

**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

2001

Department of the Treasury
Internal Revenue Service

Note *The organization may be able to use a copy of this return to satisfy state reporting requirements*

For calendar year 2001, or tax year beginning **2001**, and ending

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label otherwise, print or type See Specific Instructions	Name of organization ALLEGHENY FOUNDATION		A Employer identification number 25-6012303	
	Number and street (or P O box number if mail is not delivered to street address) 301 GRANT STREET		B Telephone number (see page 10 of the instructions) (412) 392-2900	
	Room/suite ONE OXFORD CENTER, SUITE 3900			
	City or town, state, and ZIP code PITTSBURGH, PA 15219-6401			
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation				
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ 40,398,096				
J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis)				
C If exemption application is pending check here <input type="checkbox"/> D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> E If private foundation status was terminated under section 507(b)(1)(A) check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>				

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 10 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc. received (attach schedule). Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	2 Distributions from split-interest trusts				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	1,107,204	1,107,204	1,107,204	STMT 1
	5a Gross rents				
	b (Net rental income or (loss))				
	6a Net gain or (loss) from sale of assets not on line 10	-1,316,314			
	b Gross sales price for all assets on line 6a	1,097,038			
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	-209,110	1,107,204	1,107,204		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	70,250	6,512	6,512	63,738
	14 Other employee salaries and wages	37,907	3,514	3,514	34,393
	15 Pension plans, employee benefits	30,332	2,812	2,812	27,520
	16a Legal fees (attach schedule) STMT 2	520	18	18	502
	b Accounting fees (attach schedule) STMT 3	28,920	14,460	14,460	14,460
	c Other professional fees (attach schedule) STMT 4	39,294	39,294	39,294	NONE
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions) STMT 5	26,231	511	511	5,006
	19 Depreciation (attach schedule) and depletion	20,190			
	20 Occupancy	37,143	3,443	3,443	33,700
	21 Travel, conferences and meetings	12,612			12,612
	22 Printing and publications				
	23 Other expenses (attach schedule) STMT 6	32,092	2,778	2,778	29,314
	24 Total operating and administrative expenses. Add lines 13 through 23	335,491	73,342	73,342	221,245
	25 Contributions, gifts, grants paid STMT 7	845,500			1,449,000
26 Total expenses and disbursements. Add lines 24 and 25	1,180,991	73,342	73,342	1,670,245	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-1,390,101				
b Net investment income (if negative, enter -0-)		1,033,862			
c Adjusted net income (if negative, enter -0-)			1,033,862		

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing	7,072	8,333	8,333.
	2 Savings and temporary cash investments	1,417,481	887,008	887,008.
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	71,345	50,645	50,645.
	10 a Investments - U.S. and state government obligations (attach schedule)			
	b Investments - corporate stock (attach schedule) STMT B	13,422,196	11,998,697	39,373,479.
	c Investments - corporate bonds (attach schedule)			
	11 Investments - land, buildings, and equipment, basis Less accumulated depreciation (attach schedule) ▶			
	12 Investments - mortgage loans			
	13 Investments - other (attach schedule)			
	14 Land, buildings, and equipment, basis Less accumulated depreciation (attach schedule) ▶	173,020 94,389	98,821	78,631.
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers - see page 16 of the instructions. Also, see page 1, item i)	15,016,915	13,023,314	40,398,096.	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable	1,710,000	1,106,500	
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	1,710,000	1,106,500.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	13,306,915	11,916,814	
	25 Temporarily restricted			
	26 Permanently restricted			
	Organizations that do not follow SFAS 117, check here and complete lines 27 through 31 <input type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus or land bldg and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
30 Total net assets or fund balances (see page 17 of the instructions)	13,306,915	11,916,814		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	15,016,915	13,023,314.		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	13,306,915
2 Enter amount from Part I, line 27a	2	-1,390,101.
3 Other increases not included in line 2 (itemize)▶	3	
4 Add lines 1, 2, and 3	4	11,916,814
5 Decreases not included in line 2 (itemize)▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	11,916,814

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a			
b			
c			
d			
e			

SEE STMT 13

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			
b			
c			
d			
e			

STMT 13

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	<1,316,314>
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8		3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank.

