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 [FEE REQUIRED]
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

OR

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

Commission File Number 1-3610

ALUMINUM COMPANY OF AMERICA
(Exact name of registrant as specified in its charter)

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

425 Sixth Avenue, Alcoa Building, Pittsburgh, Pennsylvania	15219-1850
(Address of principal executive offices)	(Zip code)

Registrant's telephone number--area code 412

Investor Relations------------553-3042
Office of the Secretary------553-4707

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

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

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

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

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

As of March 1, 1996 there were 175,070,628 shares of common stock, par value $1.00, of the registrant outstanding. The aggregate market value of such shares, other than shares held by persons who may be deemed affiliates of the registrant, was approximately $9,997 million.

Documents incorporated by reference.

Parts I and II of this Form 10-K incorporate by reference certain information from the registrant's 1995 Annual Report to Shareholders. Part III of this Form 10-K incorporates by reference the registrant's Proxy Statement dated March 6, 1996, except for the performance graph and Compensation Committee Report.

ALUMINUM COMPANY OF AMERICA

Aluminum Company of America was formed in 1888 under the laws of the Commonwealth of Pennsylvania. Unless the context otherwise requires, Alcoa or the Company means Aluminum Company of America and all subsidiaries consolidated for the purposes of its financial statements.

PART I

Item 1. Business.

Alcoa is the world's largest integrated aluminum company, producing and selling primary aluminum and semi-fabricated and finished aluminum products. Alcoa is also the world's largest producer of alumina. The Company produces and sells alumina-based chemicals, a variety of other finished products and components and systems. The Company's products are used primarily by packaging, transportation (including aerospace, automotive, rail and shipping), building and industrial customers worldwide. Alcoa has operating and sales locations in 28 countries.

Alcoa serves a variety of customers in a number of markets. Consolidated revenues from these markets were:

Revenues by Market	(dollars in millions) 1995	1994	1993
Packaging	$ 3,797	$2,830	$2,606
Transportation	2,232	1,671	1,397
Distributor and Other	1,988	1,570	1,274
Alumina and Chemicals	1,705	1,494	1,437
Building and Construction	1,531	1,391	1,299
Aluminum Ingot	1,247	948	1,042
Total Sales and Operating Revenues	$12,500	$9,904	$9,055

Segment and geographic area financial information is presented in Note P to the Financial Statements.

Major Operations

Most aluminum facilities located in the United States are owned by the parent company. Alcoa of Australia Limited (AofA), Alcoa Aluminio S.A. (Aluminio) in Brazil and Alcoa Fujikura Ltd. (AFL) are the three largest operating subsidiaries.

AofA operates integrated aluminum facilities in Australia, including mining, refining, smelting and fabricating operations. More than half of AofA's 1995 revenues were derived from alumina, and the balance was derived principally from primary aluminum, rigid container sheet and gold.

Alcoa Brazil Holdings Company holds Alcoa's 59% interest in Aluminio, an integrated aluminum producer in Brazil. Aluminio operates mining, refining, smelting, fabricating and closures facilities at various locations in Brazil. Approximately 28% of Aluminio's 1995 unconsolidated revenues was derived from primary aluminum, and exports accounted for approximately one-fourth of its revenues.

AFL, owned 51% by Alcoa and 49% by Fujikura Ltd. of Japan, produces and markets automotive electrical distribution systems, as well as fiber optic products and systems for selected electric utilities, telecommunications, cable television and datacom markets.

Alumina and Chemicals Restructuring

In December 1994, Alcoa and WMC Limited of Melbourne, Australia (WMC) (formerly Western Mining Corporation Holdings Limited) restructured and combined their respective worldwide bauxite, alumina and alumina-based chemicals businesses and investments into a group of companies (Alcoa World Alumina) owned 60% by Alcoa. The restructuring and combination of certain businesses and investments in Brazil between Alcoa, WMC and third party investors in Aluminio were concluded late in the first quarter of 1995. See Note C to the Financial Statements.

Alcoa World Alumina is a series of affiliated operating entities and assets which includes the following:

1. 99.25% ownership interest in AofA, including its aluminum smelting and fabricating operations;

2. Alcoa's operations at Point Comfort, Texas (refining); bauxite mining in Guinea, Africa (through an interest in Halco (Mining) Inc.); Jamaica (mining and refining); Suriname (mining, refining and smelting); and the U.S. Virgin Islands (refining);

3. Alcoa's bauxite and alumina shipping operations;

4. Alcoa's alumina-based chemicals businesses in Australia, Germany, India, Japan, the Netherlands, Singapore and U.S.; and

5. An interest in the Alumar alumina refinery at Sao Luis, Brazil (Alumar Refinery) and in Mineracao Rio do Norte S.A. (MRN) (mining).

A five-member strategic council, with three members appointed by Alcoa and two by WMC, provides counsel and direction to Alcoa World Alumina. Alcoa provides operating management for all of the affiliated operating entities.

Competition

The markets for most aluminum products are highly competitive. Price, quality and service are the principal competitive factors in most of these markets. Where aluminum products compete with other materials, the diverse characteristics of aluminum are also a significant factor, particularly its light weight and recyclability. The competitive conditions are discussed later for each of the Company's major product classes.

The Company continues to examine all aspects of its operations and activities and redesign them where necessary to enhance effectiveness and achieve cost reductions. Alcoa believes that its competitive position is enhanced by its improved processes, extensive facilities and willingness and ability to commit capital where necessary to meet growth in important markets and by the capability of its employees. Research and development, and an increased emphasis on full utilization of technology, have led to improved product quality and production techniques, new product development and cost control.

The dissolution of the former Soviet Union and the lack of a mechanism to successfully integrate its economy with market economies significantly contributed to a global oversupply of aluminum in recent years. Prior to 1991, former Soviet aluminum producers primarily served internal markets which weakened substantially after the collapse of the Soviet Union, and aluminum produced at former Soviet smelters began to be exported. These exports caused an imbalance in demand and supply and resulted in severe downward pressure on aluminum prices.

In January 1994, an accord was reached among the governments of six major primary aluminum-producing nations (Australia, Canada, the European Union, Norway, Russia and the U.S.) to address the global aluminum supply situation. Under the accord, the Russian industry would reduce its annual aluminum exports for up to two years, the EU would refrain from renewing import quotas on Russian ingot when the quotas expired in early 1994, and certain of the participating governments would create a fund to assist in the modernization of the Russian industry.

By year-end 1994, Alcoa indefinitely curtailed 450,000 metric tons (mt) per year of its total worldwide smelting production. This capacity remains idled.

Risk Factors

In addition to risks inherent in Alcoa's worldwide operations, Alcoa is exposed generally to financial, market, political and economic risks.

Commodity Risks

Alcoa is a leading global producer of aluminum ingot and aluminum fabricated products. Aluminum ingot is an internationally priced, sourced and traded commodity. The principal trading market for ingot is the London Metal Exchange (LME). Alcoa participates in this market by buying and selling forward portions of its aluminum requirements and output.

Alcoa divides its operations into four regions: U.S., Pacific, Other Americas and Europe. AofA in the Pacific region, and Aluminio in the Other Americas, are generally in net long metal positions. From time to time, they may sell production forward. In the European region there are no smelting operations controlled by Alcoa, and accordingly, this region is net short and may purchase forward positions from time to time. At the present time, forward purchase and sales activity within these three regions is not material.

In the U.S., and for export, Alcoa enters into long-term contracts with a number of its fabricated products customers. At December 31, 1995, and 1994, such contracts approximated 2,483,000 mt and 1,500,000 mt, respectively, of fabricated products over the next several years. Alcoa may enter into similar arrangements in the future.

As a hedge against the economic risk of higher prices for metal needs associated with these long-term contracts, Alcoa entered into long positions, principally using futures and option contracts. At December 31, 1995 and 1994, these contracts totaled approximately 1,210,000 mt and 1,400,000 mt, respectively. The contracts limit the unfavorable effect of price increases on metal purchases and likewise limit the favorable effect from price declines. The futures and option contracts are with creditworthy counterparties and are further supported by cash, treasury bills or irrevocable letters of credit issued by carefully chosen banks.

For financial accounting purposes, the gains and losses on the hedging contracts are reflected in earnings concurrent with the hedged costs. The cash flows from these contracts are classified in a manner consistent with the underlying nature of the transactions.

Alcoa intends to close out the hedging contracts at the time it purchases the metal from third parties, thus creating the right economic match both in time and price. The deferred gains on the closed hedging contracts of $466 million at December 31, 1995 are expected to offset the increase in the price of the purchased metal.

The expiration dates of the call options and the delivery dates of the futures contracts do not always coincide exactly with the dates on which Alcoa is required to purchase metal to meet its contractual commitments with customers. Accordingly, some of the futures and option positions will be rolled forward. This may result in significant cash inflows if the hedging contracts are "in-the-money" at the time they are rolled forward. Conversely, there could be significant cash outflows if metal prices fall below the price of contracts being rolled forward.

In addition, Alcoa had 461,000 mt of LME contracts outstanding at year-end 1995 that cover long-term fixed-price commitments to supply customers with metal from internal sources. Accounting convention requires that these contracts be marked to market which resulted in an aftertax charge to earnings of $38 million in 1995.

Alcoa also purchases certain other commodities, such as gas and copper, for its operations and enters into contracts to eliminate volatility in the prices of such products. None of these contracts are material. For additional information on financial instruments, see Note Q.

Financial Risk

Since Alcoa participates in the global marketplace, it is subject to significant exposure from fluctuations in foreign currencies. As a matter of company policy, Alcoa enters into foreign currency exchange contracts, including forwards and options, to manage its transactional exposure to changes in currency exchange rates.

Alcoa also attempts to maintain a reasonable balance between fixed and floating rate debt, using interest rate swaps where appropriate to keep financing costs as low as possible.

Risk Management

All of the aluminum and other commodity contracts, as well as the various types of financial instruments, are straightforward. They are primarily entered into for the purpose of removing uncertainty and volatility, and principally cover underlying exposures.

Alcoa's commodity and derivative activities are subject to the management, direction and control of the Strategic Risk Management Committee (SRMC). It is composed of the Chief Executive Officer, the Vice Chairman, the Chief Financial Officer and other officers and employees as the Chief Executive Officer may select from time to time. SRMC reports to the Board of Directors at each of its scheduled meetings on the scope of Alcoa's derivatives activities and programs.

For further information on Alcoa's hedging and derivatives activities, see Notes A, I and Q to the Financial Statements, which are incorporated herein by reference.

Segments

Alcoa's operations consist of three segments: Alumina and Chemicals, Aluminum Processing, and Nonaluminum Products. Discussion of Alcoa's operations and properties by its three segments follows.

Alumina and Chemicals Segment

The Alumina and Chemicals segment includes the production and sale of bauxite, alumina, alumina (industrial) chemicals and transportation services.

Bauxite

Bauxite, aluminum's principal raw material, is refined into alumina through a chemical process and is then smelted into primary aluminum. Most of the bauxite mined and alumina produced by the Company, except by AofA, is further processed by the Company into aluminum. All of the Company's bauxite interests are now included in Alcoa World Alumina with the exception of Alcoa's bauxite mines in Arkansas, Aluminio's bauxite mines in Pocos de Caldas, Brazil and an 8.6% interest in MRN, which is also held by Aluminio.

The Company has long-term contracts to purchase bauxite mined by a partially-owned entity in the Republic of Guinea. These agreements expire after 2011. This bauxite services most of the requirements of the Point Comfort, Texas alumina refinery. Suriname Aluminum Company, L.L.C. (Suralco) mines bauxite in Suriname under rights which expire after the year 2000. Suralco also holds a 26% minority interest in a bauxite mining joint venture managed by the majority owner, an affiliate of Gencor Limited of South Africa (Gencor). Bauxite from both mining operations serves Suralco's share of the refinery in Suriname referred to below.

AofA's bauxite mineral leases expire in 2003. Renewal options allow AofA to extend the leases until 2045. The natural gas requirements of the refineries are supplied primarily under a contract with the parties comprising the North West Shelf Gas Joint Venture. The contract expires in 2005 and imposes minimum purchase requirements.

Bauxite mining rights in Jamaica expire after the year 2020. These rights are owned by the joint venture with the government of Jamaica referred to in the next section.

Alumina

Alumina is sold principally from operations in Australia, Jamaica and Suriname. Approximately 38% of the Company's alumina production in 1995 was sold to third parties. Most of the alumina supply contracts are negotiated on the basis of agreed volumes over a multi-year time period to assure a continuous supply of alumina to the smelters which receive the alumina. Most alumina is sold under contracts where prices are negotiated periodically or are based on formulas related to aluminum ingot market prices or to production costs. Alumina demand and supply are generally in balance.

AofA is the world's largest and one of the lowest-cost producers of alumina. Its three alumina plants, located in Kwinana, Pinjarra and Wagerup in Western Australia, have in the aggregate an annual rated capacity of approximately 6.4 million mt. Most of AofA's alumina is sold under supply contracts to a number of customers worldwide.

Suralco owns 55% of the 1.6 million mt per year alumina refinery in Paranam, Suriname and operates the plant. An affiliate of Gencor holds the remaining 45%.

An Alcoa subsidiary and a corporation owned by the government of Jamaica are equal participants in a joint venture, managed by the subsidiary, that owns an alumina refinery in Clarendon Parish, Jamaica. Annual alumina capacity at the Clarendon refinery will be increased from 800,000 to approximately 1,000,000 mt in the next several years.

Aluminio is the operator of the Alumar Consortium (Alumar), a cost-sharing and production-sharing venture which owns a large refining and smelting project near the northern coastal city of Sao Luis, Brazil. The Alumar Refinery has an annual capacity of approximately 1,000,000 mt and is owned 35.1% by Aluminio, 36% by an affiliate of Gencor, 18.9% by Abalco S.A. (owned 60% by Alcoa and 40% by WMC) and 10% by an affiliate of Alcan Aluminium Limited (Alcan). A majority of the alumina production is consumed at the smelter.

Aluminio holds an 8.6% interest and Abalco S.A. holds a 4.6% interest in MRN, a mining company which is jointly owned by affiliates of Alcan, Companhia Brasileira de Aluminio, Companhia Vale do Rio Doce, Gencor, Norsk Hydro and Reynolds Metals Company. Aluminio purchases bauxite from MRN under a long-term supply contract.

At Pocos de Caldas, Brazil, Aluminio mines bauxite and operates a refinery which produces alumina, primarily for its nearby smelter.

In July 1995, Alcoa Alumina & Chemicals, L.L.C., through a majority owned entity, St. Croix Alumina, L.L.C., acquired a 600,000 mt per year alumina refinery located on St. Croix, U.S. Virgin Islands from Virgin Islands Alumina Corporation, a subsidiary of Glencore International AG.

Industrial Chemicals

The Company sells industrial chemicals to customers in a broad spectrum of markets for use in refractories, ceramics, abrasives, chemicals processing and other specialty applications.

A variety of industrial chemicals, principally alumina-based chemicals, are produced or processed at plants located in Mobile, Alabama; Bauxite, Arkansas; Ft. Meade, Florida; Dalton, Georgia; Lake Charles, Port Allen and Vidalia, Louisiana; Leetsdale, Pennsylvania; Nashville, Tennessee; Point Comfort, Texas; Kwinana and Rockingham, Australia; Pocos de Caldas and Salto, Brazil; Ludwigshafen, Germany; Iwakuni and Naoetsu, Japan; Moerdijk and Rotterdam, the Netherlands; and Singapore.

Aluminum fluoride, used in aluminum smelting, is produced from fluorspar at Point Comfort and from hydrofluosilicic acid at Ft. Meade. With the exception of the plants located in Pocos de Caldas and Salto, all of these facilities are now part of Alcoa World Alumina.

The Company and The Associated Cement Companies Ltd. of Bombay, India have formed a joint venture to import, process and market tabular alumina and alumina-based chemicals for the refractory and ceramic industries in India. The venture completed construction of its processing plant in India in 1995.

In June 1995, the Company acquired Discovery Industries, Inc., a privately-held producer of alumina-based chemicals in Port Allen, Louisiana.

Aluminum Processing Segment

The Aluminum Processing segment comprises the production and sale of molten metal, ingot, and aluminum products that are flat-rolled, engineered or finished. Also included are power, transportation and other services.

Revenues and shipments for the principal classes of products in the aluminum processing segment are as follows:

	1995	1994	1993
	(dollars in millions)		
Revenues:			
Aluminum ingot	$1,197	$ 920	$1,042
Flat-rolled products	4,177	3,201	2,974
Engineered products	2,303	1,882	1,528
Other aluminum products	357	474	430
Total	$8,034	$6,477	$5,974
	(mt in thousands)		
Shipments:			
Aluminum ingot	673	655	841
Flat-rolled products	1,380	1,381	1,271
Engineered products	454	433	379
Other aluminum products	75	82	89
Total	2,582	2,551	2,580

Aluminum Ingot

The Company smelts primary aluminum from alumina obtained principally from the alumina refineries discussed earlier. Smelters are located at Warrick, Indiana; Massena, New York; Badin, North Carolina; Alcoa, Tennessee; Rockdale, Texas; Wenatchee, Washington; Point Henry and Portland, Australia; Pocos de Caldas and Sao Luis, Brazil; and Paranam, Suriname. The Company's smelting operations in Australia and Suriname have been included in Alcoa World Alumina. Alcoa's consolidated annual rated primary aluminum capacity is approximately 1.9 million mt. When operating at capacity, the Company's smelters more than satisfy the primary aluminum requirements of the Company's fabricating operations. Purchases of aluminum scrap (principally used beverage cans), supplemented by purchases of ingot when necessary, satisfy any additional aluminum requirements. Most of the Company's primary aluminum production in 1995 was delivered to other Alcoa operations for alloying and/or further fabricating.

The Company utilizes electric power, natural gas and other forms of energy in its refining, smelting and processing operations. Aluminum is produced from alumina by an electrolytic process requiring large amounts of electric power. Electric power accounts over time for approximately 25% of the Company's primary aluminum costs. Alcoa generates approximately 40% of the power used at its smelters worldwide. Most firm power purchase contracts tie prices to aluminum prices or to prices based on various indices.

The joint venture smelter at Portland, Victoria, with an annual rated capacity of 320,000 mt, is owned 45% by AofA, 25% by the State of Victoria, 10% by the First National Resources Trust, 10% by the China International Trust and Investment Corporation, and 10% by Marubeni Aluminium Australia Pty., Ltd. (Portland Smelter Participants). A subsidiary of AofA operates the smelter. Each Portland Smelter Participant is required to contribute to the cost of operations and construction in pro-portion to its interests in the venture and is entitled to its proportionate share of the output. Alumina is supplied by AofA. The Portland site can accommodate additional smelting capacity.

