

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

OR

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

For the Quarter Ended September 30, 1995 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)

Office of Investor Relations 412-553-3042  
Office of the Secretary 412-553-4707

(Registrant's telephone number including area code)

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  No

As of November 10, 1995, 177,210,361 shares of common stock,  
par value \$1.00, of the Registrant were outstanding.

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## PART I - FINANCIAL INFORMATION

Alcoa and subsidiaries  
Consolidated Balance Sheet  
(in millions)

	(unaudited) September 30, 1995	December 31 1994
ASSETS	-----	-----
Current assets:		
Cash and cash equivalents (includes cash of \$93.4 in 1995 and \$177.5 in 1994)	\$ 988.9	\$ 619.2
Short-term investments	7.3	5.5
Accounts receivable from customers, less allowance: 1995-\$45.4; 1994-\$37.4	1,727.5	1,440.6
Receivable from Western Mining Corporation (WMC), net	-	366.9
Other receivables	273.1	182.5
Inventories (b)	1,507.7	1,144.2
Deferred income taxes	407.1	235.6
Prepaid expenses and other current assets	156.2	158.7
	-----	-----
Total current assets	5,067.8	4,153.2
	-----	-----

Properties, plants and equipment, at cost	15,029.9	14,502.3
Less, accumulated depreciation, depletion and amortization	8,207.9	7,812.9
	-----	-----
Net properties, plants and equipment	6,822.0	6,689.4
	-----	-----
Other assets	1,805.8	1,510.6
	-----	-----
Total assets	\$13,695.6	\$12,353.2
	=====	=====

#### LIABILITIES

##### Current liabilities:

Short-term borrowings	\$ 350.4	\$ 261.9
Accounts payable, trade	792.5	739.3
Accrued compensation and retirement costs	384.9	363.9
Taxes, including taxes on income	346.2	393.0
Provision for layoffs and impairments	74.1	84.4
Other current liabilities	320.0	557.0
Long-term debt due within one year	161.6	154.0
	-----	-----

Total current liabilities	2,429.7	2,553.5
	-----	-----

Long-term debt, less amount due within one year	1,432.0	1,029.8
Accrued postretirement benefits	1,837.1	1,850.5
Other noncurrent liabilities and deferred credits	1,661.2	1,011.8
Deferred income taxes	309.4	220.6
	-----	-----

Total liabilities	7,669.4	6,666.2
	-----	-----

MINORITY INTERESTS	1,635.7	1,687.8
	-----	-----

#### SHAREHOLDERS' EQUITY

Preferred stock	55.8	55.8
Common stock	178.9	178.7
Additional capital	675.6	663.5
Translation adjustment	(61.4)	(68.6)
Retained earnings	3,609.4	3,173.9
Unfunded pension obligation	(10.7)	(4.0)
Treasury stock, at cost	(57.1)	(.1)
	-----	-----

Total shareholders' equity	4,390.5	3,999.2
	-----	-----

Total liabilities and shareholders' equity	\$13,695.6	\$12,353.2
	=====	=====

(see accompanying notes)

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Alcoa and subsidiaries  
Statement of Consolidated Income (unaudited)  
(in millions, except per share amounts)

	Third quarter ended September 30		Nine months ended September 30	
	1995	1994	1995	1994
	----	----	----	----
REVENUES				
Sales and operating revenues	\$3,264.8	\$2,561.6	\$9,391.9	\$7,262.5
Other income, principally interest	61.3	55.4	118.9	74.2
	-----	-----	-----	-----
	3,326.1	2,617.0	9,510.8	7,336.7
	-----	-----	-----	-----
COSTS AND EXPENSES				
Cost of goods sold and operating expenses	2,434.4	2,037.4	6,926.1	5,762.6

