REYNOLDS METALS CO filed this 10-K405 on 03/03/2000.

PLAINTIFF'S
EXHIBIT
RMC-637

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, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-01430

REYNOLDS METALS COMPANY
A Delaware Corporation
(IRS Employer Identification No. 54-0355135)
6601 West Broad Street, P. O. Box 27003, Richmond, Virginia 23261-7003
Telephone: (804) 281-2000

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, no par value	New York Stock Exchange
Preferred Stock Purchase Rights	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 the 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 February 25, 2000:

(a) the aggregate market value of the voting stock known by the Registrant to be held by nonaffiliates of the Registrant was approximately $3.7 billion*.

(b) the Registrant had 63,676,149 shares of Common Stock outstanding and entitled to vote.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A - Part III

* For this purpose, "nonaffiliates" are deemed to be persons other than directors, officers and persons owning beneficially more than five percent of the voting stock as reported to the Securities and Exchange Commission.

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NOTE

This copy includes only EXHIBIT 21 of those listed on pages 68 - 73.

In accordance with the Securities and Exchange Commission's requirements, we will furnish copies of the remaining exhibits listed below upon payment of a fee of 10 cents per page. Please remit the proper amount with your request to:

Secretary
Reynolds Metals Company
P.O. Box 27003
Richmond, Virginia 23261-7003

Exhibits have the following number of pages:

EXHIBIT 2	149	EXHIBIT 10.15	4
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EXHIBIT 4.1	100	EXHIBIT 10.18	16
EXHIBIT 4.2	23	EXHIBIT 10.19	5
EXHIBIT 4.3	1	EXHIBIT 10.20	10
EXHIBIT 4.4	165	EXHIBIT 10.21	10
EXHIBIT 4.5	6	EXHIBIT 10.22	6
EXHIBIT 4.6	41	EXHIBIT 10.23	2
EXHIBIT 4.7	9	EXHIBIT 10.24	2
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PART I

ITEM 1. BUSINESS

Reynolds Metals Company (the "Registrant") was incorporated in 1928 under the laws of the State of Delaware. In this report, "Reynolds" and "the Company" mean the Registrant and its consolidated subsidiaries unless otherwise indicated.

GENERAL

NATURE OF OPERATIONS

Reynolds is the world's third-largest aluminum producer and the world's leading aluminum foil producer. Reynolds serves customers in growing world markets including the alumina and primary aluminum, packaging and consumer, commercial construction, distribution, and automotive markets, with a wide variety of aluminum, plastic and other products. At December 31, 1999, Reynolds employed approximately 18,900 people. Reynolds has operations or interests in operations at more than 100 locations in 24 countries. Reynolds' world headquarters is in Richmond, Virginia.

Reynolds' operations are organized into four market-based, global business units: Base Materials; Packaging and Consumer; Construction and Distribution; and Transportation. For a description of these units, see the discussion below under the heading "Global Business Units." For information about certain operations that are not considered part of a global business unit, see the discussion below under the heading "Other Operations."

MERGER

On August 18, 1999, Reynolds, Alcoa Inc. (Alcoa) and RLM Acquisition Corp., a wholly owned subsidiary of Alcoa, entered into an agreement and plan of merger. Under the merger agreement, each outstanding share of Reynolds common stock would be converted into 1.06 shares of Alcoa common stock and

Reynolds would become wholly owned by Alcoa. On January 10, 2000, Alcoa announced that its Board of Directors had declared a two-for-one split of Alcoa's common stock to Alcoa shareholders of record on May 26, 2000. The stock split is subject to approval of Alcoa shareholders who must approve an amendment to Alcoa's articles to increase the authorized shares of common stock at Alcoa's annual meeting on May 12, 2000. If approved, the stock split would be distributed on June 9, 2000. Shares of Alcoa stock that are issued in the merger will be adjusted, as necessary, to reflect the stock split.

The proposed merger, which was approved by Reynolds' stockholders at a special meeting held on February 11, 2000, is subject to customary closing conditions, including antitrust clearances.

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 prohibits Alcoa and Reynolds from completing the merger until certain information has been furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission, and until certain waiting period requirements have been satisfied. Alcoa filed a Hart-Scott-Rodino Premerger Notification and Report Form on August 24, 1999 and Reynolds filed such a Form on August 30, 1999. On September 29, 1999, the Antitrust Division issued a request for additional information and documentary material (a "second request"). On February 11, 2000, both Reynolds and Alcoa announced that they believed that they were in substantial compliance with the second request. They also advised the Department of Justice that they would not close the merger before March 31, 2000, in order to provide the Department sufficient time to review the transaction.

In Europe, certain regulations require that Alcoa file a premerger notification form with the Commission of the European Communities prior to consummation of the proposed merger. Alcoa filed such notification on November 18, 1999. This filing began an initial one-month review period in which the European Commission was required to determine whether there are sufficiently "serious doubts" about the proposed merger's compatibility with the common market to require a more complete review. The initial one-month period expired on December 20, 1999,

whereupon the European Commission issued a determination that the proposed merger did require a more complete review. The European Commission must complete its investigation and make a final determination with respect to the proposed merger no later than May 10, 2000.

Reynolds and Alcoa have also made filings under the competition laws of Canada, Australia and certain other countries where the companies have significant operations. Alcoa and Reynolds have been advised that the Canadian Competition Bureau has classified this merger as "very complex." Its review is expected to be completed no later than May 24, 2000. The Australian review process is also expected to be completed by the end of May 2000.

The merger agreement contains certain restrictions on the conduct of Reynolds' business before completion of the merger. For example, Reynolds has agreed to operate its business only in the ordinary course, to refrain from taking certain corporate actions without the consent of Alcoa, and not to solicit alternative acquisition proposals.

Reference is made to the copy of the merger agreement incorporated by reference herein as Exhibit 2.

RESTRUCTURING

In early 1999, Reynolds finalized the sale of its Alloys can stock complex, which included a rolling mill, two reclamation plants and a coil coating facility, located in Alabama to Wise Alloys LLC, an affiliate of Wise Metals Co., Inc. Also in early 1999, Reynolds sold its aluminum extrusion plant in Irurzun, Spain, as well as its distribution operations for architectural systems located in Spain, to an affiliate of Alcoa. Reynolds sold its investment in a Canadian rolling mill and related assets to Hocan Inc., an affiliate of CORUS Group PLC, in early January 2000. Finalization of these transactions marks the substantial completion of Reynolds' portfolio review process.

FINANCIAL INFORMATION REGARDING GLOBAL BUSINESS UNITS AND OPERATIONS BY GEOGRAPHIC LOCATION

Financial information for operations and assets attributable to Reynolds' global business units and information regarding its operations by geographic location are included in Note 12 to the consolidated financial statements in Item 8 of this report.

GLOBAL BUSINESS UNITS

BASE MATERIALS

Reynolds' base materials global business unit produces metallurgical alumina, alumina chemicals and primary aluminum. It also produces carbon products, principally for use in primary aluminum reduction plants.

Aluminum is one of the most plentiful metals in the earth's crust. It is found chemically combined with other elements. Aluminum silicates are in almost every handful of clay, but aluminum is produced primarily from bauxite, an ore containing aluminum in the form of aluminum oxide, commonly referred to as alumina.

Aluminum is made by extracting alumina from bauxite and then removing oxygen from the alumina through an electrolytic process known as "reduction." The result is molten primary aluminum, which is cast into various forms for shipment to fabricating plants. It takes about four tons of bauxite to make two tons of alumina, which in turn yield about a ton of primary aluminum.

Reynolds refines bauxite into alumina at its Sherwin alumina plant near Corpus Christi, Texas. Reynolds also is entitled to a share of the production from two joint ventures in which it has interests, one located in Western Australia, known as the Worsley Joint Venture ("Worsley"), and the other located in Stade, Germany, known as Aluminium Oxid Stade ("Stade"). See Table 1 under this Item. In addition, Reynolds has a contract with a third party to purchase 120,000 metric tons of alumina in 2000.

Worsley currently has the capacity to produce 1.88 million metric tons of alumina per year. Reynolds is entitled to 56% of the alumina produced by the joint venture. The Worsley refinery is currently being expanded to increase its annual capacity to 3.1 million metric tons. In addition to increasing capacity, the expansion project will further reduce operating costs and improve product quality. Construction is scheduled to be completed in the second quarter of 2000. Worsley has proven bauxite reserves sufficient to operate the plant at capacity for at least the next 35 years, even after taking into account the ongoing expansion of the refinery's annual capacity.

Bauxite requirements for Reynolds' Sherwin alumina plant and Reynolds' share of the Stade joint venture are obtained from the following sources:

AUSTRALIA

Reynolds has a long-term purchase arrangement under which it may buy from a third party an aggregate of approximately 18,800,000 dry metric tons of Australian bauxite through 2021.

BRAZIL

Reynolds owns a 5% interest in Mineracao Rio Do Norte S.A. ("MRN"), which owns the Trombetas bauxite mining project in Brazil. Reynolds has agreed to purchase approximately 7,000,000 dry metric tons of Brazilian bauxite from the project for the period 2000 through 2019.

Reynolds also maintains an interest in other, undeveloped bauxite deposits in Brazil.

GUINEA

Reynolds owns a 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. Reynolds has a bauxite purchase contract with CBG that will provide Reynolds with a minimum of approximately 6,050,000 dry metric tons of Guinean bauxite for the period 2000 through 2011.

GUYANA

Reynolds is a 50% partner with the Guyanese government in a bauxite mining project in the Berbice region of Guyana. Reynolds will buy approximately 2,000,000 dry metric tons of bauxite from the project in 2000.

JAMAICA

Reynolds has a purchase arrangement under which it will buy from a third party an aggregate of up to 3,600,000 dry metric tons of Jamaican bauxite for the period 2000 through 2001.

OTHER

Reynolds has an arrangement with the U.S. government under which it will buy at a negotiated price during 2000 approximately 600,000 long dry tons of Jamaican bauxite stored next to the Sherwin alumina plant.

Reynolds' 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.

Reynolds produces primary aluminum at three plants in the United States and one at Baie Comeau, Quebec, Canada. Reynolds is also entitled to a share of the primary aluminum produced at three joint ventures in which it participates: one in Quebec known as the Becancour joint venture ("Becancour"); one in Hamburg, Germany, known as Hamburg Aluminium-Werk GmbH ("Hamburg"); and the third in Ghana, known as Volta Aluminium Company Limited

("Ghana"). See Table 2 under this Item.

Reynolds' primary aluminum products include unalloyed aluminum ingot; billet, which is used by extrusion plants; sheet ingot, which is supplied to rolling facilities; foundry ingot, which is the base material for cast products such as automotive wheels; and electrical redraw rod, which is used by the electrical cable industry. During 1999, 80% of Reynolds' primary aluminum products were sold externally to third parties; the remainder was purchased by other Reynolds business units.

Production at Reynolds' primary aluminum plants can vary due to a number of factors, including changes in worldwide supply and demand. Reynolds currently has the annual capacity to produce 1,094,000 metric tons of primary aluminum, of which 47,000 metric tons are temporarily idled. During 1998, Reynolds restarted 162,000 metric tons of previously idled production capacity. Reynolds will monitor market conditions and its internal needs before proceeding with further restarts.

In addition to the primary aluminum plants listed in Table 2, Reynolds has a 10% equity interest in the Aluminum Smelter Company of Nigeria ("ALSCON"). The smelter closed indefinitely in 1999 due to lack of working capital. The closing has no material effect on Reynolds' operations or financial position. Reynolds also has an 8% equity interest in C.V.G. Aluminio del Caroni, S.A. ("ALCASA"), which produces primary aluminum in Venezuela.

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

Reynolds' base materials business also operates a commercial hazardous waste treatment facility in Gum Springs, Arkansas for the treatment of spent potliner resulting from Reynolds' and other producers' North American aluminum reduction operations. Regulations issued by the U.S. Environmental Protection Agency (the "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. Reynolds has 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 applications were submitted as a result of the EPA's 1997 decision to classify treated spent potliner as a hazardous waste.

ENERGY

Reynolds consumes substantial amounts of energy in the aluminum production process. Refining alumina from bauxite requires high temperatures. The facilities where Reynolds refines alumina achieve these temperatures by burning natural gas or coal to produce direct heat or steam. Natural gas and coal for these facilities are purchased under long- and short-term contracts.

See Table 1 under this Item.

The electrolytic process for reducing alumina to primary aluminum requires large amounts of electricity. Reynolds generally expects to meet the energy requirements for its primary aluminum production for the foreseeable future under long-term contracts. Under these contracts, however, Reynolds may experience shortages of interruptible power from time to time at its Massena, New York plant and at the plant in Ghana in which Reynolds holds a joint-venture interest. The portion of power supplied to the Massena plant that is interruptible (approximately 15%) can be offset with power purchased from other sources at market rates. Production at Ghana is dependent on hydroelectric power. The Ghana plant is currently operating at reduced capacity due to drought conditions that have existed since 1994. See Table 2 under this Item.

Bonneville Power Administration ("BPA") supplies electricity to Reynolds' smelters at Longview, Washington and Troutdale, Oregon. The current contract with BPA expires on September 30, 2001. BPA has proposed reducing the amount of power supplied to the smelters by one-third and pricing the power on a formula under which charges would vary with world aluminum prices. Assuming "average" world aluminum prices (with the basis for determining what is "average" yet to be settled), the rate charged to Reynolds for the period 2001-2006 would

increase by 13% over what Reynolds currently pays. Reynolds would also have to find other sources for the balance of its power needs. The BPA proposal is subject to full consideration in a rate case, in which Reynolds can present arguments to improve the offered rate, and other parties can challenge both the quantity of power being provided to the Reynolds smelters and the rates at which it is to be provided. Reynolds expects to participate actively in the resolution of this issue and to continue assessing alternate power sources for the two smelters.

TABLE 1

ALUMINA PLANTS AND ENERGY SUPPLY

Plant	Rated Capacity(a) at December 31, 1999 Metric Tons	Energy Purchased(b)	Principal Energy Contract Expiration Date
Corpus Christi, Texas	1,600,000	Natural Gas	(c),(d)
Worsley, Australia	1,053,000(e)	Coal and Natural Gas	2002(d)
Stade, Germany	375,000(e)	Natural Gas	2008

TABLE 2

PRIMARY ALUMINUM PRODUCTION PLANTS AND ENERGY SUPPLY

Plant	Rated Capacity(a) at December 31, 1999 Metric Tons	Energy Purchased(b)	Principal Energy Contract Expiration Date
Baie Comeau, Quebec	400,000	Electricity	2011 and 2014

Longview, Washington	204,000(f)	Electricity	2001
Massena, New York	123,000(f)	Electricity	2013(g)
Troutdale, Oregon	121,000(f)	Electricity	2001
Becancour, Quebec	186,000(h)	Electricity	2014
Hamburg, Germany	40,000(h)	Electricity	2005
Ghana	20,000(h)	Electricity	2017

TABLE 3

ALUMINA AND PRIMARY ALUMINUM CAPACITY AND PRODUCTION
(Metric Tons)

	Alumina(e),(i)		Primary Aluminum(h),(j)	
Year	Rated Capacity(a)	Production	Rated Capacity(a)	Production(f)
1997	2,944,000	2,724,000	1,094,000	893,200
1998	2,944,000	2,868,000	1,094,000	982,900
1999	3,028,000	2,929,000	1,094,000	1,052,700

NOTES TO TABLES 1, 2, and 3.

(a) Ratings are estimates at the end of the period based on designed capacity and normal operating efficiencies and do not necessarily represent maximum possible production.

(b) See "Energy" above.

(c) The Sherwin plant currently purchases 50% of the natural gas required to operate the plant on a month-to-month basis. Beginning in June 2000, it is anticipated that all gas will be supplied under contracts of one year or longer.

(d) Reynolds has a long-term agreement to purchase all of Sherwin's steam and a portion of its electricity from a third-party cogeneration facility beginning in June 2000. Worsley has a similar contract to purchase a portion of its steam and electricity which began in early 2000.

(e) Reynolds is entitled to 56% of the production of Worsley and 50% of the production of Stade. Capacity and production figures reflect Reynolds' share.

(f) Reynolds curtailed 121,000 metric tons of production capacity at its Troutdale primary aluminum plant in the second half of 1991 and restarted 74,000 metric tons of that capacity in 1998. Reynolds also curtailed an aggregate of 88,000 metric tons of primary aluminum production capacity at its Massena (41,000 metric tons) and Longview (47,000 metric tons) plants effective in 1993. All of the idled capacity at Massena and Longview was restarted during 1998.

(g) The power contract terminates in 2013, subject to earlier termination by the supplier in 2003 if its federal license for its hydroelectric project is not renewed.

(h) Reynolds is entitled to 50% of the production of Becancour, 33-1/3% of the production of Hamburg, and 10% of the production of Ghana. Capacity and production figures reflect Reynolds' share. Production at Ghana has been curtailed since September 1994 by drought. At December 31, 1998, Ghana was operating at 20% of capacity. Ghana began restarting a portion of its curtailed capacity in 1999. The plant is currently operating at approximately 80% of capacity.

(i) Production is from the alumina production operations listed in Table 1.

(j) Production is from the primary aluminum production operations listed in Table 2.

PACKAGING AND CONSUMER

Reynolds' packaging and consumer global business unit provides a variety of foil, plastic and other products and related services to the packaging and consumer products markets. Reynolds is the world's leading aluminum foil producer and a major converter of plastic resins.

Reynolds markets a diverse range of flexible packaging products including inner and outer wraps, pouches, specialty cartons, child-resistant blister backing, and plastic containers. Reynolds' customers include global marketers of food, confection, healthcare and tobacco products. Reynolds 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. Reynolds also produces industrial plastic film (including Reynolon shrink film) and labels for shrink wrapping and tamper-evident packaging.

Reynolds manufactures its packaging products at wholly owned facilities in the U.S., Brazil, Canada and Spain. See Table 4 under the heading "Packaging and Consumer." Reynolds also has an interest in foil operations in Colombia and Venezuela. The capacity of these manufacturing facilities depends on the variety and types of products manufactured.

Reynolds' packaging and consumer global business unit also manufactures and markets an extensive line of foil, plastic and paper consumer products under the Reynolds brand name. Products include the well-known Reynolds Wrap Aluminum Foil, Reynolds Plastic Wrap, Reynolds Oven Bags, Reynolds Freezer Paper, Reynolds Cut-Rite Wax Paper, Reynolds Baker's Choice Bake Cups, Reynolds Hot Bags Foil Bags and Reynolds Wrappers Foil Sandwich Sheets. Reynolds' consumer products are distributed throughout the U.S., which is Reynolds' largest market for these products, and in more than 65 other countries.

In April 1999, Reynolds launched a foodservice packaging and consumer products subsidiary, Reyco Ltda., in Sao Paulo, Brazil. Reyco produces foodservice packaging and consumer products under the Reynolds brand name.