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the organization does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2000	1,807,960	36,857,033	0.04905332450
1999	1,530,436	41,285,474	0.03706959983
1998	1,528,727	39,864,204	0.03834836386
1997	1,990,932	35,903,090	0.05545294291
1996	1,808,256	30,661,547	0.05897471514

2 Total of line 1, column (d)	2	0.23889894624
3 Average distribution ratio for the 5-year base period-divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.04777978925
4 Enter the net value of noncharitable-use assets for 2001 from Part X, line 5	4	40,204,630
5 Multiply line 4 by line 3	5	1,920,969
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	10,339
7 Add lines 5 and 6	7	1,931,308
8 Enter qualifying distributions from Part XII, line 4	8	1,670,245

If line 8 is equal to or greater than line 7 check the box in Part VI line 1b, and complete that part using a 1% tax rate See the Part VI instructions on page 18

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 18 of the instructions)

Table with 11 rows for excise tax calculations. Includes fields for exempt operating foundations, domestic organizations, tax under section 511, and total credits and payments. Total tax due is 49,741.

Part VII-A Statements Regarding Activities

Table with 11 rows for activity statements. Includes questions about political activities, unrelated business income, and state reporting. Includes handwritten answers like 'PENNSYLVANIA' and 'www.scaife.com'.

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies

- 1 a During the year did the organization (either directly or indirectly)
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?
(6) Agree to pay money or property to a government official?
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 19 of the instructions)?
c Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2001?
2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))
a At the end of tax year 2001, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2001?
b Are there any years listed in 2a for which the organization is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income?
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here
3 a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?
b If "Yes," did it have excess business holdings in 2001 as a result of (1) any purchase by the organization or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period?
4 a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?
b Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2001?
5 a During the year did the organization pay or incur any amount to
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?
(3) Provide a grant to an individual for travel, study, or other similar purposes?
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?
b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 20 of the instructions)?
c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant?
6 a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

Table with 3 columns: Question ID, Yes, No. Contains handwritten 'X' marks and 'N/A' entries for various questions.

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 20 of the instructions)

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 9		70,250.	8,467	NONE

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 21 of the instructions). If none, enter "NONE"

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000 ▶ NONE

3 Five highest-paid independent contractors for professional services - (see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services ▶ NONE

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 NOT APPLICABLE	

Part IX-B Summary of Program-Related Investments (see page 21 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NOT APPLICABLE	
2	
All other program-related investments See page 22 of the instructions	
3 NONE	
Total. Add lines 1 through 3	

Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations, see page 22 of the instructions)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a Average monthly fair market value of securities	1a	40,809,491.
b Average of monthly cash balances	1b	7,392.
c Fair market value of all other assets (see page 22 of the instructions)	1c	NONE
d Total (add lines 1a, b, and c)	1d	40,816,883.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	NONE
3 Subtract line 2 from line 1d	3	40,816,883.
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 23 of the instructions)	4	612,253.
5 Net value of noncharitable-use assets Subtract line 4 from line 3 Enter here and on Part V, line 4	5	40,204,630.
6 Minimum investment return Enter 5% of line 5	6	2,010,232.

Part XI Distributable Amount (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part)

1 Minimum investment return from Part X, line 6.	1	2,010,232.
2a Tax on investment income for 2001 from Part VI, line 5	2a	20,677
b Income tax for 2001 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	20,677.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	1,989,555.
4a Recoveries of amounts treated as qualifying distributions	4a	NONE
b Income distributions from section 4947(a)(2) trusts	4b	
c Add lines 4a and 4b	4c	NONE
5 Add lines 3 and 4c	5	1,989,555
6 Deduction from distributable amount (see page 23 of the instructions)	6	NONE
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	1,989,555.