Selling, general administrative and other expenses	182.4	160.6	519.7	458.3
Research and development expenses	34.1	29.6	98.2	90.7
Provision for depreciation, depletion and amortization	185.4	167.0	529.0	499.9
Interest expense	33.1	28.5	84.0	81.5
Taxes other than payroll and severance taxes	27.5	23.7	93.6	74.1
Special items (c)	9.4	-	9.4	79.7
	-----	-----	-----	-----
	2,906.3	2,446.8	8,260.0	7,046.8
	-----	-----	-----	-----
<b>EARNINGS</b>				
Income before taxes on income	419.8	170.2	1,250.8	289.9
Provision for taxes on income (d)	150.3	48.9	419.9	88.4
	-----	-----	-----	-----
Income from operations	269.5	121.3	830.9	201.5
Less: Minority interests' share	(43.1)	(51.2)	(191.3)	(126.4)
	-----	-----	-----	-----
Income before extraordinary loss	226.4	70.1	639.6	75.1
Extraordinary loss on debt prepayment, net of \$40.4 tax benefit (e)	-	-	-	(67.9)
	-----	-----	-----	-----
<b>NET INCOME</b>	<b>\$ 226.4</b>	<b>\$ 70.1</b>	<b>\$ 639.6</b>	<b>\$ 7.2</b>
	=====	=====	=====	=====
Earnings per common share: (f)				
Before extraordinary loss	\$ 1.27	\$ .39	\$ 3.58	\$ .41
Extraordinary loss	-	-	-	(.38)
	-----	-----	-----	-----
Earnings per common share	\$ 1.27	\$ .39	\$ 3.58	\$ .03
Dividends paid per common share	\$ .225	\$ .20	\$ .675	\$ .60
	=====	=====	=====	=====

(see accompanying notes)

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

	Nine months ended September 30	
	1995	1994
	-----	-----
<b>CASH FROM OPERATIONS</b>		
Net income	\$ 639.6	\$ 7.2
Adjustments to reconcile net income to cash from operations:		
Depreciation, depletion and amortization	541.6	511.7
Reduction of assets to net realizable value	-	32.8
Change in deferred income taxes	(22.5)	(141.6)
Equity (income) losses before additional taxes, net of dividends	(25.5)	7.1
Provision for special items	9.4	46.9
Losses from financing and investing activities	(1.4)	(2.5)
Book value of asset disposals	11.3	34.3
Extraordinary loss	-	67.9
Minority interests	191.3	126.4
Other	3.1	15.1
Increase in receivables	(209.6)	(90.5)
(Increase) reduction in inventories	(315.1)	53.5
Reduction in prepaid expenses and other current assets	3.1	109.8
Increase (reduction) in accounts payable and accrued expenses	(262.6)	44.0
Reduction in taxes, including taxes on income	(48.4)	(9.5)

Payment of amortized interest on deep discount bonds	-	(8.6)
Net change in noncurrent assets and liabilities	562.0	(1.6)
	-----	-----
CASH FROM OPERATIONS	1,076.3	802.4
	-----	-----
FINANCING ACTIVITIES		
Net changes in short-term borrowings	88.7	(119.5)
Common stock issued and treasury stock sold	101.4	50.9
Repurchase of common stock	(185.7)	-
Dividends paid to shareholders	(121.6)	(107.6)
Dividends paid to minority interests	(87.2)	(95.8)
Additions to long-term debt	532.0	493.7
Payments on long-term debt	(136.3)	(857.6)
	-----	-----
CASH FROM (USED FOR) FINANCING ACTIVITIES	191.3	(635.9)
	-----	-----
INVESTING ACTIVITIES		
Capital expenditures	(547.1)	(394.0)
Additions to investments	(8.1)	(16.5)
Net change in short-term investments, excluding cash equivalents	(1.8)	237.9
Changes in minority interests	(139.3)	(95.0)
Acquisition of subsidiaries, net of cash acquired	(426.6)	-
Loan to WMC	(121.8)	-
Net proceeds from Alcoa/WMC transaction	366.9	-
Other - receipts	3.8	3.9
- payments	(18.9)	(17.4)
	-----	-----
CASH USED FOR INVESTING ACTIVITIES	(892.9)	(281.1)
	-----	-----
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(5.0)	17.8
	-----	-----
CHANGES IN CASH		
Net change in cash and cash equivalents	369.7	(96.8)
Cash and cash equivalents at beginning of year	619.2	411.7
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 988.9	\$ 314.9
	=====	=====

(see accompanying notes)

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

Notes:

(a) Summarized consolidated financial data for Alcoa Aluminio S.A. (Aluminio) and Alcoa of Australia Limited (AofA) begin on page 14.