Through its Presto Products Company subsidiary, Reynolds is a supplier of private label consumer products. Presto produces a variety of plastic food wraps and bags (including trash bags and reclosable snack, sandwich, storage and freezer bags) that are sold under private labels.

Reynolds' subsidiary, Southern Graphic Systems, Inc., produces rotogravure printing cylinders, color separations and flexographic plates used in Reynolds' packaging printing operations and for the consumer and industrial packaging industry. Southern Graphic's major customers, in addition to

Reynolds, 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).

In February 1999, Southern Graphic acquired London Graphics Inc., a Toronto, Ontario producer of flexographic separations and plates for the packaging industry in Canada. It has been integrated with Southern Graphic's Canadian operations. Southern Graphic also acquired the assets and/or businesses of four U.S. producers of flexographic separations and plates for the packaging industry in 1999. In addition, Southern Graphic, through its Mexican subsidiary, Southern Graphic Systems Mexico S. de R.L. de C. V., began providing onsite services to its customers at its new Mexico City, Mexico offices in late 1999.

CONSTRUCTION AND DISTRIBUTION

Reynolds' construction and distribution global business unit distributes aluminum, stainless steel and other specialty metal products under the names Reynolds Aluminum Supply Company ("RASCO") and RASCO Specialty Metals Inc. (in Canada). This business unit also produces and sells architectural products and systems.

RASCO provides supply chain management services to North American metal fabricating customers requiring high-quality aluminum, stainless steel and other specialty metal products. During 1999, RASCO's sales (not including RASCO Specialty Metals Inc.) were 58% in aluminum products and 39% in stainless steel 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, 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.

In 1999, RASCO acquired two metal distribution centers in the U.S. and five in Canada, and opened three new metal distribution centers in the U.S. and one in Mexico.

Through its construction operations Reynolds produces Reynobond aluminum composite material that is sold worldwide for architectural and specialty applications. In 1999, Reynolds increased its capability to serve European and global demand for composite material with the substantial completion of an expansion of its plant in Merxheim, France.

Reynolds' construction and distribution business unit 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.

TRANSPORTATION

Reynolds' transportation global business unit 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.

See Table 4 below under the heading "Transportation." Reynolds' principal products are wheels, heat exchanger tubing and automotive structures. Reynolds markets these products primarily in North America to the "Big Three" automobile manufacturers, with customers also in Europe and Venezuela.

Reynolds 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.

Heat exchanger tubing products include extruded and drawn round tube, micro multivoid tube and oval tube made of aluminum and long-life alloys. These products are used in applications such as automotive air conditioning systems and radiators.

Automotive structures include bumpers, car and truck door frames, convertible roof brackets, sunroof frames, antilock brake system housings, steering shafts and steering column brackets, among other items, for use in automobiles and truck and trailer systems. In mid-1999, Reynolds completed an equipment expansion at its Indiana extrusion facility to begin production of the industry's first high volume aluminum engine cradle.

OTHER OPERATIONS

Reynolds has certain operations that are not within a global business unit. These include, principally, its headquarters operations, as well as the following:

BOHAI ALUMINIUM INDUSTRIES, LTD. - Reynolds owns a 32.48% interest in this aluminum foil and extrusion operation located in China.

CAN MACHINERY - Reynolds operates a can machinery plant that manufactures can production machinery used by aluminum can manufacturers around the world.

EUROPEAN EXTRUSION OPERATIONS - Reynolds' plants in Nachrodt, Germany and Harderwijk, Netherlands produce extruded aluminum products that are used internally by Reynolds' construction and distribution and transportation global business units. In addition, the plants manufacture products that are sold directly to third parties. The portion of these extrusion operations related to products sold directly to third parties is not included within Reynolds' global business units.

LATAS DE ALUMINIO. S.A. ("Latasa") - Reynolds owns a 36.6% interest in this South American aluminum can operation.

REAL ESTATE - Reynolds has real estate holdings consisting principally of undeveloped land and commercial buildings.

UNITED ARAB CAN MANUFACTURING COMPANY, LTD. - Reynolds owns a 27.5% interest in this aluminum can operation located in Saudi Arabia.

COMPETITION

Competition in Reynolds' industries is based on price, quality and service.

In the sale of its products, Reynolds competes primarily with (i) producers of alumina and primary aluminum and processors of reclaimed aluminum, (ii) producers of plastic products, (iii) producers of aluminum and non-aluminum packaging materials, (iv) metals service center companies engaged in the distribution of aluminum and other products and (v) fabricators of aluminum and non-aluminum automotive products. Reynolds competes with many companies around the world in the manufacture of primary aluminum products. In Europe, Reynolds' principal competitors are seven major multinational producers of extruded aluminum products and a number of smaller European producers of aluminum semifabricated products. Reynolds' consumer products operations compete primarily with a number of U.S. companies. North America is Reynolds' largest market for its flexible packaging products. Reynolds has a large number of competitors in this area, ranging from small, local businesses to large, national companies. Aluminum and related products compete with various products, including those made of iron, steel, copper, zinc, tin, titanium, lead, glass, wood, plastic, magnesium and paper. Plastic products compete with products made of glass, aluminum, steel, paper, wood and ceramics, among others.

ENVIRONMENTAL COMPLIANCE

Reynolds has spent and will spend substantial capital and operating amounts relating to ongoing compliance with environmental laws. The area of environmental management, including environmental controls, continues to be in a state of scientific, technological and regulatory evolution. Consequently, it is not possible for Reynolds to predict accurately the total expenditures necessary to meet all future environmental requirements. Reynolds expects, however, to add or modify environmental control facilities at a number of its worldwide locations to meet existing and certain anticipated regulatory requirements, including regulations to be implemented under the Clean Air Act Amendments of 1990 (the "Clean Air Act").

Based on information currently available, Reynolds estimates that compliance with the Clean Air Act's hazardous air pollutant standards would require in excess of $200 million of capital expenditures (including a portion of the expenditures at the Massena plant referred to below), primarily at its U.S. primary aluminum production plants. The ultimate effect of the Clean Air Act on such plants and on Reynolds' other operations (and the actual amount of any such capital expenditures) will depend on how the Clean Air Act is interpreted and implemented pursuant to regulations that are currently being developed and on such additional factors as the evolution of environmental control technologies and the economic viability of such operations at the time. Based on an August 1995 memorandum of understanding with the State of New York to resolve environmental issues at its Massena, New York primary aluminum production plant, Reynolds has undertaken a capital spending program (planned for completion in 2002) of an estimated $175 million to modernize the Massena plant and significantly reduce air emissions from the plant. Pursuant to the memorandum of understanding, Reynolds is accelerating certain expenditures believed necessary to achieve compliance with the Clean Air Act's Maximum Achievable Control Technology standards.

Reynolds' capital expenditures for equipment designed for environmental control purposes were approximately $43 million in 1997, $80 million in 1998 and $48 million in 1999. The portion of such amounts expended in the United States was $41 million in 1997, $74 million in 1998 and $41 million in 1999. Reynolds estimates that annual capital expenditures for environmental control facilities will be approximately $24 million in 2000, $30 million in 2001 and $21 million in 2002. The majority of these estimated expenditures are associated with the capital spending program

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referred to above at the Massena plant. Future capital expenditures for environmental control facilities cannot be predicted with accuracy for the reasons cited above; however, it is reasonable to expect that environmental control standards will become increasingly stringent and that the expenditures necessary to comply with them could increase substantially.

Reynolds has been identified as a potentially responsible party ("PRP") and is involved in remedial investigations and remedial actions under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") and similar state laws regarding the past disposal of wastes at approximately 40 sites in the United States. Such statutes may impose joint and several liability for the costs of such remedial investigations and actions on the entities that arranged for disposal of the wastes, the waste transporters that selected the disposal sites, and the owners and operators of such sites. Responsible parties (or any one of them) may be required to bear all of such costs regardless of fault, legality of the original disposal, or ownership of the disposal site.

In addition, Reynolds is investigating possible environmental contamination, which may also require remedial action, at certain of its present and former U. S. manufacturing facilities. The following discussion provides information about the current status of two individually significant sites.

MASSENA, NEW YORK SITE. In 1988, Reynolds discovered that soils in the area of the heat transfer medium system at Reynolds' primary aluminum production plant in Massena, New York were contaminated with polychlorinated biphenyls ("PCBs") and other contaminants. Remediation of the contaminated soils and other contaminated areas of the plant was substantially completed in 1998. Portions of the St. Lawrence River system adjacent to the plant are also contaminated with PCBs. Since 1989, Reynolds has been conducting investigations and studies of the river system under order from the EPA issued under Superfund. Reynolds is in the process of working with the EPA to better define the scope of the dredging program which is planned for 2001. Reynolds is also aware of a natural resource damage claim arising out of the discharge of PCBs and other contaminants into the river system that may be asserted by potential claimants, including federal, state and tribal natural resource trustees.

TROUTDALE, OREGON SITE. In 1994, the EPA added Reynolds' Troutdale, Oregon primary aluminum production plant to the National Priorities List of Superfund sites. Reynolds 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.

At most of the Superfund sites referred to above where Reynolds has been identified as a PRP, Reynolds is one of many PRPs, and its share of the anticipated cleanup costs is expected to be small. With respect to certain other sites (not included in the 40 sites discussed above) where Reynolds has been identified as a PRP, Reynolds has either fully or substantially settled or resolved actions related to such sites at minimal cost or believes that it has no responsibility with regard to them. Reynolds has been notified that it may be a PRP at certain sites in addition to those already referred to in this paragraph.

Reynolds' policy is to accrue remediation costs when it is probable that remedial efforts will be required and the related costs can be reasonably estimated. On a quarterly basis, Reynolds evaluates the status of all sites, develops or revises estimates of costs to satisfy known remediation requirements and adjusts its accruals accordingly. At December 31, 1999, the accrual for known remediation requirements was $162 million. This amount reflects management's best estimate of Reynolds' ultimate liability for such costs. Potential insurance recoveries are uncertain and therefore have not been considered. As a result of factors such as the developing nature of administrative standards promulgated under Superfund and other environmental laws; the unavailability of information regarding the condition of potential sites; the lack of standards and information for use in the apportionment of remedial responsibilities; the numerous choices and costs associated with diverse technologies that may be used in remedial actions at such sites; the availability of insurance coverage; the ability to recover indemnification or contribution from third parties; and the time periods over which eventual remediation may occur, estimated costs for future environmental compliance and remediation are necessarily imprecise. It is not possible to predict the amount or timing of future costs of environmental remediation that may subsequently be determined. Based on information currently available, it is management's opinion that such future costs are not likely to have a material adverse effect on Reynolds' competitive or financial position. However, such costs could be material to future quarterly or annual results of operations.

See the discussion under "Environmental" in Item 7, and under Note 13 to the consolidated financial statements in Item 8 of this report regarding Reynolds' anticipated costs of environmental compliance.

RESEARCH AND DEVELOPMENT

Reynolds engages in a continuous program of basic and applied research and development to support its global business units. This program deals with new and improved materials, products, processes and related environmental compliance technologies. It includes development and expansion of products and markets that benefit from aluminum's light weight, strength, resistance to corrosion, ease of fabrication, high heat and electrical conductivity, recyclability and other properties. Materials and core competencies involving aluminum, ceramics, composites and various polymers and their processing, fabrication and applications are also included in the scope of Reynolds' research and development activities.

Expenditures for Reynolds-sponsored research and development activities were approximately $25 million in 1999, $31 million in 1998, and $41 million in 1997.

Reynolds owns numerous patents relating to its products and processes based predominantly on its in-house research and development activities. The patents owned by Reynolds, or under which it is licensed, generally concern particular products or manufacturing techniques. Reynolds' business is not, however, materially dependent on patents.

EMPLOYEES

At December 31, 1999, Reynolds had approximately 18,900 employees.

In 1996, Reynolds entered into new six-year labor contracts with the United Steelworkers of America and the Aluminum, Brick and Glass Workers International Union. The contracts involve approximately 3,700 active employees. At the end of the fifth year, the economic provisions of the contracts will be reopened. If agreement cannot be reached, the economic provisions applicable to the sixth year will be submitted to arbitration.

ITEM 2. PROPERTIES

Reynolds' products are produced at numerous domestic and foreign plants wholly or partly owned by Reynolds. The annual capacity of many of these plants depends upon the variety and type of products manufactured. For information on the location and general nature of certain of Reynolds' principal domestic and foreign properties, see Item 1 of this report. Table 4 lists as of February 25, 2000 Reynolds' wholly owned domestic and foreign operations and shows the domestic and foreign locations of operations in which Reynolds has interests. Facilities that are under construction or for other reasons have not begun production are not listed. The properties listed are held in fee except as otherwise indicated. Properties held other than in fee are not, individually or in the aggregate, material to Reynolds' operations and the arrangements under which such properties are held are not expected to limit their use. Reynolds believes that its facilities are suitable and adequate for its operations. With the exception of the Troutdale, Ghana and Nigerian primary aluminum production plants and the Arkansas spent potliner treatment facility, as explained in Item 1, there is no significant surplus or idle capacity at Reynolds' major manufacturing facilities.

TABLE 4
WHOLLY OWNED OPERATIONS

BASE MATERIALS

ALUMINA:
Corpus Christi, Texas
Malakoff, Texas+

CALCINED COKE:
Baton Rouge, Louisiana
Lake Charles, Louisiana

CARBON ANODES:
Lake Charles, Louisiana

ELECTRICAL REDRAW ROD:
Becancour, Quebec

PRIMARY ALUMINUM:
Massena, New York
Troutdale, Oregon
Longview, Washington
Baie Comeau, Quebec

SPENT POTLINER TREATMENT:
Gum Springs, Arkansas

PACKAGING AND CONSUMER

FOIL FEED STOCK:
Hot Springs, Arkansas

PACKAGING AND CONSUMER PRODUCTS:
Beacon Falls, Connecticut
Louisville, Kentucky (2)
Mt. Vernon, Kentucky
Sparks, Nevada*
Boyertown, Pennsylvania
Downingtown, Pennsylvania
Lewiston, Utah
Rutland, Vermont
Bellwood, Virginia
Grottoes, Virginia
Richmond, Virginia
South Boston, Virginia

PACKAGING GRAPHICS AND IMAGE CARRIERS:
Bridgeport, Connecticut*
Atlanta, Georgia*
LaGrange, Georgia*
Elgin, Illinois*
Clarksville, Indiana*
Dayton, Kentucky*
Louisville, Kentucky (2)
Newport, Kentucky*
West Monroe, Louisiana
Battle Creek, Michigan*
St. Louis, Missouri *
Armonk, New York*
Fulton, New York
Wilmington, North Carolina*
Exton, Pennsylvania*

Appleton, Wisconsin (2)	Dallas, Texas
Little Chute, Wisconsin	Richmond, Virginia (2)**
Weyauwega, Wisconsin	Mexico City, Mexico*
Sao Paulo, Brazil*	Brockville, Ontario*
Rexdale, Ontario*	Mississauga, Ontario (2)*
Barcelona, Spain	Toronto, Ontario*

CONSTRUCTION AND DISTRIBUTION

CONSTRUCTION:
Eastman, Georgia
Ashland, Virginia
Merxheim, France
Lelystadt, Netherlands
Distribution Centers (Europe) (9)**
(China) (1)*
(U.S.) (1)*

DISTRIBUTION:
Service Centers (U.S.) (27)**
(Canada) (5)**
(Mexico) (1)*
Processing Centers (U.S.) (4)**

TRANSPORTATION

HEAT EXCHANGERS:
Louisville, Kentucky
Wexford, Ireland

STRUCTURES:
Auburn, Indiana
Maracay, Venezuela
Nachrodt, Germany***
Harderwijk, Netherlands***

WHEELS:
Lebanon, Virginia
Beloit, Wisconsin
Ferrara, Italy

OTHER

CAN MACHINERY AND SYSTEMS:
Richmond, Virginia

RESEARCH AND DEVELOPMENT:
Muscle Shoals, Alabama
Bauxite, Arkansas
Corpus Christi, Texas
Richmond, Virginia (2)

OTHER OPERATIONS
IN WHICH REYNOLDS HAS INTERESTS

Argentina:
Aluminum cans

Australia:
Bauxite, alumina

Brazil:
Aluminum cans and ends, bauxite

Canada:

Ghana:
Primary aluminum

Guinea:
Bauxite, alumina

Guyana:
Bauxite

Italy:

Primary aluminum, electric power generation, aluminum wheels

Chile:
Aluminum cans

China:
Foil, extrusions

Colombia:
Mill products, extrusions, foil

Egypt:
Extrusions

Germany:
Alumina, primary aluminum

Reclamation

Nigeria:
Primary aluminum

Saudi Arabia:
Aluminum cans

Venezuela:
Primary aluminum, mill products, foil, aluminum wheels

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* Leased.

** Richmond, Virginia Packaging Graphics and Image Carriers - 1 leased.
European Distribution Centers - 5 leased.
U.S. Service Centers - 17 leased.
Canadian Service Centers - 3 leased.
U.S. Processing Centers - 2 leased.

*** These plants also produce extruded products for Reynolds' construction and distribution business unit. The plant in Harderwijk, Netherlands also manufactures heat exchangers and other extruded products.

\+ This plant manufactures chemical grade alumina and does not manufacture alumina for use in the aluminum production process.

The titles to Reynolds' various properties were not examined specifically for this report.

ITEM 3. LEGAL PROCEEDINGS

On August 11, 1999, eight class action complaints on behalf of stockholders of Reynolds were filed in the Delaware Court of Chancery against Reynolds and certain present and former members of its board of directors. These actions are styled Tozour Energy Systems Retirement Plan v. Sheehan, et al.; Lisa v. Reynolds Metals Company, et al.; Yassin v. Reynolds Metals Company, et al.; Weinfeld v. Sheehan, et al.; Bader & Yakaitis Profit Sharing Plan and Trust v. Sheehan, et al.; Rand v. Sheehan, et al.; Grill v. Sheehan, et al.; and Randolph Capital Management, Inc. v. Sheehan, et al. The complaints were filed after Alcoa announced its proposal to acquire Reynolds. The plaintiff in each action alleged, among other things, that the directors of Reynolds failed to negotiate with Alcoa before Alcoa's announcement; that they were breaching their fiduciary duties by failing to explore offers for the purchase of Reynolds or to engage in meaningful discussions with interested parties such as Alcoa; that they were attempting to entrench themselves in their positions at Reynolds through misuse of Reynolds' shareholder rights plan; and that they were attempting to deprive the plaintiffs of the true value of their investment in Reynolds. The plaintiff in each action sought injunctive relief requiring the directors of Reynolds to give due consideration to any proposed business combination, to resolve any conflicts in favor of Reynolds' public stockholders, and to refrain from consummating any business combination without conducting an auction or other process to obtain the highest possible price for Reynolds.