Currently, approximately 36% of the power for the Point Henry smelter is generated by AofA using its extensive brown coal deposits. The balance of the power, and power for the Portland, Victoria smelter, is available under contracts with the State Electricity Commission of Victoria which expire in

2014 and 2016, respectively. Power prices are tied by formula to aluminum prices. The State Government of Victoria has announced its desire to renegotiate the power contracts for the Point Henry and Portland smelters, but, after discussions, terminated the negotiations and advised that the existing base contracts will be honored. Informal discussions are continuing on clarifying various aspects of power supply to the smelters.

The Alumar Consortium aluminum smelter at Sao Luis, Brazil has an annual rated capacity of 328,000 mt. Aluminio receives about 54% of the primary aluminum production.

Electric power for Alumar's Sao Luis smelter is purchased from the government-controlled power grid in Brazil at a small discount from the applicable industrial tariff price and is protected by a cap based on the LME price of aluminum. Aluminio's Pocos de Caldas smelter purchased firm and interruptible power from the government-controlled electric utility under a contract which expired January 1, 1996. Aluminio is negotiating with the utility for a renewal of that contract. Pending completion of a new contract, Aluminio is purchasing power from the utility at the applicable common tariff price.

Over 50% of the power requirements for Alcoa's U.S. smelters is generated by the Company, and the remainder is purchased from others under long-term contracts. Less than 15% of the self-generated power results from the Company's entitlement to a fixed percentage of the output from a hydroelectric power facility located in the northwestern United States.

The Company generates substantially all of the power used at its Warrick smelter using coal reserves near the smelter that should satisfy requirements through year-end 1997. The Company is negotiating a coal supply contract to meet the needs of the smelter through 2006. Lignite is used to generate power for the Rockdale, Texas smelter. Company-owned generating units supply about half of the total requirements and the balance is purchased from a dedicated power plant under a contract which expires not earlier than 2013.

In connection with the electric power generated for the aluminum smelters at Alcoa, Tennessee and Badin, North Carolina, two subsidiaries of the Company own and operate hydroelectric facilities subject to Federal Energy Regulatory Commission licenses effective until 2005 and 2008, respectively. For the Tennessee plant, the Company also purchases firm and interruptible power from Tennessee Valley Authority under a contract which expires in 2000. For the Badin plant, the Company purchases additional power under an evergreen contract providing for specified periods of notice before termination by either party.

The purchased power contract for the Massena smelter expires not earlier than 2003 but may be terminated by the Company with one year's notice.

Alcoa has two principal power contracts for its Wenatchee smelter. The contract for the power output entitlement referred to above expires in 2011. The contract with Bonneville Power Administration expires in 2001 and includes 25% interruptible power. Power restrictions may occur when precipitation is below normal. Beginning in 1995, a portion of the power supplied under the entitlement contract was replaced by power purchased from the local public utility district. Additional power also may be purchased from the district.

Although not included in the revenues by market or revenues and shipments tables above or in the rated primary aluminum capacity figure above, the Company reports equity earnings from its interest in two primary aluminum smelters in Norway. Elkem Aluminium ANS, 50% owned by Norsk Alcoa A/S, a subsidiary, is a partnership that owns and operates the smelters.

In November 1995, Alcoa signed an agreement to acquire the principal operating assets of Alumix S.p.A., Italy's state-owned integrated aluminum producer. Alcoa will acquire two primary aluminum smelters, at Portovesme and Fusina, with combined annual capacity of 170,000 mt; a rolling mill at

Fusina with annual capacity of 140,000 mt; four aluminum extrusion plants (at Bolzano, Fossanova, Feltre and Iglesias) with combined annual capacity of 70,000 mt; and an extrusion die shop, six metal distribution centers, three administrative centers and sales offices in France, Germany, Spain and the United Kingdom. The acquisition is expected to close before mid-year 1996.

Flat-Rolled Products

The Company's flat-rolled products serve three principal markets: light gauge sheet products serve principally the packaging market, and sheet and plate products serve principally the transportation and building and construction markets.

Alcoa employs its own sales force for most products sold in the packaging market. Most of the packaging revenues in 1995 were derived from rigid container sheet (RCS) sold to can companies for production of beverage and food cans and can ends. The number of RCS customers in the U.S. is relatively small, and the number of can companies has been shrinking. Use of aluminum beverage cans continues to increase, particularly in Asia, Europe and South America, where per capita consumption remains relatively low. Aluminum foil and packaging sheet (other than RCS) are sold principally in the packaging markets.

Aluminum's diverse characteristics, particularly its light weight and recyclability, are significant factors in packaging markets where alternatives such as steel, plastic and glass are competitive materials. Leadership in the packaging markets is maintained by improving processes and facilities, as well as by providing research and technical support to customers.

Light gauge aluminum sheet and foil products are manufactured at several locations. RCS is produced at Warrick, Indiana; Alcoa, Tennessee; Point Henry, Australia; Yennora, Australia (a joint venture facility acquired in January 1996); Moka, Japan (a joint venture facility); and Swansea, Wales. Light gauge sheet and foil are produced at Lebanon, Pennsylvania; Shanghai, China; and Yennora, Australia. Foil conversion activity at the Davenport, Iowa plant will be repositioned to the Lebanon facility by mid-year 1996. Light gauge sheet, foil products and laminated evaporator panels are manufactured by Aluminio at Recife, Brazil.

Used aluminum beverage cans are an important source of metal for RCS. The cost of used beverage cans continued to increase during the first half of 1995, then drifted lower during the second half of the year. Recycling aluminum conserves raw materials, reduces litter and saves energy - about 95% of the energy needed to produce aluminum from bauxite. Also, recycling capacity costs much less than new primary aluminum capacity. Can recycling or remelt facilities are located at or near Alcoa's Warrick, Indiana and Alcoa, Tennessee plants.

In early 1995 the Company and Shanghai Aluminum Fabrication Plant (SAFP) formed a joint venture company to acquire and operate SAFP's existing aluminum foil and foil laminate production facility in Shanghai, China. The joint venture company, which commenced operations in May 1995, is owned 60% by Alcoa and 40% by SAFP. The facility currently produces approximately 8,500 mt of aluminum foil per year. It is anticipated that through the use of technology developed by Aluminio and the addition of a second caster, annual output will increase to approximately 18,000 mt within five years.

The Company has joint ventures with Kobe Steel, Ltd. (Kobe) in Australia and Japan that serve the packaging markets. KSL Alcoa Aluminum Company, Ltd. (KAAL) manufactures and sells RCS in

Japan and other Asian countries. The Company holds a 50% interest in KAAL. In connection with this joint venture, Alcoa entered into a long-term metal contract with Kobe.

KAAL Australia Pty. Limited (KAAL/Australia) was formed in December 1995 to acquire Comalco Limited's rolled products operations at Yennora, Australia. KAAL/Australia will manufacture and sell aluminum sheet and foil for the Australian market, as well as RCS for Australian and Asian markets. The Company also holds a 50% interest in KAAL/Australia. Negotiations relating to the acquisition of the AofA rolling mill at Point Henry by KAAL/Australia or an affiliate are proceeding.

Sheet and plate products serve aerospace, automotive, lithographic, railroad, ship-building, building and construction, defense and other industrial and consumer markets. The Company maintains its own sales forces for most of these products. Differentiation of material properties, price and service are significant competitive factors. Aluminum's diverse characteristics are important in these markets, where competitive materials include steel and plastics for automotive and building applications; magnesium, titanium, composites and plastics for aerospace and defense applications; and wood and vinyl in building and construction applications.

The Company's largest sheet and plate plant is located at Davenport, Iowa. It produces products requiring special alloying, heat treating and other processing, some of which are unique or proprietary. The Company serves European sheet and plate markets through a distribution center in Paal, Belgium.

The Company substantially has completed a plant in Hutchinson, Kansas for further processing and just-in-time stocking of aluminum sheet products for the aerospace market.

Alcoa continues to develop alloys and products for aerospace applications, such as new aluminum alloys for application in the Boeing 777 aircraft. A research and development effort also has resulted in the commercial development of a series of aluminum and aluminum-lithium alloys which offer significant weight savings over traditional materials for aerospace and defense applications.

The Company and Kobe also have two joint venture companies, one in the U.S. and one in Japan, to serve the transportation industry. The initial emphasis of these companies is on expanding the use of aluminum sheet products in passenger cars and light trucks.

The Company has a 50.1% interest in Alcoa-Kofem Kft., a Hungarian subsidiary. The government-owned Hungarian Aluminium Industrial Corporation holds the remaining equity interest. The subsidiary produces common alloy flat and coiled sheet, soft alloy extrusions and end products for the building, construction, food and agricultural markets in central and western Europe. Alcoa is providing technological and operational expertise to Alcoa-Kofem Kft.

Engineered Products

Engineered products principally include extrusion and tube, wire, rod and bar, forgings, castings, aluminum building products, aluminum memory disk blanks and other products which are sold in a wide range of markets, but principally in the transportation market.

Aluminum extrusions and tube are produced principally at five U.S. locations. The Chandler, Arizona plant produces hard alloy extrusions, tube and forge stock; the Lafayette, Indiana plant produces a broad range of hard alloy extrusions and tube; the Baltimore, Maryland plant produces large press extrusions; and plants at Tifton, Georgia and Delhi, Louisiana produce common alloy extrusions. In 1994, the Company announced the shutdown of the hard alloy extrusion and tube and forgings facilities at its Vernon, California plant. This plant continues to produce cast aluminum plate. In August

1995, Alcoa announced that it will invest approximately $12 million over the next two years in new machinery and equipment for the cast aluminum plate operations.

Alcoa and VAW Aluminium AG (VAW) have a joint venture that produces and markets high-strength aluminum extrusions, rod and bar to serve principally European transportation and defense markets. An Alcoa subsidiary owns 60% and VAW owns 40% of the venture, which is called Alcoa VAW Hannover Presswerk GmbH & Co. KG and is located in Hannover, Germany.

Aluminum extruded products are manufactured by a subsidiary of Alcoa Latin American Holdings Corporation in Argentina and at several Aluminio locations in Brazil. In early March 1996, Aluminio acquired the extrusion assets of an Alcan affiliate in Brazil. These assets include four plants and eight extrusion presses. The transaction will be submitted to the Brazilian antitrust authorities for review and approval.

Alcoa Nederland Holding B.V. (ANH) and its subsidiaries produce extrusions, common alloy sheet products and a variety of finished products for the building industry, such as aluminum windows, doors and aluminum ceiling systems, as well as products for the agricultural industry such as automated greenhouse systems.

The Company also produces extrusions in Hungary, Spain and the United Kingdom.

Mechanical-grade redraw rod, wire and cold-finished rod and bar are produced at Massena, New York and are sold to distributors and customers for a variety of applications in the building and transportation markets.

Aluminum forgings are produced at Cleveland, Ohio and Bologne, France. These forgings are sold principally in the aerospace, defense and transportation markets. Forged aluminum wheels for truck, bus and automotive markets are produced at Cleveland, Ohio.

During the third quarter of 1995, Alcoa announced plans to build a plant in Szekesfehervar, Hungary to manufacture forged aluminum truck wheels for the European market. The plant also may manufacture wheels for export to Asian, South American and other geographic markets where European-type wheels are used. The plant is scheduled to commence operations in early 1997.

Alcoa Automotive Structures GmbH produces aluminum components and sub-assemblies for aluminum automotive spaceframes. Aluminum spaceframes represent a significant departure from the traditional method and material used to manufacture primary auto body structures. In 1993 Alcoa completed construction and began operating a unique multi-million dollar plant in Soest, Germany to supply aluminum spaceframe products to its first customer, Audi AG. In 1994 Audi began marketing its new A8 luxury sedan, the first automobile to utilize a complete aluminum spaceframe body structure. The aluminum body structure of the A8 is a result of a cooperation between Alcoa and Audi that began in 1981 and is constructed from components and sub-assemblies that are or will be produced by Alcoa. Audi has announced that the A8 will go on sale in the United States in the fall of 1996.

Alcoa continues to cooperate with several automobile manufacturers in Europe, North America and Japan to develop new automotive applications for aluminum products. For example, Chrysler Corporation's Plymouth Prowler, a new roadster, is scheduled to enter initial, low-volume production in January 1997. Carrying 900 pounds of aluminum (or approximately one-third of its weight), the Prowler will utilize an all aluminum frame and body as well as aluminum for brake rotors and suspension components. Alcoa will provide the car's frame as well as aluminum sheet stock to be stamped into body panels and bumper assemblies.

Alcoa has constructed and begun production at a plant in Northwood, Ohio, near Toledo, which will manufacture aluminum structural assemblies for the automotive industry.

During the first quarter of 1995 the Company formed a joint venture with a subsidiary of CMI International, Inc. to produce cast and forged aluminum automotive parts. The Company holds a 50% interest in the venture called A-CMI.

In September 1995, A-CMI announced plans to build its first European manufacturing plant in Lista, Norway. The plant will develop and produce cast aluminum chassis, suspension, brake and powertrain components and systems. The plant represents a total investment of approximately $40 million and will be built in close proximity to an Elkem Aluminium ANS smelter which will deliver molten aluminum to the plant. This facility will commence production in mid-1997.

In August 1995, the Company acquired DBM Industries, Ltd., of Montreal, Canada, a designer and builder of specialized die-casting machines. The acquisition provides Alcoa with the capability to manufacture die-cast aluminum parts and custom die-casting machines.

Aluminio produces aluminum truck and van bodies in Sao Paulo, Brazil and aluminum electrical cables at its Pocos de Caldas plant.

Alcoa Building Products produces and markets residential aluminum siding and other aluminum building products. These products are sold principally to wholesale distributors.

Other Aluminum Products

Alcoa produces aluminum closures for bottles at Richmond, Indiana; Worms, Germany; Nogi and Ichikawa, Japan; and near Barcelona, Spain.

The Company also sells aluminum scrap and produces and markets aluminum paste, particles, flakes, atomized powder, and is engaged in the production of high purity aluminum.

Nonaluminum Products Segment

The Nonaluminum Products segment includes the production and sale of electrical, ceramic, plastic, and composite materials products, manufacturing equipment, gold, magnesium products, and steel and titanium forgings.

AFL produces and markets automotive electrical distribution systems (EDS), as well as fiber optic products and systems for selected electric utilities, telecommunications, cable television and datacom markets. AFL is the only EDS supplier that has been awarded the Total Quality Excellence (TQE) Award by Ford Motor Company. All AFL automotive operations also have the Q1 rating from Ford. AFL now is supplying EDS to Subaru of America, Inc. (in the U.S.), Auto Alliance, Inc. (Mazda-Ford joint venture), Kenworth, Peterbilt, Mack and Navistar. AFL has a 90% interest in Michels GmbH & Co. KG, a manufacturer of EDS for automobiles, appliances and farm equipment with three plants in Germany and five plants in Hungary. AFL's Stribel group of companies are European manufacturers of electro-mechanical and electronic components for the European automotive market.

In July 1995, AFL acquired the operations of Electro-Wire Products, Inc. Electro-Wire Products also manufactured EDS for autos, trucks and farm equipment. Combining these two businesses created a worldwide enterprise that is the largest supplier of EDS to Ford Motor Company's worldwide operations. The combined enterprise also is the largest supplier of EDS to the heavy truck industry.

In the first half of 1996, AFL and Aluminio will manufacture and sell EDS in Brazil through a joint venture.

Alcoa Electronic Packaging, Inc. (AEP) produces ceramic packages used to hold integrated circuits for electronic equipment. In early December 1995, AEP was notified by its major customer, Intel, that no new orders would be forthcoming. Alcoa is exploring all options available at this time. The book value of AEP's net assets at year-end 1995 was $69 million.

Alcoa produces plastic closures for bottles at Crawfordsville, Indiana; Olive Branch, Mississippi; Buenos Aires, Argentina; Sao Paulo, Brazil; Santiago, Chile; Tianjin, China; Bogota, Colombia; Szekesfehervar, Hungary; Nogi, Japan; Saltillo, Mexico; and near Barcelona, Spain. The Company also operates a plastic closures decorating facility and polyethylene (PET) injection and blow molding facilities at Lima, Peru. Aluminio produces PET pre-forms and finished PET bottles at several plant and customer sites in Brazil and Argentina. Projects to manufacture pre-forms and bottles also are in development in China.

Alcoa Zepf, L.L.C., a joint venture company owned 60% by the Company and 40% by Zepf Technologies USA Inc., manufactures rapid changeover and quick-change bottle control parts for the beverage industry. Alcoa also participates in a joint venture with Al Zayani Investments W.L.L. of Bahrain, known as Gulf Closures W.L.L., that manufactures plastic closures for markets in the Middle East. Alcoa's worldwide closures businesses are coordinated from Indianapolis, Indiana. The use of plastic closures has surpassed that of aluminum closures for beverage containers in the U.S. and is gaining momentum in other countries.

Alcoa Composites, Inc. principally designs and manufactures composite parts and structures for aerospace and transportation applications.

The Company manufactures packaging equipment and machinery, principally for producing and decorating metal cans and can ends. In addition, the Company manufactures lines of equipment for producing plastic closures and for applying plastic or aluminum closures to beverage containers. Effective at the end of February 1996, Alcoa divested its minority interest in a company which sells food packaging machinery that fills and seals metal and multi-layered polymer and paper containers.

Facilities to recover gold from AofA's mining leases in Western Australia were constructed, and mined gold was first poured, in 1988. Production has been declining since 1990.

Magnesium produced by Northwest Alloys, Inc. in Addy, Washington (NWA) from minerals in the area owned by NWA is used by Alcoa and sold to third parties. Alcoa uses magnesium for certain aluminum alloys. Recycling is also a source of aluminum-magnesium alloys. Responding to world magnesium market conditions, NWA maintained high levels of magnesium production during 1995.

Large press steel, titanium and special Inconel super-alloy forgings are produced at Cleveland, Ohio. Titanium and steel forgings are produced at Bologne, France. These products are sold principally in aerospace and commercial markets.

Aluminio produces copper electrical cables at its Pocos de Caldas and Guarulhos, Brazil plants. It also owns and operates a chain of retail construction materials outlets in Brazil.

Alcoa Building Products' principal products for building and construction markets are vinyl siding and accessories and plastic injected molded shutters and architectural accessories. Other nonaluminum building products include vinyl windows by Alcoa Vinyl Windows, vinyl window lineals by Dayton Technologies, and wood windows and patio doors by Caradco.

Norcold manufactures recreational vehicle refrigerators, and Stolle Products Division owns a 36% interest in a joint venture, established in January 1996, that manufactures auto parts and appliance control panels.

A wholly owned subsidiary owns and develops a luxury residential community in South Carolina. Another subsidiary recently completed its involvement in the development of a residential community in Florida.

Research and Development

The Company, a technological leader in the aluminum industry, engages in research and development (R&D) programs which include basic and applied research and process and product development. The research activities are conducted principally at Alcoa Technical Center, near Pittsburgh, Pennsylvania. Several subsidiaries and divisions conduct their own R&D programs, as do many plants. Expenditures for such activities were $141 million in 1995, $126 million in 1994 and $130 million in 1993. Substantially all R&D activities are funded by the Company and its various units.