(b) Inventories consisted of:

	September 30 1995	December 31 1994
	-----	-----
Finished goods	\$ 351.3	\$ 249.6
Work in process	522.1	456.1
Bauxite and alumina	255.0	195.2
Purchased raw materials	258.3	131.0
Operating supplies	121.0	112.3
	-----	-----
	\$1,507.7	\$1,144.2
	=====	=====

Approximately 51.2% of total inventories at September 30, 1995 was valued on a LIFO basis. If valued on an average cost basis, total inventories would have been \$789.4 and \$691.9 higher at September 30, 1995 and December 31, 1994, respectively.

(c) The special charge of \$9.4 in the 1995 third quarter was comprised of \$27.8 for salaried personnel layoffs, principally at U.S. smelters, offset by \$18.4 related to insurance settlements on environmental claims. The

special charge of \$79.7 in the 1994 nine-month period was for closing part of a forgings and extrusion plant in Vernon, California. The charge included \$32.8 for asset write-offs and \$46.9 related mostly to severance costs.

- (d) The estimated effective tax rate for 1995 was raised to 33% from an earlier projection of 32.5%. The rate was calculated including the effects of a negative adjustment related to AofA. In the third quarter the Australian government passed legislation to increase the corporate income tax rate from 33% to 36% retroactive to the beginning of the year. As a result, AofA recorded a \$27.2 increase in its taxes. Most of this amount relates to an adjustment of future taxes which were recorded at the lower rate. The difference between the 1995 estimated effective tax rate of 33% and the U.S. statutory rate of 35% is primarily due to lower taxes on income earned outside of the U.S.
- (e) The extraordinary loss in the 1994 nine-month period of \$67.9, or 38 cents per common share, resulted from the early redemption of \$225 face value of 7% deep discount debentures due 2011.
- (f) The following formula is used to compute primary earnings per common share (EPS):

$$\text{EPS} = \frac{\text{Net income} - \text{preferred dividend requirements}}{\text{Weighted average number of common shares outstanding for the period}}$$

The average number of shares used to compute primary earnings per common share was 178,383,420 in 1995 and 177,637,568 in 1994. Fully diluted earnings per common share are not stated since the dilution is not material.

Per share amounts for 1994 have been restated to reflect the two-for-one stock split which occurred in February 1995.

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In the opinion of the Company, the financial statements and summarized financial data in this Form 10-Q report include all adjustments, including those of a normal recurring nature, necessary to fairly state the results for the periods. This Form 10-Q report should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 1994.

The financial data required in this Form 10-Q by Rule 10-01 of Regulation S-X have been reviewed by Coopers & Lybrand L.L.P., the Company's independent certified public accountants, as described in their report on page 7.

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#### Independent Auditor's Review Report

To the Shareholders and Board of Directors  
Aluminum Company of America (Alcoa)

We have reviewed the unaudited consolidated balance sheet of Alcoa and subsidiaries as of September 30, 1995, the unaudited statements of consolidated income for the three-month and nine-month periods ended September 30, 1995 and 1994, and consolidated cash flows for the nine-month periods ended September 30, 1995 and 1994, which are included in Alcoa's Form 10-Q for the period ended September 30, 1995. These financial statements are the responsibility of Alcoa's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible

for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Alcoa and subsidiaries as of December 31, 1994, and the related statements of consolidated income, shareholders' equity, and cash flows for the year then ended (not presented herein). In our report dated January 11, 1995, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1994 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

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

COOPERS & LYBRAND L.L.P.

Pittsburgh, Pennsylvania  
October 6, 1995

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Management's Discussion and Analysis of the  
Results of Operations and Financial Condition  
(dollars in millions, except share amounts)

#### Results of Operations

Principal income and operating data follow.