The complaints also sought unspecified damages and awards of fees and costs. On February 11, 2000, Reynolds' stockholders approved the merger agreement between Reynolds and Alcoa. Counsel for the plaintiffs in the Lisa, Yassin, Weinfeld, Bader & Yakaitis Profit Sharing Plan and Trust, Rand and Grill actions recently informed the Delaware Court of Chancery that the plaintiffs in those actions intend to file promptly with the Court a notice dismissing such actions without prejudice.

Various other suits, claims and actions are pending against Reynolds. In the opinion of Reynolds' management, after consultation with legal counsel, disposition of these proceedings, either individually or in the aggregate, will not have a material adverse effect on Reynolds' competitive or financial position. No assurance can be given, however, that the disposition of one or more of such suits, claims or actions in a particular reporting period will not be material in relation to the reported results for such period.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Registrant's security holders during the fourth quarter of 1999.

A special meeting of Reynolds stockholders was held on February 11, 2000. The stockholders approved and adopted the Agreement and Plan of Merger, dated as of August 18, 1999, among Alcoa Inc., RLM Acquisition Corp. and Reynolds Metals Company, and approved the transactions contemplated thereby. At December 29, 1999, the record date for the special meeting, 63,463,257 shares of common stock were outstanding and entitled to vote. The number of votes cast for and against, and the number of abstentions, as applicable, were as set forth below. No other matter was voted upon at the meeting.

Number of Votes Cast "For"	41,335,471
Number of Votes Cast "Against"	457,861
Number of Abstentions	5,609,245

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Registrant are as follows:

Name	Age*	Positions Held During Past Five Years
Jeremiah J. Sheehan	61	Chairman of the Board and Chief Executive Officer since October 1996. President and Chief Operating Officer 1994-1996. Director since 1994.
Randolph N. Reynolds**	58	Vice Chairman and Executive Officer since October 1996. Vice Chairman 1994-1996. Director since 1984.
William E. Leahey, Jr.	50	Executive Vice President and Chief Financial Officer since July 1998. Senior Vice President, Global Can, April 1997-1998. Vice President, Can Division 1993-1997.
Thomas P. Christino	60	Senior Vice President, Global Packaging and Consumer Products, since April 1997. Vice

		President, Flexible Packaging Division 1993-1997.
Donald T. Cowles	53	Senior Vice President, Global Construction and Distribution, since April 1997. Vice President and Reynolds Aluminum Supply Company Division General Manager August 1995-1997. Executive Vice President, Human Resources and External Affairs 1993-1995.
Eugene M. Desvernine	58	Senior Vice President, Diversified Investments, since July 1999. Senior Vice President, Global Transportation, April 1997 - 1999. Vice President 1994-1997.
Allen M. Earehart	57	Senior Vice President and Controller since July 1998. Vice President, Controller 1994-1998.
D. Michael Jones	46	Senior Vice President and General Counsel since October 1996. Vice President, General Counsel and Secretary 1993-1996.
John M. Lowrie	59	Senior Vice President and Executive Director - Enterprise Systems since January 1999. Vice President, Consumer Products 1988-1999.
Paul Ratki	60	Senior Vice President, Global Metals and Carbon Products, since April 1997. Vice President, Metals Division 1994-1997.
C. Stephen Thomas	60	Senior Vice President, Global Technology and Operational Services, since May 1997. Vice President, Mill Products Division 1992-1997.
Donna C. Dabney	52	Secretary and Assistant General Counsel since October 1996. Associate General Counsel 1993-1996.
Douglas M. Jerrold	49	Vice President, Tax Affairs, since April 1990.
Ruth J. Mack	45	Vice President, Consumer Products, since April 1999. Executive Vice President, Sales and Marketing, Wampler Foods 1997-1999. Executive Vice President, Marketing and Sales, Just Born 1994-1997.
Lou Anne J. Nabhan	45	Vice President, Corporate Communications, since January 1998. Director, Corporate Communications 1993-1998.

F. Robert Newman	56	Vice President, Human Resources, since October 1995. Corporate Director, Human Resources 1993-1995.

Edmund H. Polonitza	57	Vice President, Development and Strategic Planning, since January 1998. Corporate Director, Development and Strategic Planning 1987-1998.
William G. Reynolds, Jr.**	60	Vice President, Government Relations and Public Affairs, since October 1980.
John F. Rudin	54	Vice President, Chief Information Officer, since August 1995. Vice President since April 1995. Reynolds Aluminum Supply Company Division General Manager 1989-1995.
Julian H. Taylor	56	Vice President, Treasurer, since April 1988.

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* As of February 25, 2000.
** Randolph N. Reynolds and William G. Reynolds, Jr. are brothers.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Registrant's Common Stock is listed on the New York Stock Exchange. At February 25, 2000, there were 7,161 holders of record of the Registrant's Common Stock.

The high and low sales prices for shares of the Registrant's Common Stock as reported on the New York Stock Exchange Composite Transactions Tape and the dividends declared per share during the periods indicated are set forth below:

	High	Low	Dividends
1999			
First Quarter	$57-5/8	$38-3/4	$.35
Second Quarter	68	48-3/16	.35
Third Quarter	71	55	.35
Fourth Quarter	77-3/4	57-1/2	.35
1998			
First Quarter	$66	$54-3/8	$.35
Second Quarter	68-1/8	52-1/4	.35
Third Quarter	56-15/16	46-7/8	.35
Fourth Quarter	60-15/16	49-5/16	.35

On February 18, 2000, the Board of Directors declared a dividend of $.35 per share of Common Stock, payable April 3, 2000 to stockholders of record on March 3, 2000.

RECENT SALES OF UNREGISTERED SECURITIES

Under the Registrant's Stock Plan for Outside Directors (the "Stock Plan"), each outside Director serving on the Registrant's Board of Directors on or after January 1, 1997 receives an annual grant of 225 shares of phantom stock of the Registrant, plus dividend equivalents based on the dividends that would have been paid on the phantom stock if the outside Director had actually owned shares of the Registrant's Common Stock. The annual grant is made in quarterly installments at the end of each calendar quarter. This rate is increased for each outside Director to 425 shares of phantom stock per year once the restrictions have expired on all 1,000 shares of restricted stock awarded to such outside Director under the Registrant's Restricted Stock Plan for Outside Directors. Payments under the Stock Plan will be made upon the outside Director's retirement, resignation or death in shares of Common Stock of the Registrant, with fractional shares paid in cash.

Information regarding grants of phantom shares under the Stock Plan during the period January 1 - September 30, 1999 is included in the Registrant's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1999, June 30, 1999 and September 30, 1999. On October 1, 1999, 112 phantom shares, in the aggregate, were granted to the Registrant's nine outside Directors, based on an average price of $59.437 per share. These phantom shares represent dividend equivalents paid on phantom shares previously granted under the Stock Plan. On December 31, 1999, 756 phantom shares, in the aggregate, were granted to the nine outside Directors, based on an average price of $76.531 per share. These phantom shares represent a quarterly installment of each outside Director's annual grant under the Stock Plan. During 1999, 3,233 phantom shares were granted under the Stock Plan.

To the extent that these grants constitute sales of equity securities, the Registrant issued these phantom shares in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended, taking into account the nature of the Stock Plan, the number of outside Directors participating in the Stock Plan, the sophistication of the outside Directors and their access to the kind of information that a registration statement would provide.

ITEM 6. SELECTED FINANCIAL DATA

Consolidated Income Statement (millions, except per share amounts)

	1999	1998	1997	1996	1995
Revenues	$4,796	$5,859	$6,900	$7,016	$7,252

Cost of products sold	3,928	4,774	5,658	5,856	5,739
Selling, general and administrative expenses	361	378	406	445	449
Depreciation and amortization	242	252	368	365	344
Interest	75	114	153	160	172
Merger-related expenses	19	-	-	-	-
Operational restructuring effects - net (1)	-	144	75	37	-
	4,625	5,662	6,660	6,863	6,704
Income before income taxes, extraordinary loss and cumulative effects of accounting changes	171	197	240	153	548
Taxes on income	47	45	104	49	159
Income before extraordinary loss and cumulative effects of accounting changes	124	152	136	104	389
Extraordinary loss	-	(63)	-	-	-
Cumulative effects of accounting changes (1)	-	(23)	-	(15)	-
Net income	$ 124	$ 66	$ 136	$ 89	$ 389
Earnings per share					
Basic:					
Income before extraordinary loss and cumulative effects of accounting changes	$1.95	$2.18	$1.86	$1.06	$5.60
Extraordinary loss	-	(0.91)	-	-	-
Cumulative effects of accounting changes	-	(0.33)	-	(0.24)	-
Net income	$1.95	$0.94	$1.86	$0.82	$5.60
Diluted:					
Income before extraordinary loss and cumulative effects of accounting changes	$1.94	$2.18	$1.84	$1.06	$5.25
Extraordinary loss	-	(0.91)	-	-	-
Cumulative effects of accounting changes	-	(0.33)	-	(0.24)	-
Net income	$1.94	$0.94	$1.84	$0.82	$5.25
Cash dividends declared per common share	$1.40	$1.40	$1.40	$1.40	$1.20
Other items:					
Total assets	$5,950	$6,134	$7,226	$7,516	$7,740

Long-term debt	$1,067	$1,035	$1,501	$1,793	$1,853

(1) See Item 8. Financial Statements and Supplementary Data - Note 1 for a discussion of the 1998 change in accounting principle and Note 3 for a discussion of operational restructuring.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the consolidated financial statements, related notes and other sections of this report. In the tables, dollars are in millions, except per share and per pound amounts, and shipments are in thousands of metric tons. A metric ton is equivalent to 2,205 pounds.

Management's Discussion and Analysis contains forecasts, projections, estimates, statements of management's plans, objectives and strategies for the Company and other forward-looking statements. Please refer to the "Risk Factors" section beginning on page 32 where we have summarized factors that could cause actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized.

PROPOSED MERGER

On August 18, 1999, Reynolds, Alcoa Inc. (Alcoa) and RLM Acquisition Corp., a wholly owned subsidiary of Alcoa, entered into an agreement and plan of merger. Under the merger agreement, each outstanding share of Reynolds common stock would be converted into 1.06 shares of Alcoa common stock and Reynolds would become wholly owned by Alcoa. On January 10, 2000, Alcoa announced that its Board of Directors had declared a two-for-one split of Alcoa's common stock to Alcoa shareholders of record on May 26, 2000. The stock split is subject to approval of Alcoa shareholders who must approve an amendment to Alcoa's articles to increase the authorized shares of common stock at Alcoa's annual meeting on May 12, 2000. If approved, the stock split would be distributed on June 9, 2000. Shares of Alcoa stock that are issued in the merger will be adjusted, as necessary, to reflect the stock split.

The proposed merger, which was approved by Reynolds' stockholders at a special meeting held on February 11, 2000, is subject to customary closing conditions, including antitrust clearances.

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 prohibits Alcoa and Reynolds from completing the merger until certain information has been furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission, and until certain waiting period requirements have been satisfied. Alcoa filed a Hart-Scott-Rodino Premerger Notification and Report Form on August 24, 1999 and Reynolds filed such a Form on August 30, 1999. On September 29, 1999, the Antitrust Division issued a request for additional information and documentary material (a "second request"). On February 11, 2000, both Reynolds and Alcoa announced that they believed that they were in substantial compliance with the second request. They also advised the Department of Justice that they would not close the merger before March 31, 2000, in order to provide the Department sufficient time to review the transaction.

In Europe, certain regulations require that Alcoa file a premerger notification form with the Commission of the European Communities prior to consummation of the proposed merger. Alcoa filed such notification on November 18, 1999. This filing began an initial one-month review period in which the European Commission was required to determine whether there are sufficiently "serious doubts" about the proposed merger's compatibility with the common market to require a more complete review. The initial one-month period expired on December 20, 1999, whereupon the European Commission issued a determination that the proposed merger did require a more complete review. The European Commission must complete its investigation and make a final determination with respect to the proposed merger no later than May 10, 2000.

Reynolds and Alcoa have also made filings under the competition laws of Canada, Australia and certain other countries where the companies have significant operations. Alcoa and Reynolds have been advised that the Canadian Competition Bureau has classified this merger as "very complex." Its review is expected to be completed no later than May 24, 2000. The Australian review process is also expected to be completed by the end of May 2000.

PROPOSED MERGER - continued

The merger agreement contains certain restrictions on the conduct of Reynolds' business before completion of the merger. For example, Reynolds has agreed to operate its business only in the ordinary course, to refrain from taking certain corporate actions without the consent of Alcoa, and not to solicit alternative acquisition proposals.

In 1999, the Company recognized $19 million of merger-related expenses. Merger-related expenses are principally for investment banking and legal services and an increase in the expense accrual for a long-term compensation plan, which varies based principally on appreciation of the Company's stock price as compared to the S&P Basic Materials Index. The Company expects total merger-related expenses to be at least $35 million.

RESULTS OF OPERATIONS

	1999	1998	1997
RESULTS			
Income before extraordinary loss and cumulative effect of accounting change	$124	$152	$136
Extraordinary loss (see Note 4)	-	(63)	-
Cumulative effect of accounting change (see Note 1)	-	(23)	-
Net income	$124	$ 66	$136

EARNINGS PER SHARE - BASIC
Income before extraordinary
loss and cumulative effect

of accounting change	$1.95	$2.18	$1.86
Extraordinary loss	-	(0.91)	-
Cumulative effect of accounting change	-	(0.33)	-
Net income	$1.95	$0.94	$1.86
AVERAGE REALIZED PRICE PER POUND			
Primary aluminum	$0.69	$0.72	$0.82

Income before extraordinary loss and cumulative effect of accounting change includes after tax charges for:

Merger-related expenses (see Note 2)	$16	$ -	$ -
Operational restructuring (see Note 3)	-	90	78

Our results increased (decreased) compared to the prior year due principally to the following (all amounts are pre-tax):

	1999	1998
Lower prices	$(121)	$(134)
Loss of income on sold operations	(124)	-
Non-cash charges resulting from foreign currency translation	(35)	-
Lower conversion costs	40	21
Lower interest expense	39	39
Higher sales volume and lower material costs and expenses	67	100

RESULTS OF OPERATIONS - continued

GLOBAL BUSINESS UNITS

The Company is organized into four market-based, global business units. The four global business units and their principal products are as follows:

. Base Materials - alumina, carbon products, primary aluminum ingot and billet, and electrical rod
. Packaging and Consumer - aluminum and plastic packaging; foodservice and consumer products; printing products
. Construction and Distribution - architectural construction products and the distribution of a wide variety of aluminum and stainless steel products
. Transportation - aluminum wheels, heat exchangers and automotive structures

BASE MATERIALS

	1999	1998	1997
Aluminum shipments:			
Customer	867	668	513
Internal	211	354	684
Total	1,078	1,022	1,197
Revenues:			
Customer - aluminum	$1,325	$1,055	$ 923

- nonaluminum	368	402	405
Internal - aluminum	306	572	1,187
Total	$1,999	$2,029	$2,515
Operating income	$ 250	$ 290	$ 312

The Base Materials global business unit consists principally of the following:

Aluminum

- Primary aluminum - Three plants in the U.S., one in Canada and partial interests in plants in Canada (50% owned), Germany (33-1/3% owned) and Ghana (10% owned). Our rated annual production capacity including our share of partial interests is 1,094,000 metric tons, of which 47,000 metric tons is temporarily idled (see below).
- Electrical rod - One plant in Canada.

Nonaluminum

- Alumina - One plant in the U.S. and partial interests in plants in Australia (56% owned) and Germany (50% owned). Our rated annual production capacity including our share of partial interests is 3,028,000 metric tons. Depending on operating rates of primary aluminum and alumina facilities, approximately 70% of alumina production is consumed within the Base Materials global business unit.
- Carbon products - Two U.S. plants that produce calcined petroleum coke (one of which also produces carbon anodes) principally for use in primary aluminum facilities. Depending on operating rates of primary aluminum and carbon products facilities, approximately 45% of carbon products production is consumed within the Base Materials global business unit.

The increase in customer aluminum shipments in 1999 and 1998 reflects strong demand for our value-added products (foundry, high purity and sheet ingot, billet and rod), which made up 75% of our primary aluminum shipments in 1999. Our available supply to meet customer needs has increased because we no longer need to supply downstream fabricating operations that have been sold. Our available supply also increased because of restarting idled capacity in 1998 (as discussed below).

In addition to reflecting the changes in shipping volume, aluminum revenues were significantly affected by lower primary aluminum prices in 1999 and 1998.

RESULTS OF OPERATIONS - continued

GLOBAL BUSINESS UNITS - continued
BASE MATERIALS - continued

Nonaluminum revenues were lower in 1999 because of lower prices and shipping volume for carbon products. Alumina shipments were higher in 1998 because of significant improvements in production efficiencies and capacity utilization at our U.S. alumina plant. Nonaluminum revenues were flat in 1998 as lower prices for alumina and carbon products offset the effect of higher alumina shipments.

The most significant factor affecting operating profit in 1999 and 1998 was lower prices for primary aluminum. Also contributing to the decline in 1998 were non-recurring restart costs at our primary aluminum plants, lower technical services income and lower alumina prices. We were able to offset most of the declines with improved capacity utilization, significant cost reductions, lower costs for certain raw materials, higher customer shipments and, in 1999, higher alumina prices.

Results in all three years were negatively impacted by temporarily curtailed capacity at our U.S. primary aluminum plants. During 1998, we restarted 162,000 metric tons of previously idled capacity. We plan to monitor our internal needs and market conditions before finalizing the schedule to restart the remaining 47,000 metric tons at our Troutdale, Ore., plant.

Bonneville Power Administration ("BPA") supplies electricity to our smelters at Longview, Washington and Troutdale, Oregon. The current contract with BPA expires on September 30, 2001. BPA has proposed reducing the amount of power supplied to the smelters by one-third and pricing the power on a formula under which charges would vary with world aluminum prices. Assuming "average" world aluminum prices (with the basis for determining what is "average" yet to be settled), the rate charged to Reynolds for the period 2001-2006 would increase by 13% over what we currently pay. We would also have to find other sources for the balance of our power needs. The BPA proposal is subject to full consideration in a rate case, in which we can present arguments to improve the offered rate, and other parties can challenge both the quantity of power being provided to the Reynolds smelters and the rates at which it is to be provided. We expect to participate actively in the resolution of this issue and to continue assessing alternate power sources for the two smelters.

The outlook for this business unit in the first quarter of 2000 is very good. Aluminum and alumina prices are rebounding and demand is strong.

PACKAGING AND CONSUMER

	1999	1998	1997
Customer aluminum shipments	152	141	142
Revenues:			
Customer - aluminum	$ 817	$ 787	$ 797
- nonaluminum	632	605	602
Total	$1,449	$1,392	$1,399
Operating income	$ 159	$ 156	$ 141

The Packaging and Consumer global business unit consists principally of 17 packaging and consumer products plants in the U.S., one each in Canada, Spain and Brazil, and 23 graphics facilities located in the U.S., Canada and Mexico that produce graphics, printing cylinders and plates.