Part XII Qualifying Distributions (see page 23 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a Expenses, contributions, gifts, etc - total from Part I, column (d), line 26	1a	1,670,245.
b Program-related investments - Total from Part IX-B	1b	NONE
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3 Amounts set aside for specific charitable projects that satisfy the		
a Suitability test (prior IRS approval required)	3a	NONE
b Cash distribution test (attach the required schedule)	3b	NONE
4 Qualifying distributions Add lines 1a through 3b Enter here and on Part V, line 8 and Part XIII, line 4	4	1,670,245.
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	N/A
6 Adjusted qualifying distributions Subtract line 5 from line 4	6	1,670,245

Note The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see page 24 of the instructions)

		(a) Corpus	(b) Years prior to 2000	(c) 2000	(d) 2001
1	Distributable amount for 2001 from Part XI, line 7				1,989,555
2	Undistributed Income, if any, as of the end of 2000				
a	Enter amount for 2000 only			NONE	
b	Total for prior years 1999		NONE		
3	Excess distributions carryover, if any, to 2001				
a	From 1996	295,187			
b	From 1997	166,140			
c	From 1998	NONE			
d	From 1999	NONE			
e	From 2000	60,690			
f	Total of lines 3a through e	522,017			
4	Qualifying distributions for 2001 from Part XII, line 4	1,670,245			
a	Applied to 2000, but not more than line 2a			NONE	
b	Applied to undistributed income of prior years (Election required - see page 24 of the instructions)		NONE		
c	Treated as distributions out of corpus (Election required - see page 24 of the instructions)	NONE			
d	Applied to 2001 distributable amount				1,670,245
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2001 (If an amount appears in column (d), the same amount must be shown in column (a))	319,310			319,310
6	Enter the net total of each column as indicated below				
a	Corpus Add lines 3f, 4c, and 4e Subtract line 5	202,707			
b	Prior years' undistributed income Subtract line 4b from line 2b		NONE		
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		NONE		
d	Subtract line 6c from line 6b Taxable amount - see page 25 of the instructions		NONE		
e	Undistributed income for 2000 Subtract line 4a from line 2a Taxable amount - see page 25 of the instructions			NONE	
f	Undistributed income for 2001 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2002				
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)	NONE			
8	Excess distributions carryover from 1996 not applied on line 5 or line 7 (see page 25 of the instructions)	NONE			
9	Excess distributions carryover to 2002 Subtract lines 7 and 8 from line 6a	202,707			
10	Analysis of line 9				
a	Excess from 1997	142,017			
b	Excess from 1998	NONE			
c	Excess from 1999	NONE			
d	Excess from 2000	60,690			
e	Excess from 2001	NONE			

Part XIV Private Operating Foundations (see page 25 of the instructions and Part VII-A, question 9) NOT APPLICABLE

Table with 5 main columns: Tax year (a) 2001, Prior 3 years (b) 2000, (c) 1999, (d) 1998, (e) Total. Rows include: 1a Ruling date, 2a Adjusted net income, 2b 85% of line 2a, 3a-c Alternative tests (Assets, Endowment, Support), 3d Gross investment income.

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year - see page 26 of the instructions)

- 1 Information Regarding Foundation Managers
a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))
NOT APPLICABLE
b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest
NOT APPLICABLE
2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:
Check here [] If the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds
If the organization makes gifts, grants, etc. (see page 26 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d
a The name, address, and telephone number of the person to whom applications should be addressed
SEE STATEMENT 10
b The form in which applications should be submitted and information and materials they should include
SEE STATEMENT 10
c Any submission deadlines
SEE STATEMENT 10
d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors
SEE STATEMENT 10

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i> SEE STATEMENT 12				1,449,000.
Total			▶ 3a	1,449,000
b <i>Approved for future payment</i> SEE STATEMENT 12				1,106,500
Total			▶ 3b	1,106,500

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?
a Transfers from the reporting organization to a noncharitable exempt organization of
(1) Cash
(2) Other assets
b Other Transactions
(1) Sales of assets to a noncharitable exempt organization
(2) Purchases of assets from a noncharitable exempt organization
(3) Rental of facilities, equipment, or other assets
(4) Reimbursement arrangements
(5) Loans or loan guarantees
(6) Performance of services or membership or fundraising solicitations
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees
d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization...

