in the form of equity and $31 in the form of short-term financing. Aluminio has also guaranteed $42 of a bridge loan to the project as of December 31, 2000. Long-term financing in the amount of $342 is currently being negotiated for the project. Upon completion of this long-term financing in 2001, Aluminio will receive repayment of its short-term loan and will provide a guarantee equal to 34% of the project's total outstanding indebtedness, estimated at $342. As a result of this participation, Aluminio will receive a share of the output upon completion of the project. In the event that other participants in this project fail to fulfill their financial responsibilities, Aluminio may be liable for 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.

Alcoa of Australia (AofA) is party to a number of natural gas and electricity contracts that expire between 2001 and 2022. 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 $184 in 2001, $177 in 2002, $173 in 2003, $174 in 2004, $154 in 2005 and $2,120 thereafter. Expenditures under these contracts totaled $188 in 2000, $179 in 1999 and $171 in 1998.

L. 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. Antidilutive outstanding stock options have been excluded from the diluted EPS calculation. See Note M for additional information.

The details of basic and diluted EPS follow:

	2000	1999	1998
Income before cumulative effect	$ 1,489	$ 1,054	$ 853
Less: preferred stock dividends	2	2	2
Income available to common stockholders before cumulative effect	$ 1,487	$ 1,052	$ 851
Cumulative effect of accounting change	(5)	--	--
Income available to common stockholders after cumulative effect	$ 1,482	$ 1,052	$ 851
Average shares outstanding--basic	814.2	733.8	698.2
Effect of dilutive securities:			
Shares issuable upon exercise of dilutive stock options	9.0	13.4	5.0
Average shares outstanding--diluted	823.2	747.2	703.2
Basic EPS (before cumulative effect)	$ 1.83	$ 1.43	$ 1.22
Basic EPS (after cumulative effect)	1.82	1.43	1.22
Diluted EPS (before cumulative effect)	1.81	1.41	1.21
Diluted EPS (after cumulative effect)	1.80	1.41	1.21

Options to purchase 44 million shares of common stock at an average exercise price of $36.00 were outstanding as of December 31, 2000 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. The contract, which matures in 2002, allows the company to repurchase up to 10 million shares from a financial institution. The company may elect to settle the contract on a net share basis in lieu of physical settlement. The contract permits early settlement. As of December 31, 2000, 10 million shares had been committed at an average price of $31.90 per share. The effect of this repurchase agreement has been considered in determining diluted EPS.

M. PREFERRED AND COMMON STOCK

PREFERRED STOCK. Alcoa has two classes of preferred stock. Serial preferred stock has 557,740 shares authorized, 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, 2000, 90,620,594 shares of common stock were reserved for issuance under the long-term stock incentive plan.

Stock options under the company's stock incentive plan have been and may be granted, generally at not less than market prices on the dates of grant, except for the 12.5 cents per-share options issued as a payout of earned performance share awards. 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.

	2000	1999	1998
Net income:			

As reported	$ 1,484	$ 1,054	$ 853
Pro forma	1,277	912	815
Basic earnings per share:			
As reported	1.82	1.43	1.22
Pro forma	1.57	1.24	1.16
Diluted earnings per share:			
As reported	1.80	1.41	1.21
Pro forma	1.55	1.22	1.16

The weighted average fair value per option granted was $10.13 in 2000, $5.35 in 1999 and $2.87 in 1998.

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

	2000	1999	1998
Average risk-free interest rate	6.1%	5.0%	5.2%
Expected dividend yield	1.6	1.4	2.1
Expected volatility	40.0	37.0	25.0
Expected life (years):			
New option grants	2.5	2.5	2.5
Reload option grants	2.0	1.5	1.5

The transactions for shares under options were:

	2000	1999	1998
Outstanding, beginning of year:			
Number of options	53.0	53.2	42.2
Weighted average exercise price	$ 22.15	$ 16.50	$ 15.84
Options assumed from acquisitions:			
Number of options	15.2	--	--
Weighted average exercise price	$ 25.09	--	--
Granted:			
Number of options	31.3	43.6	23.6
Weighted average exercise price	$ 37.87	$ 24.47	$ 17.19
Exercised:			
Number of options	(24.3)	(43.2)	(12.0)
Weighted average exercise price	$ 22.03	$ 17.22	$ 15.07
Expired or forfeited:			
Number of options	(.4)	(.6)	(.6)
Weighted average exercise price	$ 34.90	$ 18.59	$ 18.25
Outstanding, end of year:			
Number of options	74.8	53.0	53.2
Weighted average exercise price	$ 29.29	$ 22.15	$ 16.50
Exercisable, end of year:			
Number of options	44.6	26.4	27.6
Weighted average exercise price	$ 23.42	$ 19.21	$ 15.24
Shares reserved for future options	15.8	28.6	22.8

The following tables summarize certain stock option information at December 31, 2000:

Options Outstanding

Range of exercise price	Number	Weighted average remaining life	Weighted average exercise price
$ 0.125	0.6	employment career	$0.125
$ 4.38-$12.15	3.0	3.86	10.04
$12.16-$19.93	8.6	4.41	16.70
$19.94-$27.71	17.0	5.84	22.58
$27.72-$35.49	21.7	6.18	31.75
$35.50-$43.25	23.9	8.07	39.48
Total	74.8	6.36	$29.29

Options Exercisable

Range of exercise price	Number	Weighted average exerciseable price
$ 0.125	0.6	$0.125
$ 4.38-$12.15	3.0	10.04
$12.16-$19.93	8.6	16.70
$19.94-$27.71	17.0	22.57
$27.72-$35.49	14.6	31.04
$35.50-$43.25	0.8	40.22
Total	44.6	$23.42

N. 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 and minority interests 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 reserve, goodwill allocated to corporate and other amounts.

In 2000, as a result of acquisitions, Alcoa changed its internal management reporting structure to add the Packaging and Consumer segment. Alcoa's closures, packaging, PET bottles and packaging machinery businesses were moved from the Other group to this segment. Previously reported data from 1999 and 1998 has been restated to reflect this change. Reynolds' packaging and consumer businesses were also added to the new Packaging and Consumer segment. Other Reynolds and Cordant businesses were added to the appropriate existing segments.

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, rail and shipping), building and construction and industrial customers worldwide. Total exports from the U.S. were $1,687 in 2000, compared with $1,309 in 1999 and $1,283 in 1998. Total government contract revenue at Thiokol was $372 in 2000. Alcoa's reportable segments follow.

ALUMINA AND CHEMICALS. This segment's activities include the mining of bauxite, which is then refined into alumina. Alumina is sold to internal and external customers worldwide or is processed into industrial chemical products. Alcoa's Australian alumina operations are a significant component of this segment. This segment does not include the Reynolds alumina assets that were required to be divested. The majority 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 from the Alumina and Chemicals segment and produces aluminum ingot to be used by Alcoa's fabricating business, as well as sold to outside customers. Results from internal hedging contracts and from marking to market certain aluminum commodity contracts are also included in this segment. Revenues from the sale of powder, scrap and excess power are also included. The sale of ingot represents over 90% 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.

ENGINEERED PRODUCTS. This segment consists of hard- and soft-alloy extrusions, including architectural extrusions, super-alloy castings, steel and aluminum fasteners, aluminum forgings and wheels. This segment includes the Reynolds wheel business, as well as the Huck fasteners and Howmet super-alloy castings businesses. These products serve primarily the transportation, construction and distributor markets.

PACKAGING AND CONSUMER. This segment includes Alcoa's closures, packaging, PET bottles and packaging machinery businesses, as well as the packaging and consumer businesses of Reynolds acquired in 2000.

OTHER. This group includes Alcoa businesses that do not fit into the segments previously mentioned. This group includes AFL, which produces electrical components for the automotive industry along with fiber-optic cable and services for the telecommunications industry; Thiokol, a producer of solid rocket propulsion systems; Reynolds' metal distribution business (RASCO); the residential building products operations, Alcoa Building Products (ABP); and aluminum automotive engineering and parts businesses. Thiokol and RASCO were added in 2000 as part of the Cordant and Reynolds acquisitions, respectively.