	Third quarter ended September 30		Nine months ended September 30	
	1995	1994	1995	1994
Sales and operating revenues	\$ 3,264.8	\$2,561.6	\$9,391.9	\$7,262.5
Income before extraordinary loss	226.4	70.1	639.6	75.1
Net income	226.4	70.1	639.6	7.2
Earnings per common share				
Before extraordinary loss	1.27	.39	3.58	.41
Net income	1.27	.39	3.58	.03
Shipments of aluminum products (1)	655	651	1,936	1,912

(1) in thousands of metric tons (mt)

#### Overview

Alcoa had the best third quarter in its history, earning \$226.4, or \$1.27 per common share. For the comparable 1994 quarter, earnings were \$70.1, or 39 cents per share.

For the first nine months of 1995, earnings were \$639.6, or \$3.58 per share. In the comparable 1994 period, earnings were \$125.1, or \$.69 per share, before after-tax charges. After the one-time charges, Alcoa reported income of \$7.2, or three cents per share.

Included in the 1995 third quarter was a special after-tax charge of \$5.4 which consisted of \$16.9 (\$27.8 pretax) for salaried personnel layoffs, principally at U.S. smelters, partially offset by \$11.5(\$18.4 pretax) related to insurance

settlements on environmental claims.

The two charges included in the first nine months of 1994 were: a special charge of \$50.0 (\$79.7 pretax), or 28 cents per share, for closing part of a forgings and extrusion plant in Vernon, California; and an extraordinary loss of \$67.9, or 38 cents per share, for the early redemption of \$225 of 7% debentures due 2011 that carried an effective interest rate of 14.7%.

Alcoa of Australia Limited's (AofA) pretax income from operations for the 1995 third quarter and year-to-date periods increased 19% and 52%, respectively, from the comparable 1994 periods. The increases were due primarily to higher prices for alumina, ingot and fabricated products. Additionally, 1995 third quarter and year-to-date periods were negatively affected by \$27.2 resulting from an increase in the Australian tax rate from 33% to 36%.

In Brazil, Alcoa Aluminio's (Aluminio) third quarter 1995 pretax income from operations was \$18.3, a decrease of \$3.4 from the 1994 third quarter, primarily due to higher foreign exchange gains during the 1994 quarter. Year-to-date, pretax income was \$71.4, up 97% from the 1994 nine-month period. Revenues grew 24% and 45% from the respective 1994 periods, due to higher prices for ingot and mill products, and strong sales of packaging products.

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Alcoa's operations, divided into three segments, follow:

1. Alumina and Chemicals Segment

Total revenues for the Alumina and Chemicals segment were \$477 in the 1995 third quarter, up 31% from the comparable 1994 quarter. Year-to-date, revenues were \$1,286, up 18% from the 1994 period.

Although shipments of alumina were down slightly from the 1994 quarter and 6% from the year-to-date period, revenues were up 34% and 13%, respectively. Alumina chemicals revenues rose 29% from both the 1994 quarter and year-to-date levels, principally due to higher shipments and a higher value-added product mix.

In December 1994, Alcoa and Western Mining Corporation Limited (WMC) entered into a transaction to combine ownership of their respective worldwide bauxite, alumina and inorganic chemicals businesses into a group of companies (AWA) owned 60% by Alcoa and 40% by WMC. As part of the agreement, Alcoa acquired an additional 9% interest in AofA, bringing its total interest to 60%. During the 1995 third quarter, AWA produced 2,553 mt of alumina, shipping 1,661 to third-party customers.

2. Aluminum Processing Segment

	Third quarter ended		Nine months ended	
	September 30		September 30	
Product classes	1995	1994	1995	1994
Revenues				
Flat-rolled products	\$ 1,046	\$ 801	\$ 3,255	\$ 2,340
Engineered products	568	487	1,752	1,335
Aluminum ingot	331	260	832	704
Other aluminum products	99	121	280	345
Total	\$ 2,044	\$ 1,669	\$ 6,119	\$ 4,724
Shipments (000 metric tons)				
Flat-rolled products	346	345	1,076	1,020
Engineered products	109	115	345	321
Aluminum ingot	177	172	459	517
Other aluminum products	23	19	56	54
Total	655	651	1,936	1,912

Flat-rolled products - The majority of revenues and shipments for flat-rolled products are derived from rigid container sheet (RCS). Shipments of RCS in the 1995 third quarter were up 4% over the 1994 quarter and 9% over the 1994 year-to-date period. Revenues from RCS increased 45% and 53% from the respective periods.