Table with 4 columns: (a) Line no, (b) Amount Involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

Under penalties of perjury I declare that I have examined this return including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.
Signature of officer or trustee: Jeanne B. Bejer
Preparer's signature: Thomas D. Bone CPA
Firm's name (or yours if self-employed), address, and ZIP code: KPMG LLP, ONE MELLON CENTER, PITTSBURGH, PA

Underpayment of Estimated Tax by Corporations

▶ See separate instructions

▶ Attach to the corporation's tax return

2001

Name: **ALLEGHENY FOUNDATION** Employer identification number: **25-6012303**

Note: In most cases, the corporation does not need to file Form 2220 (See Part I below for exceptions) The IRS will figure any penalty owed and bill the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 36 on the estimated tax penalty line of the corporation's income tax return, but do not attach Form 2220.

Part I Reasons for Filing - Check the boxes below that apply to the corporation. If any boxes are checked, the corporation must file Form 2220, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty.

- 1 The corporation is using the annualized income installment method
- 2 The corporation is using the adjusted seasonal installment method
- 3 The corporation is a "large corporation" figuring its first required installment based on the prior year's tax

Note. The corporation also must file Form 2220 if it has a suspended research credit allowed for the current year (see the instructions for line 4) or it is an indirectly affected taxpayer (see instructions)

Part II Figuring the Underpayment

4 Total tax (see instructions)					4	20,677.
5 a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4	5 a					
b Look-back interest included on line 4 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	5 b					
c Credit for Federal tax paid on fuels (see instructions)	5 c					
d Total Add lines 5a through 5c	5 d					
6 Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty.	6					20,677.
7 Enter the tax shown on the corporation's 2000 income tax return. Caution: See instructions before completing this line.	7					95,582.
8 Enter the smaller of line 6 or line 7. If the corporation must skip line 7, enter the amount from line 6.	8					20,677.
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers Use 5th month), 6th, 9th, and 12th months of the corporation's tax year. Exception: Enter October 1, 2001, instead of September 15, 2001. ▶	9	(a)	(b)	(c)	(d)	
		05/15/2001	06/15/2001	10/01/2001	12/15/2001	
10 Required installments. If the box on line 1 and/or line 2 above is checked, enter the amounts from Schedule A, line 40. If the box on line 3 (but not 1 or 2) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 8 above in each column.	10	5,169.	5,169.	5,169.	5,169.	
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15. Complete lines 12 through 18 of one column before going to the next column.	11	70,418.				
12 Enter amount, if any, from line 18 of the preceding column.	12		65,249.	60,080.	54,911.	
13 Add lines 11 and 12.	13		65,249.	60,080.	54,911.	
14 Add amounts on lines 16 and 17 of the preceding column.	14					
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	70,418.	65,249.	60,080.	54,911.	
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16					
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18.	17					
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column.	18	65,249.	60,080.	54,911.	49,742.	

Complete Part III on page 2 to figure the penalty. If there are no entries on line 17, no penalty is owed.

For Paperwork Reduction Act Notice, see separate instructions

Part III Figuring the Penalty

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year whichever is earlier (see Instructions) (Form 990-PF and Form 990-T filers Use 5th month instead of 3rd month)				
20 Number of days from due date of installment on line 9 to the date shown on line 19				
21 Number of days on line 20 after 4/15/2001 and before 7/1/2001				
22 Underpayment on line 17 x <u>Number of days on line 21</u> x 8% 365				
23 Number of days on line 20 after 6/30/2001 and before 1/1/2002				
24 Underpayment on line 17 x <u>Number of days on line 23</u> x 7% 365				
25 Number of days on line 20 after 12/31/2001 and before 4/1/2002				
26 Underpayment on line 17 x <u>Number of days on line 25</u> x 6% 365				
27 Number of days on line 20 after 3/31/2002 and before 7/1/2002				
28 Underpayment on line 17 x <u>Number of days on line 27</u> x % 365				
29 Number of days on line 20 after 6/30/2002 and before 10/1/2002				
30 Underpayment on line 17 x <u>Number of days on line 29</u> x % 365				
31 Number of days on line 20 after 9/30/2002 and before 1/1/2003				
32 Underpayment on line 17 x <u>Number of days on line 31</u> x % 365				
33 Number of days on line 20 after 12/31/2002 and before 2/16/2003				
34 Underpayment on line 17 x <u>Number of days on line 33</u> x % 365				
35 Add lines 22, 24, 26, 28, 30, 32, and 34				
36 Penalty Add columns (a) through (d), of line 35. Enter the total here and on Form 1120, line 33, Form 1120-A, line 29, or the comparable line for other income tax returns				36 <i>NONE.</i>