Environmental

Alcoa's Environmental Policy confirms its commitment to operate worldwide in a manner which protects the environment and the health of employees and of the citizens of the communities where the Company has an impact.

The Company engages in a continuing effort to develop and implement modern technology and policies to meet environmental objectives. Approximately $54 million was spent during 1995 for new or expanded facilities for environmental control. Capital expenditures for such facilities will approximate $55 million in 1996. The costs of operating these facilities are not included in these figures. Remediation expenses being incurred by the Company are continuing and expected to increase at many of its facilities. See Environmental Matters on page 26 in the Annual Report to Shareholders, and Item 3 - "Legal Proceedings" below.

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

Environmental and health requirements also may affect the manufacture or marketing of certain products produced by the Company. For example, legislation imposing deposits on beverage containers, including aluminum cans, has been passed in a number of states in the U.S. and is being considered elsewhere. U.S. Federal and state regulations, such as U.S. Food and Drug Administration regulations and California Proposition 65, affect the manufacture of products for use in food, beverage or medical applications and can have worldwide implications. The Coalition of Northeastern Governors (CONEG) model law (as enacted by several states) governing the use or presence of certain materials has been passed in some states and impacts the manufacture of certain packages or packaging components. A directive on packaging waste with a provision similar to the CONEG legislation has been passed by the Commission of the European Union. International laws governing delivery and format of product safety information may impose requirements (e.g., labeling) on other Alcoa products.

Environmental laws and regulations are important both to the Company and to the communities where it operates. The Company supports the use of sound scientific research and rea listic risk criteria to analyze environmental and human health effects and to develop effective laws and regulations in all

countries where it operates. The Company also relies on internal standards that are applied worldwide to ensure that its facilities operate with minimal adverse environmental impacts, even where no regulatory requirements exist. Alcoa recognizes that recycling and waste minimization offer real solutions to many environmental problems, and it continues vigorously to pursue efforts in these areas.

Employees

The Company employed approximately 72,000 people worldwide at year-end 1995. Negotiation of new labor agreements covering the majority of the Company's U.S. production workers will begin in the spring of 1996.

Wages for employees in Australia are covered by agreements which are negotiated under guidelines established by a national industrial relations authority.

Wages for both hourly and salaried employees in Brazil are negotiated annually in compliance with government guidelines. Each Aluminio location, however, has established a separate compensation package for its employees which includes real wage increases and certain employee welfare plans.

Item 2. Properties.

See "Item 1 - Business." Alcoa believes that its facilities, substantially all of which are owned, are suitable and adequate for its operations.

Item 3. Legal Proceedings.

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

Environmental Matters

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

In response to a unilateral order issued under Section 106 of CERCLA by the U.S. Environmental Protection Agency (EPA) Region II regarding releases of hazardous substances, including polychlorinated biphenyls (PCBs), into the Grasse River near its Massena, New York facility, Alcoa conducted during 1995 certain remedial activities in the Grasse River for the removal and appropriate disposal of certain river sediments. The Company's report on that action is now being reviewed by the EPA.

Representatives of various Federal and state agencies and a Native American tribe, acting in their capacities as trustees for natural resources, have asserted that Alcoa may be liable for loss or damage to such resources under Federal and state law based on Alcoa's operations at its Massena,

New York facility. While formal proceedings have not been instituted, the Company is actively investigating these claims.

On March 31, 1994, Alcoa and Region VI of the EPA entered into an administrative order on consent, EPA Docket No. 6-11-94, concerning the Alcoa (Point Comfort)/Lavaca Bay National Priorities List (NPL) site which includes portions of Alcoa's Point Comfort, Texas bauxite refining operations and portions of Lavaca Bay, Texas, adjacent to the Company's plant. The administrative order requires the Company to conduct a remedial investigation and feasibility study at the site overseen by the EPA. Work under the administrative order is proceeding. Certain federal and state natural resource trustees previously served Alcoa with notice of their intent to file suit to recover damages for alleged loss, injury or destruction of natural resources in Lavaca Bay and to recover the costs for performing the assessment of such alleged damages.

Other Matters

Alcoa was named as one of several defendants in a number of lawsuits filed as a result of the Sioux City, Iowa DC-10 plane crash in 1989. The plaintiffs claim that Alcoa fabricated the titanium fan disk involved in the alleged engine failure of the plane from a titanium forging supplied by a third party. Six of the 117 cases are still pending.

On December 21, 1992, Alcoa was named as a defendant in KML Leasing v. Rockwell Standard Corporation filed in the District Court of Oklahoma County, Oklahoma on behalf of 7,317 Aero Commander, Rockwell Commander and Gulfstream Commander aircraft owners. The complaint alleges defects in certain wingspars manufactured by Alcoa. Alcoa's aircraft builders products liability insurance carrier has assumed defense of the matter. In May 1993, Alcoa received a reservation of rights letter from its insurance carrier which purports to reserve its rights with respect to a majority of the types of damages claimed. In May 1995, the court granted Alcoa's motion for summary judgment to dismiss the action. The summary judgment was reversed, on plaintiff's appeal, in February 1996, and the case was remanded to the trial court. The Company and co-defendants filed a petition on March 4, 1996 for rehearing before the Oklahoma intermediate appellate court.

Alcoa and a subsidiary were notified in September 1991 by the Department of Justice (DOJ) that it was conducting an investigation regarding possible violations of the antitrust laws in the small press, hard alloy extrusion industry. On March 5, 1993, Alcoa and the subsidiary received an antitrust grand jury investigation subpoena requiring production of documents relating to pricing of small press, hard alloy extrusions. Alcoa and its subsidiary provided the documentation requested. The DOJ formally advised Alcoa on February 7, 1996 that it has closed its investigation and no action will be taken against the Company.

In August 1994 the DOJ issued a Civil Investigative Demand (CID) to Alcoa regarding activities undertaken by Alcoa in response to a multinational Memorandum of Understanding negotiated by the U.S. government and other sovereign nations. Alcoa complied with the request in November 1994 and is waiting for a response from the DOJ.

On March 27, 1995, the DOJ issued a CID requesting information regarding pricing policies on aluminum rigid container sheet in 1994 and 1995. Alcoa complied with the document request and provided interrogatory answers in June 1995 and is waiting for a response from the DOJ.

On June 13, 1995, the Company was served with a class action complaint in the matter of John P. Cooper, et al. v. Aluminum Company of America, Case Number 3-95-CV-10074, pending in the United States District Court for the Southern District of Iowa. The named plaintiffs allege violation of federal and state civil rights laws prohibiting discrimination on the basis of race and gender. Plaintiffs

seek class action status for five classes of employees or prospective employees of Alcoa at its Davenport, Iowa facility. Plaintiffs seek a permanent injunction against allegedly discriminatory practices, restitution of claimed benefits and income, and unspecified compensatory and punitive damages. Alcoa has answered the Complaint and denied all alleged violations of Federal or state law. Alcoa also has filed a motion to dismiss certain of the plaintiffs' claims. Discovery is underway.

Alcoa initiated a lawsuit in King County, Washington in December 1992 against nearly one hundred insurance companies that provided insurance coverage to the Company for periods between the years 1956 and 1985. In the 1995 third quarter, two summary judgment motions made by certain of the defendants were ruled upon in Alcoa's favor. During 1995, the Company settled claims against several of the defendants. Trial in this proceeding is expected to commence in March/April 1996.

On March 5, 1996, a class action complaint was filed in Los Angeles County (California) Superior Court against U.S. producers of primary aluminum, including Alcoa, claiming conspiracy and collusive action in violation of state antitrust laws. The suit alleges that the defendants colluded to raise prices of aluminum products by cutting production. The producers' role as advisors to the U.S. Government during its negotiation of the 1994 Memorandum of Understanding with governments of other aluminum producing nations was cited in support of plaintiffs' claim. Damages sustained by the alleged plaintiff class (purchasers of primary or aluminum products during the period January 1, 1994 to March 5, 1996) are claimed at $4.4 billion and are subject to trebling.

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

No matters were submitted to a vote of the Company's security holders during the fourth quarter of 1995.

Item 4A. Executive Officers of the Registrant.

The names, ages, positions and areas of responsibility of the executive officers of the Registrant as of March 1, 1996 are listed below.

Paul H. O'Neill, 60, Chairman of the Board and Chief Executive Officer. Mr. O'Neill became a director of Alcoa in 1986 and was elected Chairman of the Board and Chief Executive Officer effective in June 1987. Before joining Alcoa, Mr. O'Neill had been an officer since 1977 and President and a director since 1985 of International Paper Company.

Alain J. P. Belda, 52, Vice Chairman. Mr. Belda became Vice Chairman in December 1995. He was President of Alcoa

Aluminio S.A. in Brazil from 1979 to March 1994. Mr. Belda was elected Vice President of Alcoa in 1982 and, in 1989, was given responsibility for all of Alcoa's interests in Latin America (other than Suriname). In August 1991 he was named President - Latin America for the Company and in 1994 was elected Executive Vice President. In his current assignment Mr. Belda has responsibility for all of Alcoa's business units, except Automotive and business units in Latin America and Asia.

George E. Bergeron, 54, Vice President and President - Rigid Packaging Division. Mr. Bergeron was named President - Alcoa Closure Systems International in 1982 and was elected Vice President and General Manager - Rigid Packaging Division in July 1990. He assumed his current responsibilities in 1991.

Peter R. Bridenbaugh, 55, Executive Vice President. Dr. Bridenbaugh became Director, Alcoa Laboratories in 1983. He was elected Vice President Research and Development in 1984 and Executive

Vice President in 1991. He was the Company's Chief Technical Officer from 1991 to 1995. Dr. Bridenbaugh currently is responsible for Alcoa's automotive groups.

John L. Diederich, 59, Executive Vice President. Mr. Diederich was elected Managing Director of Alcoa of Australia Limited and Vice President of Alcoa in 1982. He was named Vice President - Metals and Chemicals in July 1986 and was elected a Group Vice President in October 1986. He assumed his current position in 1991.

Richard L. Fischer, 59, Executive Vice President - Chairman's Counsel. Mr. Fischer was elected Vice President and General Counsel in 1983 and became Senior Vice President in 1984. He was given the additional responsibility for Corporate Development in 1986 and in 1991 named to his present position. In his current assignment, Mr. Fischer is responsible for Latin America and the Asian Region, Corporate Development and the expansion and integration of Alcoa's international business activities.

Ronald R. Hoffman, 61, Executive Vice President - Human Resources, Quality, and Communications. Mr. Hoffman, an officer since 1975, was named Vice President - Flat Rolled Products in 1979. He was elected a Group Vice President in 1984 and was given responsibility for the Company's Packaging Systems group in 1986. He assumed his current responsibilities in 1991.

Jan H. M. Hommen, 52, Executive Vice President and Chief Financial Officer. Mr. Hommen was Financial Director of Alcoa Nederland until 1979 when he was elected Assistant Treasurer - Corporate Finance of Alcoa. He was elected Treasurer in August 1986 and Vice President and Treasurer in December 1986. He was elected to his current position in 1991.

Richard B. Kelson, 49, Executive Vice President - Environment, Health and Safety, and General Counsel. Mr. Kelson was appointed Assistant Secretary and Managing General Attorney in 1984 and Assistant General Counsel in 1989. He was elected Senior Vice President - Environment, Health and Safety in 1991 and Executive Vice President and General Counsel in May 1994.

Frank L. Lederman, 46, Vice President and Chief Technical Officer. Mr. Lederman was Senior Vice President and Chief Technical Officer for Noranda, Inc., a company he joined in 1988. Mr. Lederman joined Alcoa as a Vice President in May 1995 and became Chief Technical Officer in December 1995. In his current position Mr. Lederman directs operations of the Alcoa Technical Center.

L. Richard Milner, 49, Vice President - Corporate Development. Mr. Milner was named General Manager - Castings Division in 1984 and General Manager - Primary Products, Marketing in 1986. In 1987 he assumed responsibility as Director - Corporate Development. He was elected to his current position in 1991.

Robert F. Slagle, 55, Vice President and President - Alcoa World Alumina. Mr. Slagle was elected Treasurer in 1982 and Vice President in 1984. In 1986, he was named Vice President - Industrial Chemicals and, in 1987, was named Vice President - Industrial Chemicals and U.S. Alumina Operations. Mr. Slagle was named Vice President - Raw Materials, Alumina and Industrial Chemicals in 1989, and Vice President of Alcoa and Managing Director - Alcoa of Australia Limited in 1991. He was named to his current position, with responsibility for Alcoa's global bauxite and alumina activities, in January 1996.

G. Keith Turnbull, 60, Executive Vice President - Strategic Analysis/Planning and Information. Dr. Turnbull was appointed Assistant Director of Alcoa Laboratories in 1980. He was named Director - Technology Planning in 1982 and Vice President - Technology Planning in 1986. In 1991 he was elected to his current position.

PART II

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

Dividend per share data, high and low prices per share and the principal exchanges on which the Company's common stock is traded are set forth on page 50 of the 1995 Annual Report to Shareholders (the Annual Report) and are incorporated herein by reference.

At February 12, 1996 (the record date for the Company's 1996 annual shareholders meeting) there were approximately 83,600 Alcoa shareholders, including both record holders and an estimate of the number of individual participants in security position listings.

Item 6. Selected Financial Data.

The comparative columnar table showing selected financial data for the Company is set forth on page 21 of the Annual Report and is incorporated herein by reference.

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

Management's review and comments on the consolidated financial statements are set forth on pages 22 through 27 of the Annual Report and are incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

The Company's consolidated financial statements, the notes thereto and the report of the independent public accountants are set forth on pages 28 through 41 of the Annual Report and are incorporated herein by reference.

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information regarding Directors is contained under the caption "Board of Directors" on pages 3 through 7 of the Registrant's definitive Proxy Statement dated March 6, 1996 (the Proxy Statement) and is incorporated herein by reference.

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

Item 11. Executive Compensation.

This information is contained under the caption "Compensation of executive officers" on pages 9 through 12 of the Proxy Statementand is incorporated herein by reference. The performance graph and Compensation Committee Report shall not be deemed to be "filed."

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

This information is contained under the caption "Security ownership" on page 8 of the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

This information is contained under the caption "Certain relationships and related transactions" on page 7 of the Proxy Statement and is incorporated herein by reference.

PART IV

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

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

(1) The Company's consolidated financial statements, the notes thereto and the report of the independent public accountants are set forth on pages 28 through 41 of the Annual Report and are incorporated herein by reference.

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

Independent Auditor's Report of Coopers & Lybrand L.L.P. dated January 8, 1996 on the Company's financial statement schedule filed as a part hereof for the fiscal years ended December 31, 1995, 1994 and 1993 and related consent dated March 11, 1996.

Schedule II - Valuation and Qualifying Accounts - for the fiscal years ended December 31, 1995, 1994 and 1993.

(3) Exhibits

Exhibit Number	Description *
3(a).	Articles of the Registrant as amended, incorporated by reference to exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.
3(b).	By-Laws of the Registrant, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1991.

10(a).	Long Term Stock Incentive Plan, effective January 1, 1992, incorporated by reference to exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
10(a)(1).	Amendments to Long Term Stock Incentive Plan, effective January 1, 1995, incorporated by reference to exhibit 10(a)(1) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(b).	Employees' Excess Benefit Plan, Plan A, incorporated by reference to exhibit 10(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1980.
10(c).	Incentive Compensation Plan, as amended effective January 1, 1993, incorporated by reference to exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(d).	Employees' Excess Benefit Plan, Plan C, as amended and restated in 1994, effective January 1, 1989, incorporated by reference to exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(e).	Employees' Excess Benefit Plan, Plan D, as amended effective October 30, 1992, incorporated by reference to exhibit 10(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992 and exhibit 10(e)(1) of the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(f).	Employment Agreement of Paul H. O'Neill, as amended through February 25, 1993, incorporated by reference to exhibit 10(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 1987, exhibit 10(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990, and exhibit 10(f)(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(g).	Deferred Fee Plan for Directors, as amended effective November 10, 1995 (filed herewith).
10(h).	Restricted Stock Plan for Non-Employee Directors, as amended effective March 10, 1995, incorporated by reference to exhibit 10(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(h)(1).	Amendment to Restricted Stock Plan for Non-Employee Directors, effective November 10, 1995 (filed herewith).
10(i).	Fee Continuation Plan for Non-Employee Directors, incorporated by reference to exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.

10(i)(1). Amendment to Fee Continuation Plan for Non-Employee Directors, effective November 10, 1995 (filed herewith).

10(j). Deferred Compensation Plan, as amended effective October 30, 1992, incorporated by reference to exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.

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

10(j)(2). Amendment to Deferred Compensation Plan, effective June 1, 1995 (filed herewith).

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

10(l). Form of Indemnity Agreement between the Company and individual directors or officers, incorporated by reference to exhibit 10(j) to the Company's Annual Report on Form 10-K for the year ended December 31, 1987.

11. Computation of Earnings per Common Share.

12. Computation of Ratio of Earnings to Fixed Charges.

13. Portions of Alcoa's 1995 Annual Report to Shareholders.

21. Subsidiaries and Equity Entities of the Registrant.

23. Consent of Independent Certified Public Accountants.

24. Power of Attorney for certain directors.

27. Financial data schedule.

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

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

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

(b) Reports on Form 8-K. None was filed in the fourth quarter of 1995.

Independent Auditor's Report

To the Shareholders and Board of Directors
Aluminum Company of America

Our report on the consolidated financial statements of Aluminum Company of America has been incorporated by reference in this Form 10-K from page 28 of the 1995 Annual Report to Shareholders of Aluminum Company of America. In connection with our audits of such financial statements, we have also audited the related financial statement schedule listed under Item 14 of this Form 10-K.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

/s/COOPERS & LYBRAND L.L.P.
COOPERS & LYBRAND L.L.P.

600 Grant Street
Pittsburgh, Pennsylvania
January 8, 1996

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

Col. A	Col. B	Col. C		Col. D	Col. E
		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions	Balance at end of period
Allowance for doubtful accounts:					
1995	$ 37.4	$17.4	$(1.8)(A)	$ 7.2(B)	$ 45.8
1994	$ 33.2	$13.4	$(2.0)(A)	$ 7.2(B)	$ 37.4
1993	$ 17.7	$19.2	$(0.2)(A)	$ 3.5(B)	$ 33.2
Income tax valuation allowance:					
1995	$170.0	$16.2	-	$74.1(C)	$112.1
1994	$171.4	$19.9	-	$21.3(C)	$170.0
1993	$157.3	$52.7	-	$38.6(C)	$171.4

Notes: (A) Collections on accounts previously written off, acquisition of subsidiaries and foreign currency translation adjustments.
(B) Uncollectible accounts written off
(C) Related primarily to utilization of tax loss carry forwards.