Sheet and plate shipments in the 1995 third quarter were down 3% from 1994 levels. However, revenues for the quarter were up 20%. Shipments were up 5% in the 1995 year-to-date period and, combined with higher prices, generated a 28% increase in revenues over the 1994 period.

Aluminum ingot - Ingot shipments for the 1995 third quarter were up 3% from the 1994 quarter on the strength of higher U.S. shipments. Year-to-date, shipments were 11% lower than those in the 1994 period, reflecting the lower production levels brought about by the 450,000 mt of idle smelting capacity. Realized ingot prices in 1995 increased 33% from 1994.

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Engineered products - These products include extrusions used in the transportation and construction markets, forged aluminum wheels, and wire, rod and bar. Revenues from the sale of engineered products increased 17% in the 1995 third quarter because of higher prices. Year-to-date, revenues and shipments were up 31% and 8%, respectively.

On September 11, 1995, A-CMI, a partnership between Alcoa and CMI International, announced plans to build its first European manufacturing plant in Lista, Norway. The plant will develop and produce aluminum chassis, suspension, brake and powertrain components and systems. The plant represents a total investment of approximately \$40, and will be built in close proximity to an Elkem Aluminum ANS plant which will deliver molten aluminum to the new car parts factory.

Other aluminum products - Shipments of other aluminum products during the 1995 nine-month period increased 2% from 1994, while prices fell 21%, mainly due to a drop in aluminum closure prices. Third quarter 1995 revenues were down 17% because of these lower prices.

### 3. Non-aluminum Segment

Revenues for the non-aluminum segment were \$744 in the 1995 third quarter, up 40% from \$527 in the 1994 quarter. Year-to-date, this segment had revenues of \$1,987, compared with \$1,451 in 1994. The increases are largely due to the acquisition of Electro-Wire Products (EWP) by Alcoa Fujikura (AFL), along with increased sales of plastic closures, particularly in Brazil. Alcoa Electronic Packaging also recorded a 42% increase in sales over the 1994 third quarter on the strength of higher shipments.

### Cost of Goods Sold

Cost of goods sold increased \$397, or 19%, from the 1994 third quarter. Year-to-date, the increase was \$1,164, or 20%. The increases reflect improved volume along with higher purchased metal and raw material costs. Cost of goods sold as a percentage of revenues in the 1995 year-to-date period was 73.7%, or 5.6 percentage points lower than the 1994 ratio. The lower ratio in 1995 is primarily due to higher prices for nearly all aluminum products and improved cost performance.

### Other Income & Expenses

Other income was up \$45 from the year ago nine-month period primarily because of increased equity earnings and higher interest income.

Selling, general and administrative expenses increased \$22 and \$61 from the year-ago quarter and nine-month periods largely because of higher salaries, higher accruals for variable compensation and the acquisition of EWP.

The estimated effective tax rate for 1995 was raised to 33% from an earlier projection of 32.5%. The rate was calculated



including the effects of a negative adjustment related to AofA. In the third quarter the Australian government passed legislation to increase the corporate income tax rate from 33% to 36% retroactive to the beginning of the year. As a result, AofA recorded a \$27.2 increase in its taxes. Most of this amount relates to an adjustment of future taxes which were initially recorded at the lower rate. The difference between the 1995 estimated effective tax rate of 33% and the U.S. statutory rate of 35% is primarily due to lower taxes on income earned outside of the U.S.

Minority interests' share of income from operations declined 16% from the 1994 third quarter and increased 51% year-to-date. The third quarter decrease is due primarily to lower earnings at Aluminio, AFL and Alcoa-Kofem. Year-to-date results reflect higher earnings by Aluminio, AofA and Alcoa-Kofem.

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#### Commodity Risks

In 1994, Alcoa entered into longer-term contracts with a variety of customers in the U.S. for the supply of approximately 1.5 million mt of aluminum products over the next several years. As a hedge against the economic risk associated with these contracts, Alcoa entered into long positions using principally futures and options contracts. At December 31, 1994 these contracts totaled approximately 1.4 million mt. At September 30, 1995, such contracts totaled 1.2 million mt. These contracts limit the unfavorable effect of price increases on metal purchases and likewise limit the favorable effect from price declines. The futures and options contracts are with creditworthy counterparties and are further supported by cash, treasury bills, or irrevocable letters of credit issued by carefully chosen banks, as appropriate.