Aluminum shipments and revenues increased in 1999 and 1998 because of strong demand for Reynolds Wrap aluminum foil and the introduction of new products. The volume effect on revenues in 1999 was partially offset by lower prices. In 1998, the gains from sales of Reynolds Wrap aluminum foil and new products were offset by lower sales of packaging products with the elimination of certain low-margin products.

RESULTS OF OPERATIONS - continued

GLOBAL BUSINESS UNITS - continued
Packaging and Consumer - continued
The increase in nonaluminum sales in 1999 resulted from higher sales of foodservice, graphics and plastic consumer products. The volume increase was partially offset by lower prices.

Operating income increased in 1999 because of the higher sales volume and lower costs for conversion and aluminum raw materials. These benefits were mostly offset by lower prices and higher costs for other raw materials. Operating income increased in 1998 due to higher sales of consumer products, lower raw material costs and cost reduction programs. Higher product development and marketing costs for new consumer products introduced in 1998 partially offset these benefits.

Looking forward, this business unit expects to enjoy sales growth from acquisitions completed in 1999, the benefits of expansions at plastic and printing plants, and new product introductions.

CONSTRUCTION AND DISTRIBUTION

	1999	1998	1997
Customer aluminum shipments	202	184	166
Revenues:			
Customer - aluminum	$ 679	$681	$614
- nonaluminum	346	314	328
Total	$1,025	$995	$942
Operating income	$ 42	$ 39	$ 41

The Construction and Distribution global business unit consists principally of 48 distribution centers in the U.S., Europe, Canada and Mexico and four manufacturing plants, two in the U.S. and two in Europe.

The increase in aluminum shipments in 1999 and 1998 resulted from strong demand for distribution products. All of our major distribution products (plate, sheet and extrusions) benefited from market share growth in our major domestic markets. Construction products shipments were lower in 1999 after growing in 1998. Shipments in 1999 were adversely affected by weak market conditions in Germany, the China/Pacific Rim area and Latin America. Shipments were higher in 1998 because of our global expansion efforts and strong demand for aluminum composite material.

The effect of the shipping volume increase on aluminum revenues in 1999 was totally offset by lower prices. The decline in prices reflected lower material costs. The increase in aluminum revenues in 1998 was the result of the shipping volume increase while prices remained relatively flat.

Shipments of stainless steel distribution products increased 17% in 1999 (including the effect of acquisitions) and 8% in 1998. The effect of these volume increases on nonaluminum revenues was offset by lower prices, especially in 1998. Prices for these products, under pressure due to lower material costs resulting from global supply/demand imbalances, began to improve in late 1999.

Operating income in 1999 and 1998 benefited from the higher shipping volumes. This was somewhat offset by lower capacity utilization in construction products plants resulting from weak business conditions in certain foreign markets. In 1998, we incurred higher marketing costs to expand construction products' global sales and distribution infrastructure to enhance customer service.

Customers in our major distribution markets continue to experience a strong business climate, and our outlook for the first quarter of 2000 is strong. For construction products, we expect to see improvement as economies around the world improve. With the expansion of our Merxheim, France plant to produce aluminum composite material, we have improved our ability to meet European and global demand for Reynobond aluminum composite material from this plant and our U.S. plant.

RESULTS OF OPERATIONS - continued

GLOBAL BUSINESS UNITS - continued

TRANSPORTATION

	1999	1998	1997
Customer aluminum shipments	73	63	66
Customer revenues	$398	$336	$353
Operating income (loss)	(28)	(19)	10

The Transportation global business unit consists principally of the following:

- Aluminum wheels - Two plants in the U.S., one in Italy, and partial interests in plants in Canada (75% owned) and Venezuela (41% owned).
- Automotive extrusions - Two plants in the U.S. and one each in The Netherlands, Germany, Ireland and Venezuela.

Shipments and revenues were higher in 1999 because of strong demand for cast and forged aluminum wheels. Our available supply increased due to improved capacity utilization and the completion of the expansion of our Virginia forged aluminum wheel plant in early 1999. The volume impact on revenues was partially offset by lower prices.

Shipments and revenues in 1998 were negatively impacted by volume declines in bumpers and cast aluminum wheels. The decline in bumper shipments resulted from the completion of a contract in 1997 at our Indiana automotive structures plant. Cast aluminum wheel shipments were lower because of decreased demand related to a substantial number of mid-year wheel program conversions and a strike at a customer earlier in the year. The lower shipments of cast aluminum wheels in 1998 were somewhat offset by higher shipments of forged aluminum wheels from our Virginia plant. Revenues in 1998 also declined due to lower prices for wheels because of competition for new business.

The increased losses in 1999 and 1998 were due to start-up costs relating to an engine cradle program at our Indiana automotive structures plant, higher conversion costs resulting from manufacturing difficulties in wheel operations and lower selling prices.

Despite significant effort, this business unit was not able to return to profitability because of two major challenges. The first was in the forged wheels business. We built a new plant in Lebanon, Virginia that uses a new technology. We have now constructed two lines at the plant.

In 1999, the capability of the plant fell short of the projections on which sales commitments had been made. In order to meet promised deliveries to customers - and in some instances to keep customer operations running - we incurred significantly higher costs. This situation has been improving, and our wheel business overall realized important year-over-year improvement in 1999. We expect the wheel business to become profitable in 2000.

The second major challenge is in our structures operations. Together with General Motors, we have pioneered a new aluminum automotive component - the engine cradle. We underestimated the technological and operational requirements of producing this new product, and we have incurred significantly higher spending and resource allocation to meet promised deliveries. This situation is also improving, and we expect better results in 2000.

Evaluating opportunities for strategic alliances in this business unit has been part of our plan for performance improvement. During 1999, we looked at a number of options and progressed to serious discussions. All of this activity, however, was suspended once our merger with Alcoa was announced.

RESULTS OF OPERATIONS - continued

GLOBAL BUSINESS UNITS - continued

RESTRUCTURING

No revenues or operating results are included in the Restructuring category in 1999. Prior to 1999, this category consisted of the following operations that have been sold:

- U.S. recycling operations
- aluminum extrusion facilities in Canada
- European rolling mill operations
- Illinois sheet and plate plant
- North American aluminum beverage can operations
- Alabama can stock complex
- U.S. residential construction products business
- aluminum reclamation plant in Virginia
- aluminum extrusion plants in Virginia and Texas
- coal properties in Kentucky
- one-half of the Company's wholly owned interest in a rolling mill and related assets in Canada
- aluminum powder and paste plant in Kentucky

Customer revenues generated by these operations were $1.4 billion in 1998 and $2.7 billion in 1997. The decline in shipments and net sales in 1998 and 1997 was due to the sale of these operations. In 1998, the absence of operating income from sold operations was offset by the effect ($65 million) of ceasing depreciation on assets held for sale.

For additional information concerning the Company's restructuring activities, see Notes 3 and 12 to the consolidated financial statements.

OTHER

This category consists principally of European extrusion operations and investments in Canada, China, Latin America and Saudi Arabia, and real estate.

The increase in shipments and revenues in 1999 resulted from improved demand at European extrusion operations.

Operating income was higher in 1999 because of improved operations in emerging markets and higher equity income in our Latin American can operations. The increased operating loss in 1998 was due to lower equity income in our Latin American can operations.

In early 2000, we sold our remaining investment in a Canadian rolling mill and related assets that was included in this category. This transaction will not have a material impact on our operating results or financial position.

GEOGRAPHIC AREA ANALYSIS

The Company has worldwide operations in the U.S., Canada and other foreign areas including Europe and Australia. Certain of these consist of equity interests in entities, the revenues of which are not included in our consolidated revenues. In Australia, we participate in an unincorporated joint venture that mines bauxite and produces alumina.

Revenues were negatively impacted in 1999 and 1998 due to lower primary aluminum prices and the Company's restructuring activities in 1998 and 1997. Revenues in Canada increased in 1999 as primary aluminum previously sold internally became available for customer shipments because we no longer need to supply downstream fabricating operations that have been sold.

INTEREST EXPENSE

Interest expense decreased in 1999 because of:

- lower amounts of debt outstanding
- lower average interest rates due to extinguishing higher cost debt
- higher amounts of capitalized interest

Interest expense decreased in 1998 because of lower amounts of debt outstanding.

RESULTS OF OPERATIONS - continued

TAXES ON INCOME

The Company pays U.S. federal, state and foreign taxes based on the laws of the various jurisdictions in which it operates. The effective tax rates (see reconciliation in Note 11 to the consolidated financial statements) reflected in the income statement differ from the U.S. federal statutory rate principally because of the following:

- foreign taxes at different rates
- the effects of percentage depletion allowances
- additionally in 1999 and 1998, credits and other tax benefits
- additionally in 1997, the adverse effect of permanent basis differences on asset dispositions

We have worldwide operations in many tax jurisdictions that generate deferred tax assets and/or liabilities. Deferred tax assets and liabilities have been netted by jurisdiction. This results in both a deferred tax asset and a deferred tax liability on the balance sheet.

At December 31, 1999, we had $822 million of deferred tax assets that relate primarily to U.S. tax positions. The most significant portions of these assets relate to tax carryforward benefits and accrued costs for employee health care, environmental and restructuring costs. We expect to realize a major portion of these assets in the future through the reversal of temporary differences, principally depreciation. To the extent that these assets are not covered by reversals of depreciation, we expect the remainder to be realized through U.S. income earned in future periods.

The Company has a strong history of sustainable earnings. However, even without considering projections of income, certain tax planning strategies (such as changing the method of valuing inventories from LIFO to FIFO and/or entering into sale-leaseback transactions) would generate sufficient taxable income to realize the portion of the deferred tax asset relating to U.S. operations. In addition, the majority of our U.S. tax carryforward benefits may be carried forward indefinitely.

Based on our evaluation of these matters, we expect to realize these deferred tax assets. We are not aware of any events or uncertainties that could significantly affect our conclusions regarding realization. We reassess the realization of deferred tax assets quarterly and, if necessary, adjust the valuation allowance accordingly.

ENVIRONMENTAL

The Company is involved in remedial investigations and actions at various locations, including Environmental Protection Agency-designated Superfund sites where we and, in most cases, others have been designated as potentially responsible parties (PRPs). We accrue remediation costs when it becomes probable that such efforts will be required and the costs can be reasonably estimated. We evaluate the status of all significant existing or potential environmental issues quarterly, develop or revise cost estimates to satisfy known remediation requirements, and adjust the accrual accordingly. At December 31, 1999, the accrual was $162 million. The accrual reflects our best estimate of the ultimate liability for known remediation costs.

Amounts accrued for two sites - our Massena, New York and Troutdale, Oregon primary aluminum plants - represent individually material portions of the accrual at December 31, 1999. For information about the current status of these two sites, see the discussion in Item 1 under "Environmental Compliance." At most of the other Superfund sites where the Company has been identified as a PRP, the Company is one of many PRPs, and our share of the anticipated cleanup costs is expected to be small.

In estimating anticipated costs, we consider the extent of our involvement at each site, joint and several liability provisions under applicable law, and the likelihood of obtaining contribution from other PRPs. Potential insurance recoveries are uncertain and therefore have not been considered. Based on information currently available, we expect to make remediation expenditures relating to costs currently accrued over the next 15 to 20 years with the majority spent by the year 2005. We expect cash provided by operating activities to provide the funds for environmental capital, operating and remediation expenditures.

ENVIRONMENTAL - continued

Annual capital expenditures for equipment designed for environmental control purposes averaged approximately $57 million over the past three years. Ongoing environmental operating costs for the same period averaged approximately $81 million per year. The Company expects operating expenditures for 2000 through 2002 to be approximately $80 million per year. We estimate annual capital expenditures for environmental control facilities will be approximately $24 million in 2000, $30 million in 2001 and $21 million in 2002. The majority of these expenditures are for the capital spending program referred to below at our primary aluminum plant in Massena, New York.

Our spending on environmental compliance will be influenced by future environmental regulations, including those issued and to be issued under the Clean Air Act Amendments of 1990. We are spending an estimated $175 million at our primary aluminum plant in Massena, New York for new air emissions controls and a phased modernization of the plant's production lines. We expect to complete this project in the year 2002. We are accelerating certain expenditures believed necessary to achieve compliance with the Clean Air Act's proposed Maximum Achievable Control Technology standards. Based on current information, we estimate that compliance with the Clean Air Act's hazardous air pollutant standards will require in excess of $200 million of capital expenditures (including a portion of the expenditures at the New York plant previously discussed), principally at our U.S. primary aluminum plants.

For additional information concerning environmental expenditures, see Note 13 to the consolidated financial statements.

YEAR 2000 READINESS DISCLOSURE

In 1999, we completed a formal program to address and resolve potential exposure associated with information and non-information technology systems arising from the Year 2000 issue. The Year 2000 issue results from computer programs and systems that rely on two digits rather than four to define the applicable year. Such systems may treat a date using "00" as the year 1900 rather than the year 2000. As a result, computer systems could fail to operate or make miscalculations, causing disruption of business operations.

Our goal was that none of our critical business operations or computer processes that are shared with suppliers and customers would be substantially impaired by the advent of the year 2000. We accomplished this goal and experienced no business interruptions as a result of Year 2000 problems. The minor Year 2000 problems encountered (e.g., incorrect invoice dates) were solved in a timely manner. We do not anticipate the need for additional contingency planning. However, we will continue monitoring for Year 2000 issues beyond those already addressed and anticipate that any additional problems will be resolved using resources normally available to the Company.

The total cost of our Year 2000 remediation project was approximately $22 million, which included labor, equipment and license costs.

EURO CONVERSION

On January 1, 1999, 11 of the 15 member countries of the European Union established fixed conversion rates between their former sovereign currencies and a common currency, the euro. The euro trades on currency exchanges and is available for non-cash transactions. Between January 1, 1999 and July 1, 2002, entities in the participating countries must convert all of their transactions denominated in the legacy currencies to the new euro currency. We expect to have our systems ready in time to process euro denominated transactions. We do not expect any material adverse effects from the euro conversion on our competitive or financial position or our ongoing results of operations.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL

	December 31 1999	December 31 1998
Working capital	$137	$361
Ratio of current assets to current liabilities	1.1/1	1.3/1

The decline in working capital was due in part to the sale of $128 million of accounts receivable under a non-recourse facility. We are able to operate with lower levels of working capital as a result of our restructuring activities.

OPERATING ACTIVITIES

	1999	1998	1997
Net cash provided by operating activities	$406	$339	$363

We used the net cash provided by operating activities for the past three years primarily to fund capital investments.

INVESTING ACTIVITIES

The following table shows capital investments in the following categories: operational (replacement equipment, environmental control projects, etc.) and strategic (performance improvement, acquisitions and investments).

	1999	1998	1997
Operational	$116	$155	$152
Strategic	410	186	120
Total capital investments	$526	$341	$272

Major strategic projects that have been completed or that are under way include:

BASE MATERIALS

In 1997, we began the expansion of the joint-venture Worsley Alumina Refinery in Australia in which we hold a 56% interest. The expansion will increase the annual capacity of the facility by 65% to 3.1 million metric tons. Completion is expected in 2000.

PACKAGING AND CONSUMER

. expanded a U.S. plastic film plant (completed in 1997)
. modernizing U.S. foil plants (to be completed in 2000)
. acquired in 1999 four producers of flexographic separations and plates for the packaging industry in the U.S. and one in Canada and a U.S. manufacturer of microwaveable containers for the foodservice industry

CONSTRUCTION AND DISTRIBUTION

. expanded a plant in Europe that will produce composite architectural products (substantially completed in 1999)
. acquired and opened new metals distribution centers in the U.S. and

Canada in 1999

TRANSPORTATION
- constructed (completed in 1997) and expanded (completed in 1999) a forged wheel plant in Virginia
- expanded and modified a plant in Indiana that produces bumpers, engine cradles and other automotive components (completed in 1999)

LIQUIDITY AND CAPITAL RESOURCES - continued

INVESTING ACTIVITIES - continued

OTHER INVESTING ACTIVITIES

In addition to these major projects, capacity expansions, equipment upgrades, improvement programs and other capital expenditures have been completed or are currently under way at a number of other facilities.

PROJECTED 2000

Capital investments planned for 2000 (approximately $265 million excluding acquisitions) are primarily for those strategic projects now under way and continuing operating requirements. We expect to fund these capital investments with cash provided by operating activities.

FINANCING ACTIVITIES

We believe our available financial resources, together with internally generated funds, are sufficient to meet our present and future business needs. We continue to exceed the financial ratio requirements contained in our financing arrangements and expect to do so in the future. At December 31, 1999, $13 million of our shelf registration remained available for the issuance of debt securities. We also have committed credit facilities of $835 million, of which $685 million was available at December 31, 1999. A summary of significant financing activities over the past three years follows:

1997
- reduced debt by approximately $400 million with the proceeds from sales of assets

1998
- reduced debt by approximately $900 million with part of the proceeds from sales of assets (including repayment of $100 million borrowed under credit facilities during 1998)
- repurchased common stock with part of the proceeds from sales of assets (see the Consolidated Statement of Changes in Stockholders' Equity)
- borrowed $415 million under credit facilities
- terminated a $100-million interest rate swap agreement

1999
- increased short-term borrowings by $313 million
- increased available revolving credit facilities by $185 million (see Note 8)
- issued $100 million of medium-term notes (see Note 8)
- increased the authorization to issue commercial paper from $350 million to $500 million
- repurchased common stock with part of the proceeds from sales of assets (see the Consolidated Statement of Changes in Stockholders' Equity)

We used the proceeds from the borrowings in 1999 to repay at maturity $100 million of 9 3/8% debentures, to reduce borrowings under our revolving credit facilities and to make other scheduled debt payments.

In early 2000, we increased the amount of debt securities we can issue under our shelf registration to $163 million.

RISK FACTORS

This section should be read in conjunction with Items 1 and 3 of this report and with the preceding portions of this Item.

This report contains (and oral communications made by or on behalf of Reynolds may contain) forecasts, projections, estimates, statements of management's plans, objectives and strategies for Reynolds and other forward-looking statements. Reynolds' expectations for the future and related forward-looking statements are based on a number of assumptions and forecasts, including:

- world economic growth and other economic indicators (including rates of inflation, industrial production, housing starts and light vehicle sales)
- trends in Reynolds' key markets
- global aluminum supply and demand conditions
- primary aluminum prices

By their nature, forward-looking statements involve risk and uncertainty, and various factors could cause Reynolds' actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized.

The Company remains optimistic about the demand for aluminum for 2000. The continuing economic expansion in North America along with strong recoveries in both Western Europe and Asia (excluding Japan) has resulted in accelerating consumption growth, especially in the fourth quarter of 1999. Early estimates suggest that aluminum consumption grew by more than 5% in 1999, exceeding our earlier forecasts. We expect that consumption of aluminum will continue to grow at a rate of 4% to 6% per year for 2000 and 2001.