SIGNATURE

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

ALUMINUM COMPANY OF AMERICA

March 8, 1996 By /s/Earnest J. Edwards
Earnest J. Edwards
Vice President and Controller
(Also signing as Principal Accounting Officer)

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

Signature	Title	Date
/s/Paul H. O'Neill Paul H. O'Neill	Chairman of the Board and Chief Executive Officer (Principal Executive Officer and Director)	March 8, 1996
/s/Jan H. M. Hommen Jan H. M. Hommen	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 8, 1996

Kenneth W. Dam, John P. Diesel, Joseph T. Gorman, Judith M. Gueron, Sir Ronald Hampel, John P. Mulroney, Sir Arvi Parbo, Henry B. Schacht, Forrest N. Shumway, Franklin A. Thomas and Marina v.N. Whitman, each as a Director, on March 8, 1996, by Barbara Jeremiah, their Attorney-in-Fact.*

*By /s/Barbara Jeremiah
Barbara Jeremiah
Attorney-in-Fact

EXHIBIT INDEX

Exhibit Number	Description
3(a).	Articles of the Registrant as amended, incorporated by reference to exhibit 3(a) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993.
3(b).	By-Laws of the Registrant, incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1991.
10(a).	Long Term Stock Incentive Plan, effective January 1, 1992, incorporated by reference to exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
10(a)(1).	Amendments to Long Term Stock Incentive Plan, effective January 1, 1995, incorporated by reference to exhibit 10(a)(1) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(b).	Employees' Excess Benefit Plan, Plan A, incorporated by reference to exhibit 10(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1980.
10(c).	Incentive Compensation Plan, as amended effective January 1, 1993, incorporated by reference to exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(d).	Employees' Excess Benefit Plan, Plan C, as amended and restated in 1994, effective January 1, 1989, incorporated by reference to exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(e).	Employees' Excess Benefit Plan, Plan D, as amended effective October 30, 1992, incorporated by reference to exhibit 10(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992 and exhibit 10(e)(1) of the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(f).	Employment Agreement of Paul H. O'Neill, as amended through February 25, 1993, incorporated by reference to exhibit 10(h) to the Company's Annual Report on Form 10-K for the year ended December 31, 1987, exhibit 10(g) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990, and exhibit 10(f)(2) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(g).	Deferred Fee Plan for Directors, as amended effective November 10, 1995 (filed herewith).
10(h).	Restricted Stock Plan for Non-Employee Directors, as amended effective March 10, 1995, incorporated by reference to exhibit 10(h) of the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(h)(1).	Amendment to Restricted Stock Plan for Non-Employee Directors, effective November 10, 1995 (filed herewith).
10(i).	Fee Continuation Plan for Non-Employee Directors, incorporated by reference to exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.
10(i)(1).	Amendment to Fee Continuation Plan for Non-Employee Directors, effective November 10, 1995 (filed herewith).
10(j).	Deferred Compensation Plan, as amended effective October 30, 1992, incorporated by reference to exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
10(j)(1).	Amendments to Deferred Compensation Plan, effective January 1, 1993, February 1, 1994 and January 1, 1995, incorporated by reference to exhibit 10(j)(1) of the Company's Annual Report on Form 10-K for the year ended December 31, 1994.
10(j)(2).	Amendment to Deferred Compensation Plan, effective June 1, 1995 (filed herewith).

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

10(l).   Form of Indemnity Agreement between the Company and individual directors or officers, incorporated by reference to exhibit 10(j) to the Company's Annual Report on Form 10-K for the year ended December 31, 1987.

11.   Computation of Earnings per Common Share.

12.   Computation of Ratio of Earnings to Fixed Charges.

13.   Portions of Alcoa's 1995 Annual Report to Share-holders.

21.   Subsidiaries and Equity Entities of the Registrant.

23.   Consent of Independent Certified Public Accountants.

24.   Power of Attorney for certain directors.

27.   Financial data schedule.

Exhibit 10(g)

ALUMINUM COMPANY OF AMERICA

DEFERRED FEE PLAN FOR DIRECTORS

(Revised November 10, 1995)

Article I

INTRODUCTION

Aluminum Company of America (the "Company") has established this Deferred Fee Plan for Directors (the "Plan") to provide non-employee Directors with an opportunity to defer receipt of cash fees to be earned for services rendered as a Director, generally until after termination of service as a Director.

Article II

DEFINITIONS

2.1 Definitions. The following definitions apply unless the context clearly indicates otherwise:

(a) Alcoa Stock Option shall mean the Investment Option established hereunder with reference to the Alcoa Stock fund under the Savings Plan.

(b) Beneficiary means the person or persons designated by a Participant under Section 4.1 to receive any amount payable under Section 5.3.

(c) Board of Directors means the Board of Directors of the Company.

(d) Committee means the Inside Director Committee of the Board.

(e) Credits means amounts credited to a Participant's Deferred Fee Account, with all Investment Option units valued by reference to the comparable fund offered under the Company's principal savings plan for salaried employees ("Savings Plan").

(f) Deferred Fee Account means a bookkeeping account established by the Company in the name of a Director with respect to amounts deferred hereunder.

(g) Director means a non-employee member of the Board of Directors. Any Director who is a director or chairman of the board of directors of a subsidiary or affiliate of the Company shall not, by virtue thereof, be deemed to be an employee of the Company or such subsidiary or affiliate for purposes of eligibility under this Plan.

(h) Fees means all cash amounts payable to a Director for services rendered as a Director and which are specifically designated as fees, including, but not limited to, annual and/or quarterly retainer fees, fees (if any) paid for attending meetings of the Board of Directors or any committee thereof and any per diem fees.

(i) Investment Option means the respective options established hereunder with reference to the comparable funds under the Savings Plan, except as otherwise determined by the Committee for any fund added to the Savings Plan after January 1, 1993.

(j) Participant means a person who has elected to participate in the Plan.

(k) Secretary means the Secretary of the Company.

(l) Unforeseeable Emergency means a severe financial hardship resulting from extraordinary and unforeseeable circumstances arising as a result of one or more recent events beyond the control of the Participant, which cannot be eliminated by other reasonably available resources of the Participant.

Article III

DEFERRAL OF COMPENSATION

3.1 Amount of Deferral. A Director may elect to defer receipt of all Fees, or of all Fees of one or more types, or a specified portion (in 10% increments) of either of the foregoing, otherwise payable to him or her.

3.2 Manner of Electing Deferral. A Director may elect, or modify a prior election, to defer the receipt of all or certain Fees by giving written notice to the Secretary on a form provided by the Company.

3.3 Time of Election of Deferral; Revocation. An election to defer Fees shall be made prior to the beginning of the calendar quarter in which the Fees will be earned; provided, however, that an election made within 30 days after a person first becomes a Director shall be effective for Fees earned after such election is made. An election shall continue in effect until the end of the Participant's service as a Director or until the Secretary is notified in writing of a cancellation or modification of the election pursuant to this Section 3.3, whichever shall occur first; provided, however, that unless and then only to the extent that the Committee, in its sole discretion, determines that an Unforeseeable Emergency exists, the election deferring receipt of payment may not be canceled or modified except with regard to Fees to be earned in the quarter(s) beginning after the date the election is so canceled or modified.

3.4 Deferring Fees. A Participant shall designate the portion of his or her deferred Fees to be invested in one or more of the Investment Options. Beginning January 1, 1996, all Fees deferred by a Participant in any calendar year shall be invested in the Alcoa Stock Option until one-half of the amount of the annual retainer fee to which such Participant is entitled for such year has been so invested. Thereafter, designations of other Investment Options by a Participant may be made or shall be given effect. A Participant's deferred Fees shall be credited to the designated Investment Option(s) at the end of the month in which such deferred Fees would have been payable to such Participant but for an election to defer receipt of those Fees, except that the retainer fees shall be credited as of the first day of January, April, July and October of the year in which they are earned. Such Fees shall be credited to a Participant's Deferred Fee Account as Credits for "units" in the Participant's Deferred Fee Account. As of any specified date the value per unit shall be deemed to be the value determined for the comparable fund under the Savings Plan.

3.5 Transfers. A Participant may elect to designate a different Investment Option for all or any portion of the Credits for units in the various Investment Options in his or her Deferred Fee Account, except that Credits for units in the Alcoa Stock Option may not be transferred to any other Investment Option. A written election for transfer on a form provided by the Company must be received by the Secretary prior to 4:00 p.m. Eastern Time the business day when it is to become effective. Such election shall be subject to reasonable administrative minimums, and any restrictions recommended by counsel to assure that the Alcoa Stock Option does not become subject to Section 16 of the Securities Exchange Act of 1934 and/or to assure compliance with the provisions thereof.

3.6 Method of Payment.

(a) All payments with respect to a Participant's Deferred Fee Account shall be made in cash, and no Participant shall have the right to demand payment in shares of Company stock or in any other medium.

(b) Payments shall be made in a lump sum or, at the election of the Participant, in annual or quarterly installments. The date of the first such payment shall not be later than the first day of the first calendar quarter subsequent to the Participant's attainment of age 70 in which the Participant shall not be serving as a Director.

(c) An election to receive installment payments in lieu of a lump sum must be made at least one year before the Participant's service as a Director terminates.

3.7 Election for pre-1990. Any Participant who deferred Fees payable for any year prior to 1990 shall be permitted to elect to designate one or more of the current Investment Options for all (but not less than all) of the amount credited to his Deferred Fee Account. The election must be received by the Secretary prior to the effective date fixed by the Committee and is subject to the approval of the Committee. Through the date such election becomes effective (if any) his Deferred Fee Account will earn interest as provided in the Plan prior to the 1989 amendments.

3.8 Transition Provision for 1992. The blackout period from November 2, 1992 through January 1, 1993 and the mapping of Credits from the old to the new Investment Options shall be administered under the Plan in the same fashion as for the Savings Plan, except as otherwise determined by the Committee.

Article IV

BENEFICIARIES

4.1 Designation of Beneficiary. Each Participant may designate from time to time any person or persons, natural or otherwise, as his Beneficiary or Beneficiaries to whom the amounts credited to his or her Deferred Fee Account are to be paid if he or she dies before all such amounts have been paid to the Participant. Each Beneficiary designation shall be made on a form prescribed by the Company and shall be effective only when filed with the Secretary during the Participant's lifetime. Each Beneficiary designation filed with the Secretary shall revoke all Beneficiary designations previously made. The revocation of a Beneficiary designation shall not require the consent of any Beneficiary. In the absence of an effective Beneficiary designation or if payment can be made to no Beneficiary, payment shall be made to the Participant's estate.

Article V

PAYMENTS

5.1 Payment of Deferred Fees. No payment may be made from a Director's Deferred Fee Account except as provided in this Article, unless and then only to the extent that an Unforeseeable Emergency exists as determined by the Committee in its sole discretion. In the latter case the Committee shall determine when and to what extent Credits in a Participant's Deferred Fee Account may be paid to such Participant prior to or after termination as a Director.

5.2. Payment Upon Termination as Director. The value of a Participant's Deferred Fee Account shall be payable in cash in a lump sum on or about the first day of the calendar quarter succeeding the quarter in which the Participant's service as a Director is terminated, or, if elected in advance under Section 3.6 hereof, in a lump sum or annual or quarterly installments beginning as specified in the election. If installments are elected, the amount of each payment shall be a fraction of the value of the Participant's Deferred Fee Account on the last day of the calendar quarter preceding payment, the numerator of which is one and the denominator of which is the total number of installments elected minus the number of installments previously paid. Such installment payments shall be made on or about the first day of each succeeding year or quarterly period until said Account is exhausted, except as provided in Section 5.1 or Section 5.3.

5.3 Payment Upon Participant's Death. If a Participant dies with any amount credited to his or her Deferred Fee Account, the value of said Account shall be paid in a single payment(s) to the Beneficiary(ies) or estate, as the case may be, on or about the first day of the calendar quarter next following the date of death or such later date as shall have been selected by the Participant with the consent of the Committee.

Article VI

MISCELLANEOUS

6.1 Participant's Rights Unsecured. The right of any Participant to receive payments from his or her Deferred Fee Account shall be a claim against the general assets of the Company as an unsecured general creditor. The Company may, in its absolute discretion, establish one or more trusts or reserves which may be funded by reference to amounts of Credits standing in Participants' Deferred Fee Accounts hereunder or otherwise.

6.2 Non-assignability. The right of any Participant or Beneficiary to the payment of Credits in a Deferred Fee Account shall not be assigned, transferred, pledged or encumbered and shall not be subject in any manner to alienation or anticipation.

6.3 Administration and Interpretation. The Plan shall be administered by the Committee which shall have authority to adopt rules and regulations for carrying out the Plan and to interpret, construe and implement its provisions. Decisions of the Committee shall be final and binding. Routine administration may be delegated by the Committee.

6.4 Amendment and Termination. The Plan may be amended, modified or terminated at any time by the Board of Directors. No amendment, modification or termination shall, without the consent of a Participant, adversely affect such Participant's rights with respect to amounts theretofore credited to his or her Deferred Fee Account or earlier effect the payment of Fees already deferred.

6.5 Notices. All notices to the Company under the Plan shall be in writing and shall be given to the Secretary or to an agent or other person designated by the Secretary.

6.6 Governing Law. This Plan shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania, excluding any choice of law provisions which may indicate the application of the laws of another jurisdiction.

Exhibit 10(h)(1)

Amendment
to the
Restricted Stock Plan for Non-Employee Directors
(effective November 10, 1995)

The Restricted Stock Plan for Non-Employee Directors is amended to provide that no grants shall be made thereunder from and after December 31, 1995.

Amendment
to the
Fee Continuation Plan for Non-Employee Directors
(effective November 10, 1995)

The Fee Continuation Plan for Non-Employee Directors is amended as follows:

1. the minimum annual cash retainer fee and annual stock grant on which Fee Continuation Payments under the Plan are based shall be $30,000 and 500 shares, respectively, for persons who,on the date of the Amendment, serve as Directors of the Company;

2. service as a non-employee Director after December 31, 1995 shall not be counted for any purpose under the Plan; and

3. each current non-employee Director having 120 or more months of service as a member of the Board at December 31, 1995 shall be entitled to receive Fee Continuation Payments upon retirement from the Board or at age 65 (whichever is later) at 100% of the minimum annual cash retainer fee and annual stock grant amounts set forth in clause (1) of this Amendment, and each current non-employee Director having less than 120 months of service as a member of the Board at December 31, 1995 shall be entitled to receive Fee Continuation Payments upon retirement from the Board at age 65 (whichever is later) at a rate of 10% of such minimum annual cash retainer fee and annual stock grant amounts for each full year of service as a non-employee Director as of December 31, 1995.

Exhibit 10(j)(2)

AMENDMENT TO ALCOA DEFERRED COMPENSATION PLAN

Effective June 1, 1995, the Alcoa Deferred Compensation Plan is revised as follows:

1. The definition of "Additional Salary Reduction Credits" is deleted in its entirety and replaced with the following:

"Additional Salary Reduction Credits" means any amounts deemed to be credited to a Participant's account equivalent to the dollar amount by which a Participant elected to reduce his or her salary up to a whole percentage of not more than 14%. Effective June 1, 1995, a Participant who is authorized by the Inside Director Committee may elect to reduce his or her salary up to a whole percentage of not more than 20%.

2. The following sentence is added to the first paragraph of Section 3.1 as follows:

Effective June 1, 1995, the figure 14% in the foregoing sentence is revised to read 20% for Participants whose Additional Salary Reduction Credit limitation has been increased to 20% by the Inside Director Committee.

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

Exhibit 11

COMPUTATION OF EARNINGS PER COMMON SHARE
FOR THE YEAR ENDED DECEMBER 31
(In millions, except share and per share amounts)

	1995	1994	1993
1. Income applicable to common stock before extraordinary loss	$788.4	$441.0	$2.7
2. Net income (loss) applicable to common stock*	$788.4	$373.1	$2.7
3. Average number of common shares outstanding at the beginning of the year and the end of each month during the year	178,018,083	177,881,428	175,346,282
4. Primary earnings per common share before extraordinary loss (1 divided by 3)	$ 4.43	$ 2.48	$ .02
5. Primary earnings (loss) per common share (shares for extraordinary loss calculations = 177,247,646 in 1994)	$ 4.43	$ 2.10	$ .02
6. Fully diluted earnings before extraordinary loss (1)	$788.4	$441.0	$ 2.7
7. Fully diluted earnings (loss) (2)	$788.4	$373.1	$ 2.7
8. Shares issuable under stock incentive plans (treasury stock method)	35,664	22,930	17,350
9. Shares issuable upon exercise of dilutive outstanding stock options (treasury stock method)	1,642,922	1,232,914	405,062
10. Fully diluted shares (3 + 8 + 9)	179,696,669	179,137,272	175,768,694
11. Fully diluted earnings per common share before extraordinary loss (6 divided by 10)	$4.39	$2.46	$.02
12. Fully diluted earnings (loss) per common share (shares for extraordinary loss calculation = 177,908,286 in 1994)	$4.39	$2.08	$.02

* After preferred dividend requirement

Exhibit 12

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

	1995	1994	1993	1992	1991
Earnings:					
Income before taxes on income, and before extraordinary loss and accounting changes	$1,470.2	$822.5	$191.1	$298.6	$411.5
Minority interests' share of earnings of majority-owned subsidiaries without fixed charges	2.0	-	(5.9)	(5.7)	(7.7)
Less equity (earnings) losses	(59.5)	(.3)	13.0	12.2	5.2
Fixed charges added to net income	150.7	138.4	110.1	133.5	193.1
Proportionate share of income (loss) of 50% owned persons	58.2	1.9	(11.5)	(11.2)	(.5)
Distributed income of less than 50% owned persons	-	-	-	-	4.6
Amortization of capitalized interest:					
Consolidated	23.1	25.5	20.6	20.0	19.6
Proportionate share of 50% owned persons	.8	1.2	.8	1.0	.4
Total earnings	$1,645.5	$989.2	$318.2	$448.4	$626.2
Fixed Charges:					
Interest expense:					
Consolidated	$119.8	$106.7	$ 87.8	$105.4	$153.2
Proportionate share of 50% owned persons	6.7	7.4	5.5	7.0	17.8
	126.5	114.1	93.3	112.4	171.0
Amount representative of the interest factor in rents:					
Consolidated	24.0	23.9	16.4	20.7	21.3
Proportionate share of 50% owned persons	.2	.4	.4	.4	.8
	24.2	24.3	16.8	21.1	22.1
Fixed charges added to earnings	150.7	138.4	110.1	133.5	193.1
Interest capitalized:					
Consolidated	1.9	1.5	3.5	11.1	12.7
Proportionate share of 50% owned persons	-	-	-	-	-
	1.9	1.5	3.5	11.1	12.7
Preferred stock dividend requirements of majority-owned subsidiaries	4.9	13.1	29.6	62.4	69.0
Total fixed charges	$157.5	$153.0	$143.2	$207.0	$274.8
Ratio of earnings to fixed charges	10.45	6.47	2.22	2.17	2.28

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

	1995	1994	1993	1992	1991
Sales and operating revenues.......	$ 12,499.7	$ 9,904.3	$ 9,055.9	$ 9,491.5	$ 9,884.1
Income before extraordinary loss and accounting changes*..........	790.5	443.1	4.8	22.4	62.7
Extraordinary loss and accounting changes..........................	-	(67.9)	-	(1,161.6)	-
Net income (loss)*.................	790.5	375.2	4.8	(1,139.2)	62.7
Per common share^					
Before extraordinary loss and accounting changes...........	4.43	2.48	.02	.12	.36
Net income (loss)..............	4.43	2.10	.02	(6.70)	.36
Alcoa's average realized price per pound for aluminum ingot.........	.81	.64	.56	.59	.67
Average U.S. market price per pound for aluminum ingot (Metals Week).	.86	.71	.53	.58	.59
Cash dividends declared per common share^..........................	.90	.80	.80	.80	.89
Total assets.......................	13,643.4	12,353.2	11,596.9	11,023.1	11,178.4
Long-term debt (noncurrent)........	1,215.5	1,029.8	1,432.5	855.3	1,130.8

* Includes net charges of $10.1, or six cents per common share, in 1995; $50.0, or 28 cents, in 1994; $74.5, or 43 cents, in 1993; $173.9, or $1.02, in 1992; and $217.0, or $1.28, in 1991. Also included in 1994 is a gain of $300.2, or $1.69 per common share.
^ All per share amounts have been restated to reflect the two-for-one stock split in February 1995.