In addition, Alcoa had 14,000 mt of London Metal Exchange contracts outstanding at year-end 1994 that cover fixed-price commitments to supply customers with metal from internal sources. At September 30, 1995, such contracts totaled 255,000 mt. Accounting convention requires that these contracts be marked to market.

Alcoa purchases other commodities, such as natural gas and copper, for its operations and enters into forward contracts to eliminate volatility in the prices of such products. None of these contracts are material.

#### Environmental Matters

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

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

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 the 1995 third quarter was \$339 and reflects Alcoa's most probable cost to remediate identified environmental conditions for which costs can be reasonably estimated. About a third of the reserve relates to Alcoa's Massena, New York plant site. Remediation expenditures charged to the reserve during the 1995 nine-month period were \$58. Expenditures included those currently mandated as well as those not required by any regulatory authority or third party. During the period Alcoa

settled claims with several insurance companies related to environmental liabilities. Alcoa has received \$91.8 during the 1995 nine-month period in settlement of such claims, of which \$73.4 was used to increase existing environmental reserves and \$18.4 was taken into income as stated earlier. Additions to environmental reserves include costs to perform further investigation and feasibility studies at the Pt. Comfort, Texas plant site.

Included in ongoing operating expenses are the recurring costs of managing hazardous substances and pollution. Alcoa estimates that these costs will be about 2% of cost of goods sold in 1995.

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#### Liquidity and Capital Resources

##### Cash from Operations

Cash from operations during the 1995 nine-month period was \$1,076, \$274 higher than in the 1994 period. The higher cash was generated primarily by improved earnings, partly offset by net increases in working capital components. The increase in noncurrent liabilities is primarily due to cash received from settlements of metal hedging activities. The gains and losses associated with these metal contracts are reflected in earnings concurrently with the hedged revenues or costs.

##### Financing Activities

Financing activities generated \$191 of cash during the first nine months of 1995. These included \$89 in short-term borrowing and \$101 for employee stock options. Additional long-term borrowings net of debt payments generated \$396, as AFL borrowed \$304 to finance the EWP acquisition. Aluminio also borrowed \$186 during the period to fund future investments.

During the period, Alcoa used \$186 to repurchase 2,749,200 shares of its common stock. Dividends paid to shareholders were \$122 in the 1995 year-to-date period, an increase of \$14 from 1994 as Alcoa increased its quarterly dividend from 20 cents to 22.5 cents per share beginning in the 1995 first quarter. Dividends paid to minority interests totaled \$87.

##### Investing Activities

Capital expenditures for the 1995 period were \$547, up from \$394 in the 1994 period. Most of the 1995 expenditures were for sustaining operations. Alcoa also spent \$427 during the period to acquire three new subsidiaries, EWP, St. Croix Alumina and Discovery Alumina.

With the formation of AWA, WMC paid Alcoa a net amount of \$367 in January 1995. Alcoa in turn loaned WMC \$122 in January 1995. The loan is due on demand and carries an interest rate of LIBOR plus 10 basis points. The \$129 reduction in minority interests relates primarily to the redemption of all of the outstanding preferred stock of Alcoa International Holdings Company.

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#### Alcoa and subsidiaries

Summarized consolidated financial data for Aluminio, a Brazilian subsidiary effectively owned 59% by Alcoa, follow.