Economic and/or market conditions other than those forecasted by the Company in the preceding paragraph could cause the Company's actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized.

The following factors also could affect Reynolds' results:

- Primary aluminum is an internationally traded commodity. The price of primary aluminum is subject to worldwide market forces of supply and demand and other influences. Prices can be volatile. Because primary aluminum makes up a significant portion of Reynolds' shipments, changes in aluminum pricing have a rapid effect on its operating results. Reynolds' use of contractual arrangements, including fixed-price sales contracts, fixed-price supply contracts, and forward, futures and option contracts, reduces its exposure to price volatility but does not eliminate it.

- The markets for most aluminum products are highly competitive.

Certain of Reynolds' competitors are larger than Reynolds in terms of total assets and operations and have greater financial resources. Certain foreign governments are involved in the operation and/or ownership of certain competitors and may be motivated by political as well as economic considerations. In addition, aluminum competes with other materials, such as steel, plastics and glass, among others, for various applications in Reynolds' key markets. Plastic products compete with similar products made by Reynolds' competitors, as well as with products made of glass, aluminum, steel, paper, wood and ceramics, among others. Unanticipated actions or developments by or affecting Reynolds' competitors and/or the willingness of customers to accept substitutions for the products sold by Reynolds could affect results.

Forward-looking statements can be identified generally as those containing words such as "should," "will," "will likely result," "hope," "forecast," "outlook," "project," "estimate," "expect," "anticipate," "scheduled," or "plan" and words of similar effect.

RISK FACTORS - continued

- As discussed in Part I, Item 1, Reynolds spends substantial capital and operating amounts relating to ongoing compliance with environmental laws. In addition, Reynolds is involved in remedial investigations and actions in connection with past disposal of wastes. The identification of additional material remediation sites in the future (that are presently unknown) at which Reynolds may be named as a potentially responsible party could have a material adverse effect on its results of operations in a future interim or annual reporting period. Moreover, estimating future environmental compliance and remediation costs is imprecise due to:

    - continuing evolution of environmental laws and regulatory requirements and uncertainties about their application to Reynolds' operations
    - availability and application of technology
    - allocation of costs among potentially responsible parties

- Reynolds has investments and activities in various emerging markets, including China, India and Brazil. While emerging markets offer strong growth potential, they also present a higher degree of risk than more developed markets. In addition to the business risks inherent in developing and servicing new markets, economic conditions may be more volatile, legal systems less developed and predictable, and the possibility of various types of adverse government action more pronounced.

- Unanticipated material legal proceedings or investigations, or the disposition of those currently pending against Reynolds other than as anticipated by management and counsel, could have a material adverse effect on its results of operations for a particular reporting period.

- Changes in the costs or availability of supply of power, resins, caustic soda, green coke and other raw materials can materially affect results. Substantial increases in power costs, particularly in the Pacific Northwest, may adversely affect Reynolds' primary aluminum production plants which require reliable, low-cost power.

- Changes in laws and regulations, both U.S. and foreign, or their interpretation and application, including changes in tax laws and their interpretation and application, could affect Reynolds' results.

- A number of Reynolds' operations are cyclical and can be influenced by economic conditions.

- A failure to complete major capital projects, such as expansion of the Worsley Alumina Refinery (by reason of construction delays or disputes, labor unrest or otherwise), as scheduled and within budget or a failure to successfully launch new growth or strategic business programs, such as the engine cradle program where we are experiencing higher than anticipated costs, could affect Reynolds' results.

- A strike at a customer facility or a significant downturn in the business of a key customer supplied by Reynolds could affect its results.

The proposed merger with Alcoa Inc. is subject to certain conditions, including antitrust clearance. As discussed under "Merger" in Part I, Item 1, on September 29, 1999, the Antitrust Division issued a request for additional information and documentary material (a "second request"). On February 11, 2000, both Reynolds and Alcoa announced that they believed that they were in substantial compliance with the second request. They also advised the Department of Justice that they would not close the merger before March 31, 2000, in order to provide the Department sufficient time to review the transaction. In addition, the European Commission has until no later than May 10, 2000 to complete its investigation and to make a final determination with respect to the merger. Reynolds and Alcoa have also made filings under the competition laws of Canada, Australia and certain other countries where the companies have significant operations. Reynolds and Alcoa have been advised that the Canadian Competition Bureau has classified this merger as "very complex." Its review is expected to be completed by May 24, 2000. The Australian review process is also expected to be completed by the end of May 2000. It is possible that regulatory authorities may impose conditions on the combined operations or require divestitures as a condition to approving the merger. While Reynolds is working promptly toward completion of the merger, no assurances can be given as to whether regulatory delays will be encountered or regulatory conditions to the merger imposed, or the possible effects of such delays or conditions.

RISK FACTORS - continued

In addition to the factors referred to above, Reynolds is exposed to general financial, political, economic and business risks in connection with its worldwide operations. Reynolds continues to evaluate and manage its operations in a manner to mitigate the effects from exposure to such risks. In general, Reynolds' expectations for the future are based on the assumption that conditions relating to costs, currency values, competition and the legal, regulatory, financial, political and business environments in the worldwide economies and markets in which Reynolds operates will not change significantly overall.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Forward, futures, option and swap contracts are designated to manage market risks resulting from fluctuations in the aluminum, natural gas, foreign currency and debt markets. Contracts used to manage risks in these markets are not material.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENT OF INCOME
(millions, except per share amounts)

Years ended December 31	1999	1998	1997
REVENUES	$4,796	$5,859	$6,900
COSTS AND EXPENSES			
Cost of products sold	3,928	4,774	5,658
Selling, general and administrative expenses	361	378	406
Depreciation and amortization	242	252	368
Interest	75	114	153
Merger-related expenses	19	-	-
Operational restructuring effects - net	-	144	75
	4,625	5,662	6,660
EARNINGS			
Income before income taxes, extraordinary loss and cumulative effect of accounting change	171	197	240
Taxes on income	47	45	104
Income before extraordinary loss and cumulative effect of accounting change	124	152	136
Extraordinary loss	-	(63)	-
Cumulative effect of accounting change	-	(23)	-
NET INCOME	$ 124	$ 66	$ 136
EARNINGS PER SHARE			
Basic:			
Average shares outstanding	63,739,000	69,709,000	73,412,000
Income before extraordinary loss and cumulative effect of accounting change	$1.95	$2.18	$1.86
Extraordinary loss	-	(0.91)	-
Cumulative effect of accounting change	-	(0.33)	-
Net income	$1.95	$0.94	$1.86

Diluted:

Average shares outstanding	64,043,000	69,937,000	74,004,000
Income before extraordinary loss and cumulative effect of accounting change	$1.94	$2.18	$1.84
Extraordinary loss	-	(0.91)	-
Cumulative effect of accounting change	-	(0.33)	-
Net income	$1.94	$0.94	$1.84
CASH DIVIDENDS PER COMMON SHARE	$1.40	$1.40	$1.40

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED BALANCE SHEET

December 31 (millions)	1999	1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55	$ 94
Receivables:		
Customers, less allowances of $10 (1998 - $14)	561	710
Other	93	184
Total receivables	654	894
Inventories	519	500
Prepaid expenses and other	61	114
Total current assets	1,289	1,602
Unincorporated joint ventures and associated companies	1,692	1,478
Property, plant and equipment - net	2,016	2,024
Deferred taxes	419	363
Other assets	534	667
Total assets	$5,950	$6,134
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade payables	$ 405	$ 401
Accrued compensation and related amounts	172	183
Payables to unincorporated joint ventures and associated companies	48	75
Commercial paper	75	82
Notes payable to banks	105	34
Long-term debt	153	196
Other liabilities	194	270
Total current liabilities	1,152	1,241
Long-term debt	1,067	1,035
Postretirement benefits	962	1,029
Environmental	138	161
Deferred taxes	287	272
Other liabilities	198	202
Stockholders' equity:		
Common stock	1,575	1,533
Retained earnings	1,257	1,222

Treasury stock, at cost	(626)	(526)
Accumulated other comprehensive income	(60)	(35)
Total stockholders' equity	2,146	2,194
Contingent liabilities and commitments (Note 13)		
Total liabilities and stockholders' equity	$5,950	$6,134

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended December 31 (millions)	1999	1998	1997
OPERATING ACTIVITIES			
Net income	$ 124	$ 66	$ 136
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	242	252	368
Merger-related expenses	17	-	-
Operational restructuring effects	-	144	75
Extraordinary loss	-	63	-
Cumulative effect of accounting change	-	23	-
Other	16	(3)	28
Changes in operating assets and liabilities net of effects from acquisitions and dispositions:			
Accounts payable, accrued and other liabilities	(18)	(106)	105
Receivables	107	(53)	(194)
Inventories	(5)	78	(108)
Environmental and restructuring liabilities	(43)	(52)	(48)
Other	(34)	(73)	1
Net cash provided by operating activities	406	339	363
INVESTING ACTIVITIES			
Capital investments:			
Operational	(116)	(155)	(152)
Strategic	(410)	(186)	(120)
Sales of assets - operational restructuring	204	1,147	367
Other	(23)	(38)	(3)
Net cash provided by (used in) investing activities	(345)	768	92
FINANCING ACTIVITIES			
Proceeds from long-term debt	250	415	-
Reduction of long-term debt and other financing liabilities	(515)	(929)	(245)
Increase (decrease) in short-term			

borrowings	313	47	(138)
Cash dividends paid	(90)	(100)	(99)
Repurchase of common stock	(100)	(526)	-
Stock options exercised	42	10	59
Net cash used in financing activities	(100)	(1,083)	(423)
CASH AND CASH EQUIVALENTS			
Net increase (decrease)	(39)	24	32
At beginning of year	94	70	38
At end of year	$ 55	$ 94	$ 70
Supplemental disclosure of cash flow information			
Cash paid during the year for:			
Interest	$ 101	$ 134	$ 164
Income taxes	40	117	21

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended December 31	1999	1998	1997
SHARES (thousands)			
Common stock			
Balance at January 1	74,105	73,909	72,719
Shares issued under employee benefit plans	721	196	1,190
Balance at December 31	74,826	74,105	73,909
Treasury stock			
Balance at January 1	(9,648)	-	-
Purchased and held as treasury stock	(1,696)	(9,648)	-
Balance at December 31	(11,344)	(9,648)	-
Net common shares outstanding	63,482	64,457	73,909
DOLLARS (millions)			
Common stock			
Balance at January 1	$1,533	$1,521	$1,451
Shares issued under employee benefit plans	42	12	70
Balance at December 31	$1,575	$1,533	$1,521
Retained earnings			
Balance at January 1	$1,222	$1,253	$1,220
Net income	124	66	136
Cash dividends declared:			

Common stock	(89)	(97)	(103)
Balance at December 31	$1,257	$1,222	$1,253
Treasury stock			
Balance at January 1	$ (526)	$ -	$ -
Purchased and held as treasury stock	(100)	(526)	-
Balance at December 31	$ (626)	$ (526)	$ -
Accumulated other comprehensive income (loss)			
Balance at January 1	$ (35)	$ (35)	$ (37)
Foreign currency translation adjustments	(27)	5	-
Income taxes	2	(5)	2
Other comprehensive income (loss)	(25)	-	2
Balance at December 31	$ (60)	$ (35)	$ (35)
Total stockholders' equity	$2,146	$2,194	$2,739
COMPREHENSIVE INCOME (millions)			
Net income	$ 124	$ 66	$ 136
Other comprehensive income (loss)	(25)	-	2
Comprehensive income	$ 99	$ 66	$ 138

The accompanying notes to consolidated financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In the tables, dollars are in millions, except per share amounts. Certain amounts have been reclassified to conform to the 1999 presentation.)

1. ACCOUNTING POLICIES

GENERAL

The consolidated financial statements are prepared in conformity with generally accepted accounting principles. As a result, management makes estimates and assumptions that affect the following:

- reported amounts of revenues and expenses during the reporting period
- reported amounts of assets and liabilities at the date of the financial statements
- disclosure of contingent liabilities at the date of the financial statements

Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries after eliminating inter-company transactions, profits and losses. The Company accounts for investments in unincorporated joint ventures on an investment cost basis adjusted for the Company's share of the non-cash production charges of the operation. Unincorporated joint ventures are production facilities without marketing or sales activities. Products produced are distributed in kind and cash production costs are allocated to the joint venturers based upon their respective percentage interests in the facilities. Our operating results include our share of cash production costs and non-cash production charges (principally depreciation) as well as revenues from the ultimate sale by us of our share of the products. Investments in associated companies (20% - 50% owned) are carried at cost adjusted for the Company's equity in undistributed net income.

REVENUE RECOGNITION
Revenues are recognized when products are shipped and ownership risk and title pass to the customer.

INVENTORIES
Inventories are stated at the lower of cost or market. Inventory costs were determined by the last-in, first-out (LIFO); first-in, first-out (FIFO); and average-cost methods. LIFO method inventories were $171 million at the end of 1999 (1998 - $178 million). FIFO and average-cost method inventories were $348 million at the end of 1999 (1998 - $322 million). Inventories would increase by $233 million at the end of 1999 (1998 - $221 million) if the FIFO method were applied to LIFO method inventories.

The favorable impact of the liquidation of certain LIFO layers that occurred as a result of the Company's divestitures ($184 million in 1998 and $58 million in 1997) is included in "Operational restructuring effects - net" in the Consolidated Statement of Income.

Since inventories are sold at various stages of processing, there is no practical distinction between finished products, in-process products and other materials. Inventories are therefore presented as a single classification.

DEPRECIATION AND AMORTIZATION
The straight-line method is used to depreciate plant and equipment over their estimated useful lives (buildings and leasehold improvements - 10 to 40 years, machinery and equipment - 5 to 20 years). Improvements to leased properties are generally amortized over the shorter of the terms of the respective leases or the estimated useful life of the improvement.

ENVIRONMENTAL EXPENDITURES
Remediation costs are accrued when it is probable that such efforts will be required and the related costs can be reasonably estimated.

1. ACCOUNTING POLICIES - continued
POSTEMPLOYMENT BENEFITS
The expected cost of postemployment benefits is accrued when it becomes probable that such benefits will be paid.

HEDGING
Forward, futures, option and swap contracts are designated to manage market risks resulting from fluctuations in the aluminum, natural gas, foreign currency and debt markets. These instruments, which are not held for trading purposes, are effective in minimizing such risks by creating equal and offsetting exposures. Unrealized gains and losses are deferred and

recorded as a component of the underlying hedged transaction when it occurs. Realized gains or losses from matured and terminated hedge contracts are recorded in other assets or liabilities until the underlying hedged transactions are consummated. Realized and unrealized gains or losses on hedge contracts relating to transactions that are subsequently not expected to occur are recognized in results currently. None of these instruments contains multiplier or leverage features. There is exposure to credit risk if the other parties to these instruments do not meet their obligations. Creditworthiness of the other parties is closely monitored, and they are expected to fulfill their obligations. Contracts used to manage risks in these markets are not material.

CUMULATIVE EFFECT OF ACCOUNTING CHANGE
In 1998, the Accounting Standards Executive Committee (AcSEC) of the American Institute of Certified Public Accountants issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-Up Activities." The SOP requires costs of start-up activities and organization costs to be expensed as incurred. The Company adopted the SOP in 1998 and recognized an after-tax charge for the cumulative effect of accounting change of $23 million.

STATEMENT OF CASH FLOWS
In preparing the Consolidated Statement of Cash Flows, all highly liquid, short-term investments purchased with an original maturity of three months or less are considered to be cash equivalents.

STOCK OPTIONS
Stock options are accounted for using the intrinsic value method. Compensation expense is not recognized because the exercise price of the stock options equals the market price of the underlying stock on the date of grant.

ACCOUNTING FOR THE COSTS OF DEVELOPING OR OBTAINING INTERNAL-USE SOFTWARE
In 1999, the Company adopted the AcSEC's Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The SOP requires qualifying computer software costs incurred in connection with obtaining or developing software for internal use to be capitalized. In prior years, the Company capitalized costs of purchased software and expensed internal costs of developing software. The effect of adopting this SOP was not material to 1999 results.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES
In 1998, the FASB issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes new accounting and reporting standards for derivative instruments and hedging activities. The Company must adopt this statement by January 1, 2001. The Company has not determined the impact this statement will have on its financial position or results of operations.

2. PROPOSED MERGER
On August 18, 1999, Reynolds, Alcoa Inc. (Alcoa) and RLM Acquisition Corp., a wholly owned subsidiary of Alcoa, entered into an agreement and plan of merger. Under the merger agreement, each outstanding share of Reynolds common stock would be converted into 1.06 shares of Alcoa common stock and Reynolds would become wholly owned by Alcoa. On January 10, 2000, Alcoa announced that its Board of Directors had declared a two-for-one split of Alcoa's common stock to Alcoa shareholders of record on May 26, 2000. The stock split is subject to approval of Alcoa shareholders who must approve an amendment to Alcoa's articles to increase the authorized shares of common stock at Alcoa's annual meeting on May 12, 2000. If approved, the stock split would be distributed on June 9, 2000. Shares of Alcoa stock that are issued in the merger will be adjusted, as necessary, to reflect the stock

split.

2. PROPOSED MERGER - continued

The proposed merger, which was approved by Reynolds' stockholders at a special meeting held on February 11, 2000, is subject to customary closing conditions, including antitrust clearances.

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 prohibits Alcoa and Reynolds from completing the merger until certain information has been furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission, and until certain waiting period requirements have been satisfied. Alcoa filed a Hart-Scott-Rodino Premerger Notification and Report Form on August 24, 1999 and Reynolds filed such a Form on August 30, 1999. On September 29, 1999, the Antitrust Division issued a request for additional information and documentary material (a "second request"). On February 11, 2000, both Reynolds and Alcoa announced that they believed that they were in substantial compliance with the second request. They also advised the Department of Justice that they would not close the merger before March 31, 2000, in order to provide the Department sufficient time to review the transaction.

In Europe, certain regulations require that Alcoa file a premerger notification form with the Commission of the European Communities prior to consummation of the proposed merger. Alcoa filed such notification on November 18, 1999. This filing began an initial one-month review period in which the European Commission was required to determine whether there are sufficiently "serious doubts" about the proposed merger's compatibility with the common market to require a more complete review. The initial one-month period expired on December 20, 1999, whereupon the European Commission issued a determination that the proposed merger did require a more complete review. The European Commission must complete its investigation and make a final determination with respect to the proposed merger no later than May 10, 2000.

Reynolds and Alcoa have also made filings under the competition laws of Canada, Australia and certain other countries where the companies have significant operations. Alcoa and Reynolds have been advised that the Canadian Competition Bureau has classified this merger as "very complex." Its review is expected to be completed by May 24, 2000. The Australian review process is also expected to be completed by the end of May 2000.

