FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)
[X] 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 June 30, 1997 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 X No

As of July 29, 1997, 173,926,539 shares of common stock, par value $1.00, of the Registrant were outstanding.

PART I - FINANCIAL INFORMATION

Alcoa and subsidiaries
Condensed Consolidated Balance Sheet
(in millions)

ASSETS	(unaudited) June 30 1997	December 31 1996
Current assets:		
Cash and cash equivalents (includes cash of $100.2 in 1997 and $93.4 in 1996)	$ 882.3	$ 598.1
Short-term investments	74.5	18.5
Accounts receivable from customers, less allowances: 1997-$44.6; 1996-$48.4	1,823.3	1,674.7
Other receivables	112.0	154.2
Inventories (b)	1,345.3	1,461.4
Deferred income taxes	165.6	159.9
Prepaid expenses and other current assets	210.7	214.4
Total current assets	4,613.7	4,281.2

Properties, plants and equipment, at cost	15,576.1	15,729.9
Less, accumulated depreciation, depletion and amortization	8,699.1	8,652.4
Net properties, plants and equipment	6,877.0	7,077.5
Other assets	2,041.5	2,091.2
Total assets	$13,532.2	$13,449.9
LIABILITIES		
Current liabilities:		
Short-term borrowings	$ 223.4	$ 206.5
Accounts payable, trade	818.3	799.2
Accrued compensation and retirement costs	397.9	404.3
Taxes, including taxes on income	433.6	407.9
Other current liabilities	299.8	377.0
Long-term debt due within one year	183.9	178.5
Total current liabilities	2,356.9	2,373.4
Long-term debt, less amount due within one year	1,608.7	1,689.8
Accrued postretirement benefits	1,777.2	1,791.2
Other noncurrent liabilities and deferred credits	1,413.8	1,205.5
Deferred income taxes	300.3	317.1
Total liabilities	7,456.9	7,377.0
MINORITY INTERESTS	1,465.4	1,610.5
SHAREHOLDERS' EQUITY		
Preferred stock	55.8	55.8
Common stock	178.9	178.9
Additional capital	582.5	591.9
Translation adjustment	(223.3)	(93.1)
Retained earnings	4,366.0	4,082.6
Net unrealized gains - securities available for sale	17.4	23.4
Unfunded pension obligation	(6.5)	(5.8)
Treasury stock, at cost	(360.9)	(371.3)
Total shareholders' equity	4,609.9	4,462.4
Total liabilities and shareholders' equity	$13,532.2	$13,449.9

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

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

	Second quarter ended June 30		Six months ended June 30	
	1997	1996	1997	1996
REVENUES				
Sales and operating revenues	$3,432.0	$3,413.1	$6,663.1	$6,562.7
Other income (expense)	37.7	(9.6)	79.0	18.6
	3,469.7	3,403.5	6,742.1	6,581.3
COSTS AND EXPENSES				
Cost of goods sold and operating expenses	2,602.1	2,576.3	5,091.1	4,922.8
Selling, general administrative and other expenses	160.5	182.1	319.5	351.4
Research and development expenses	34.7	38.0	70.3	77.9
Provision for depreciation, depletion and amortization	181.1	190.5	363.7	373.8
Interest expense	33.4	33.4	70.7	65.7
Taxes other than payroll and severance taxes	33.9	33.1	67.7	66.6
Special items (c)	-	65.4	(4.6)	65.4

	3,045.7	3,118.8	5,978.4	5,923.6
EARNINGS				
Income before taxes on income	424.0	284.7	763.7	657.7
Provision for taxes on income (d)	148.0	97.0	266.9	223.8
Income from operations	276.0	187.7	496.8	433.9
Less: Minority interests' share	(68.4)	(55.5)	(130.1)	(123.5)
NET INCOME	$ 207.6	$ 132.2	$ 366.7	$ 310.4
Earnings per common share (e)	$ 1.19	$ .76	$ 2.11	$ 1.77
Dividends paid per common share	$ .25	$ .3325	$ .475	$ .665