Results of Operations
(dollars in millions, except share amounts and ingot prices)

EARNINGS SUMMARY

Earnings in 1995 were $790.5 compared with $375.2 in 1994 and $4.8 in 1993. Revenues were a record $12,500, an increase of 26% over 1994.

Earnings for 1995 were the third best in Alcoa's history although alumina and aluminum prices were significantly below historic highs and, during 1995, the company continued to have 450,000 metric tons (mt), or 24% of its worldwide smelting capacity, idled.

Return on shareholders' equity for 1995 was 18.8% compared with 5.2% in 1994 and 2.2% in 1993, adjusted for unusual items.

The following table summarizes Alcoa's results adjusted for unusual items described later in this discussion.

	1995	1994	1993
Net income.............	$ 790.5	$ 375.2	$ 4.8
Unusual items:			
Gain from Alcoa/WMC transaction...........	-	(300.2)	-
Special charges, net...	10.1	50.0	74.5
Extraordinary loss.....	-	67.9	-
Adjusted net income.....	$ 800.6	$ 192.9	$ 79.3

GEOGRAPHIC AND SEGMENT INFORMATION

Operating profit in 1995 was $1,435 compared with $513 in 1994 and $351 in 1993. Operating profit, for geographic and segment purposes, consists of sales and operating revenues less operating expenses. It excludes interest expense, nonoperating income, income taxes, minority interests and unusual items. See Note P to the financial statements for additional information.

OPERATIONS BY GEOGRAPHIC AREA

USA--Revenues of $7,043 were up 26% from 1994, due mostly to higher prices for aluminum fabricated products and ingot. Revenues in 1994 were $5,574 compared with $5,279 in 1993.

Operating profit in 1995 for U.S. operations was $594 compared with losses of $65 in 1994 and $193 in 1993. Operations associated with rigid container sheet (RCS) for beverage cans, aluminum ingot, and commercial rolled, forged and extruded products were among the major contributors to higher operating profit in 1995.

Alcoa's exports from the U.S. in 1995 were $1,206 compared with $988 in 1994 and $896 in 1993.

Pacific--Revenues reached $1,986 in 1995 compared with $1,670 in 1994 and $1,753 in 1993. Operating profit was $415 in 1995, $291 in 1994 and $399 in 1993. The principal operations in this region are those of Alcoa of Australia (AofA). Shipments of aluminum ingot and fabricated products were about even with 1994, but prices on those products rose approximately 30%. Alumina shipments declined by 3% which was more than offset by an 11% increase in prices.

Other Americas--Revenues in 1995 were $1,780 compared with $1,362 in 1994 and $948 in 1993. Operating profit was $333 in 1995, $239 in 1994 and $140 in 1993. Most of the increase in operating profit from 1994 relates to Alcoa Aluminio's (Aluminio) nonaluminum operations in Brazil.

Europe--Revenues were $1,691 in 1995 compared with $1,298 in 1994, for a 30% increase. Revenues in 1993 were $1,076. Operating profit rose to $92 in 1995 from $48 in 1994 and $6 in 1993. Aluminum operations in Great Britain and Hungary, and chemical operations in the Netherlands were the major contributors to the higher 1995 operating profit.

OPERATIONS BY SEGMENT

Alcoa's integrated operations consist of three segments: Alumina and Chemicals, Aluminum Processing, and Nonaluminum Products.

I. ALUMINA AND CHEMICALS SEGMENT

	1995	1994	1993
Revenues................	$ 1,758	$ 1,508	$ 1,437
Operating profit........	307	277	373

Approximately two-thirds of the revenues from this segment are derived from sales of alumina. Prices for this product recovered somewhat during 1995 after three years of declines. The low prices in the earlier years were due to an alumina oversupply that began in 1992 and was further aggravated by worldwide smelter cutbacks in 1994. Alumina prices in 1995 were 16% higher than in 1994 compared with a decline of 12% in 1994 from 1993.

Shipments of alumina in 1995 were slightly under those for 1994. Revenues, however, were up 13% because of the higher prices. Alumina

shipments for 1994 were 12% higher than those in 1993 while revenues were essentially flat. The additional volume in 1994 effectively offset a 12% decline in prices.

Revenues from alumina-based chemical products rose 24% in 1995 as the European market showed some recovery in demand. Volumes continued to increase in the Brazilian, Pacific and U.S. markets.

Operating profit for this segment was $307, up 11% from 1994. Most of the increase came from alumina operations, due primarily to higher prices. Contribution to this segment's operating profit from the chemicals business declined because of higher costs for alumina and caustic soda.

In 1994, operating profit of $277 was down $96 from 1993. The chemicals business showed an 8% improvement while the alumina business was unfavorably affected by lower prices that more than offset lower unit production costs.

In 1995, Alcoa purchased the idle 600,000 mt alumina refinery on St. Croix, U.S. Virgin Islands. The refinery will remain idle until conditions support operations.

II. ALUMINUM PROCESSING SEGMENT

	1995	1994	1993
Total aluminum shipments (000 mt)...................	2,582	2,551	2,580
Revenues....................	$ 8,034	$ 6,477	$ 5,974
Operating profit............	1,015	145	(21)

Total aluminum shipments were about even with those of the two previous years. Revenues for this segment rose 24% from 1995 reflecting higher prices for most products.

Operating profit of $1,015 in 1995 was $870 higher than in 1994. In addition to higher prices, factors contributing to the improved operating profit include a high-value product mix and cost reductions, partially offset by higher purchased metal and raw materials costs. Among the major products contributing to higher segment earnings were rigid packaging, aluminum ingot and commercial rolled products.

The $21 operating loss in 1993 was mainly in packaging, certain aerospace products and aluminum ingot operations.

This segment's shipments and revenues are made up of the following product classes.

	1995	1994	1993
Shipments (000 mt)			
Flat-rolled products.......	1,380	1,381	1,271
Engineered products........	454	433	379
Aluminum ingot.............	673	655	841
Other aluminum products....	75	82	89
Total shipments............	2,582	2,551	2,580
Revenues			
Flat-rolled products.......	$ 4,177	$ 3,201	$ 2,974
Engineered products........	2,303	1,882	1,528
Aluminum ingot.............	1,197	920	1,042
Other aluminum products....	357	474	430
Total revenues.............	$ 8,034	$ 6,477	$ 5,974

Flat-Rolled Products--A significant portion of the shipments and revenues in this product class is derived from sales of RCS. Revenues from RCS were up 40% on the strength of higher prices as shipments increased only 2% from 1994. Shipments in 1994 were up 2% from 1993 but prices fell at the same rate.

Shipments of sheet and plate, serving principally aerospace and commercial products markets, were down 5%, while revenues were up 15% from 1994. Since 1993, shipments to aerospace customers have been down but were mostly offset by higher commercial products sales. Announced airplane build rates for 1997, which will affect Alcoa's 1996 shipments, are up 19% from 1996.

Engineered Products--The products in this class include extrusions used principally in the transportation and construction markets, forgings and wheels, wire, rod and bar, and automobile bumpers. Total shipments of engineered products were up 5% from 1994 and revenues rose 22%. Compared with 1993, shipments in 1994 were up 14% and revenues increased 23%.

Revenues from extruded products, which serve several markets including automotive, were up 29% from 1994, principally on the strength of higher prices. Operations in the Netherlands, Hungary and Brazil contributed most of the increase in revenues. Comparing 1994 to 1993, shipments of extrusions were 17% higher and revenues rose 22%.

Shipments of forged wheels continued to climb with a 13% increase in 1995. This follows increases of 39% in 1994 and 27% in 1993. Revenues were up 20% in 1995, 39% in 1994 and 31% in 1993. Aluminum wheels continue to gain market share in automotive and truck markets worldwide.

Aluminum Ingot--Shipments of ingot were only 3% higher than those in 1994, with U.S. shipments more than offsetting a 43% decline in the Brazilian market. Revenues were 30% higher than in 1994 on a 27% increase in prices. Alcoa's average realized price for ingot in 1995 was 81 cents per pound compared with 64 cents in 1994 and 56 cents in 1993.

Other Aluminum Products--Shipments of these products, which consist of scrap and aluminum closures, were down 8% from 1994. Scrap shipments were down 19% but prices gained 27% in 1995. Shipments of aluminum closures were up 17% but prices fell 36%. Even though volume increased in 1995, particularly in Europe and Japan, the aluminum closures market continues to shrink as plastic becomes the closure of choice with many customers. Alcoa is a leading supplier worldwide of both plastic and aluminum closures.

III. NONALUMINUM PRODUCTS SEGMENT

	1995	1994	1993
Revenues....................	$ 2,708	$ 1,919	$ 1,646
Operating profit............	113	91	5

Revenues from this segment were up 41% from 1994. A substantial portion of the increase is from expansions in the wire harness and plastic closures businesses. Operating profit increased 24% led by Northwest Alloys, a producer of magnesium. Operating profit for this segment was adversely affected by higher costs to launch expansions, severe competition in the closures business, and a sluggish building products market.

In mid-1995 Alcoa Fujikura Ltd. (AFL) acquired the operations of Electro-Wire Products, a manufacturer of electrical distribution systems for autos, trucks and farm equipment. Electro-Wire operates 19 plants in North America with nearly 9,000 employees.

In early December 1995 Alcoa Electronic Packaging (AEP) was notified by its major customer, Intel, that no new orders would be forthcoming. Alcoa is exploring all options available at this time. The book value of AEP's net assets at year-end was $69.

UNUSUAL AND EXTRAORDINARY ITEMS

Gain from Alcoa/WMC Transaction--In December 1994, Alcoa recorded a gain of $400.2 ($300.2 after tax) from the acquisition by Western Mining Corporation (WMC) of a 40% interest in Alcoa's worldwide bauxite, alumina and inorganic chemicals businesses. As part of the agreement, Alcoa acquired an additional 9% interest in AofA, bringing its total interest in that company to 60%. See Note C for additional information about this transaction.

Special Items--Included in 1995 operating income is a net special charge of $16.2 ($10.1 after tax and minority interests). It consists of a $43.5 charge for severance costs partially offset by a net credit of $27.3 related to environmental matters.

Operating income in 1994 included a special charge of $79.7 ($50.0 after tax) from closing part of a forgings and extrusion plant in Vernon, California. The charge consists of $46.9 primarily related to severance costs and $32.8 for asset write-offs.

Special charges of $150.8 in 1993 ($98.0 after tax) included $134.1 for severance costs mainly in the company's U.S. aluminum operations. The remaining $16.7 is associated with closing certain businesses at several plants. There was also a credit of $35.4 related to tax rate reductions, partially offset by an $11.9 charge for new three-year labor agreements.

Extraordinary Loss--The extraordinary loss in 1994 of $67.9 relates to the early retirement of 7% discount debentures that carried an effective interest rate through maturity in 2011 of 14.7%. The loss was the unamortized portion of the original discount that would have been paid at the time the debt matured.

COSTS AND OTHER INCOME

Cost of Goods Sold--Cost of goods sold in 1995 was $9,360 compared with $7,846 in 1994. The major elements contributing to the increase were: higher prices for purchased metal and other raw materials of $660, higher volume of $550, and new companies of $300. Better operating performance and efficiencies of $60 partially offset these higher costs.

Cost of goods sold in 1994 was $659 higher than in 1993, principally because of a higher cost product mix of $350, higher volume of $265 and higher purchased metal and raw materials prices of $215. These were partially offset by $160 in better operating performance.

Selling and General Administrative Expenses--These expenses were $708 in 1995, an increase of $75 over 1994. Most of the increase relates to salaries--increases in personnel at new locations in the wire harness and closures businesses, and higher accruals for variable compensation related to better performance.

Interest Expense--Interest expense was up $13 from 1994 primarily because of a $300 borrowing by AFL to finance its acquisition of Electro-Wire, and additional debt at Alcoa Aluminio.

Income Taxes--Alcoa's effective tax rate in 1995 was 30.3%. The rate differed from the statutory rate of 35% primarily because of taxes on foreign income, partially offset by a higher tax rate in Australia.

For 1994, Alcoa's effective tax rate was 26.7%. The difference between this rate and the statutory rate was mostly due to a portion of the gain on the Alcoa/WMC transaction being nontaxable.

The provision for income taxes in 1993 resulted in a tax credit of $10. This resulted from the effects of a change in Australia's tax rate from 39% to 33% for a $65 reduction to AofA's taxes. In addition, the U.S. tax rate increased from 34% to 35% in 1993. Although the rate increased, Alcoa benefited by a one-time credit of $10 because of its net deferred tax assets in the U.S.

Other Income/Foreign Currency--Other income in 1995 was $155 compared with $87 in 1994 and $93 in 1993. The increase over 1994 primarily reflects higher equity earnings and interest income. These were partially offset by mark-to-market valuation differences on metal contracts.

Included in other income are translation and exchange gains (losses) of $(16.5) in 1995, $(10.3) in 1994 and $14.6 in 1993. The effect on net income from translation and exchange gains (losses), after taxes and minority interests, was $(10.2) in 1995, $(9.6) in 1994 and $9.0 in 1993.

RISK FACTORS

In addition to risks inherent in Alcoa's worldwide operations, Alcoa is exposed generally to financial, market, political and economic risks.

Commodity Risks--Alcoa is a leading global producer of aluminum ingot and aluminum fabricated products. Aluminum ingot is an internationally priced, sourced and traded commodity. The principal trading market for ingot is the London Metal Exchange (LME). Alcoa participates in this market by buying and selling forward portions of its aluminum requirements and output.

Alcoa divides its operations into four regions: U.S., Pacific, Other Americas and Europe. AofA in the Pacific region, and Aluminio in the Other Americas, are generally in net long metal positions. From time to time, they may sell production forward. In the European region there are no smelting operations controlled by Alcoa, and accordingly, this region is net short and may purchase forward positions from time to time. At the present time, forward purchase and sales activity within these three regions is not material.

In the U.S., and for export, Alcoa enters into long-term contracts with a number of its fabricated products customers. At December 31, 1995 and 1994, such contracts approximated 2,483,000 mt and 1,500,000 mt, respectively, of fabricated products over the next several years. Alcoa may enter into similar arrangements in the future.

As a hedge against the economic risk of higher prices for metal needs associated with these long-term contracts, Alcoa entered into long positions, principally using futures and option contracts. At December 31, 1995 and 1994, these contracts totaled approximately 1,210,000 mt and 1,400,000 mt, respectively. The contracts limit the unfavorable effect of price increases on metal purchases and likewise limit the favorable effect from price declines. The futures and option contracts are with creditworthy counterparties and are further supported by cash, treasury bills or irrevocable letters of credit issued by carefully chosen banks.

For financial accounting purposes, the gains and losses on the hedging contracts are reflected in earnings concurrent with the hedged costs. The cash flows from these contracts are classified in a manner consistent with the underlying nature of the transactions.

Alcoa intends to close out the hedging contracts at the time it purchases the metal from third parties, thus creating the right economic match both in time and price. The deferred gains on the closed hedging contracts of $466 at December 31, 1995 are expected to offset the increase in the price of the purchased metal.

The expiration dates of the call options and the delivery dates of the futures contracts do not always coincide exactly with the dates on which Alcoa is required to purchase metal to meet its contractual commitments with customers. Accordingly, some of the futures and option positions will be rolled forward. This may result in significant cash inflows if the hedging contracts are "in-the-money" at the time they are rolled forward. Conversely, there could be significant cash outflows if metal prices fall below the price of contracts being rolled forward.

In addition, Alcoa had 461,000 mt of LME contracts outstanding at year-end 1995 that cover long-term fixed-price commitments to supply customers with metal from internal sources. Accounting convention requires that these contracts be marked to market which resulted in an after-tax charge to earnings of $38 in 1995.

Alcoa also purchases certain other commodities, such as gas and copper, for its operations and enters into contracts to eliminate volatility in the prices of such products. None of these contracts are material. For additional information on financial instruments, see Note Q.

Financial Risk--Since Alcoa participates in the global marketplace, it is subject to significant exposure from fluctuations in foreign currencies. As a matter of company policy, Alcoa enters into foreign currency exchange contracts, including forwards and options, to manage its transactional exposure to changes in currency exchange rates.

Alcoa also attempts to maintain a reasonable balance between fixed and floating rate debt, using interest rate swaps where appropriate to keep financing costs as low as possible.

Risk Management--All of the aluminum and other commodity contracts, as well as the various types of financial instruments, are straightforward. They are primarily entered into for the purpose of removing uncertainty and volatility, and principally cover underlying exposures.

Alcoa's commodity and derivative activities are subject to the management, direction and control of the Strategic Risk Management Committee (SRMC). It is composed of the Chief Executive Officer, the Vice Chairman, the Chief Financial Officer and other officers and employees as the Chief Executive Officer may select from time to time. SRMC reports to the Board of Directors at each of its scheduled meetings on the scope of Alcoa's derivatives activities and programs.

ENVIRONMENTAL MATTERS

Alcoa continues to participate in environmental assessments and cleanups at a number of locations, including operating facilities and adjoining properties, at previously owned or operated facilities and at Superfund and other waste sites. Alcoa records a liability for environmental remediation costs or damages when a cleanup program becomes probable and the costs or damages can be reasonably estimated. See Note A for additional information.

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

For example, there are certain matters, including several related to alleged natural resource damage or alleged off-site contaminated sediments, where investigations are ongoing. It is not possible to determine the outcomes or to estimate with any degree of certainty the ranges of potential costs for these matters.