Segment information	Alumina and Chemicals	Primary Metals	Flat-Rolled Products	Engineered Products	Packaging and Consumer	Other	Total
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 tax	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 investment	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 tax	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 investment	54	153	66	--	1	138	412
Total assets	3,046	4,532	3,385	2,320	646	1,647	15,576
1998							
Sales:							
Third-party sales	$ 1,847	$ 2,105	$ 4,900	$ 3,110	$ 856	$ 2,506	$ 15,324
Intersegment sales	832	2,509	59	11	--	--	3,411
Total sales	$ 2,679	$ 4,614	$ 4,959	$ 3,121	$ 856	$ 2,506	$ 18,735
Profit and loss:							
Equity income (loss)	$ 1	$ 27	$ 8	$ (1)	$ --	$ 10	$ 45
Depreciation, depletion and amortization	159	176	190	88	63	92	768
Income tax	174	196	126	85	28	79	688
After-tax operating income	318	372	306	183	61	104	1,344
Assets:							
Capital expenditures	$ 275	$ 164	$ 152	$ 105	$ 96	$ 47	$ 839
Equity investment	50	150	69	--	1	112	382
Total assets	3,082	5,341	3,513	2,427	678	1,568	16,609

The following reconciles segment information to consolidated totals.

	2000	1999	1998
Sales:			
Total sales	$ 27,703	$ 20,112	$ 18,735
Elimination of intersegment sales	(4,767)	(3,795)	(3,411)
Other revenues	--	6	16
Consolidated sales	$ 22,936	$ 16,323	$ 15,340
Net income:			
Total after-tax operating income	$ 2,389	$ 1,489	$ 1,344
Elimination of intersegment profit	(20)	(24)	(16)
Unallocated amounts (net of tax):			
Interest income	40	26	64
Interest expense	(278)	(126)	(129)
Minority interests	(381)	(242)	(238)
Corporate expense	(227)	(171)	(197)
Other	(39)	102	25
Consolidated net income	$ 1,484	$ 1,054	$ 853
Assets:			
Total assets	$ 26,569	$ 15,576	$ 16,609
Elimination of intersegment receivables	(530)	(362)	(378)
Unallocated amounts:			
Cash, cash equivalents and short-term investments	371	314	381
Deferred tax assets	745	657	703
Corporate goodwill	1,570	558	480
Corporate fixed assets	414	278	315
LIFO reserve	(658)	(645)	(703)
Operations to be divested	1,473	--	--
Other	1,737	690	56
Consolidated assets	$ 31,691	$ 17,066	$ 17,463

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

	2000	1999	1998
Revenues:			
U.S.	$ 15,487	$ 10,392	$ 9,212
Australia	1,690	1,398	1,470
Spain	1,146	1,059	965
Brazil	885	730	934
Germany	713	521	554
Other	3,015	2,223	2,205
	$ 22,936	$ 16,323	$ 15,340
Long-lived assets:			
U.S.	$ 14,276	$ 6,650	$ 6,726
Australia	1,458	1,585	1,441
Brazil	698	712	967
Canada	2,844	948	890
Germany	213	165	213
Other	1,700	1,122	1,023
	$ 21,189	$ 11,182	$ 11,260

O. INCOME TAXES

The components of income before taxes on income were:

	2000	1999	1998
U.S.	$ 756	$ 631	$ 595
Foreign	2,056	1,218	1,010
	$ 2,812	$ 1,849	$ 1,605

The provision for taxes on income consisted of:

	2000	1999	1998

Current:			
U.S. federal*	$ 217	$ 175	$ 159
Foreign	568	306	219
State and local	22	18	26
	807	499	404
Deferred:			
U.S. federal*	90	74	81
Foreign	42	(25)	25
State and local	3	5	4
	135	54	110
Total	$ 942	$ 553	$ 514

*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 $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.