*For underpayments paid after March 31, 2002 For lines 28, 30, 32, and 34, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS Web Site at www.irs.gov. You can also call 1-800-829-1040 to get interest rate information.

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME
-----	-----	-----	-----
INTEREST INCOME	38,292.	38,292.	38,292.
DIVIDEND INCOME	1,068,912.	1,068,912.	1,068,912.
TOTAL	1,107,204.	1,107,204.	1,107,204.

FORM 990PF, PART I - LEGAL FEES

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
LEGAL FEES	520.	18.	18.	502.
TOTALS	520.	18.	18.	502.

FORM 990PF, PART I - ACCOUNTING FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
AUDIT, COMPILATION AND TAX	28,920.	14,460.	14,460.	14,460.
TOTALS	28,920.	14,460.	14,460.	14,460.

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
FISCAL AGENTS	39,294.	39,294.	39,294.	NONE
TOTALS	39,294.	39,294.	39,294.	NONE

FORM 990PF, PART I - TAXES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
PAYROLL TAXES	5,517.	511.	511.	5,006.
FEDERAL EXCISE TAX	20,714.	NONE	NONE	NONE
TOTALS	26,231.	511.	511.	5,006.

FORM 990PF, PART I - OTHER EXPENSES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
INSURANCE	2,279.	211.	211.	2,068.
OFFICE EXPENSES	4,806.	446.	446.	4,360.
SECURITY	21,434.	1,987.	1,987.	19,447.
TELEPHONE	1,445.	134.	134.	1,311.
DUES AND SUBSCRIPTIONS	2,128.			2,128.
COMPUTER MAINTENANCE				
TOTALS	----- 32,092. -----	----- 2,778. -----	----- 2,778. -----	----- 29,314. -----

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS -----	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT -----	PURPOSE OF GRANT OR CONTRIBUTION -----	AMOUNT -----
<u>GRANTS PAID</u>			
SEE STATEMENT 12			1,449,000
		TOTAL CONTRIBUTIONS PAID	1,449,000
<u>GRANTS ACCRUED</u>			
SEE STATEMENT 12			1,106,500
		TOTAL APPROVED CONTRIBUTIONS ACCRUED	1,106,500
		TOTAL CONTRIBUTIONS PAID AND ACCRUED	2,555,500