Alcoa's remediation reserve balance at the end of 1995 was $331 and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. About 22% of this balance relates to Alcoa's Massena, N.Y. plant site. Remediation expenses charged to the reserve were $62 in 1995, $79 in 1994 and $71 in 1993. They include expenditures currently mandated as well as those not required by any regulatory authority or third parties.

During 1995 Alcoa settled claims with several insurance companies related to environmental liabilities. Alcoa received $102, net of legal costs, in settlement of these claims. This amount was offset by a $75 increase to existing environmental reserves, resulting in a $27 favorable effect on income. Additions to the reserve include costs to perform further investigation and feasibility studies at the Pt. Comfort, Texas plant site.

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

Liquidity and Capital Resources

(dollars in millions, except share amounts and ingot prices)

CASH FROM OPERATIONS

Cash from operations was $1,713 in 1995 compared with $1,394 in 1994. The increase over 1994 is mostly accounted for by the higher level of earnings in 1995. The other major factor relates to cash received from settlements of metal hedging contracts. Working capital in 1995 required cash outlays of $330, mostly to fund increases in inventories and reductions in accounts payable.

Cash outlays for the 1993-1995 special items related to severance costs consist of salary continuation payments for up to two years, and pension and medical costs to be paid over the lives of the employees. The latter represent about 45% of the total severance costs.

FINANCING ACTIVITIES

Financing activities during 1995 resulted in cash outflows of $199 compared with $825 in 1994. In 1995 Alcoa had net long-term borrowings of $369. Of this amount, $300 was a variable rate term loan issued by AFL. The proceeds were used for the acquisition of Electro-Wire.

In 1994 the company paid off early its 7% discount debentures due 2001. The notes had a face value of $225 and an effective interest rate of 14.7%. The unamortized discount was $108 at the time of redemption. Proceeds from issuance of $250 of 5.75% notes due 2001 were used to redeem the 7% debentures.

At the end of 1995, there were no U.S. commercial paper borrowings outstanding and activity during the year was minimal. Other short-term borrowings increased by $83.

Debt as a percent of invested capital was 16.7% at the end of 1995 compared with 15.3% and 22% at the end of 1994 and 1993, respectively.

Alcoa used $225 million in 1995 to repurchase 4,575,400 shares of its common stock at an average price of $49.14 a share. In addition, $200 in 1995 and $50 in 1994 was used to redeem all of the preferred stock of a subsidiary, Alcoa International Holdings Company.

Dividends paid to shareholders were $163 in 1995 compared with $144 in 1994 and $142 in 1993. In November 1994, Alcoa's Board declared a two-for-one stock split distributed on February 25, 1995. The Board also approved two changes in the common stock dividend policy: an increase in the base quarterly dividend from 20 cents to 22.5 cents a share, and a change in the payment schedule for the bonus dividend above the base dividend. The bonus dividend payment of 30% of Alcoa's annual earnings in excess of $3.00 per share will be paid in the following year in equal quarterly installments with the base quarterly dividend instead of in a single payment.

Based on this dividend policy, Alcoa shareholders earned a bonus dividend from 1995 earnings of 43 cents a share. This will be paid in 1996 in quarterly installments of 10.75 cents a share to shareholders of record at each quarterly distribution date.

Dividends paid to minority interests in 1995 were $122 and included $101 paid by AofA and $5 paid by Aluminio. In 1994 such dividends were $148 including $86 paid by AofA and $18 paid by Aluminio.

INVESTING ACTIVITIES

Cash used for investing activities during 1995 amounted to $1,072 compared with $375 in 1994 and $1,050 in 1993. Capital expenditures for 1995 were $887 compared with $612 during 1994 and $757 in 1993. The increase over 1994 reflects expansion of alumina and chemicals production capacity in Australia and the U.S., and additional capacity for packaging products in South America, Mexico, Hungary and China. Capital expenditures include new and expanded facilities for environmental control in ongoing operations of $54 in 1995, $45 in 1994 and $76 in 1993.

Acquisitions accounted for $426 of investing cash outflows during 1995. Included were the purchases of Electro-Wire, the alumina refinery assets in the U.S. Virgin Islands, an industrial chemicals plant in the U.S. and a foil mill in Shanghai, China.

In 1995 Alcoa received $367 from WMC related to WMC's acquisition of 40% of Alcoa's alumina and chemicals businesses. Alcoa, in turn, loaned WMC $122. The loan is due on demand and carries an interest rate of LIBOR plus 10 basis points.

ACCOUNTING RULE CHANGE

A new accounting rule related to impairment of long-lived assets and long-lived assets to be disposed of was issued in March 1995. The new standard must be implemented by the end of 1996. Management estimates that implementation of the standard will not have a material effect on its financial statements.

Statement of Consolidated Income — Alcoa and subsidiaries

(in millions, except share amounts)

For the year ended December 31	1995	1994	1993
REVENUES			
Sales and operating revenues (P)	$ 12,499.7	$ 9,904.3	$ 9,055.9
Gain from Alcoa/WMC transaction (C)...........................	-	400.2	-
Other income, principally interest......................	155.2	87.0	93.0
	12,654.9	10,391.5	9,148.9

COSTS AND EXPENSES			
Cost of goods sold and operating expenses	9,360.1	7,845.7	7,187.0
Selling, general administrative and other expenses	707.6	632.7	603.6
Research and development expenses	141.3	125.8	130.4
Provision for depreciation, depletion and amortization	712.9	671.3	692.6
Interest expense (N)	119.8	106.7	87.8
Taxes other than payroll and severance taxes	126.8	107.1	105.6
Special items (D)	16.2	79.7	150.8
	11,184.7	9,569.0	8,957.8
EARNINGS			
Income before taxes on income	1,470.2	822.5	191.1
Provision (credit) for taxes on income (R)	445.9	219.2	(10.3)
Income from operations	1,024.3	603.3	201.4
Minority interests (K)	(233.8)	(160.2)	(196.6)
Income before extraordinary loss	790.5	443.1	4.8
Extraordinary loss on debt prepayments, net of tax benefits of $40.5 in 1994 (D)	-	(67.9)	-
NET INCOME	$ 790.5	$ 375.2	$ 4.8
EARNINGS (LOSS) PER COMMON SHARE: (B and L)			
Before extraordinary loss	$ 4.43	$ 2.48	$ .02
Extraordinary loss	-	(.38)	-
Earnings per common share	$ 4.43	$ 2.10	$ .02

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

Consolidated Balance Sheet (in millions) — Alcoa and subsidiaries

December 31	1995	1994
ASSETS		
Current assets:		
Cash and cash equivalents (includes cash of $120.5 in 1995 and $177.5 in 1994) (Q and V)	$ 1,055.6	$ 619.2
Short-term investments (Q)	6.8	5.5
Receivables from customers, less allowances: 1995-$45.8; 1994-$37.4	1,546.3	1,440.6
Receivable from WMC transaction, net (C)	-	366.9
Other receivables	297.0	182.5
Inventories (E)	1,418.4	1,144.2
Deferred income taxes	244.8	235.6
Prepaid expenses and other current assets	172.8	158.7
Total current assets	4,741.7	4,153.2
Properties, plants and equipment (F)	6,929.7	6,689.4
Other assets (G and Q)	1,972.0	1,510.6
TOTAL ASSETS	$ 13,643.4	$ 12,353.2
LIABILITIES		
Current liabilities:		
Short-term borrowings (weighted average rate of 7.6% in 1995 and 7.9% in 1994) (Q)	$ 345.0	$ 261.9
Accounts payable, trade	861.7	739.3
Accrued compensation and retirement costs	384.3	363.9
Taxes, including taxes on income	304.7	393.0
Provision for layoffs and impairments (D)	63.9	84.4
Other current liabilities	344.4	557.0
Long-term debt due within one year	348.2	154.0
Total current liabilities	2,652.2	2,553.5
Long-term debt, less amount due within one year (H and Q)	1,215.5	1,029.8
Accrued postretirement benefits (T)	1,827.3	1,850.5

Other noncurrent liabilities and deferred credits (I).............	1,585.7	1,011.8
Deferred income taxes..............	308.6	220.6
Total liabilities............	7,589.3	6,666.2
MINORITY INTERESTS (A, C and K).....	1,609.4	1,687.8
Contingent liabilities (O)..........	-	-
SHAREHOLDERS' EQUITY		
Preferred stock (M).................	55.8	55.8
Common stock (B and M)..............	178.9	178.7
Additional capital (B)..............	637.1	663.5
Translation adjustment (A)..........	(79.0)	(68.6)
Retained earnings...................	3,800.1	3,173.9
Unfunded pension obligation.........	(9.3)	(4.0)
Treasury stock, at cost.............	(138.9)	(.1)
Total shareholders' equity......	4,444.7	3,999.2
TOTAL LIABILITIES AND EQUITY..	$ 13,643.4	$ 12,353.2

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

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

For the year ended December 31	1995	1994	1993
CASH FROM OPERATIONS			
Net income......................	$ 790.5	$ 375.2	$ 4.8
Adjustments to reconcile net income to cash from operations:			
Depreciation, depletion and amortization................	730.3	688.8	711.1
Gain from Alcoa/WMC transaction.................	-	(400.2)	-
Reduction of assets to net realizable value...........	2.8	32.8	16.7
Change in deferred income taxes......................	(36.2)	(55.6)	(124.5)
Equity earnings before additional taxes, net of dividends..................	(25.6)	5.1	11.7
Provision for special items...	13.4	46.9	134.1
Gains from investing activities.................	-	(10.3)	(1.3)
Book value of asset disposals.	44.6	47.4	20.8
Extraordinary loss............	-	67.9	-
Minority interests............	233.8	160.2	196.6
Other.........................	(1.9)	(1.9)	(11.4)
(Increase) reduction in receivables................	(50.6)	(155.0)	15.6
(Increase) reduction in inventories................	(225.3)	115.8	(130.2)
(Increase) reduction in prepaid expenses and other current assets.............	(13.4)	129.4	(152.2)
Increase (reduction) in accounts payable and accrued expenses...................	(40.3)	50.2	(43.2)
Reduction in taxes, including taxes on income............	(95.1)	(6.8)	(6.0)
Payment of amortized interest on deep discount debt.......	-	(8.6)	-
Cash received (paid) on hedging contracts...........	365.5	286.4	(159.6)
Net change in noncurrent assets and liabilities......	20.0	25.9	52.0
CASH FROM OPERATIONS........	1,712.5	1,393.6	535.0
FINANCING ACTIVITIES			
Net additions (reduction) to short-term borrowings.........	83.3	(104.9)	67.5
Common stock issued and treasury stock sold....................	58.1	61.7	17.7
Repurchase of common stock......	(224.9)	-	-
Dividends paid to shareholders..	(162.5)	(144.4)	(142.3)
Dividends paid to minority interests....................	(121.9)	(148.1)	(159.3)
Additions to long-term debt.....	612.1	494.9	748.0
Payments on long-term debt......	(243.4)	(934.4)	(145.8)
Redemption of subsidiary preferred stock...............	(200.0)	(50.0)	-

CASH FROM (USED FOR) FINANCING ACTIVITIES	(199.2)	(825.2)	385.8
INVESTING ACTIVITIES			
Capital expenditures	(887.1)	(611.7)	(757.0)
Acquisitions, net of cash acquired	(426.1)	(9.6)	(16.3)
Additions to investments	(15.2)	(21.2)	(5.9)
Sales of investments	-	-	.3
Changes in minority interests	30.9	(44.7)	(14.2)
Proceeds from Alcoa/WMC transaction	366.9	67.8	-
Loan to WMC	(121.8)	-	-
Short-term investments	(1.3)	250.8	(243.6)
Other receipts	3.8	14.9	5.8
Other payments	(21.6)	(21.2)	(19.5)
CASH USED FOR INVESTING ACTIVITIES	(1,071.5)	(374.9)	(1,050.4)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(5.4)	14.0	(6.9)
Net change in cash and cash equivalents	436.4	207.5	(136.5)
Cash and cash equivalents at beginning of year	619.2	411.7	548.2
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,055.6	$ 619.2	$ 411.7

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

Statement of Shareholders' Equity

(in millions, except share amounts)

Alcoa and subsidiaries

December 31	Preferred stock	Common stock	Additional capital	Translation adjustment	Retained earnings	Unfunded pension obligation	Treasury stock	Shareholders' equity
BALANCE AT END OF 1992	$ 55.8	$ 88.8	$ 715.0	$ (148.0)	$ 3,089.3	-	$ (196.6)	$ 3,604.3
Net income-1993					4.8			4.8
Cash dividends:								
Preferred @ $3.75 per share					(2.1)			(2.1)
Common @ $.80 per share					(140.2)			(140.2)
Stock issued: compensation plans			.9		(3.0)		19.8	17.7
Stock issued: debt conversions					(2.7)		149.5	146.8
Minimum pension liability adjustments						$ (7.0)		(7.0)
Translation adjustments				(40.5)				(40.5)
BALANCE AT END OF 1993	55.8	88.8	715.9	(188.5)	2,946.1	(7.0)	(27.3)	3,583.8
Net income-1994					375.2			375.2
Cash dividends:								
Preferred @ $3.75 per share					(2.1)			(2.1)
Common @ $.80 per share					(142.3)			(142.3)
Two-for-one stock split (B)		89.3	(89.3)					-
Stock issued: compensation plans		.6	36.9		(3.0)		27.2	61.7
Minimum pension liability adjustments						3.0		3.0
Translation adjustments				119.9				119.9
BALANCE AT END OF 1994	55.8	178.7	663.5	(68.6)	3,173.9	(4.0)	(.1)	3,999.2
Net income-1995					790.5			790.5
Cash dividends:								
Preferred @ $3.75 per share					(2.1)			(2.1)
Common @ $.90 per share					(160.4)			(160.4)
Treasury shares purchased							(224.9)	(224.9)
Stock issued: compensation plans		.2	(26.4)		(1.8)		86.1	58.1
Minimum pension liability adjustments						(5.3)		(5.3)
Translation adjustments				(10.4)				(10.4)
BALANCE AT END OF 1995	$ 55.8	$ 178.9	$ 637.1	$ (79.0)	$ 3,800.1	$ (9.3)	$ (138.9)	$ 4,444.7

SHARE ACTIVITY (B) (number of shares)		Common Stock		
	Preferred stock	Issued	Treasury	Net outstanding

BALANCE AT END OF 1992..............	557,649	177,608,440	(6,149,272)	171,459,168
Stock issued: compensation plans.....			610,452	610,452
Stock issued: debt conversions.......			4,652,936	4,652,936
BALANCE AT END OF 1993..............	557,649	177,608,440	(885,884)	176,722,556
Stock issued: compensation plans.....		1,106,538	883,382	1,989,920
BALANCE AT END OF 1994..............	557,649	178,714,978	(2,502)	178,712,476
Treasury shares purchased...........			(4,575,400)	(4,575,400)
Stock issued: compensation plans.....		207,605	1,969,349	2,176,954
BALANCE AT END OF 1995..............	557,649	178,922,583	(2,608,553)	176,314,030

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

Notes to Consolidated Financial Statements
(dollars in millions, except share amounts)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation. The consolidated financial statements include the accounts of Alcoa and companies more than 50% owned. Also included are joint ventures in which Alcoa has an undivided interest. Investments in other entities are accounted for principally on an equity basis.

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

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

Depreciation, Depletion and Amortization. Depreciation is recorded principally on the straight-line method at rates based on the estimated useful lives of the assets. Profits or losses from the sale of assets are included in other income. Repairs and maintenance are charged to expense as incurred.

Depletion is taken over the periods the estimated mineral reserves are extracted.

Environmental Expenditures. Expenditures that relate to current operations are expensed or capitalized, as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future revenues, are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated. The liability for remediation expenditures may include, as appropriate, elements of costs such as site investigations, consultants' fees, feasibility studies, outside contractor expenses and monitoring expenses. Estimates are not discounted, nor are they reduced by potential claims for recovery. The estimates also include costs apportioned to other potentially responsible parties to the extent that Alcoa has reason to believe such parties will not fully pay their proportionate share. The liability is periodically reviewed and adjusted to reflect current remediation progress, prospective estimate of required activity, and other factors that may be relevant, including changes in technology or regulations.

Interest Costs. Interest related to construction of qualifying assets is capitalized as part of construction costs.

Futures Contracts. Alcoa enters into forward, futures and options contracts to cover exposures for foreign exchange, interest rates and commodities that are primarily accounted for as hedges of its committed and, in some cases, anticipated revenues and costs. The gains and losses on these contracts are reflected in earnings concurrently with the hedged revenues or costs. The cash flows from these contracts are classified in a manner consistent with the underlying nature of the transactions. Futures contracts not meeting the criteria for hedge accounting treatment are marked to market. Gains and losses on these contracts are reflected in earnings in the current period.

Intangibles. The excess of purchase price over net tangible assets of businesses acquired is included in other assets in the consolidated balance sheets. It is Alcoa's policy to amortize intangibles on a straight-line basis over not more than 40 years. The carrying value of intangibles is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses. Adjustments are made if the sum of expected future net cash flows is less than book value.

Foreign Currency. The local currency is the functional currency for Alcoa's significant operations outside the U.S., except in Brazil.

Reclassification. Certain amounts in previously issued financial statements were reclassified to conform to 1995 presentations.

B. COMMON STOCK SPLIT

On November 11, 1994, the Board of Directors declared a two-for-one common stock split distributable on February 25, 1995 to shareholders of record at the close of business on February 3, 1995. In this report, all per share amounts and numbers of shares have been restated to reflect the stock split.

C. GAIN FROM ALCOA/WMC Transaction

In December 1994, Alcoa recorded a gain of $400.2 ($300.2 after tax) from the acquisition by Western Mining Corporation Holdings Limited (WMC), located in Melbourne, Australia, of a 40% interest in Alcoa's worldwide bauxite, alumina and inorganic chemicals businesses. As part of the agreement, Alcoa acquired an additional 9% interest in Alcoa of Australia, bringing its total interest in that company to 60%. An additional cash payment may be made by WMC in the year 2000 if certain financial performance targets of the chemicals businesses are met. Alcoa has indemnified WMC for certain preformation environmental and other liabilities.

The significant effects of the transaction on the December 31, 1994 balance sheet were increases of $68 in cash, $367 in net receivables and $202 in goodwill, offset by an increase in minority interests of $230. The net receivable was collected in early January 1995. If this transaction had occurred at the beginning of 1994, net income for the year would not have been materially different.

D. SPECIAL AND EXTRAORDINARY ITEMS

Special items in 1995 consisted of a net charge of $16.2 ($10.1 after tax and minority interests). It included a charge of $43.5 for severance costs offset by a net credit of $27.3 related to environmental matters.

Special items in 1994 consisted of a charge of $79.7 ($50.0 after tax) from closing part of a forgings and extrusion plant in Vernon, California. The charge included $32.8 for asset write-offs and $46.9 primarily related to severance costs.