	2000	1999	1998
U.S. federal statutory rate	35.0%	35.0%	35.0%
Taxes on foreign income	(3.5)	(2.4)	(4.1)
State taxes net of federal benefit	.5	.5	.7
Tax rate changes	--	(2.4)	--
Other	1.5	(.8)	.4
Effective tax rate	33.5%	29.9%	32.0%

The components of net deferred tax assets and liabilities follow.

	2000		1999	
December 31	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Depreciation	$ --	$ 2,263	--	$ 951
Employee benefits	1,127	--	$ 872	--
Loss provisions	588	--	214	--
Deferred income/expense	237	166	91	138
Tax loss carryforwards	272	--	185	--
Tax credit carryforwards	144	--	2	--
Other	262	304	111	64
	2,630	2,733	1,475	1,153
Valuation allowance	(165)	--	(134)	--
	$ 2,465	$ 2,733	$ 1,341	$ 1,153

Of the total deferred tax assets associated with the tax loss carryforwards, $57 expires over the next 10 years, $99 over the next 20 years and $116 is unlimited. Of the tax credit carryforwards, $107 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 $60 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 $3,861 at December 31, 2000. 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.

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

	Pension benefits		Postretirement benefits	
December 31	2000	1999	2000	1999
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	$ 5,366	$ 5,394	$ 1,687	$ 1,862
Service cost	162	141	25	19
Interest cost	502	342	177	109
Amendments	9	5	(17)	1
Actuarial (gains) losses	(309)	(143)	85	(173)
Acquisitions (principally Reynolds and Cordant)	3,124	--	1,182	--
Benefits paid	(514)	(387)	(215)	(130)
Exchange rate	(70)	14	--	(1)
Benefit obligation at end of year	$ 8,270	$ 5,366	$ 2,924	$ 1,687
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	$ 6,103	$ 5,758	$ 112	$ 100
Actual return on plan assets	586	666	12	12
Acquisitions (principally Reynolds and Cordant)	3,597	--	31	--
Employer contributions	61	16	5	--
Participants' contributions	13	22	--	--
Benefits paid	(487)	(362)	(5)	--
Administrative expenses	(12)	(15)	--	--
Exchange rate	(71)	18	--	--
Fair value of plan assets at end of year	$ 9,790	$ 6,103	$ 155	$ 112
FUNDED STATUS	$ 1,520	$ 737	$ (2,769)	$ (1,575)
Unrecognized net actuarial gain	(1,385)	(1,189)	(137)	(221)
Unrecognized net prior service cost (credit)	40	69	(97)	(116)
Unrecognized transition obligation	--	1	--	--
Net amount recognized	$ 175	$ (382)	$ (3,003)	$ (1,912)
AMOUNT RECOGNIZED IN THE BALANCE SHEET CONSISTS OF:				
Prepaid benefit	$ 661	$ 61	--	--
Accrued benefit liability	(509)	(471)	$ (3,003)	$ (1,912)
Intangible asset	9	4	--	--
Accumulated other comprehensive income	14	24	--	--
Net amount recognized	$ 175	$ (382)	$ (3,003)	$ (1,912)

The components of net periodic benefit costs are reflected below.

	Pension benefits			Postretirement benefits		
December 31	2000	1999	1998	2000	1999	1998
COMPONENTS OF NET PERIODIC BENEFIT COSTS						
Service cost	$ 162	$ 141	$ 119	$ 25	$ 19	$ 18
Interest cost	502	342	318	177	109	112

Expected return on plan assets	(666)	(427)	(391)	(11)	(9)	(8)
Amortization of prior service cost (benefit)	35	39	48	(34)	(34)	(34)
Recognized actuarial gain	(18)	(4)	(7)	(2)	(4)	(5)
Amortization of transition obligation	2	2	2	--	--	--
Net periodic benefit costs	$ 17	$ 93	$ 89	$ 155	$ 81	$ 83

The aggregate benefit obligation and fair value of plan assets for the pension plans with benefit obligations in excess of plan assets were $804 and $508, respectively, as of December 31, 2000, and $1,022 and $696, respectively, as of December 31, 1999. The aggregate pension accumulated benefit obligation and fair value of plan assets with accumulated benefit obligations in excess of plan assets were $594 and $338, respectively, as of December 31, 2000, and $337 and $119, respectively, at December 31, 1999.