The merger agreement contains certain restrictions on the conduct of Reynolds' business before completion of the merger. For example, Reynolds has agreed to operate its business only in the ordinary course, to refrain from taking certain corporate actions without the consent of Alcoa, and not to solicit alternative acquisition proposals.

In 1999, the Company recognized $19 million of merger-related expenses. Merger-related expenses are principally for investment banking and legal services and an increase in the expense accrual for a long-term compensation plan, which varies based principally on appreciation of the Company's stock price as compared to the S&P Basic Materials Index. The Company expects total merger-related expenses to be at least $35 million.

3. OPERATIONAL RESTRUCTURING

In the first quarter of 1999, the final closing of the sale of the Company's Alabama can stock complex occurred. In 1998, the Company sold the following:

- U.S. recycling operations
- aluminum extrusion facilities in Canada
- European rolling mill operations
- Illinois sheet and plate plant
- North American aluminum beverage can operations
- Alabama can stock complex (with final closing in early 1999)

3. OPERATIONAL RESTRUCTURING - continued

In 1997, the Company sold the following:

- U.S. residential construction products business
- aluminum reclamation plant in Virginia
- aluminum extrusion plants in Virginia and Texas
- coal properties in Kentucky
- one-half of its wholly owned interest in a rolling mill and related assets in Canada
- aluminum powder and paste plant in Kentucky

Financial information for 1998 and 1997 relating to operations divested is reflected in the Restructuring category in Note 12. Customer revenues generated by these operations were $1.4 billion in 1998 and $2.7 billion in 1997. Depreciation expense in 1998 was reduced $65 million as a result of ceasing depreciation on assets held for sale relating to the divestitures.

The favorable impact of the liquidation of certain LIFO layers that occurred as a result of the Company's divestitures ($184 million in 1998 and $58 million in 1997) is included in "Operational restructuring effects - net" in the Consolidated Statement of Income.

The Company recognized the following operational restructuring charges:

	1998	1997
Employee terminations	$ 39	$49
Additional postretirement benefits	105	-
Asset dispositions: Losses	337	85
(Gains)	(349)	(64)
Other	12	5
	$ 144	$75

The charges for employee terminations recorded in 1998 and 1997 were principally for severance and related costs for approximately 2,000 salaried and hourly employees. The employees worked principally at domestic plants. Approximately 600 employees worked at corporate headquarters. Employees terminated in each period were 1,385 in 1998 and 498 in 1997.

An analysis of the accrual for restructuring liabilities follows:

	1999	1998	1997
Balance at January 1	$ 48	$ 44	$ 12
Accruals	-	44	54
Payments	(33)	(40)	(22)
Balance at December 31	$ 15	$ 48	$ 44

Liabilities at December 31, 1999 relating to the Company's restructuring activities are expected to be substantially satisfied in 2000 with cash provided by operating activities. Liabilities relating to contractual postretirement obligations are reflected in postretirement benefits on the balance sheet and will be settled over numerous future years in conjunction with the Company's funding of its pension and other postretirement benefit obligations.

The Company used proceeds from completed divestitures for debt repayments and repurchases of common stock (see Notes 4 and 9).

Early in the first quarter of 2000, the Company sold its investment in a Canadian rolling mill and related assets. This transaction will not have a material impact on our operating results or financial position.

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4. EXTRAORDINARY LOSS

The Company had an extraordinary loss from debt extinguishments in 1998 of $63 million (net of income tax benefit of $39 million). The debt extinguished at a loss consisted of $500 million of medium-term notes and $79 million of 9% debentures.

5. EARNINGS PER SHARE

The following reconciles income and average shares for the basic and diluted earnings per share computations for "Income before extraordinary loss and cumulative effect of accounting change."

	1999	1998	1997
Income (numerator):			
Income before extraordinary loss and cumulative effect of accounting change	$124	$152	$136
Average shares (denominator):			
Basic	63,739,000	69,709,000	73,412,000
Effect of dilutive securities	304,000	228,000	592,000
Diluted	64,043,000	69,937,000	74,004,000
Per share amounts for income before extraordinary loss and cumulative effect of accounting change:			
Basic earnings per share	$1.95	$2.18	$1.86
Diluted earnings per share	1.94	2.18	1.84
Antidilutive securities excluded:			
Stock options	1,899,000	2,452,000	505,000

6. UNINCORPORATED JOINT VENTURES AND ASSOCIATED COMPANIES

The Company has interests in unincorporated joint ventures which produce alumina and primary aluminum. It also has interests in foreign-based associated companies which produce bauxite, alumina, primary aluminum, hydroelectric power and fabricated aluminum products. At December 31, the Company's investment in these activities consisted of the following:

	1999	1998

Unincorporated joint ventures		
Current assets	$ 50	$ 52
Current liabilities	(56)	(89)
Property, plant and equipment and other assets	1,402	1,203
Net investment	1,396	1,166
Associated companies		
Investments	236	253
Advances	60	59
Net investment	296	312
Total	$1,692	$1,478

Property, plant and equipment and other assets for the unincorporated joint ventures in 1999 includes $359 million (1998 - $150 million) of construction in progress for the expansion of the Worsley Alumina Refinery joint venture.

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7. PROPERTY, PLANT AND EQUIPMENT (AT COST)

	December 31	
	1999	1998
Land, land improvements and mineral properties	$ 252	$ 244
Buildings and leasehold improvements	803	781
Machinery and equipment	3,148	3,087
Construction in progress	133	170
	4,336	4,282
Less allowances for depreciation and amortization	2,320	2,258
Net property, plant and equipment	$2,016	$2,024

8. FINANCING ARRANGEMENTS

	December 31	
	1999	1998
Public debt securities:		
Medium-term notes	$ 418	$ 329
9-3/8% debentures due 1999	-	100
9% debentures due 2003	21	21
6-5/8% amortizing notes	171	228
Industrial and environmental control revenue bonds	201	227
Commercial paper	250	-
Other arrangements:		
Long-term credit facilities	150	315
Mortgages and other notes payable	9	11
	1,220	1,231
Amounts due within one year	153	196
Long-term debt	$1,067	$1,035

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Long-term debt at December 31, 1999 matures as follows:

2000	$153
2001	569
2002	70
2003	58
2004	35
2005 - 2025	335

The medium-term notes and 9% debentures were issued under a shelf registration. The medium-term notes bear interest at an average fixed rate of 8.5% and have maturities ranging from 2000 to 2013. At December 31, 1999, $13 million of debt securities remained unissued under the shelf registration. In early 2000, the Company increased the amount of debt securities it can issue under the shelf registration to $163 million. A portion of this fixed-rate debt has been effectively converted to a variable rate through the use of a $100-million interest rate swap that matures in 2001. Under the swap, payments are received based on a fixed rate (6%) and made based on a variable rate (5.9% at December 31, 1999). The variable rate is based on the London Interbank Offer Rate (LIBOR). The differential to be paid or received as interest rates change is accrued and recognized as an adjustment of interest expense. The fair value of this agreement and its effect on interest expense was not material.

The 6-5/8% amortizing notes were issued at a discount (99.48%) and have an effective interest rate of 6.7%. The notes require annual principal repayments of $57 million between 2000 and 2002.

8. FINANCING ARRANGEMENTS - continued

Industrial and environmental control revenue bonds consist principally of variable-rate debt with interest rates averaging 4.8% at December 31, 1999. The variable rates are based on market interest rates. These bonds require principal repayments in lump sums periodically between 2000 and 2025. Letters of credit issued by banks support most of these bonds.

The Company has classified $250 million of commercial paper as long-term debt because the Company intends to refinance the dèbt on a long-term basis and the commercial paper is supported by a $500 million long-term credit facility. The Company also has a $150 million long-term credit facility. These long-term credit facilities have variable interest rates (6.4% at December 31, 1999) and mature in 2001. The variable rates are based on LIBOR. The Company pays an annual commitment fee of .1% on the unused portion of these facilities. In addition to the long-term credit facilities, the Company has a short-term credit facility of $185 million that was unutilized and available at December 31, 1999. This credit facility has a variable interest rate that is based on LIBOR. The Company pays an annual commitment fee of .125% on the unused portion.

Certain financing arrangements contain restrictions that primarily consist of requirements to maintain specified financial ratios. These restrictions do not inhibit operations or the use of fixed assets. At December 31, 1999, the Company exceeded all such requirements.

The fair value of long-term debt was approximately equal to book value at the end of 1999 and 1998. The fair value was determined by using discounted cash flow analysis.

Interest capitalized was $24 million during 1999 (1998 - $12 million, 1997 - $8 million).

Interest rates on short-term borrowings are based on market rates. The weighted-average interest rates were:

	December 31	
	1999	1998
Notes payable to banks	6.5%	4.2%
Commercial paper	6.5	5.9

9. STOCKHOLDERS' EQUITY
PREFERRED STOCK
The Company has 21,000,000 shares of preferred stock authorized. Two million shares have been designated Series A Junior Participating Preferred.

COMMON STOCK
The Company has 200,000,000 shares of common stock (without par value) authorized.

The Company has authorization to repurchase up to 18 million shares of common stock of which approximately 11.3 million shares have been repurchased through December 31, 1999. (See the Consolidated Statement of Changes in Stockholders' Equity for additional share repurchase information.) Under the merger agreement with Alcoa, the Company has agreed to refrain from purchasing additional shares without the consent of Alcoa. (See Note 2.)

9. STOCKHOLDERS' EQUITY - continued
STOCK OPTIONS
The Company has a non-qualified stock option plan under which key employees may be granted stock options at a price equal to the fair market value at the date of grant. The stock options outstanding at December 31, 1999 vest in one year and are exercisable between one year and ten years from the date of grant. Upon a change in control of the Company, all outstanding options would become immediately exercisable. The range of exercise prices for the stock options outstanding at December 31, 1999 was $45 to $64 and their weighted-average remaining contractual life was 6 years. A summary of stock option activity and related information follows (options are in thousands):

	1999	1998	1997
Outstanding at January 1	5,254	4,828	5,318
Granted	713	633	711
Exercised	(721)	(192)	(1,190)
Expired/canceled	(444)	(15)	(11)
Outstanding at December 31	4,802	5,254	4,828
Exercisable at December 31	4,092	4,621	4,121
Available for grant	2,007	304	923
Weighted-average prices:			
Outstanding at January 1	$56	$55	$52
Granted	61	62	64

Exercised	54	47	50
Expired/canceled	60	62	56
Outstanding at December 31	57	56	55
Exercisable at December 31	56	55	53

In addition to the above, 150,000 performance-based stock options expired in 1999.

Pro forma net income and earnings per share have been prepared based on expensing (after tax) the estimated fair value of stock options granted during 1999, 1998 and 1997. The estimated fair value of the stock options was determined by using the Black-Scholes option-pricing model. The estimated fair values and the weighted-average assumptions used to estimate those values follow:

	Stock Options		
	1999	1998	1997
Risk-free interest rate	5.6%	5.5%	6.4%
Dividend yield	2.1%	2.2%	2.2%
Volatility factor of the expected market price of the Company's common stock	.270	.256	.265
Expected life of the option	6 years	6 years	6 years
Estimated fair value of each stock option granted	$18.04	$17.53	$19.53

9. STOCKHOLDERS' EQUITY - continued

STOCK OPTIONS - continued

The Black-Scholes option-pricing model was not developed for use in valuing employee stock options. This model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, it requires the input of highly subjective assumptions including expectations of future dividends and stock price volatility. The assumptions are only used for making the required fair value estimate and should not be considered as indicators of future dividend policy or stock price appreciation. Because changes in the subjective input assumptions can materially affect the fair value estimate and because the employee stock options have characteristics significantly different from those of traded options, the use of the Black-Scholes option-pricing model may not provide a reliable single measure of the employee stock options' value.

The pro forma information follows:

		1999	1998	1997
Pro forma net income		$ 117	$ 59	$ 127
Pro forma earnings per share:	Basic	1.83	0.84	1.73
	Diluted	1.82	0.84	1.72

SHAREHOLDER RIGHTS PLAN

Under the shareholder rights plan each share of common stock has one right attached and the rights trade with the common stock. The rights are exercisable only if a person or group buys 15% or more of the Company's common stock, or announces a tender offer for 15% or more of the outstanding common stock. Each right will entitle a holder to buy one-hundredth of a share of the Company's Series A Junior Participating

Preferred Stock at an exercise price of $300.

If a person or group acquires 15% or more of the common stock of the Company, each right would permit its holder to buy common stock of the Company having a market value equal to two times the exercise price of the right. In addition, if at any time after the rights become exercisable, the Company is acquired in a merger, or if there is a sale or transfer of 50% or more of its assets or earning power, each right would permit its holder to buy common stock of the acquiring company having a market value equal to two times the exercise price of the right.

The rights, which do not have voting privileges, expire in 2007. The Board of Directors may redeem the rights before expiration, under certain circumstances, for $0.01 per right. Until the rights become exercisable, they have no effect on earnings per share.

These rights should not interfere with a business combination approved by the Board of Directors. However, they will cause substantial dilution to a person or group that attempts to acquire the Company without conditioning the offer on redemption of the rights or acquiring a substantial number of the rights.

In connection with the merger agreement with Alcoa (see Note 2), the Company amended the shareholder rights plan to render the plan inapplicable to this transaction.

10. PENSIONS AND OTHER POSTRETIREMENT BENEFITS

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	$2,349	$2,081	$ 964	$ 899
Service cost	31	36	6	7
Interest cost	162	151	62	62
Amendments	1	9	1	-
Actuarial losses (gains)	(87)	166	(70)	60
Restructuring	-	39	-	5
Benefits paid	(161)	(133)	(79)	(69)
Benefit obligation at end of year	$2,295	$2,349	$ 884	$ 964
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	$2,277	$2,099	$ -	$ -
Actual return on plan assets	383	295	-	-
Company contributions	46	43	79	69
Restructuring	-	(27)	-	-
Benefits paid	(161)	(133)	(79)	(69)
Fair value of plan assets at end of year	$2,545	$2,277	$ -	$ -
Funded status of the plans	$ 250	$ (72)	$ (884)	$ (964)

Unrecognized net actuarial loss (gain)	(222)	101	(42)	27
Unrecognized prior service cost	59	66	(56)	(67)
Prepaid (accrued) benefit cost	$ 87	$ 95	$ (982)	$(1,004)
AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET				
Prepaid benefit cost	$ 111	$ 111	$ -	$ -
Accrued benefit liability	(37)	(68)	(982)	(1,004)
Intangible asset	13	52	-	-
Net amount recognized	$ 87	$ 95	$ (982)	$(1,004)
WEIGHTED-AVERAGE ASSUMPTIONS AS OF DECEMBER 31				
Discount rate	7.50%	6.75%	7.50%	6.75%
Expected return on plan assets	9.25	9.25	-	-
Rate of compensation increase	4.50	4.50	-	-

10. PENSIONS AND OTHER POSTRETIREMENT BENEFITS - continued

For measurement purposes, a 5.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The rate was assumed to decrease gradually to 5.0% in 2002 and remain at that level thereafter.

	Pension Benefits			Other Benefits		
	1999	1998	1997	1999	1998	1997
COMPONENTS OF NET PERIODIC BENEFIT COST						
Service cost	$ 31	$ 36	$ 37	$ 6	$ 7	$ 7
Interest cost	162	151	147	62	62	64
Expected return on plan assets	(189)	(175)	(158)	-	-	-
Amortization of prior service cost	11	14	19	(10)	(13)	(17)
Recognized net actuarial loss (gain)	16	13	11	-	-	(1)
Benefit cost	$ 31	$ 39	$ 56	$58	$56	$ 53

The assumed health care cost trend rate has a significant effect on the amounts reported. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components in 1999	$ 3	$ (3)

Effect on postretirement benefit obligation as of December 31, 1999	$ 39	$(35)

11. TAXES ON INCOME

The significant components of the provision for income taxes were:

	1999	1998	1997
Current:			
Federal	$ 7	$ 6	$ 13
Foreign	41	57	71
State	1	1	1
Total current	49	64	85
Deferred:			
Federal	8	(31)	(7)
Foreign	5	23	21
State	(14)	(12)	(2)
Total deferred	(1)	(20)	12
Equity income	(1)	1	7
Total	$47	$45	$104

The deferred tax provision includes domestic carryforward benefits of $11 million (1998 - $8 million, 1997 - $2 million).

11. TAXES ON INCOME - continued

The effective income tax rate varied from the U.S. statutory rate as follows:

	1999	1998	1997
U.S. rate	35%	35%	35%
Income taxed at other than the U.S. rate	1	(4)	9
Percentage depletion	(2)	(3)	(2)
Credits and other tax benefits	(5)	(6)	-
State income taxes and other	(1)	1	1
Effective rate	28%	23%	43%

Income taxed at other than the U.S. rate includes a 10% adverse effect in 1997 from basis differences on asset dispositions.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. At December 31, 1999, the Company had $822 million (1998 - $844 million) of deferred tax assets and $675 million (1998 - $694 million) of deferred tax liabilities that have been netted with respect to tax jurisdictions for presentation purposes. The significant components of these amounts were:

	1999		1998	
	Asset	Liability	Asset	Liability
Retiree health benefits	374	$ -	$381	$ -
Tax carryforward benefits	170	-	141	-
Environmental and restructuring costs	86	(2)	116	(2)
Other	60	95	39	78
Tax over book depreciation	(236)	194	(235)	196
Valuation reserve relating to tax carryforward benefits	(20)	-	(20)	-
Total deferred tax assets and liabilities	434	287	422	272
Amount included as current in balance sheet	15	-	59	-
Noncurrent deferred tax assets and liabilities	$419	$287	$363	$272

The tax carryforward benefits can be carried forward indefinitely except for $68 million that will expire primarily between 2004 and 2014. A valuation reserve of $20 million relating to certain of these benefits has been recorded. Alternatives continue to be evaluated that may result in the ultimate realization of a portion of these reserved assets.

Income taxes have not been provided on the undistributed earnings ($904 million) of foreign subsidiaries. The Company uses these earnings to finance foreign expansion, reduce foreign debt or support foreign operating requirements.

The geographic components of income (loss) before income taxes, extraordinary loss and the cumulative effect of accounting change was as follows:

	1999	1998	1997
Domestic	$(67)	$(86)	$ 21
Foreign	238	283	219
	$171	$197	$240

12. COMPANY OPERATIONS

The Company is organized into four market-based, global business units. The global business units and their principal products are:

. Base Materials - alumina, carbon products, primary aluminum ingot and billet, and electrical rod
. Packaging and Consumer - aluminum and plastic packaging, foodservice and consumer products; printing products
. Construction and Distribution - architectural construction products and the distribution of a wide variety of aluminum and stainless steel products

. Transportation - aluminum wheels, heat exchangers and automotive structures

The Restructuring category includes operations sold. (See Note 3 for a discussion of the Company's restructuring activities.)