ALLEGHENY FOUNDATION

Schedule of Investments

December 31, 2001

Investments	Shares or par value	Cost	Market value
Money market			
PNC Money Market	887,008	\$ 887,008	887,008
Common stocks			
AT&T	5,000	221,117	90,700
Abbott Laboratories Inc	26,000	362,186	1,449,500
Allergan, Inc	10,000	78,583	750,500
AOL Time Warner Inc	5,000	356,600	160,500
American Home Products Corp	53,000	162,720	3,252,080
AT&T Wireless Group	1,609	63,608	23,122
BP Amoco PLC	100,572	763,649	4,677,604
Beckman Coulter, Inc	3,664	21,057	162,315
Bristol-Myers Squibb Co	12,000	225,928	612,000
Chevron-Texaco Corp	2,000	186,520	179,220
Coca-Cola Co	20,000	332,693	943,000
Darden Restaurants Inc	28,000	29,245	991,200
Dominion Resources, Inc	3,683	105,753	221,348
Duke Power Co	68,000	810,068	2,669,680
Exxon Mobil Corp	4,700	197,917	184,710
FPL Group, Inc	25,000	862,881	1,410,000
Fortune Brands Inc	50,500	842,816	1,999,295
General Electric Co	9,000	456,022	360,720
General Mills, Inc	20,000	49,791	1,040,200
Glaxo SmithKline ADR	45,520	149,176	2,267,806
Halliburton Co	8,000	41,872	104,800
Hershey Foods Corp	10,000	195,312	677,000
International Business Machines Corp	16,000	436,903	1,935,360
J P Morgan, Inc	44,400	520,446	1,613,940
Kraft Foods Inc	1,200	39,696	40,836
Merck & Co, Inc	10,000	681,250	588,000
Pfizer Inc	10,000	407,900	398,500
Philip Morris Companies, Inc	177,100	2,791,823	8,120,035
Progress Energy Inc	20,000	375,707	900,600
Westvaco Corp	53,155	218,011	1,512,260
Zimmer Holdings Inc	1,200	11,447	36,648
		11,998,697	39,373,479
Total investments		\$ 12,885,705	40,260,487

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
JOANNE B. BEYER FOUNDATION ADDRESS	PRESIDENT	61,250.	8,467.	NONE
RICHARD M. SCAIFE FOUNDATION ADDRESS	CHAIRMAN	1,500.	NONE	NONE
RALPH H. GOETTLER GOETTLER ASSOCIATES, INC. 580 SOUTH HIGH ST. COLUMBUS, OHIO 43215	TRUSTEE	1,500.	NONE	NONE
NATHAN J. STARK 4000 CATHEDRAL AVENUE, N.W. WASHINGTON, D.C. 20016	TRUSTEE	1,500.	NONE	NONE
DORIS O'DONNELL 220 WEST HINES HILL ROAD BOSTON HEIGHTS, OH 44236	TRUSTEE	1,500.	NONE	NONE
ARTHUR P. ZIEGLER, JR. PGH HISTORY & LANDMARKS FDTN ONE STATION SQUARE, SUITE 450 PITTSBURGH, PA 15219-1170	TRUSTEE	1,500.	NONE	NONE
MARGARET R. SCAIFE 613 PITCAIRN PLACE PITTSBURGH, PA 15232	TRUSTEE	1,500.	NONE	NONE
GEORGE A. WEYMOUTH BRANDYWINE CONSERVANCY, INC. P.O. BOX 141	TRUSTEE	NONE	NONE	NONE

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
CHADDS FORD, PA 19317				
	GRAND TOTALS	70,250.	8,467.	NONE

ALLEGHENY FOUNDATION
Form 990-PF
EIN: 25-6012303
Year Ended December 31, 2001

STATEMENT 10

Information Regarding Grant and Loan Program

The Allegheny Foundation concentrates its giving in the Western Pennsylvania area and confines most of its grant awards to programs for historic preservation, civic development, education, youth development, and animal welfare. The Foundation does not make grants to individuals.

Initial inquiries to the Foundation should be in letter form signed by the Organization's President, or authorized representative, and have the approval of the Organization's Board of Directors. The letter should include a concise description of the specific program for which funds are requested. Additional information must include a budget for the program and for the organization, the latest audited financial statement and annual report. A copy of the Organization's current ruling letter evidence tax exemption under Section 501(c)(3) and 509(a) of the Internal Revenue Code is required. Additional information may be requested, if needed, for further evaluation.

The Foundation normally considers grants at an annual meeting held in December. However, requests may be submitted at any time and will be acted upon as expeditiously as possible.