Weighted average assumptions used to determine plan liabilities and expense follow.

December 31	2000	1999	1998
Discount rate	7.75%	7.00%	6.50%
Expected long-term return on plan assets	9.00	9.00	9.00
Rate of compensation increase	5.00	5.00	5.00

For measurement purposes, an 8.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2001. The rate was assumed to decrease gradually to 5.5% in 2005 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	$ 13	$ (13)
Effect on postretirement benefit obligations	165	(144)

Alcoa also sponsors a number of defined contribution pension plans. Expenses were $80 in 2000, $64 in 1999 and $57 in 1998.

Q. LEASE EXPENSE

Certain equipment, warehousing and office space and oceangoing vessels are under operating lease agreements. Total expense for all leases was $152 in 2000, $145 in 1999 and $130 in 1998. Under long-term operating leases, minimum annual rentals are $125 in 2001, $100 in 2002, $63 in 2003, $38 in 2004, $27 in 2005 and a total of $123 for 2006 and thereafter.

R. INTEREST COST COMPONENTS

	2000	1999	1998
Amount charged to expense	$ 427	$ 195	$ 198
Amount capitalized	20	21	13
	$ 447	$ 216	$ 211

S. FINANCIAL INSTRUMENTS

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

	2000		1999	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	$ 315	$ 315	$ 237	$ 237
Short-term investments	56	56	77	77
Noncurrent receivables	118	118	43	43
Short-term debt	3,146	3,146	410	410
Long-term debt	4,987	5,053	2,657	2,526

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. All investments purchased with a maturity of three months or less are considered cash equivalents.

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.

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

FOREIGN EXCHANGE CONTRACTS. The company enters into foreign exchange contracts to hedge its significant firm and anticipated purchase and sale commitments denominated in foreign currencies. These contracts cover periods commensurate with known or expected exposures, generally within 36 months, and are principally unsecured foreign exchange contracts with carefully selected banks. The market risk exposure is essentially limited to risk related to currency rate movements. Unrecognized gains (losses) on these contracts at December 31, 2000 and 1999 were $(139) and $57, respectively.

The table below reflects the various types of foreign exchange contracts Alcoa uses to manage its foreign exchange risk.

	2000		1999	
	Notional amount	Market value	Notional amount	Market value
Forwards	$ 2,342	$ (166)	$ 1,499	$ 60
Purchased options	--	--	28	3

The notional values summarized above provide an indication of the extent of the company's involvement in such instruments but do not represent its exposure to market risk.

The following table summarizes by major currency the contractual amounts of Alcoa's forward exchange and option contracts translated to U.S. dollars at December 31 rates. The "buy" amounts represent the U.S. dollar equivalent of commitments to purchase foreign currencies, and the "sell" amounts represent the U.S. dollar equivalent of commitments to sell foreign currencies.

	2000		1999	
	Buy	Sell	Buy	Sell
Australian dollar	$ 1,940	$ 1	$ 1,447	$ 4
Canadian dollar	197		98	8
Japanese yen	--	--	6	--
Deutsche mark	--	--	2	21
Pound sterling	--	6	--	--
Euro	--	29	--	--
	$ 2,137	$ 36	$ 1,553	$ 33

INTEREST RATE SWAPS. Alcoa manages its debt portfolio by using interest rate swaps and options to achieve an overall desired position of fixed and floating rates. As of December 31, 2000, Alcoa had the following interest rate swap contracts outstanding: > Interest rate swap contracts relating to Alcoa's 5.75% notes that mature in 2001. The swaps convert $175 notional amount from fixed rates to floating rates and mature in 2001. > Interest rate swap contracts relating to AFL's variable-rate loan. These agreements convert the variable rate to a fixed rate on a notional amount of $178 and mature in 2002.