Special items of $150.8 in 1993 ($98.0 after tax and minority interests) included $134.1 for severance costs mainly in the company's U.S. aluminum operations. The remaining $16.7 was associated with closing certain businesses at several plants, including the manufacture of aluminum rod at the Rockdale, Texas plant.

The extraordinary loss in 1994 was from early redemption of 7% debentures due 2011 that carried an effective interest rate of 14.7%.

E. INVENTORIES

December 31	1995	1994
Finished goods......................	$ 323.1	$ 249.6
Work in process....................	483.9	456.1
Bauxite and alumina................	241.4	195.2
Purchased raw materials............	254.5	131.0
Operating supplies.................	115.5	112.3
	$ 1,418.4	$ 1,144.2

Approximately 50% of total inventories at December 31, 1995 were valued on a LIFO basis. If valued on an average cost basis, total inventories would have been $802.1 and $691.9 higher at the end of 1995 and 1994, respectively.

F. PROPERTIES, PLANTS AND EQUIPMENT, AT COST

December 31	1995	1994
Land and land rights, including mines..............................	$ 231.3	$ 238.0
Structures..........................	3,941.7	3,860.0
Machinery and equipment............	10,452.1	10,003.7
	14,625.1	14,101.7
Less, accumulated depreciation and depletion..........................	8,285.1	7,812.9
	6,340.0	6,288.8
Construction work in progress.......	589.7	400.6
	$ 6,929.7	$ 6,689.4

G. OTHER ASSETS

December 31	1995	1994

Investments, principally equity investments	$ 397.3	$ 355.9
Intangibles, net of accumulated amortization of $253.3 in 1995 and $208.5 in 1994	600.0	396.6
Noncurrent receivables	94.5	67.6
Deferred income taxes	493.6	364.6
Deferred charges and other	386.6	325.9
	$ 1,972.0	$ 1,510.6

H. LONG-TERM DEBT

December 31	1995	1994
U.S.		
4.625% Notes payable, due 1996	$ 175.0	$ 175.0
5.75% Notes payable, due 2001	248.0	247.8
Bank loans 7.5 billion yen, due 1999, (4.4% fixed rate)	72.9	74.4
Tax-exempt revenue bonds ranging from 3.7% to 7.5% due 2000-2012	132.0	132.7
Alcoa Fujikura Ltd.--Variable rate term loan due 1996-2002 (6.2% average rate)	300.0	-
Alcoa Aluminio		
Variable rate note due 1996-2002 (7.2% and 8.2% average rates)	386.4	322.6
Alcoa of Australia		
Euro-commercial paper, variable rate, due 1997 (5.6% and 3.9% average rates)	127.0	150.0
Other subsidiaries	122.4	81.3
	1,563.7	1,183.8
Less, amount due within one year	348.2	154.0
	$ 1,215.5	$ 1,029.8

The amount of long-term debt maturing in each of the next five years is $348.2 in 1996, $279.9 in 1997, $133.2 in 1998, $167.4 in 1999 and $90.3 in 2000.

Alcoa's Revolving Credit Agreement of $1,000 with a group of international banks expires in July 1999. Under the agreement, certain levels of consolidated net worth and working capital must be maintained while commercial paper balances are outstanding.

The Euro-commercial paper issued by Alcoa of Australia is classified as long-term debt since it is backed by a long-term revolving credit agreement.

I. OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS

December 31	1995	1994
Deferred hedging gains	$ 466.3	$ -
On-site environmental remediation	264.4	282.7
Deferred credits	191.8	217.8
Other noncurrent liabilities	663.2	511.3
	$ 1,585.7	$ 1,011.8

Deferred hedging gains are associated with metal contracts and will be reflected in future earnings concurrent with the hedged revenues or costs. See Risk Factors in Results of Operations for additional information.

J. LEASE EXPENSE

Certain equipment, warehousing and office space, and oceangoing vessels are under operating lease agreements. Total expense for all leases was $71.9 in 1995, $71.6 in 1994 and $73.7 in 1993. Under long-term operating leases, minimum annual rentals are $46.7 in 1996, $40.5 in 1997, $27.7 in 1998, $22.4 in 1999, $24.9 in 2000, and a total of $39.6 for 2001 and thereafter.

K. MINORITY INTERESTS

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

December 31	1995	1994
Alcoa of Australia..................	$ 564.3	$ 588.1
Alcoa International Holdings Company (AIHC)............................	-	200.0
Alcoa Aluminio......................	357.6	340.7
Alcoa Alumina and Chemicals.........	344.0	327.9
Other majority-owned companies......	343.5	231.1
	$ 1,609.4	$ 1,687.8

AIHC's minority interests in 1994 consisted of preferred stock which was redeemed in 1995.

L. EARNINGS PER COMMON SHARE

Primary earnings per common share are computed by subtracting annual preferred dividend requirements from net income, and dividing that amount by the weighted average number of common shares outstanding during each year. The average number of shares used to compute primary earnings per common share was 178,018,083 in 1995, 177,881,428 in 1994 and 175,346,282 in 1993. Fully diluted earnings per common share are not stated since the dilution is not material.

M. PREFERRED AND COMMON STOCK

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

Common Stock. There are 300 million shares authorized at a par value of $1 per share. As of December 31, 1995, shares of common stock reserved for issuance were:

	Number of shares
Long-term stock incentive plan........	16,287,786
Employees' savings plans.............	4,097,532
Incentive compensation plan...........	169,228
	20,554,546

Stock options under the long-term stock incentive plan have been and may be granted, generally at not less than market prices on the dates of grant, except for the $.50 per share options issued as a payout of earned performance share awards. At December 31, 1995, options for 3,063,335 shares were exercisable.

The transactions for shares under option were:

	1995	1994	1993
Outstanding, beginning of year:			
Number.........................	7,900,090	8,032,852	6,572,104
Price..........................	$.50-44.72	$.50-40.07	$.50-40.07
Granted:			
Number.........................	7,945,977	5,050,798	2,963,458
Price..........................	$37.88-59.56	$35.88-44.72	$.50-38.57
Exercised:			
Number.........................	(7,212,081)	(5,125,962)	(1,353,092)
Price..........................	$.50-48.31	$.50-40.25	$.50-36.57
Expired or canceled.............	(84,343)	(57,598)	(149,618)
Outstanding, end of year:			
Number.........................	8,549,643	7,900,090	8,032,852
Price..........................	$.50-59.56	$.50-44.72	$.50-40.07
Shares reserved for future options at end of year.........	7,738,143	1,758,950	5,006,192

N. INTEREST COST COMPONENTS

	1995	1994	1993

Amount charged to expense.......	$ 119.8	$ 106.7	$ 87.8
Amount capitalized.............	1.9	1.5	3.5
	$ 121.7	$ 108.2	$ 91.3

O. CONTINGENT LIABILITIES

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

In early December 1995, Alcoa Electronic Packaging (AEP) was notified by its major customer, Intel, that no new orders would be forthcoming. Alcoa is exploring all options available at this time. The book value of AEP's net assets at year-end was $69. Earnings for 1995 do not include any charges related to this matter.

P. SEGMENT AND GEOGRAPHIC AREA INFORMATION

Alcoa is primarily an integrated producer of aluminum products. Its operations consist of three segments: Alumina and Chemicals, Aluminum Processing, and Nonaluminum Products.

The Alumina and Chemicals segment includes the production and sale of bauxite, alumina, alumina chemicals and transportation services.

The Aluminum Processing segment comprises the production and sale of molten metal, ingot, and aluminum products that are flat-rolled, engineered or finished. Also included are power, transportation and other services.

The Nonaluminum Products segment includes the production and sale of electrical, ceramic, plastic and composite materials products, manufacturing equipment, gold, magnesium products, and steel and titanium forgings.

The products produced by Alcoa are used primarily by packaging, transportation (including aerospace, automotive, rail and shipping), building and industrial customers worldwide.

SEGMENT INFORMATION	1995	1994	1993
Sales to customers:			
Alumina and chemicals..........	$ 1,757.8	$ 1,508.4	$ 1,436.5
Aluminum processing............	8,034.3	6,476.5	5,973.6
Nonaluminum products...........	2,707.6	1,919.4	1,645.8
Intersegment sales: (1)			
Alumina and chemicals..........	540.1	496.0	649.3
Aluminum processing............	3.7	3.0	13.6
Nonaluminum products...........	97.6	74.8	72.9
Eliminations....................	(641.4)	(573.8)	(735.8)
Total sales and operating revenues.....................	$ 12,499.7	$ 9,904.3	$ 9,055.9
Operating profit (loss) before special items:			
Alumina and chemicals..........	$ 306.9	$ 277.3	$ 372.7
Aluminum processing............	1,014.7	144.7	(21.2)
Nonaluminum products...........	112.9	91.2	5.0
Unallocated....................	-	-	(5.1)
Total.........................	$ 1,434.5	$ 513.2	$ 351.4
Operating profit (loss) after special items:			
Alumina and chemicals..........	$ 309.9	$ 277.3	$ 365.6
Aluminum processing............	1,001.4	65.0	(155.0)
Nonaluminum products...........	107.0	91.2	(4.9)
Unallocated....................	-	-	(5.1)
Total operating profit........	1,418.3	433.5	200.6
Gain from Alcoa/WMC transaction.	-	400.2	-
Other income....................	155.2	87.0	93.0
Translation (gain)/loss in operating profits..............	16.5	8.5	(14.7)
Interest expense................	(119.8)	(106.7)	(87.8)
Income before taxes on income.	$ 1,470.2	$ 822.5	$ 191.1
Identifiable assets:			
Alumina and chemicals..........	$ 3,101.9	$ 2,860.2	$ 2,553.6
Aluminum processing............	6,621.6	6,579.5	6,649.3
Nonaluminum products...........	2,335.0	1,566.0	1,416.5
Total identifiable assets.....	12,058.5	11,005.7	10,619.4

Investments	397.3	355.9	322.2
Corporate assets (2)	1,187.6	991.6	655.3
Total assets	$ 13,643.4	$ 12,353.2	$ 11,596.9
Depreciation and depletion:			
Alumina and chemicals	$ 153.8	$ 139.1	$ 144.5
Aluminum processing	442.1	455.3	475.3
Nonaluminum products	134.4	94.0	85.1
Total depreciation and depletion (3)	$ 730.3	$ 688.4	$ 704.9
Capital expenditures:			
Alumina and chemicals	$ 246.8	$ 159.2	$ 232.6
Aluminum processing	399.2	323.2	423.7
Nonaluminum products	241.1	129.3	100.7
Total capital expenditures	$ 887.1	$ 611.7	$ 757.0

GEOGRAPHIC AREA INFORMATION	1995	1994	1993
Sales to customers:			
USA	$ 7,042.7	$ 5,574.0	$ 5,279.4
Other Americas	1,780.1	1,362.4	948.2
Pacific	1,985.7	1,670.1	1,752.5
Europe	1,691.2	1,297.8	1,075.8
Transfers between geographic areas: (1)			
USA	959.2	765.0	832.9
Other Americas	511.4	291.4	342.6
Pacific	37.6	17.2	36.1
Europe	23.3	13.4	28.3
Eliminations	(1,531.5)	(1,087.0)	(1,239.9)
Total sales and operating revenues	$ 12,499.7	$ 9,904.3	$ 9,055.9
Operating profit (loss) before special items:			
USA	$ 593.6	$ (65.2)	$ (193.1)
Other Americas	333.1	239.0	139.5
Pacific	415.4	291.1	399.2
Europe	92.4	48.3	5.8
Total	$ 1,434.5	$ 513.2	$ 351.4
Operating profit (loss) after special items:			
USA	$ 586.4	$ (144.9)	$ (340.7)
Other Americas	330.2	239.0	139.5
Pacific	415.4	291.1	399.2
Europe	86.3	48.3	2.6
Total operating profit	$ 1,418.3	$ 433.5	$ 200.6
Identifiable assets:			
USA	$ 6,398.7	$ 5,713.1	$ 6,233.3
Other Americas	2,003.3	1,748.6	1,519.8
Pacific	2,603.1	2,536.3	2,014.8
Europe	1,053.4	1,007.7	851.5
Total identifiable assets	$ 12,058.5	$ 11,005.7	$ 10,619.4
Capital expenditures:			
USA	$ 454.2	$ 272.9	$ 405.0
Other Americas	171.6	131.4	105.0
Pacific	168.3	131.6	162.7
Europe	93.0	75.8	84.3
Total capital expenditures	$ 887.1	$ 611.7	$ 757.0

(1) Transfers between segments and geographic areas are based on generally prevailing market prices.
(2) Corporate assets include cash and marketable securities of $1,062.4 in 1995, $624.7 in 1994 and $655.3 in 1993; and a net receivable of $125.2 in 1995 and $366.9 in 1994 related to the Alcoa/WMC transaction.
(3) Includes depreciation of $17.4 in 1995, $17.1 in 1994 and $12.3 in 1993 reported as research and development expenses in the income statement

Total exports from the U.S. in 1995 were $1,206 compared with $988 in 1994 and $896 in 1993.

Q. FINANCIAL INSTRUMENTS

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

	1995		1994	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	$ 1,055.6	$ 1,055.6	$ 619.2	$ 619.2
Short-term investments	6.8	6.8	5.5	5.5
Noncurrent receivables	94.5	94.5	67.6	67.6
Short-term debt	693.2	693.2	415.9	415.9
Long-term debt	1,215.5	1,263.3	1,029.8	1,002.3

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

Cash and Cash Equivalents, Short-Term Investments and Short-Term Debt. The carrying amount approximates fair value because of the short maturity of the instruments. All investments purchased with a maturity of three months or less are considered cash equivalents.

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

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

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

Foreign Exchange Contracts. The company enters into foreign exchange contracts to hedge most of its firm and anticipated purchase and sale commitments denominated in foreign currencies for periods commensurate with its known or expected exposures. These contracts are part of a worldwide program to minimize volatility due to foreign exchange exposures. The market risk exposure is essentially limited to risk related to currency rate movements. The forward exchange contracts, purchased options and written options in the following table are made up of contracts to hedge firm purchase and sale commitments and anticipated sales denominated in foreign currencies at December 31. The contracts generally mature within 12 months and are principally unsecured forward exchange contracts with carefully selected banks. Gains or losses arising from these contracts are principally reflected in operating revenues or costs when the transactions are completed. Unrealized gains at December 31, 1995 and 1994 were $11.5 and $47.8, respectively.

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

	1995		1994	
	Notional amount	Market value	Notional amount	Market value
Forwards	$ 2,509.2	$ 2,519.7	$ 1,578.7	$ 1,637.4
Options purchased	446.0	8.2	422.3	19.8
Options written	135.9	(1.7)	162.0	(9.9)

The notional values summarized above provide an indication of the extent of the company's involvement in such instruments but does not represent its exposure to market risk. Alcoa utilizes written options mainly to offset or close out purchased options.

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

	1995		1994	
	Buy	Sell	Buy	Sell
Australian dollar	$ 1,565.2	$ 307.8	$ 1,197.8	$ 268.3
Dutch guilder	257.0	333.6	138.2	44.2
Deutsche mark	55.0	286.2	79.0	167.1
Pound sterling	47.8	89.8	41.9	89.6

Other	68.9	110.8	77.0	166.9
	$ 1,993.9	$ 1,128.2	$ 1,533.9	$ 736.1

Interest Rate Swaps. Alcoa's debt portfolio is managed by using interest rate swaps and options to achieve an overall desired position of fixed and floating rates. At December 31, 1995, Alcoa had outstanding four interest rate swap contracts to convert a fixed rate obligation to floating rates on a notional amount of $175. The contracts mature in 2001. As of December 31, 1995, the company had issued Forward Rate Agreements to lock in the resets on these swaps through year-end 1996. Alcoa Aluminio also had an outstanding interest rate swap to convert a floating rate obligation to a series of fixed rates on a notional amount of $64 at year-end 1995. In addition, Alcoa Fujikura had five outstanding interest rate swap contracts to convert a floating rate obligation to a fixed rate on a notional amount of $300 at year-end 1995.

Credit and market risk exposures are limited to the net interest differentials. The net payments or receipts from interest rate swaps are recorded as part of interest expense and are not material. The effect of interest rate swaps on Alcoa's composite interest rate on long-term debt was not material at the end of 1995 or 1994.

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

For further information on Alcoa's hedging and derivatives activities, see Risk Factors in Results of Operations of this annual report.

R. INCOME TAXES

The components of income before taxes on income were:

	1995	1994	1993
U.S.	$ 556.5	$ 203.6	$(359.4)
Foreign	913.7	618.9	550.5
	$ 1,470.2	$ 822.5	$ 191.1

The provision for taxes on income consisted of:

	1995	1994	1993
Current:			
U.S. federal*	$ 246.4	$ 114.0	$ (53.6)
Foreign	204.0	151.1	163.0
State and local	31.7	9.7	4.8
	482.1	274.8	114.2
Deferred:			
U.S. federal*	(55.3)	(51.3)	(80.2)
Foreign	34.8	5.8	(47.2)
State and local	(15.7)	(10.1)	2.9
	(36.2)	(55.6)	(124.5)
Total	$ 445.9	$ 219.2	$ (10.3)

*Includes U.S. taxes related to foreign income

Deferred taxes in 1995 included debits of $66.5 for utilization of a U.S. tax loss carryforward and for statutory rate changes of $21.9 in Australia and $14.4 in Brazil.

Deferred taxes in 1993 included credits of $130.4 for a U.S. tax loss carryforward and for statutory tax rate changes of $9.9 in the U.S. and $41.6 in Australia.

Reconciliation of the effective tax rate to the U.S. statutory rate follows.

	1995	1994	1993
U.S. federal statutory rate	35.0%	35.0%	35.0%
Taxes on foreign income	(5.5)	(1.1)	(9.2)

State taxes net of federal benefit	.6	(.1)	2.1
Tax rate changes..................	2.5	-	(26.9)
Adjustments to prior years' accruals.........................	(1.3)	(1.8)	(3.0)
Nontaxable portion of Alcoa/WMC transaction gain.................	-	(4.9)	-
Other.............................	(1.0)	(.4)	(3.4)
Effective tax rate................	30.3%	26.7%	(5.4)%

The components of net deferred tax assets and liabilities follow.

December 31	1995 Deferred tax assets	1995 Deferred tax liabilities	1994 Deferred tax assets	1994 Deferred tax liabilities
Depreciation.............................	-	$ 950.6	-	$ 938.8
Employee benefits........................	$ 838.8	-	$ 822.0	-
Loss provisions..........................	212.0	-	243.9	-
Deferred income..........................	244.0	56.4	112.4	48.4
Tax loss carryforwards...................	113.7	-	212.9	-
Tax credit carryforwards.................	38.7	-	86.4	-
Other....................................	86.7	20.8	56.0	18.2
	1,533.9	1,027.8	1,533.6	1,005.4
Valuation allowance......................	(112.1)	-	(170.0)	-
	$ 1,421.8	$ 1,027.8	$ 1,363.6	$ 1,005.4

The reduction in the valuation allowance is primarily attributable to Brazilian operations where improved profitability allowed the utilization of tax loss carryforwards. Of the total tax loss carryforwards, $12.6 expires over the next 10 years and $101.1 is unlimited. A substantial portion of the valuation allowance is for these carryforwards because the ability to utilize a portion of them is uncertain. There is no limit on utilization of the tax credit carryforwards.