	(unaudited) September 30	December 31
	----- 1995 ----	----- 1994 ----
Cash and short-term investments	\$ 294.7	\$ 34.5
Other current assets	328.1	376.4
Properties, plants and equipment, net (1)	836.6	929.0

Other assets	176.2	161.8
	-----	-----
Total assets	1,635.6	1,501.7
	-----	-----
Current liabilities	352.2	415.2
Long-term debt (2)	341.6	222.2
Other liabilities	88.3	33.3
	-----	-----
Total liabilities	782.1	670.7
	-----	-----
Net assets	\$ 853.5	\$ 831.0
	=====	=====

	(unaudited) Third quarter ended September 30		(unaudited) Nine months ended September 30	
	1995	1994	1995	1994
	----	----	----	----
Revenues	\$ 298.6	\$ 240.3	\$ 892.1	\$ 615.3
Costs and expenses	(264.0)	(205.8)	(758.6)	(538.1)
Translation and exchange adjustments	0.7	12.3	4.0	(3.0)
Income tax expense	(4.3)	(10.1)	(16.5)	(12.6)
	-----	-----	-----	-----
Net income	\$ 31.0	\$ 36.7	\$ 121.0	\$ 61.6
	=====	=====	=====	=====
Alcoa's share of net income	\$ 18.3	\$ 21.7	\$ 71.4	\$ 36.3
	=====	=====	=====	=====

(1) Effective January 1, 1995, the portion of Aluminio's operations included in the WMC transaction was transferred to a new Alcoa subsidiary which is not included in Aluminio's consolidated financials. Likewise, Aluminio's closure operations outside of Brazil were transferred to another Alcoa subsidiary effective March 1, 1995.

(2) Held by Alcoa Brazil Holdings Company - \$22.5

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#### Alcoa and subsidiaries

Summarized consolidated financial data for AofA, an Australian subsidiary, follow. At January 1, 1995, Alcoa's ownership interest in AofA increased from 51% to 60%.

	(unaudited)	
	September 30	December 31
	1995	1994
	----	----
Cash and short-term investments	\$ 76.0	\$ 88.2
Other current assets	543.2	484.9
Properties, plants and equipment net	1,583.9	1,645.3
Other assets	102.9	102.5
	-----	-----
Total assets	2,306.0	2,320.9
	-----	-----
Current liabilities	335.0	317.9
Long-term debt	145.9	150.2
Other liabilities	414.4	382.6
	-----	-----
Total liabilities	895.3	850.7

Net assets	\$ 1,410.7	\$ 1,470.2		
	=====	=====		
	(unaudited)	(unaudited)		
	Third quarter	Nine months ended		
	September 30	September 30		
	-----	-----		
	1995	1994	1995	1994
	----	----	----	----
Revenues (1)	\$ 480.8	\$ 390.6	\$1,313.3	\$1,100.8
Costs and expenses	(354.5)	(321.2)	(987.4)	(896.1)
Translation and exchange adjustments	-	0.2	-	2.2
Income tax expense(2)	(70.9)	(14.8)	(134.8)	(59.0)
	-----	-----	-----	-----
Net income	\$ 55.4	\$ 54.8	\$ 191.1	\$ 147.9
	=====	=====	=====	=====
Alcoa's share of net income	\$ 33.2	\$ 27.9	\$ 114.7	\$ 75.4
	=====	=====	=====	=====

(1) Revenues from Alcoa and its subsidiaries, the terms of which were established by negotiations between the parties, follow.

Third quarter ended September 30: 1995 - \$12.6, 1994 - \$10.0  
 Nine months ended September 30: 1995 - \$37.4, 1994 - \$23.7

(2) The 1995 nine-month period includes a \$27.2 tax charge associated with a change in the Australian corporate tax rate from 33% to 36%.

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## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

As previously reported, 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.

As previously reported, on December 21, 1992, Alcoa was named as a defendant in KML Leasing v. Rockwell Standard Corporation, filed in the U.S. District Court for the District of 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 builder's product 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. Alcoa continues to challenge the reservation. In May 1995, the court granted Alcoa's motion for summary judgment to dismiss the action. The plaintiffs have appealed.

As previously reported, 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. Sixteen of the 22 cases

which were pending at year end 1994 have been settled.

As previously reported, Alcoa initiated a lawsuit in King County, Washington in December 1992 against nearly one hundred different 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 the 1996 first quarter.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

- 11. Computation of Earnings per Common Share
- 12. Computation of Ratio of Earnings to Fixed Charges
- 15. Independent Accountants' letter regarding unaudited financial information
- 27. Financial Data Schedule

(b) No reports on Form 8-K were filed by Alcoa during the quarter covered by this report.