In addition to the above, Aluminio has cross-currency interest rate swap contracts, relating to deposit accounts, that primarily convert local currency floating rates to dollar fixed rates on a notional amount of $81.

Alcoa utilizes cross-currency interest rate swaps to take advantage of international debt markets. At year-end 2000, Alcoa had in place $60 of cross-currency interest rate swaps that effectively convert U.S. dollar-denominated debt into liabilities in yen based on Japanese interest rates.

Based on current interest rates for similar transactions, the fair value of all interest rate swap agreements is not material.

Credit and market risk exposures are limited to the net interest differentials. The net payments or receipts from interest rate swaps are recorded as part of interest expense and are not material. The effect of interest rate swaps on Alcoa's composite interest rate on long-term debt was not material at the end of 2000 and 1999.

Alcoa is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, but does not anticipate nonperformance by any of the counterparties.

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 24 owned or operating facilities and adjoining properties, approximately 28 previously owned or operated facilities and adjoining properties and approximately 87 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; Pt. Comfort, Texas; and Troutdale, Oregon 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 these sites.

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

Alcoa continues to perform studies and investigations on the Grasse River. A planned pilot test of certain sediment capping techniques, intended for 1999, could not be completed because a final scope of work could not be developed with the EPA in time to complete the project before the construction season concluded. In addition, in the 1999 fourth quarter, 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. Alcoa has proposed to the EPA that the planned pilot scale tests be conducted to assess the feasibility of performing certain sediment-covering techniques before selection and approval of a remedial alternative by the EPA. The costs of these pilot scale tests have been fully reserved. The results of these tests and discussions with the EPA regarding all of the alternatives identified should provide additional information for the selection and approval of the appropriate remedial alternative.

The Analysis of Alternatives report and the results of the pilot tests must be reviewed and approved by the EPA. Currently, no one of the alternatives is more likely to be selected than any other. The range of additional costs associated with the potential courses of remedial action is between zero and $53. During meetings through December 2000, the EPA had indicated to Alcoa that it believes additional remedial alternatives need to be included in the Analysis of Alternatives report. Such additional remedies involve removal of more sediment from the river than was included in the alternatives provided in the recent Analysis of Alternatives report. The cost of such potential additional remedial alternatives cannot be estimated at this time. Alcoa expects to submit a revised Analysis of Alternatives report during 2001.

In 1988, Reynolds discovered that soils in the area of the heat transfer medium system at its primary aluminum production plant in Massena, New York were contaminated with PCB and other contaminants. Remediation of the contaminated soils and other contaminated areas of the plant were substantially completed in 1998. Portions of the St. Lawrence River system adjacent to the plant are also contaminated with PCB. Since 1989, Reynolds has been conducting investigations and studies of the river system under order from the EPA issued under Superfund. Alcoa is working with the EPA to better define the scope of the dredging program, which is planned for 2001 and has been included in the reserve.

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

PT. COMFORT/LAVACA BAY. In 1990, Alcoa began discussions with certain state and federal natural resource trustees concerning alleged releases of mercury from its Pt. Comfort, Texas facility into the adjacent Lavaca Bay. In March 1994, the EPA listed the "Alcoa (Point Comfort)/Lavaca Bay Site" on the National Priorities List and, shortly thereafter, Alcoa and the EPA entered into an administrative order on consent under which Alcoa is obligated to conduct certain remedial investigations and feasibility studies. In accordance with this order, Alcoa recently submitted a remedial investigation report, a draft feasibility study and a baseline risk assessment to the EPA. In addition, Alcoa has nearly completed construction of the EPA-approved project to fortify an offshore dredge disposal island. The probable and estimable costs of these actions are fully reserved. Since the order from the EPA, Alcoa and the natural resource trustees have continued efforts to understand natural resource injury and ascertain appropriate restoration alternatives. That process is currently expected to be complete by early 2001.

TROUTDALE, OREGON. In 1994, the EPA added the 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 in investigating potential environmental contamination at the Troutdale site and promoting more efficient cleanup at the site. The current estimate of costs has been accrued; however, the shutdown of operations at Troutdale, announced June 28, 2000, could affect the cleanup alternative selected for the site.