The cumulative amount of Alcoa's share of undistributed earnings for which no deferred taxes have been provided was $1,317.1 at December 31, 1995. Management has no plans to distribute such earnings in the foreseeable future. It is not practicable to determine the deferred tax liability on these earnings.

S. PENSION PLANS

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

Pension costs include the following components that were calculated as of January 1 of each year.

	1995	1994	1993
Benefits earned...................	$ 78.9	$ 90.6	$ 102.4
Interest accrued on projected benefit obligation...............	285.9	261.2	253.9
Net amortization..................	28.5	46.5	59.8
	393.3	398.3	416.1
Less: expected return on plan assets*..........................	305.0	281.4	268.1
	$ 88.3	$ 116.9	$ 148.0

*The actual returns were higher (lower) than the expected returns by $254.1 in 1995, $(282.7) in 1994 and $324.2 in 1993 and were deferred as actuarial gains (losses).

The status of the pension plans follows.

	Assets exceed	Accumulated benefit

	accumulated benefit obligation		obligation exceeds assets	
December 31	1995	1994	1995	1994
Plan assets, primarily stocks and bonds at market	$ 1,959.4	$ 3,337.7	$ 1,937.0	$ 231.4
Present value of obligation:				
Vested	1,604.3	2,721.2	1,957.4	335.2
Nonvested	131.7	237.3	155.9	4.9
Accumulated benefit obligation	1,736.0	2,958.5	2,113.3	340.1
Effect of assumed salary increases	72.1	236.1	248.3	32.9
Projected benefit obligation	$ 1,808.1	$ 3,194.6	$ 2,361.6	$ 373.0
Plan assets greater (less than) projected benefit obligation	$ 151.3	$ 143.1	$ (424.6)	$ (141.6)
Unrecognized:				
Transition (assets) obligations	(32.7)	21.8	45.3	(8.9)
Prior service costs	19.9	45.9	28.2	32.2
Actuarial (gains) losses, net	(184.9)	(415.9)	36.1	34.0
Minimum liability adjustment	-	-	(38.8)	(23.2)
Accrued pension cost	$ (46.4)	$ (205.1)	$ (353.8)	$ (107.5)

Assumptions used to determine plan liabilities and expenses follow.

December 31	1995	1994	1993
Settlement discount rate	7.0%	8.25%	6.75%
Long-term rate for compensation increases	5.0	5.5	5.5
Long-term rate of return on plan assets	9.0	9.0	9.0

Alcoa also sponsors a number of defined contribution pension plans. Expenses were $36.1 in 1995, $32.9 in 1994 and $34.5 in 1993.

Supplemental information related only to Alcoa's U.S. pension plans partially insured by the Pension Benefit Guarantee Corporation follow.

December 31	1995	1994
Plan assets at fair market value	$ 3,341.0	$ 3,079.1
Present value of vested benefit obligation	(3,005.9)	(2,579.0)
	$ 335.1	$ 500.1

T. POSTRETIREMENT BENEFITS

Alcoa maintains health care and life insurance benefit plans covering most eligible U.S. retired employees and certain other retirees. Generally, the medical plans pay a stated percentage of medical expenses, reduced by deductibles and other coverages. These plans are generally unfunded, except for certain benefits funded through a trust. Life benefits are generally provided by insurance contracts. Alcoa retains the right, subject to existing agreements, to change or eliminate these benefits.

Changes made in 1993 to certain medical plans may require contributions by future retirees to help offset medical cost increases. The changes reduced Alcoa's benefit expense and prior service costs.

The components of postretirement benefit expense follow.

	1995	1994	1993
Service cost of benefits earned	$ 16.3	$ 20.2	$ 29.9
Interest cost on liability	114.6	104.4	110.2
Net amortization	(49.5)	(50.0)	(32.4)
Return on plan assets	(4.8)	(4.8)	(5.2)
Postretirement benefit costs	$ 76.6	$ 69.8	$ 102.5

The status of the postretirement benefit plans was:

December 31	1995	1994
Retirees	$ 1,034.0	$ 1,040.3
Fully eligible active plan participants	136.7	112.5
Other active participants	330.5	307.8
Accumulated postretirement benefit obligation (APBO)	1,501.2	1,460.6
Plan assets, primarily stocks and bonds at market	64.4	53.3
APBO in excess of plan assets	1,436.8	1,407.3
Unrecognized net:		
Reduction in prior service costs	374.3	420.1
Actuarial gains	109.6	103.3
Accrued postretirement benefit liability	$ 1,920.7	$ 1,930.7

For measuring the liability and expense, a 9.5% annual rate of increase in the per capita claims cost was assumed for 1996, declining gradually to 5.5% by the year 2003 and thereafter. Other assumptions used to measure the liability and expense follow.

December 31	1995	1994	1993
Settlement discount rate	7.0%	8.25%	6.75%
Long-term rate for compensation increases	5.0	5.5	5.5
Long-term rate of return on plan assets	9.0	9.0	9.0

For 1995 a 1% increase in the trend rate for health care costs would have increased the APBO by 8% and service and interest costs by 9%.

U. MAJORITY-OWNED SUBSIDIARIES

The condensed financial statements of Alcoa's principal majority-owned subsidiaries follow.

Alcoa Aluminio S.A.--a 59%-owned Brazilian subsidiary:

December 31	1995	1994
Cash and short-term investments	$ 252.4	$ 34.5
Other current assets	379.3	376.4
Properties, plants and equipment, net	857.2	929.0
Other assets	185.4	161.8
Total assets	1,674.3	1,501.7
Current liabilities	431.6	415.2
Long-term debt*	314.5	222.2
Other liabilities	56.1	33.3
Total liabilities	802.2	670.7
Net assets	$ 872.1	$ 831.0

*Held by Alcoa Brazil Holdings Company: $22.5

	1995	1994	1993
Revenues*	$ 1,200.1	$ 915.1	$ 685.8
Costs and expenses	(1,050.2)	(808.9)	(625.3)

Translation and exchange adjustments	4.3	(3.0)	(10.7)
Income tax expense	(2.3)	(19.7)	(.6)
Net income	$ 151.9	$ 83.5	$ 49.2

*Revenues from Alcoa were $188.4 in 1995, $54 in 1994 and $129.8 in 1993. The terms of the transactions were established by negotiation between the parties.

Alcoa of Australia Limited--a 60%-owned subsidiary of Alcoa International Holdings Company (51% prior to December 31, 1994):

December 31	1995	1994
Cash and short-term investments	$ 61.6	$ 88.2
Other current assets	551.6	484.9
Properties, plants and equipment, net	1,615.7	1,645.3
Other assets	101.2	102.5
Total assets	2,330.1	2,320.9
Current liabilities	380.7	317.9
Long-term debt	127.0	150.2
Other liabilities	415.5	382.6
Total liabilities	923.2	850.7
Net assets	$ 1,406.9	$ 1,470.2

	1995	1994	1993
Revenues*	$ 1,785.0	$ 1,519.2	$ 1,660.9
Costs and expenses	(1,372.3)	(1,236.5)	(1,264.6)
Translation and exchange adjustments	-	.6	5.2
Income tax expense	(164.1)	(80.7)	(88.1)
Net income	$ 248.6	$ 202.6	$ 313.4

* Revenues from Alcoa were $55.4 in 1995, $28.5 in 1994 and $50.3 in 1993. The terms of the transactions were established by negotiation between the parties.

V. CASH FLOW INFORMATION

Cash payments for interest and income taxes follow.

	1995	1994	1993
Interest*	$ 123.4	$ 107.3	$101.2
Income taxes	508.3	238.4	193.6

*Includes $8.6 in 1994 of amortized interest on the debentures retired early

In a noncash transaction early in 1993, $149 of 6-1/4% Convertible Subordinated Debentures due 2002 were converted to common stock by issuing 4.6 million shares of treasury stock.

W. ACQUISITIONS

The company made various acquisitions during 1995 totaling $426. The acquisitions resulted in goodwill of approximately $250. Also, additional consideration of $85 may be paid based on the achievement of certain sales levels through 1997. Any additional consideration would be accounted for as goodwill. Generally, the goodwill related to the acquisitions will be amortized over a period of 15 years.

The acquisitions have been accounted for by the purchase method. Accordingly, the purchase prices have been allocated to assets acquired and liabilities assumed based on their estimated fair values. Operating results of the acquisitions have been included in the Statement of Consolidated Income since the dates of the acquisitions. Pro forma results, assuming the acquisitions had been made at the beginning of the year, would not be materially different from the results reported.

Supplemental Financial Information

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

1995	First	Second	Third	Fourth	Year
Sales and operating revenues...........	$ 3,009.8	$ 3,117.3	$ 3,264.8	$ 3,107.8	$ 12,499.7
Income from operations.................	279.0	282.4	269.5	193.4	1,024.3
Net income*............................	193.8	219.4	226.4	150.9	790.5
Per common share.....................	1.08	1.23	1.27	.85	4.43

*After special charges of $5.4, or three cents per share, in the third quarter and $4.7, or three cents per share, in the fourth quarter

1994	First	Second	Third	Fourth	Year
Sales and operating revenues...........	$ 2,221.6	$ 2,479.4	$ 2,561.5	$ 2,641.8	$ 9,904.3
Income from operations.................	1.5	78.7	121.3	401.8	603.3
Net income (loss)*.....................	(108.3)	45.4	70.1	368.0	375.2
Per common share.....................	(.61)	.25	.39	2.07	2.10

*After a special charge of $50.0, or 28 cents per share, and an extraordinary loss of $67.9, or 38 cents per share, in the first quarter and a gain of $300.2, or $1.69 per share, in the fourth quarter

NUMBER OF EMPLOYEES (UNAUDITED)
(at year-end)

	1995	1994	1993
USA................................	31,600	29,000	31,700
Other Americas....................	24,300	16,800	16,600
Pacific...........................	6,000	6,200	6,700
Europe............................	10,100	8,200	8,400
	72,000	60,200	63,400

GRAPHICS APPENDIX LIST

Revenues by Segment - page 22
(billions of dollars)

	1991	1992	1993	1994	1995
Alumina and Chemicals	1.5	1.4	1.4	1.5	1.8
Nonaluminum Products	1.4	1.6	1.7	1.9	2.7
Aluminum Processing	7.0	6.5	6.0	6.5	8.0
	9.9	9.5	9.1	9.9	12.5

Alumina Production - page 23
(thousands of metric tons)

1991	1992	1993	1994	1995
9,302	9,461	10,129	10,195	10,578

Aluminum Product Shipments - page 24
(thousands of metric tons)

	1991	1992	1993	1994	1995
Fabricated Products	1,657	1,774	1,739	1,896	1,909
Ingot	1,179	1,023	841	655	673
Total	2,836	2,797	2,580	2,551	2,582

Alcoa's Average Realized Ingot Price - page 24
(cents per pound)

1991	1992	1993	1994	1995
$.67	$.59	$.56	$.64	$.81

Number of Employees - page 25
(at year-end)

	1991	1992	1993	1994	1995
Outside U.S.	29,300	29,400	31,700	31,200	40,400
U.S.	36,300	34,200	31,700	29,000	31,600
Total	65,600	63,600	63,400	60,200	72,000

Free Cash Flow to Debt Coverage - page 25
(times covered)

1991	1992	1993	1994	1995
.74	.97	.62	1.09	1.12

Cash From Operations - page 27
(millions of dollars)

1991	1992	1993	1994	1995
1,426	1,208	535	1,394	1,713

Capital Expenditures and Depreciation - page 27
(millions of dollars)

1991	1992	1993	1994	1995

	----	----	----	----	----
Capital Expenditures	850	789	757	612	887
Depreciation	698	682	693	671	713

Exhibit 21

SUBSIDIARIES AND EQUITY ENTITIES OF THE REGISTRANT
(As of December 31, 1995)

Name	State or country of organization
Alcoa Alumina & Chemicals, L.L.C.*	Delaware
Alcoa ACC Industrial Chemicals Ltd.	India
Alcoa Kasei Limited	Japan
Alcoa Minerals of Jamaica, Inc., L.L.C.	Delaware
Alcoa Steamship Company, Inc.	New York
Halco (Mining) Inc.	Delaware
Compagnie des Bauxites de Guinee	Delaware
Lib-Ore Steamship Company, Inc.	Liberia
Moralco Limited	Japan
St. Croix Alumina, L.L.C.	Delaware
Suriname Aluminum Company, L.L.C.	Delaware
Alcoa Brazil Holdings Company	Delaware
Alcoa Aluminio S.A.	Brazil
Alcoa Closure Systems International, Inc.	Delaware
Alcoa Composites, Inc.**	Delaware
Alcoa Generating Corporation	Indiana
Alcoa International Holdings Company	Delaware
Alcoa Inter-America, Inc.	Delaware
Alcoa International Finance Company	Delaware
Alcoa Japan Limited	Japan
Alcoa-Kofem Kft.	Hungary
Alcoa Nederland Holding B.V.	Netherlands
Alcoa International, S.A.	Switzerland
Alcoa Nederland B.V.	Netherlands
Norsk Alcoa A/S	Norway
Alcoa of Australia Limited	Australia
A.F.P. Pty. Limited	Australia
Hedges Gold Pty. Ltd.	Australia
Alcoa of Australia (Asia) Limited	Hong Kong
Alcoa Russia, Inc.	Delaware
Asian-American Packaging Systems Co., Ltd.	China
Kobe Alcoa Transportation Products, Ltd.	Japan
Unified Accord SDN. BHD.	Malaysia
Alcoa Laudel, Inc.	Delaware
Alcoa Manufacturing (G.B.) Limited	England

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

**Registered to do business in Utah under the names of Fiber Technology and Fibertek and in California under the names of CSD, Alcoa Composites and Composite Structures Division.

Name	State or country of organization
Alcoa Properties, Inc.	Delaware
Alcoa South Carolina, Inc.	Delaware
Jonathan's Landing, Inc.	Delaware
Alcoa Recycling Company, Inc.	Delaware
Alcoa Securities Corporation	Delaware
Alcoa Automotive Structures, Inc.	Delaware
Alcoa Brite Products, Inc.	Delaware
Alcoa Electronic Packaging, Inc.	Delaware
Alcoa Fujikura Ltd.	Delaware
Stribel GmbH	Germany
Michels GmbH	Germany
Alcoa Kobe Transportation Products, Inc.	Delaware
Alcoa Nederland Finance B.V.	Netherlands
Alcoa Automotive Structures GmbH	Germany
Alcoa Chemie GmbH	Germany
Alcoa Deutschland GmbH	Germany
Alcoa VAW Hannover Presswerk GmbH & Co. KG	Germany
Alcoa Chemie Nederland B.V.	Netherlands
Alcoa Moerdijk B.V.	Netherlands
Alcoa Packaging Machinery, Inc.	Delaware
Alutodo, S.A. de C.V.	Mexico
ASC Alumina, Inc.	Delaware
B & C Research, Inc.	Ohio
Forges de Bologne S.A.	France
Halethorpe Extrusions, Inc.	Delaware
H-C Industries de Mexico, S.A. de C.V.	Mexico
Northwest Alloys, Inc.	Delaware
Pimalco, Inc.	Arizona
Three Rivers Insurance Company	Vermont
Tifton Aluminum Company, Inc.	Delaware
Alcoa (Shanghai) Aluminum Products Company Limited	China
Capsulas Metalicas, S.A.	Spain

Gulf Closures W.L.L.	Bahrain
Shibazaki Seisakusho Limited	Japan
The Stolle Corporation***	Ohio
Tapoco, Inc.	Tennessee
Yadkin, Inc.	North Carolina

The names of certain subsidiaries and equity entities which, considered in the aggregate, would not constitute a significant subsidiary, have been omitted from the above list.

*** Registered to do business in Nevada under the name of Alcoa Building Products, Inc. and in Ohio under the name of Alcoa Building Products. Also registered to do business in California under the name of Stolle-Norcold Company.

Exhibit 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Aluminum Company of America on Form S-8 (Registration Nos. 33-22346, 33-24846, 33-49109 and 33-00033) and Form S-3 (Registration Nos. 33-877, 33-49997, 33-60045 and 33-64353) of our reports dated January 8, 1996 on our audits of the consolidated financial statements and financial statement schedule of Aluminum Company of America and consolidated subsidiaries as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995, which reports are incorporated by reference or included in this Form 10-K.

COOPERS & LYBRAND L.L.P.

600 Grant Street
Pittsburgh, Pennsylvania
March 11, 1996

Exhibit 24

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned Directors of Aluminum Company of America (the "Company") hereby constitute and appoint JAN H. M. HOMMEN, HOWARD W. BURDETT, EARNEST J. EDWARDS and BARBARA S. JEREMIAH, or any of them, their true and lawful attorneys and agents to do any and all acts and things and execute any and all instruments which said attorneys and agents, or any of them, may deem necessary or advisable or may be required to enable the Company to comply with the Securities Exchange Act of 1934, as amended, and any rules, regulations or requirements of the Securities and Exchange Commission in respect thereof, in connection with the registration under said Act of the Company's Annual Report on Form 10-K for 1995, including specifically, but without limiting the generality of the foregoing, power and authority to sign the name of the undersigned Directors of the Company to the Company's Annual Report on Form 10-K for 1995 to be filed with the Securities and Exchange Commission and to any instruments or documents filed as part of or in connection with any such Form 10-K; and the undersigned hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue hereof.

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

/s/KENNETH W. DAM Kenneth W. Dam	January 12, 1996
/s/JOHN P. DIESEL John P. Diesel	January 12, 1996
/s/JOSEPH T. GORMAN Joseph T. Gorman	January 12, 1996
/s/JUDITH M. GUERON Judith M. Gueron	January 12, 1996
/s/RONNIE C. HAMPEL Ronnie C. Hampel	January 12, 1996
/s/JOHN P. MULRONEY John P. Mulroney	January 12, 1996
/s/SIR ARVI PARBO Sir Arvi Parbo	January 12, 1996
/s/HENRY B. SCHACHT Henry B. Schacht	January 12, 1996
/s/FORREST N. SHUMWAY Forrest N. Shumway	January 12, 1996
/s/FRANKLIN A. THOMAS Franklin A. Thomas	January 12, 1996
/s/MARINA v.N. WHITMAN Marina v.N. Whitman	January 12, 1996

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1,000

YEAR
DEC-31-1994
JAN-01-1994
DEC-31-1994
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