Grant applications should be addressed to

Ms Joanne B Beyer
President
Allegheny Foundation
301 Grant Street
One Oxford Centre
Suite 3900
Pittsburgh, Pennsylvania 15219-6401

STATEMENT 10

FEDERAL FOOTNOTES

GRANTS PAID

ALL OF THE GRANTEES SHOWN ON THE ATTACHED STATEMENT OF GRANTS ARE EXEMPT UNDER INTERNAL REVENUE CODE SECTION 501(C)(3) AND HAVE THE STATUS OF PUBLIC CHARITIES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 509(A)(1), (2), OR (3),

ALLEGHENY FOUNDATION

Schedule of Grants

	Payable, December 31, 2000	January 1 to December 31, 2001		Payable, December 31, 2001
		Approved	Paid	
Allegheny Institute for Public Policy, Pittsburgh, Pennsylvania General support	\$ —	50,000	—	50,000
American Chestnut Foundation, Bennington, Vermont General support	—	25,000	25,000	—
American Legislative Exchange Council, Washington, D C. General support - Education Task Force	50,000	35,000	50,000	35,000
Boys and Girls Clubs of Western Pennsylvania, Pittsburgh, Pennsylvania Summer Program	40,000	40,000	40,000	40,000
Braddock's Field Historical Society, Braddock, Pennsylvania Archive project and capital support	50,000	25,000	50,000	25,000
Brownsville Area Revitalization Corporation, Brownsville, Pennsylvania Newspapers in Education and capital support	—	21,500	—	21,500
Center for the Study of Popular Culture, Los Angeles, California Project support	50,000	—	—	50,000
Children Requiring Caring Kommunity, Anaheim California General support	—	25,000	—	25,000
Cornerstone Church of Muskegon, Muskegon, Michigan General support	—	1,000	1,000	—
Epiphany Catholic Church, Pittsburgh, Pennsylvania Capital support	—	50,000	50,000	—
The Extra Mile Education Foundation, Inc , Pittsburgh, Pennsylvania Crossroads Scholarship Fund Program support	100,000 —	— 25,000	50,000 —	50,000 25,000
The Frick Art and Historical Center, Inc , Pittsburgh, Pennsylvania Thomas Moran Exhibition	120,000	—	120,000	—
The Fund for Animals, Inc , New York, New York Have-A-Heart Clinic	25,000	—	25,000	—

ALLEGHENY FOUNDATION

Schedule of Grants

	Payable, December 31, 2000	January 1 to December 31, 2001		Payable, December 31, 2001
		Approved	Paid	
The Garden Club of McKeesport, McKeesport, Pennsylvania Capital support	\$ —	1,000	1,000	—
Greater Pittsburgh Community Food Bank, Duquesne, Pennsylvania General support	10,000	25,000	35,000	—
Historic Red Clay Valley, Inc , Wilmington, Delaware Capital support	15,000	15,000	15,000	15,000
The Homestead Inc of Nantucket, Nantucket, Massachusetts Capital support	—	20,000	—	20,000
Humane Society of Westmoreland County, Greensburg, Pennsylvania General support	—	5,000	—	5,000
Intercollegiate Studies Institute, Inc , Wilmington, Delaware Preparatory School Lecture Program	100,000	50,000	100,000	50,000
Ladew Topiary Gardens, Inc , Monkton, Maryland General support	—	15,000	—	15,000
Lincoln Institute of Public Opinion Research, Inc., Harrisburg, Pennsylvania General support	50,000	40,000	50,000	40,000
Mars Area History and Landmark Society, Mars, Pennsylvania Capital support	—	5,000	—	5,000
Midway Boys Club, Scottsdale, Pennsylvania Capital support	—	10,000	10,000	—
Nantucket Atheneum, Nantucket, Massachusetts General support	—	100,000	25,000	75,000
National Association of Olmstead Parks, Framingham, Massachusetts Project support	—	5,000	—	5,000
Pennsylvania Trolley Museum, Inc , Pittsburgh, Pennsylvania Collection Development Fund Capital support	40,000 400,000	— —	40,000 100,000	— 300,000