The Other category consists principally of European extrusion operations, investments in Canada, China, Latin America and Saudi Arabia and real estate. Part of the real estate, principally undeveloped land, is held for sale and is expected to be sold over the next few years. The carrying amount for these held-for-sale assets was $36 million at December 31, 1999. Expenses relating to holding these assets, principally real estate taxes, were approximately $1 million per year in each of the last three years.

ACCOUNTING POLICIES

Operating income for each global business unit is calculated as revenues plus equity income less cost of products sold, depreciation and the unit's selling, general and administrative expenses. The sales between units are made at market-related prices. Cost of products sold reflects current costs.

Assets for each global business unit include:

- receivables (including internal receivables from other units)
- inventories (based on the FIFO method)
- property, plant and equipment (excluding construction in progress)
- investments in unincorporated joint ventures and associated companies
- other assets directly associated with the unit's operations

Current liabilities for each global business unit include:

- trade payables
- accrued compensation and related amounts
- other current liabilities
- internal liabilities from other units

For the geographic presentation, revenues are attributed to specific countries based on the location of the operation generating the revenue. Long-lived assets consist of all noncurrent assets such as property, plant and equipment and investments in joint ventures and associated companies.

12. COMPANY OPERATIONS - continued

Certain amounts for the years 1998 and 1997 have been reclassified to conform to the 1999 presentation. The principal reclassification was to move corporate amounts from the Other category to Reconciling Items.

1999	Base Materials	Packaging and Consumer	Construction and Distribution
Customer aluminum shipments	867	152	202
Intersegment aluminum shipments	211	-	-
Total aluminum shipments	1,078	152	202
Revenues:			
Aluminum	$1,325	$ 817	$ 679
Nonaluminum	368	632	346

Intersegment revenues - aluminum	306	-	-
Total revenues	$1,999	$1,449	$1,025
Segment operating income (loss)	$ 250	$ 159	$ 42
Inventory accounting adjustments			
Corporate amounts			
Operational restructuring effects - net			
Merger-related expenses			
Corporate operating income			
Interest expense			
Taxes on income			
Extraordinary loss			
Cumulative effect of accounting change			
Net income			
Pre-tax equity income (loss) included in revenues	$ -	$ -	$ -
Depreciation and amortization	146	45	8
Assets	$3,085	$ 665	$ 463
Current liabilities (excluding debt)	276	137	126
Net operating investment	$2,809	$ 528	$ 337
Unincorporated joint ventures and associated companies	$1,516	$ -	$ -
Capital investments	309	84	84

1999	Transportation	Restructuring	Other
Customer aluminum shipments	73	-	59
Intersegment aluminum shipments	-	-	-
Total aluminum shipments	73	-	59
Revenues:			
Aluminum	$398	$ -	$145
Nonaluminum	-	-	42
Intersegment revenues - aluminum	-	-	-
Total revenues	$398	$ -	$187
Segment operating income (loss)	$(28)	$ -	$ 5
Inventory accounting adjustments			
Corporate amounts			
Operational restructuring effects - net			
Merger-related expenses			
Corporate operating income			
Interest expense			

Taxes on income			
Extraordinary loss			
Cumulative effect of accounting change			
Net income			
Pre-tax equity income (loss) included in revenues	$ -	$ -	$(14)
Depreciation and amortization	29	-	7
Assets	$377	$ -	$395
Current liabilities (excluding debt)	60	-	12
Net operating investment	$317	$ -	$383
Unincorporated joint ventures and associated companies	$ 8	$ -	$168
Capital investments	26	-	2

1999	Total Segments	Reconciling Items	Consolidated
Customer aluminum shipments	1,353	-	1,353
Intersegment aluminum shipments	211	(211)	-
Total aluminum shipments	1,564	(211)	1,353
Revenues:			
Aluminum	$3,364	$ -	$3,364
Nonaluminum	1,388	44	1,432
Intersegment revenues - aluminum	306	(306)	-
Total revenues	$5,058	$ (262)	$4,796
Segment operating income (loss)	$ 428	$ -	$ 428
Inventory accounting adjustments			(4)
Corporate amounts			(159)
Operational restructuring effects - net			-
Merger-related expenses			(19)
Corporate operating income			246
Interest expense			(75)
Taxes on income			(47)
Extraordinary loss			-
Cumulative effect of accounting change			-
Net income			$ 124
Pre-tax equity income (loss) included in revenues	$ (14)	$ -	$ (14)
Depreciation and amortization	235	7	242
Assets	$4,985	$ 965	$5,950
Current liabilities (excluding debt)	611	208	819

Net operating investment	$4,374	$ 757	$5,131
Unincorporated joint ventures and associated companies	$1,692	$ -	$1,692
Capital investments	505	21	526

12. COMPANY OPERATIONS - continued

1998	Base Materials	Packaging and Consumer	Construction and Distribution
Customer aluminum shipments	668	141	184
Intersegment aluminum shipments	354	-	-
Total aluminum shipments	1,022	141	184
Revenues:			
Aluminum	$1,055	$ 787	$681
Nonaluminum	402	605	314
Intersegment revenues - aluminum	572	-	-
Total revenues	$2,029	$1,392	$995
Segment operating income (loss)	$ 290	$ 156	$ 39
Inventory accounting adjustments			
Corporate amounts			
Operational restructuring effects - net			
Corporate operating income			
Interest expense			
Taxes on income			
Extraordinary loss			
Cumulative effect of accounting change			
Net income			
Pre-tax equity income (loss) included in revenues	$ (3)	$ -	$ -
Depreciation and amortization	138	44	7
Assets	$3,000	$ 625	$375
Current liabilities (excluding debt)	305	110	86
Net operating investment	$2,695	$ 515	$289
Unincorporated joint ventures and associated companies	$1,299	$ -	$ -
Capital investments	228	38	10

1998	Transportation	Restructuring	Other

Customer aluminum shipments	63	391	37
Intersegment aluminum shipments	-	4	-
Total aluminum shipments	63	395	37
Revenues:			
Aluminum	$336	$1,434	$117
Nonaluminum	-	17	47
Intersegment revenues - aluminum	-	12	-
Total revenues	$336	$1,463	$164
Segment operating income (loss)	$(19)	$ 124	$ -
Inventory accounting adjustments			
Corporate amounts			
Operational restructuring effects - net			
Corporate operating income			
Interest expense			
Taxes on income			
Extraordinary loss			
Cumulative effect of accounting change			
Net income			
Pre-tax equity income (loss) included in revenues	$ (1)	$ -	$(10)
Depreciation and amortization	25	26	4
Assets	$352	$ 282	$417
Current liabilities (excluding debt)	53	66	34
Net operating investment	$299	$ 216	$383
Unincorporated joint ventures and associated companies	$ 7	$ -	$172
Capital investments	50	-	4

1998	Total Segments	Reconciling Items	Consolidated
Customer aluminum shipments	1,484	-	1,484
Intersegment aluminum shipments	358	(358)	-
Total aluminum shipments	1,842	(358)	1,484
Revenues:			
Aluminum	$4,410	$ -	$4,410
Nonaluminum	1,385	64	1,449
Intersegment revenues - aluminum	584	(584)	-
Total revenues	$6,379	$ (520)	$5,859
Segment operating income (loss)	$ 590		$ 590
Inventory accounting adjustments			5
Corporate amounts			(140)

Operational restructuring effects - net			(144)
Corporate operating income			311
Interest expense			(114)
Taxes on income			(45)
Extraordinary loss			(63)
Cumulative effect of accounting change			(23)
Net income			$ 66
Pre-tax equity income (loss) included in revenues	$ (14)	$ -	$ (14)
Depreciation and amortization	244	8	252
Assets	$5,051	$1,083	$6,134
Current liabilities (excluding debt)	654	275	929
Net operating investment	$4,397	$ 808	$5,205
Unincorporated joint ventures and associated companies	$1,478	$ -	$1,478
Capital investments	330	11	341

12. COMPANY OPERATIONS - continued

1997	Base Materials	Packaging and Consumer	Construction and Distribution
Customer aluminum shipments	513	142	166
Intersegment aluminum shipments	684	-	-
Total aluminum shipments	1,197	142	166
Revenues:			
Aluminum	$ 923	$ 797	$614
Nonaluminum	405	602	328
Intersegment revenues - aluminum	1,187	-	-
Total revenues	$2,515	$1,399	$942
Segment operating income	$ 312	$ 141	$ 41
Inventory accounting adjustments			
Corporate amounts			
Operational restructuring effects - net			
Corporate operating income			
Interest expense			
Taxes on income			
Extraordinary loss			
Cumulative effect of accounting change			
Net income			

Pre-tax equity income (loss) included in revenues	$ (2)	$ -	$ -
Depreciation and amortization	135	47	5
Assets	$3,154	$ 663	$381
Current liabilities (excluding debt)	289	114	102
Net operating investment	$2,865	$ 549	$279
Unincorporated joint ventures and associated companies	$1,177	$ -	$ -
Capital investments	105	41	9

1997	Transportation	Restructuring	Other
Customer aluminum shipments	66	737	39
Intersegment aluminum shipments	-	10	-
Total aluminum shipments	66	747	39
Revenues:			
Aluminum	$353	$2,610	$126
Nonaluminum	-	72	28
Intersegment revenues - aluminum	-	33	-
Total revenues	$353	$2,715	$154
Segment operating income	$ 10	$ 102	$ 5
Inventory accounting adjustments			
Corporate amounts			
Operational restructuring effects - net			
Corporate operating income			
Interest expense			
Taxes on income			
Extraordinary loss			
Cumulative effect of accounting change			
Net income			
Pre-tax equity income (loss) included in revenues	$ 1	$ -	$ (4)
Depreciation and amortization	26	143	4
Assets	$331	$1,921	$442
Current liabilities (excluding debt)	46	212	17
Net operating investment	$285	$1,709	$425
Unincorporated joint ventures and associated companies	$ 8	$ -	$196
Capital investments	40	33	30

1997	Total Segments	Reconciling Items	Consolidated
Customer aluminum shipments	1,663	-	1,663
Intersegment aluminum shipments	694	(694)	-
Total aluminum shipments	2,357	(694)	1,663
Revenues:			
Aluminum	$5,423	$ -	$5,423
Nonaluminum	1,435	42	1,477
Intersegment revenues - aluminum	1,220	(1,220)	-
Total revenues	$8,078	$(1,178)	$6,900
Segment operating income	$ 611		$ 611
Inventory accounting adjustments			(12)
Corporate amounts			(131)
Operational restructuring effects - net			(75)
Corporate operating income			393
Interest expense			(153)
Taxes on income			(104)
Extraordinary loss			-
Cumulative effect of accounting change			-
Net income			$ 136
Pre-tax equity income (loss) included in revenues	$ (5)	$ -	$ (5)
Depreciation and amortization	360	8	368
Assets	$6,892	$ 334	$7,226
Current liabilities (excluding debt)	780	294	1,074
Net operating investment	$6,112	$ 40	$6,152
Unincorporated joint ventures and associated companies	$1,381	$ -	$1,381
Capital investments	258	14	272

12. COMPANY OPERATIONS - continued

RECONCILING ITEMS

Reconciling items consist of the following:

	1999	1998	1997
Assets:			
Corporate assets	$ 830	$1,106	$ 917
Construction in progress	492	320	155
Inventory accounting adjustments	(266)	(248)	(547)
Internal receivables included in the assets of the global			

business units	(91)	(95)	(191)
	$ 965	$1,083	$334
Current liabilities:			
Corporate liabilities	$ 261	$ 287	$398
Payables to unincorporated joint ventures and associated companies	48	75	81
Internal liabilities included in the current liabilities of the global business units	(101)	(87)	(185)
	$ 208	$ 275	$294

The reconciling amounts for nonaluminum revenues, depreciation and amortization and capital investments relate to corporate activities.

Inventory accounting adjustments include elimination of unrealized profits on sales between global business units and LIFO inventory adjustments. Construction in progress in 1999 includes $359 million (1998 - $150 million) related to the expansion of the Worsley Alumina Refinery joint venture in Australia.

Research and development expenditures were $25 million in 1999 (1998 - $31 million, 1997 - $41 million).

GEOGRAPHIC

	Domestic	Canada	Other Foreign	Consolidated
1999				
Revenues	$3,640	$ 558	$ 598	$4,796
Long-lived assets	1,735	1,226	1,281	4,242
1998				
Revenues	$4,653	$ 452	$ 754	$5,859
Long-lived assets	1,822	1,261	1,086	4,169
1997				
Revenues	$5,306	$ 523	$1,071	$6,900
Long-lived assets	2,582	1,321	1,080	4,983

The majority of the Other Foreign category is comprised of European operations except that long-lived assets include $891 million in 1999 ($673 million in 1998 and $569 million in 1997) related to the Worsley Alumina Refinery joint venture located in Australia.

13. CONTINGENT LIABILITIES AND COMMITMENTS

LEGAL

Various suits, claims and actions are pending against the Company. In the opinion of management, after consultation with legal counsel, disposition of these suits, claims and actions, either individually or in the aggregate, are not expected to have a material adverse effect on the Company's competitive or financial position. No assurance can be given, however, that the disposition of one or more of such suits, claims or actions in a particular reporting period will not be material in relation to the reported results for such period.

LEASES

Certain items of property, plant and equipment are leased under long-term operating leases. Lease expense was $35 million in 1999 ($36 million in 1998 and $45 million in 1997). Lease commitments at December 31, 1999 were $57 million. Leases covering major items contain renewal and/or purchase options that may be exercised.

ENVIRONMENTAL

The Company is involved in various worldwide environmental improvement activities resulting from past operations, including designation as a potentially responsible party (PRP), with others, at various Environmental Protection Agency-designated Superfund sites. The Company has recorded estimated amounts (on an undiscounted basis), which are expected to be sufficient to satisfy anticipated costs of known remediation requirements including such costs relating to sold locations.

An analysis of the accrual for environmental remediation costs follows:

	1999	1998	1997
Balance at January 1	$172	$177	$203
Accruals	-	7	-
Payments	(10)	(12)	(26)
Balance at December 31	$162	$172	$177

The balance of the accrual at December 31, 1999 is expected to be spent over the next 15 to 20 years with the majority to be spent by the year 2005.

Estimated environmental remediation costs are developed after considering, among other things, the following:

- currently available technological solutions
- alternative cleanup methods
- risk-based assessments of the contamination
- estimated proportionate share of remediation costs (if applicable)

The Company may also use external consultants and consider, when available, estimates by other PRPs and governmental agencies and information regarding the financial viability of other PRPs. Based on information currently available, the Company believes it is unlikely that it will incur substantial additional costs as a result of failure by other PRPs to satisfy their responsibilities for remediation costs.

13. CONTINGENT LIABILITIES AND COMMITMENTS - continued

Estimated costs for future environmental compliance and remediation are necessarily imprecise because of factors such as:

- continuing evolution of environmental laws and regulatory requirements
- availability and application of technology
- identification of presently unknown remediation requirements
- cost allocations among PRPs

Furthermore, it is not possible to predict the amount or timing of future costs of environmental remediation that may subsequently be determined. Based on information presently available, such future costs are not expected to have a material adverse effect on the Company's competitive or financial position. However, such costs could be material to results of operations in a future interim or annual reporting period.

14. CANADIAN REYNOLDS METALS COMPANY, LTD. AND REYNOLDS ALUMINUM COMPANY OF CANADA, LTD.

Financial statements for Canadian Reynolds Metals Company, Ltd. and Reynolds Aluminum Company of Canada, Ltd. have been omitted because certain securities registered under the Securities Act of 1933, of which these wholly owned subsidiaries of Reynolds Metals Company (Reynolds) are obligors (thus subjecting them to reporting requirements under Section 13 or 15(d) of the Securities Exchange Act of 1934), are fully and unconditionally guaranteed by Reynolds. Financial information relating to these companies is presented herein in accordance with Staff Accounting Bulletin 53 as an addition to the notes to the consolidated financial statements of Reynolds Metals Company. Summarized financial information is as follows:

Canadian Reynolds Metals Company, Ltd.

	Years ended December 31		
	1999	1998	1997
Net Sales:			
Customers	$474	$356	$237
Parent company	452	466	680
	926	822	917
Cost of products sold	783	708	733
Net income	$ 73	$ 84	$117

	December 31	
	1999	1998
Current assets	$ 176	$ 155
Noncurrent assets	1,184	1,206
Current liabilities	(148)	(100)
Noncurrent liabilities	(345)	(379)

Reynolds Aluminum Company of Canada, Ltd.

	Years ended December 31		
	1999	1998	1997
Net Sales:			
Customers	$474	$447	$ 519
Parent company	453	455	648
	927	902	1,167
Cost of products sold	784	784	956
Net income	$ 73	$ 84	$ 117

14. CANADIAN REYNOLDS METALS COMPANY, LTD. AND REYNOLDS ALUMINUM COMPANY

OF CANADA, LTD. - continued
Reynolds Aluminum Company of Canada, Ltd. - continued

	December 31	
	1999	1998
Current assets	$ 224	$ 186
Noncurrent assets	1,192	1,228
Current liabilities	(129)	(103)
Noncurrent liabilities	(347)	(389)

QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)
(Millions, except per share amounts)

	1999			
Quarter	1st	2nd	3rd	4th
Revenues	$ 1,068	$1,161	$1,209	$ 1,358
Gross profit	86	153	164	223
Net income (loss)	$ (10)	$ 35	$ 36	$ 63
Earnings Per Share				
Basic:				
Average shares outstanding	64	64	63	63
Net income (loss)	$ (0.15)	$ 0.55	$ 0.56	$ 1.00
Diluted:				
Average shares outstanding	64	64	63	64
Net income (loss)	$ (0.15)	$ 0.55	$ 0.56	$ 0.99
Net income (loss) includes the effect of the following item:				
Merger-related expenses	$ -	$ -	$ 9	$ 7

	1998			
Quarter	1st	2nd	3rd	4th
Revenues	$1,532	$1,579	$1,368	$1,380
Gross profit	211	238	202	182
Income (loss) before extraordinary loss and cumulative effect of accounting change	58	(123)	262	(45)
Extraordinary loss	-	(3)	(60)	-
Cumulative effect of accounting change	(23)	-	-	-
Net income (loss)	$ 35	$ (126)	$ 202	$ (45)
Earnings Per Share				
Basic:				

Average shares outstanding	73	72	69	64
Income (loss) before extraordinary loss and cumulative effect of accounting change	$ 0.78	$(1.70)	$ 3.80	$(0.71)
Extraordinary loss	-	(0.04)	(0.88)	-
Cumulative effect of accounting change	(0.32)	-	-	-
Net income (loss)	$ 0.46	$(1.74)	$ 2.92	$(0.71)
Diluted:				
Average shares outstanding	74	72	69	64
Income (loss) before extraordinary loss and cumulative effect of accounting change	$ 0.78	$(1.70)	$ 3.80	$ (0.71)
Extraordinary loss	-	(0.04)	(0.88)	-
Cumulative effect of accounting change	(0.32)	-	-	-
Net income (loss)	$ 0.46	$(1.74)	$ 2.92	$ (0.71)
Net income (loss) includes the effect of the following item:				
Operational restructuring effects - net	$ -	$ (196)	$ 201	$ (95)

Gross profit equals revenues minus cost of products sold and depreciation and amortization.
Operational restructuring effects are shown net of gains on sales of assets.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

Stockholders and Board of Directors
Reynolds Metals Company

We have audited the accompanying consolidated balance sheets of Reynolds Metals Company as of December 31, 1999 and 1998, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Reynolds Metals Company at December 31, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for the costs of start-up activities in 1998.