SHERWIN, TEXAS. In connection with the sale of the Sherwin alumina refinery, which was required to be divested as part of the Reynolds merger (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 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 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 2000 and 1999 was $447 and $174 (of which $78 and $63 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. Approximately 17% of the 2000 balance relates to the Massena plant sites, 22% of the 2000 balance relates to the Sherwin plant site and 11% of the 2000 balance relates to the Troutdale plant site. Remediation costs charged to the reserve were $77 in 2000, $47 in 1999 and $63 in 1998. They include expenditures currently mandated, as well as those not required by any regulatory authority or third party. In 2000, the reserve balance was increased by $350 as a result of acquisitions. In 1999, the reserve balance was increased by $4 to cover anticipated future environmental expenditures.

U. SUBSEQUENT EVENT On January 31, 2001, Alcoa and Alliant Techsystems Inc. (ATK) announced that they had reached a definitive agreement under which ATK will acquire Thiokol for $685 in cash. The transaction, which has received all necessary corporate approvals of both companies, is subject to customary regulatory approvals. It is expected to close by the end of the second quarter of 2001.

SUPPLEMENTAL FINANCIAL INFORMATION

QUARTERLY DATA (UNAUDITED)
(dollars in millions, except per-share amounts)

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 first quarter amounts have been restated for the effect of the change in accounting for revenue recognition (see Note A). Amounts originally reported were as follows: Sales, $4,531; Income from operations, $460; Net income, $355; Earnings per share, basic and diluted, $.48. The amounts for the quarters ended June 30 and September 30, 2000 were not materially different from those originally reported; therefore, these amounts have not been restated.

** 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.

1999	First	Second	Third	Fourth	Year
Sales	$ 3,985	$ 4,033	$ 4,052	$ 4,253	$ 16,323
Income from operations	247	294	313	442	1,296
Net income	221	240	259	334*	1,054
Earnings per share:					
Basic	.30	.33	.35	.46	1.43
Diluted	.30	.32	.35	.44	1.41

* The 1999 fourth quarter included an after-tax credit of $49, or seven cents per share, related to changes in the LIFO index and LIFO liquidations.

NUMBER OF EMPLOYEES (UNAUDITED)

	2000	1999	1998
Other Americas	46,500	45,100	40,900
U.S.	61,600	38,400	38,900
Europe	27,400	18,800	18,200
Pacific	6,500	5,400	5,500
	142,000	107,700	103,500

SHAREHOLDER INFORMATION

ANNUAL MEETING
The annual meeting of shareholders will be at 9:30 a.m. Friday, April 20, 2001 at the Westin Convention Center Pittsburgh.

COMPANY NEWS
Visit our Web site at www.alcoa.com for current stock quotes, Securities and Exchange Commission (SEC) filings, quarterly earnings reports and other company news announcements. 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, Alcoa Update, and Forms 10-K and 10-Q may be requested through the Internet or by calling the toll-free numbers.

INVESTOR INFORMATION
Security analysts and investors may write to Director - - Investor Relations, at charles.mclane@alcoa.com or call 1 212 836 2674.

OTHER PUBLICATIONS
For a report of contributions and programs supported by Alcoa Foundation, write Alcoa Foundation at the corporate center address 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.

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. To support this objective, Alcoa pays a base quarterly dividend of 12.5 cents per common share. Alcoa also pays a variable dividend that is linked directly to financial performance. The variable dividend is 30% of Alcoa's annual earnings over $1.50 per basic share. This is calculated annually and paid quarterly, together with the base dividend, 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:

First Chicago Trust Company,
a Division of EquiServe
Shareholder Services Group
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, Corporate Secretary, Alcoa, 6603 West Broad Street, Richmond, Va. 23230 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