ALLEGHENY FOUNDATION

Schedule of Grants

	Payable, December 31, 2000	January 1 to December 31, 2001		Payable, December 31, 2001
		Approved	Paid	
Pittsburgh History and Landmarks Foundation, Pittsburgh, Pennsylvania Homestead Borough Building	\$ —	60,000	—	60,000
Philanthropy Roundtable, Washington, D C General support	10,000	10,000	10,000	10,000
Pittsburgh Board of Public Education, Pittsburgh, Pennsylvania Best Friends Program	50,000	—	50,000	—
The Pittsburgh Parks Conservancy, Pittsburgh, Pennsylvania Schenley Park Visitors Center General support	500,000 —	— 50,000	500,000 —	— 50,000
Railroaders Memorial Museum, Inc , Altoona, Pennsylvania Capital support General support	50,000 —	— 25,000	50,000 —	— 25,000
River City Brass Band, Pittsburgh, Pennsylvania General support	50,000	50,000	50,000	50,000
Tutwiler Community Education Center, Inc , Tutwiler, Mississippi General support	—	10,000	—	10,000
University of Pittsburgh, Pittsburgh, Pennsylvania The McGowan Institute for Regenerative Medicine	—	15,000	—	15,000
Western Pennsylvania Humane Society, Pittsburgh, Pennsylvania Capital support	—	15,000	—	15,000
Western Pennsylvania Model Railroad Museum, Gibsonia, Pennsylvania General support Capital support	— —	2,000 5,000	2,000 —	— 5,000
Westmoreland Museum of Art, Greensburg, Pennsylvania Purchase Lynch Tiffany window	—	15,000	—	15,000
	<u>\$ 1,710,000</u>	<u>845,500</u>	<u>1,449,000</u>	<u>1,106,500</u>

THE ALLEGHENY FOUNDATION

Schedule of Gains (Losses) for Tax on Investment Income

Twelve Months Ended December 31, 2001

(a) Kind of property	(b) Description	(c) How acquired P-purchase D-donated	(d) Date acquired	(e) Date sold/ matured	(f) Gross sale price	(g) Cost or other basis and expense of sale	(h) Gain (loss) ((f) less (g))	(i) Fair market value as of December 31, 1969	(j) Adjusted cost basis	(k) Excess of (i) over (j)	(l) Losses from column (i) and gains (excess (i) over (j))
Security	Avaya, Inc	P	03/23/00	10/11/01	\$ 4,443	17,033	(12,590)	N/A	N/A	N/A	\$ (12,590)
Security	Cisco Systems, Inc	P	03/23/00	10/11/01	48,990	225,189	(176,199)	N/A	N/A	N/A	(176,199)
Security	Home Depot, Inc	P	03/23/00	10/11/01	213,699	315,314	(101,615)	N/A	N/A	N/A	(101,615)
Security	Intel Corp	P	03/23/00	10/11/01	146,845	420,568	(273,723)	N/A	N/A	N/A	(273,723)
Security	Lucent Technologies, Inc	P	03/23/00	10/11/01	33,300	294,366	(261,066)	N/A	N/A	N/A	(261,066)
Security	Microsoft Corp	P	03/23/00	10/11/01	280,010	548,603	(268,593)	N/A	N/A	N/A	(268,593)
Security	Motorola, Inc	P	03/23/00	10/11/01	103,523	323,629	(220,106)	N/A	N/A	N/A	(220,106)
Security	Wal-Mart Stores, Inc	P	03/23/00	10/11/01	267,550	269,971	(2,421)	N/A	N/A	N/A	(2,421)
					<u>\$ 1,098,360</u>	<u>2,414,673</u>	<u>(1,316,313)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ (1,316,313)</u>

Note Column (g) is not applicable

Statement 13

FEDERAL FOOTNOTES

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EXPENSE ALLOCATION

COMPENSATION OF OFFICERS, TRUSTEES, AND OTHER EMPLOYEES AS WELL AS THE RELATED EMPLOYEE BENEFITS ARE ALLOCATED BASED ON TIME SPENT IN CARRYING OUT THE FOUNDATIONS EXEMPT PURPOSE VERSUS TIME SPENT IN THE PRODUCTION OF INCOME. PROFESSIONAL FEES ARE ALLOCATED BASED ON SERVICES PERFORMED FOR THE FOUNDATION. DEPRECIATION IS TAKEN ON PROPERTY USED IN PRODUCING INCOME. THE REMAINING EXPENSES ARE CLASSIFIED BASED ON THE SALARY ALLOCATION DESCRIBED ABOVE.