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SIGNATURES

Pursuant to the requirements 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

November 13, 1995  
Date

By /s/ JAN H. M. HOMMEN  
Jan H. M. Hommen  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

November 13, 1995  
Date

By /s/ EARNEST J. EDWARDS  
Earnest J. Edwards  
Vice President and Controller  
(Chief Accounting Officer)

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EXHIBITS

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11. Computation of Earnings per Common Share	18
12. Computation of Ratio of Earnings to Fixed Charges	19
15. Independent Accountants' letter regarding unaudited financial information	20
27. Financial Data Schedule	

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Computation of Earnings per Common Share  
 For the nine months ended September 30  
 (in millions, except share amounts)

	1995 -----	1994 -----
1. Income applicable to common stock before extraordinary loss *	\$ 638.0	\$ 73.6
2. Weighted average number of common shares outstanding during the period	178,383,420	177,637,568
3. Primary earnings per common share before extraordinary loss (1 divided by 2)	\$3.58	\$.41
4. Fully diluted earnings before extraordinary loss (1)	\$638.0	\$73.6
5. Shares issuable under compensation plans	1,694	17,164
6. Shares issuable upon exercise of dilutive outstanding stock options (treasury stock method)	577,404	1,109,562
7. Fully diluted shares (2 + 5 + 6)	178,962,518	178,764,294
8. Fully diluted earnings (loss) per common share before extraordinary loss (4 divided by 7)	\$3.57	\$.41

Per share amounts for 1994 have been restated to reflect the two-for-one stock split which occurred in February 1995.

\* After preferred dividend requirement

Computation of Ratio of Earnings to Fixed Charges  
For the nine months ended September 30, 1995  
(in millions, except ratio)

	1995
	----
Earnings:	
Income before taxes on income	\$1,251.0
Minority interests' share of earnings of majority-owned subsidiaries without fixed charges	1.0
Equity income	(48.2)
Fixed charges	107.4
Proportionate share of income (loss) of 50%-owned persons	48.2
Distributed income of less than 50%-owned persons	-
Amortization of capitalized interest	18.0
	-----
Total earnings	\$1,377.4
Fixed Charges:	
Interest expense:	
Consolidated	\$ 84.0
Proportionate share of 50%-owned persons	5.5
	-----
	89.5
	-----
Amount representative of the interest factor in rents:	
Consolidated	17.7
Proportionate share of 50%-owned persons	.2
	-----
	17.9
	-----
Fixed charges added to earnings	107.4
	-----
Interest capitalized:	
Consolidated	1.4
Proportionate share of 50%-owned persons	-
	-----
	1.4
	-----
Preferred stock dividend requirements of majority-owned subsidiaries	5.1
	-----
Total fixed charges	\$ 113.9
	=====
Ratio of earnings to fixed charges	12.1
	=====

October 6, 1995

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

RE: Aluminum Company of America

1. Form S-8 (Registration No. 33-24846)  
Alcoa Savings Plan for Salaried Employees
2. Form S-8 (Registration No. 33-60305)  
Long Term Stock Incentive Plan
3. Form S-3 (Registration No. 33-49997) and  
Form S-3 (Registration No. 33-60045)  
Debt Securities and Warrants to Purchase Debt  
Securities, Preferred Stock and Common Stock

We are aware that our report dated October 6, 1995, accompanying interim financial information of Aluminum Company of America (Alcoa) and subsidiaries for the three-month period ended September 30, 1995, is incorporated by reference in the registration statements referred to above. Pursuant to Rule 436 (c) under the Securities Act of 1933, this report should not be considered as part of a registration statement prepared or certified by us within the meaning of Sections 7 and 11 of that Act.

Very truly yours,

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

COOPERS & LYBRAND L.L.P.



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1,000

9-MOS

DEC-31-1995

SEP-30-1995

988,900

7,300

1,727,500

45,400

1,507,700

5,067,800

15,029,900

8,207,900

13,695,600

2,429,700

1,593,600

178,900

0

55,800

4,155,800

13,695,600

9,391,900

9,510,800

6,926,100

6,926,100

529,000

0

84,000

1,250,800

419,900

639,600

0

0

0

639,600

3.58

3.57