	2000	1999*

Quarter	High	Low	Dividend	High	Low	Dividend
First*	$43 5/8	$30 13/32	$.125	$22 9/16	$17 31/32	$.101
Second	37 1/16	27 7/8	.125	33 31/32	20 1/8	.100
Third	34 15/16	23 1/4	.125	35 7/16	29 1/4	.101
Fourth	35	23 1/8	.125	41 11/16	28 5/8	.101
Year	$ 43 5/8	$ 23 1/8	$.500	$41 11/16	$ 17 31/32	$.403

* Adjusted to reflect two-for-one stock split

COMMON SHARE DATA

	Estimated number of shareholders*	Average shares outstanding (000)*
2000	265,300	814,229
1999	185,000	733,888
1998	119,000	698,228
1997	95,800	688,904
1996	88,300	697,334

* These estimates include shareholders who own stock registered in their own names and those who own stock through banks and brokers.
** Adjusted to reflect two-for-one stock split

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, 2000)

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 Espanola, 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 Manufacturing (G.B.) Limited	United Kingdom
Baco Consumer Products Limited	
Alcoa Latin American Holdings Corporation	British Virgin Islands
Alcoa Laudel, Inc.	Delaware
UK Aluminium Holdings Limited	United Kingdom
British Aluminium Limited	United Kingdom
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
Cordant Technologies Inc.	Delaware
Thiokol Technologies International, Inc.	Delaware
Howmet International Inc.	Delaware
Huck International Inc.	Delaware
Gulf Closures W.L.L.	Bahrain
Reynolds Metals Company	Delaware
Reynolds International, Inc.	Delaware
RMCC Company	Delaware
Reynolds Aluminum Company of Canada, Ltd.	Quebec
Canadian Reynolds Metals Company, Ltd.	Quebec
Reynolds International do Brasil Participacoes, Ltda.	Brazil
Reynolds Aluminium France, S.A.	France
Reynolds Aluminium Holland B.V.	Netherlands
Reynolds Aluminium Deutschland, Inc.	Delaware
Reynolds Australia Alumina, Ltd. LLC****	Delaware
Reynolds Becancour, Inc.	Delaware
RB Sales Company, Limited	Delaware
Reynolds Consumer Products, Inc.	Delaware
RMC Delaware, Inc.	Delaware
Southern Graphics 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.

**** Sold on January 25, 2001.

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Alcoa Inc. on 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 our reports dated January 8, 2001, except for Note U, for which the date is January 31, 2001, on our audits of the consolidated financial statements and financial statement schedule of Alcoa Inc. and consolidated subsidiaries as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000, which reports are incorporated by reference or included in this Form 10-K.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

600 Grant Street
Pittsburgh, Pennsylvania
March 2, 2001

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 and agents to do any and all acts and things and execute any and all instruments which said attorneys and agents, or any of them, may deem necessary or advisable or may be required to enable the Company to comply with the Securities Exchange Act of 1934, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in respect thereof, in connection with the filing under said Act of the Company's Annual Report on Form 10-K for 2000, including specifically, but without limiting the generality of the foregoing, power and authority to sign the name of the undersigned to the Company's Annual Report on 10-K for 2000 to be filed with the Securities and Exchange Commission and to any instruments or documents filed as part of or in connection with any such Annual Report on Form 10-K, including any amendments or supplements thereto; and the undersigned hereby ratify and confirm all that said attorneys 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/ Kenneth W. Dam
_______________________________ January 12, 2001
Kenneth W. Dam

/s/ Joseph T. Gorman
_______________________________ January 12, 2001
Joseph T. Gorman

/s/ Judith M. Gueron
_______________________________ January 12, 2001
Judith M. Gueron

/s/ Sir Ronald Hampel
_______________________________ January 12, 2001
Sir Ronald Hampel

/s/ Hugh M. Morgan Hugh M. Morgan	January 12, 2001
/s/ John P. Mulroney John P. Mulroney	January 12, 2001
/s/ Henry B. Schacht Henry B. Schacht	January 12, 2001
/s/ Franklin A. Thomas Franklin A. Thomas	January 12, 2001
/s/ Marina v.N. Whittman Marina v.N. Whittman	January 12, 2001