ERNST & YOUNG LLP

Richmond, Virginia
February 18, 2000

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

For information required by this item, see the information under the captions "Item 1. Election of Directors - Nominees" and "Certain Relationships" and "Stock Ownership Information - Section 16(a) Beneficial Ownership Reporting Compliance" in the Registrant's definitive proxy statement for its 2000 Annual Meeting of Stockholders. That information is incorporated in this report by reference.

Information concerning executive officers of the Registrant is shown in Part I - Item 4A of this report.

ITEM 11. EXECUTIVE COMPENSATION

For information required by this item, see the information under the captions "Item 1. Election of Directors - Compensation of Directors" and "Executive Compensation" in the Registrant's definitive proxy statement for its 2000 Annual Meeting of Stockholders. That information (other than that appearing under the captions "Executive Compensation - Report of the Compensation Committee on Executive Compensation" and "Executive Compensation - Performance Graph") is incorporated in this report by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

For information required by this item, see the information under the caption "Stock Ownership Information - Holders of More Than 5%" and "Director and Executive Officer Stock Ownership" in the Registrant's definitive proxy statement for its 2000 Annual Meeting of Stockholders. That information is incorporated in this report by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

For information required by this item, see the information under the captions "Item 1. Election of Directors - Certain Relationships" and "Change in Control and Termination Arrangements" in the Registrant's definitive proxy statement for its 2000 Annual Meeting of Stockholders. That information is incorporated in this report by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

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

This report omits all other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission because they are not required, are inapplicable or the required information has otherwise been given.

This report omits individual financial statements of Reynolds Metals Company because the restricted net assets (as defined in Accounting Series Release 302) of all subsidiaries included in the consolidated financial statements filed, in the aggregate, do not exceed 25% of the consolidated net assets shown in the consolidated balance sheet as of December 31, 1999.

This report omits financial statements of all associated companies (20% to 50% owned) because no associated company is individually significant. Summarized financial information of all associated companies has been omitted because the associated companies in the aggregate are not significant.

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SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions	Balance at end of period
Allowance for doubtful accounts:					
1999	$14	$4	$ -	$ (8) (B)	$10
1998	16	7	-	(9) (B)	14
1997	18	5	-	(7) (B)	16
Allowance for deferred income taxes:					
1999	20	-	-	-	20
1998	19	-	1 (A)	-	20
1997	46	-	3 (A)	(30) (C)	19

(A) Allowance for deferred income taxes is charged to provision for taxes on income.

(B) Deductions consist of the following:

	1999	1998	1997
Receivable write-offs	$(3)	$(6)	$(5)
Divestitures	(4)	(3)	(1)
Foreign currency translation effect	(1)	-	(1)
	$(8)	$(9)	$(7)

(C) Deductions were due to divestitures.

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(3) Exhibits

* EXHIBIT 2 - Agreement and Plan of Merger among Alcoa Inc., RLM Acquisition Corp. and Reynolds Metals Company dated as of August 18, 1999. (File No. 001-01430, Form 8-K dated August 19, 1999, EXHIBIT 99.1)

EXHIBIT 3.1 - Restated Certificate of Incorporation, as amended.

* EXHIBIT 3.2 - By-laws, as amended. (File No. 001-01430, 1998 Form 10-K Report, EXHIBIT 3.2)

EXHIBIT 4.1 - Restated Certificate of Incorporation. See EXHIBIT 3.1.

* EXHIBIT 4.2 - By-laws. See EXHIBIT 3.2.

* EXHIBIT 4.3 - Form of Common Stock Certificate. (Registration Statement No. 333-79203 on Form S-8, dated May 24, 1999, EXHIBIT 4.2)

* EXHIBIT 4.4 - Indenture dated as of April 1, 1989 (the "Indenture") between Reynolds Metals Company and The Bank of New York, as Trustee, relating to Debt Securities. (File No. 001-01430, Form 10-Q Report for the Quarter ended March 31, 1989, EXHIBIT 4(c))

* EXHIBIT 4.5 - Amendment No. 1 dated as of November 1, 1991 to the Indenture. (File No. 001-01430, 1991 Form 10-K Report, EXHIBIT 4.4)

* EXHIBIT 4.6 - Amended and Restated Rights Agreement dated as of March 8, 1999 (the "Rights Agreement") between Reynolds Metals Company and ChaseMellon Shareholder Services, L.L.C. (File No. 001-01430, Form 8-K Report dated March 8, 1999, EXHIBIT 4.1)

* EXHIBIT 4.7 - First Amendment dated August 20, 1999 to the Rights Agreement. (File No. 001-01430, Form 8-A/A (Amendment No. 2 to Registration Statement on Form 8-A, pertaining to Preferred Stock Purchase Rights) dated August 19, 1999, EXHIBIT 1)

* EXHIBIT 4.8 - Form of Fixed Rate Medium-Term Note. (Registration Statement No. 33-30882 on Form S-3, dated August 31, 1989, EXHIBIT 4.3)

* EXHIBIT 4.9 - Form of Floating Rate Medium-Term Note. (Registration Statement No. 33-30882 on Form S-3, dated August 31, 1989, EXHIBIT 4.4)

* EXHIBIT 4.10 - Form of Book-Entry Fixed Rate Medium-Term Note. (File No. 001-01430, 1991 Form 10-K Report, EXHIBIT 4.15)

* EXHIBIT 4.11 - Form of Book-Entry Floating Rate Medium-Term Note. (File No. 001-01430, 1991 Form 10-K Report, EXHIBIT 4.16)

* EXHIBIT 4.12 - Form of 9% Debenture due August 15, 2003. (File No. 001-01430, Form 8-K Report dated August 16, 1991, EXHIBIT 4(a))

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* Incorporated by reference.

* EXHIBIT 4.13 - Articles of Continuance of Societe d'Aluminium Reynolds du Canada, Ltee/Reynolds Aluminum Company of Canada, Ltd. (formerly known as Canadian Reynolds Metals Company, Limited -- Societe Canadienne de Metaux Reynolds, Limitee) ("RACC"), as amended. (File No. 001-01430, 1995 Form 10-K Report, EXHIBIT 4.13)

* EXHIBIT 4.14 - By-Laws of RACC, as amended. (File No. 001-01430,

Form 10-Q Report for the Quarter ended March 31, 1997, EXHIBIT 4.14)

* EXHIBIT 4.15 - Articles of Incorporation of Societe Canadienne de Metaux Reynolds, Ltee/Canadian Reynolds Metals Company, Ltd. ("CRM"), as amended. (File No. 001-01430, Form 10-Q Report for the Quarter ended September 30, 1997, EXHIBIT 4.15)

* EXHIBIT 4.16 - By-Laws of CRM, as amended. (File No. 001-01430, Form 10-Q Report for the Quarter ended September 30, 1997, EXHIBIT 4.16)

* EXHIBIT 4.17 - Indenture dated as of April 1, 1993 among RACC, Reynolds Metals Company and The Bank of New York, as Trustee. (File No. 001-01430, Form 8-K Report dated July 14, 1993, EXHIBIT 4(a))

* EXHIBIT 4.18 - First Supplemental Indenture, dated as of December 18, 1995 among RACC, Reynolds Metals Company, CRM and The Bank of New York, as Trustee. (File No. 001-01430, 1995 Form 10-K Report, EXHIBIT 4.18)

* EXHIBIT 4.19 - Form of 6-5/8% Guaranteed Amortizing Note due July 15, 2002. (File No. 001-01430, Form 8-K Report dated July 14, 1993, EXHIBIT 4(d))

EXHIBIT 9 - None.

=* EXHIBIT 10.1 - Reynolds Metals Company 1987 Nonqualified Stock Option Plan. (Registration Statement No. 33-13822 on Form S-8, dated April 28, 1987, EXHIBIT 28.1)

=* EXHIBIT 10.2 - Reynolds Metals Company 1992 Nonqualified Stock Option Plan. (Registration Statement No. 33-44400 on Form S-8, dated December 9, 1991, EXHIBIT 28.1)

=* EXHIBIT 10.3 - Amendment and Restatement of Reynolds Metals Company Performance Incentive Plan, as adopted and executed May 21, 1999. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.3)

=* EXHIBIT 10.4 - Amendment and Restatement of Supplemental Death Benefit Plan for Officers, as adopted and executed April 26, 1999. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.5)

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* Incorporated by reference.
= Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

=* EXHIBIT 10.5 - Financial Counseling Assistance Plan for Officers. (File No. 001-01430, 1987 Form 10-K Report, EXHIBIT 10.11)

=* EXHIBIT 10.6 - Management Incentive Deferral Plan. (File No. 001-01430, 1987 Form 10-K Report, EXHIBIT 10.12)

=* EXHIBIT 10.7 - Amendment and Restatement of Deferred Compensation Plan for Outside Directors, as adopted and executed April 28, 1999. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.8)

=* EXHIBIT 10.8 - Form of Indemnification Agreement for Directors and Officers. (File No. 001-01430, 1998 Form 10-K Report, EXHIBIT 10.9)

=* EXHIBIT 10.9 - Form of Executive Severance Agreement, as amended, between Reynolds Metals Company and key executive personnel, including each of the individuals listed in Item 4A of this report. (File No. 001-01430, Form 10-Q Report for the Quarter ended September 30, 1999, EXHIBIT 10.9)

=* EXHIBIT 10.10 - Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective May 20, 1988. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1988, EXHIBIT 19(a))

=* EXHIBIT 10.11 - Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective October 21, 1988. (File No. 001-01430, Form 10-Q Report for the Quarter ended September 30, 1988, EXHIBIT 19(a))

=* EXHIBIT 10.12 - Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective January 1, 1987. (File No. 001-01430, 1988 Form 10-K Report, EXHIBIT 10.22)

=* EXHIBIT 10.13 - Form of Stock Option and Stock Appreciation Right Agreement, as approved February 16, 1990 by the Compensation Committee of the Company's Board of Directors. (File No. 001-01430, 1989 Form 10-K Report, EXHIBIT 10.24)

=* EXHIBIT 10.14 - Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective January 18, 1991. (File No. 001-01430, 1990 Form 10-K Report, EXHIBIT 10.26)

=* EXHIBIT 10.15 - Form of Stock Option Agreement, as approved April 22, 1992 by the Compensation Committee of the Company's Board of Directors. (File No. 001-01430, Form 10-Q Report for the Quarter ended March 31, 1992, EXHIBIT 28(a))

=* EXHIBIT 10.16 - Amendment and Restatement of Reynolds Metals Company Restricted Stock Plan for Outside Directors, as adopted and executed April 28, 1999 (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.17)

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* Incorporated by reference.
= Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

=* EXHIBIT 10.17 - Amendment and Restatement of Reynolds Metals

Company New Management Incentive Deferral Plan, as adopted and executed April 28, 1999 (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.18)

=* EXHIBIT 10.18 - Amendment and Restatement of Reynolds Metals Company Salary Deferral Plan for Executives, as adopted and executed April 28, 1999. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.19)

=* EXHIBIT 10.19 - Amendment and Restatement of Reynolds Metals Company Supplemental Long-Term Disability Plan for Executives, as adopted and executed April 26, 1999. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.20)

=* EXHIBIT 10.20 - Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective August 19, 1994. (File No. 001-01430, Form 10-Q Report for the Quarter ended September 30, 1994, EXHIBIT 10.34)

=* EXHIBIT 10.21 - Amendment to Reynolds Metals Company 1992 Nonqualified Stock Option Plan effective August 19, 1994. (File No. 001-01430, Form 10-Q Report for the Quarter ended September 30, 1994, EXHIBIT 10.35)

=* EXHIBIT 10.22 - Form of Split Dollar Life Insurance Agreement (Trustee Owner, Trustee Pays Premiums). (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1995, EXHIBIT 10.34)

=* EXHIBIT 10.23 - Form of Split Dollar Life Insurance Agreement (Trustee Owner, Employee Pays Premium). (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1995, EXHIBIT 10.35)

=* EXHIBIT 10.24 - Form of Split Dollar Life Insurance Agreement (Employee Owner, Employee Pays Premium). (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1995, EXHIBIT 10.36)

=* EXHIBIT 10.25 - Form of Split Dollar Life Insurance Agreement (Third Party Owner, Third Party Pays Premiums). (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1995, EXHIBIT 10.37)

=* EXHIBIT 10.26 - Form of Split Dollar Life Insurance Agreement (Third Party Owner, Employee Pays Premiums). (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1995, EXHIBIT 10.38)

=* EXHIBIT 10.27 - Amendment and Restatement of Reynolds Metals Company 1996 Nonqualified Stock Option Plan, as adopted and executed April 15, 1999. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.28)

=* EXHIBIT 10.28 - Amendment to Reynolds Metals Company 1992 Nonqualified Stock Option Plan effective January 1, 1993. (Registration Statement No.

333-03947 on Form S-8, dated May 17, 1996, EXHIBIT 99)

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* Incorporated by reference.
= Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

=* EXHIBIT 10.29 - Form of Stock Option Agreement, as approved May 17, 1996 by the Compensation Committee of the Company's Board of Directors. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1996, EXHIBIT 10.41)

=* EXHIBIT 10.30 - Form of Three Party Stock Option Agreement, as approved May 17, 1996 by the Compensation Committee of the Company's Board of Directors. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1996, EXHIBIT 10.42)

=* EXHIBIT 10.31 - Reynolds Metals Company Supplemental Incentive Plan. (File No. 001-01430, 1996 Form 10-K Report, EXHIBIT 10.40)

=* EXHIBIT 10.32 - Amendment and Restatement of Reynolds Metals Company Stock Plan for Outside Directors, as adopted and executed April 28, 1999. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.34)

=* EXHIBIT 10.33 - Amendment and Restatement of Reynolds Metals Company Long-Term Performance Share Plan, as adopted and executed April 26, 1999. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.37)

* EXHIBIT 10.34 - Asset Purchase Agreement by and among Ball Corporation, Ball Metal Beverage Container Corp. and Reynolds Metals Company dated as of April 22, 1998. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1998, EXHIBIT 2)

=* EXHIBIT 10.35 - Reynolds Metals Company 1999 Nonqualified Stock Option Plan (Registration Statement No. 333-79203 on Form S-8, dated May 24, 1999, EXHIBIT 4.5)

=* EXHIBIT 10.36 - Form of Stock Option Agreement, as approved May 21, 1999 by the Compensation Committee of the Company's Board of Directors. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.40)

=* EXHIBIT 10.37 - Form of Three Party Stock Option Agreement, as approved May 21, 1999 by the Compensation Committee of the Company's Board of Directors. (File No. 001-01430, Form 10-Q Report for the Quarter ended June 30, 1999, EXHIBIT 10.41)

EXHIBIT 11 - Omitted; see Item 8 for computation of earnings

per share

EXHIBIT 12 - Not applicable

EXHIBIT 13 - Not applicable

EXHIBIT 16 - Not applicable

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* Incorporated by reference.

= Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 601 of Regulation S-K.

EXHIBIT 18 - None

EXHIBIT 21 - List of Subsidiaries of Reynolds Metals Company

EXHIBIT 22 - None

EXHIBIT 23 - Consent of Independent Auditors

EXHIBIT 24 - Powers of Attorney

EXHIBIT 27 - Financial Data Schedule

* EXHIBIT 99 - Description of Reynolds Metals Company Capital Stock. (File No. 001-01430, Form 10-Q Report for the Quarter ended March 31, 1999, EXHIBIT 99)

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* Incorporated by reference.

Pursuant to Item 601 of Regulation S-K, certain instruments with respect to long-term debt of the Company are omitted because such debt does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any such instrument to the Commission upon request.

(b) Reports on Form 8-K

During the fourth quarter of 1999, the Registrant filed with the Commission a Current Report on Form 8-K dated October 20, 1999 reporting under Item 5 that it was filing with the report an unaudited pro forma statement of income for the year ended December 31, 1998 relating to the Registrant's sale of its North American aluminum beverage can operations.

During the first quarter of 2000 (through the date hereof), the Registrant has filed three Current Reports on Form 8-K with the Commission, all of which reported matters under Item 5:

- a Form 8-K dated January 18, 2000, containing unaudited, pro forma condensed consolidated financial statements relating to the proposed merger of the Registrant with Alcoa Inc.

- a Form 8-K dated January 19, 2000, containing information regarding the Registrant's 1999 Fourth Quarter and Year-End Results.

- a Form 8-K dated February 14, 2000, containing copies of press releases issued on February 11, 2000 by the Registrant and Alcoa Inc. concerning their proposed merger.

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SIGNATURES

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

REYNOLDS METALS COMPANY

By JEREMIAH J. SHEEHAN

Jeremiah J. Sheehan, Chairman of the Board and Chief Executive Officer

Date March 3, 2000

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.

By WILLIAM E. LEAHEY, JR.	By JEREMIAH J. SHEEHAN
William E. Leahey, Jr. Executive Vice President and Chief Financial Officer (Principal Financial Officer)	Jeremiah J. Sheehan, Director Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Date March 3, 2000	Date March 3, 2000
By * Patricia C. Barron	By * John R. Hall
Patricia C. Barron, Director	John R. Hall, Director
Date March 3, 2000	Date March 3, 2000

By * Robert L. Hintz	By * William H. Joyce
Robert L. Hintz, Director	William H. Joyce, Director
Date March 3, 2000	Date March 3, 2000
By * Mylle Bell Mangum	By * D. Larry Moore
Mylle Bell Mangum, Director	D. Larry Moore, Director
Date March 3, 2000	Date March 3, 2000

By RANDOLPH N. REYNOLDS	By
Randolph N. Reynolds, Director	James M. Ringler, Director
Date March 3, 2000	Date
By * Samuel C. Scott, III	By * Joe B. Wyatt
Samuel C. Scott, III, Director	Joe B. Wyatt, Director
Date March 3, 2000	Date March 3, 2000

By ALLEN M. EAREHART

Allen M. Earehart,
Senior Vice President and Controller
(Principal Accounting Officer)

Date March 3, 2000

*By D. MICHAEL JONES

D. Michael Jones, Attorney-in-Fact

Date March 3, 2000

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