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

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

	Six months ended June 30 1997	1996
CASH FROM OPERATIONS		
Net income	$ 366.7	$ 310.4
Adjustments to reconcile net income to cash from operations:		
Depreciation, depletion and amortization	371.4	381.7
Reduction of assets to net realizable value	-	46.2
Increase in deferred income taxes	4.4	56.9
Equity income before additional taxes, net of dividends	(13.6)	(3.8)
Provision for special items	(4.6)	19.2
Book value of asset disposals	14.5	29.6
Minority interests	130.1	123.5
Other	(11.1)	(1.3)
Increase in receivables	(146.6)	(96.4)
Reduction (increase) in inventories	59.9	(89.1)
Increase in prepaid expenses and other current assets	(1.9)	(19.7)
Reduction in accounts payable and accrued expenses	(55.6)	(116.9)
Increase in taxes, including taxes on income	49.2	35.7
Cash received on long-term alumina supply contract	240.0	-
Reduction in deferred hedging gains	(60.1)	(87.3)
Net change in noncurrent assets and liabilities	(9.3)	(69.4)
CASH FROM OPERATIONS	933.4	519.3
FINANCING ACTIVITIES		
Net changes in short-term borrowings	17.7	113.8
Common stock issued and treasury stock sold	151.1	36.5
Repurchase of common stock	(150.1)	(202.0)
Dividends paid to shareholders	(83.3)	(119.9)
Dividends paid and return of capital to minority interests	(257.5)	(102.6)
Additions to long-term debt	362.2	202.0
Payments on long-term debt	(430.3)	(377.6)
CASH USED FOR FINANCING ACTIVITIES	(390.2)	(449.8)
INVESTING ACTIVITIES		
Capital expenditures	(408.6)	(395.0)
Acquisitions, net of cash acquired	-	(171.5)
Proceeds from the sale of assets	193.2	82.8
Additions to investments	(.7)	(50.1)
Net change in short-term investments	(56.1)	(32.5)
Changes in minority interests	24.4	(10.0)
Loan to WMC	-	121.8
Other - receipts	.3	-
- payments	(7.1)	(8.3)
CASH USED FOR INVESTING ACTIVITIES	(254.6)	(462.8)

EFFECT OF EXCHANGE RATE CHANGES ON CASH	(4.4)	4.5
CHANGES IN CASH		
Net change in cash and cash equivalents	284.2	(388.8)
Cash and cash equivalents at beginning of year	598.1	1,055.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 882.3	$ 666.8

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

Notes to Condensed 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 17.

(b) Inventories consisted of:

	June 30 1997	December 31 1996
Finished goods	$ 374.3	$ 403.1
Work in process	400.8	421.1
Bauxite and alumina	244.9	283.1
Purchased raw materials	214.0	235.5
Operating supplies	111.3	118.6
	$1,345.3	$1,461.4

Approximately 55% of total inventories at June 30, 1997 was valued on a LIFO basis. If valued on an average cost basis, total inventories would have been $781.5 and $753.7 higher at June 30, 1997 and December 31, 1996, respectively.

(c) Special items in the 1997 six-month period were the result of asset sales, increases to environmental reserves and an impairment at a U.S. manufacturing facility. The special charge of $65.4 ($40.0 after tax) in the 1996 second quarter was for the closing of Alcoa Electronic Packaging (AEP), Alcoa's ceramic packaging operations in San Diego, California. Most of the charge was related to asset write-offs.

(d) The income tax provision for the period is based on the effective tax rate expected to be applicable for the full year. Lower taxes on foreign income were offset by higher taxes on asset sales, resulting in a 35% effective tax rate for 1997.

(e) The following formula is used to compute primary earnings per common share (EPS):

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

The average number of shares used to compute EPS was 173,139,325 in 1997 and 175,254,973 in 1996. Fully diluted earnings per share are not stated since the dilution is not material.

(f) On July 29, 1997, Alcoa and SEPI, the Spanish State Entity for Industrial Participation, jointly announced that they had signed an agreement under which Alcoa will acquire the main sectors of the aluminum business of Inespal, S.A. of Madrid. Alcoa will pay approximately $410 for substantially all of Inespal's businesses. Inespal is an integrated aluminum producer with 1996 revenues of $1.1 billion. The acquisition includes an alumina refinery, three aluminum smelters, three aluminum rolling facilities, two extrusion plants, an administrative center and related sales offices in Europe. The acquisition is subject to government approval.

(g) On April 21, 1997, Alcoa announced that it had signed a Letter of Intent with Reynolds Metals Company to acquire Reynolds' rolling mill in Muscle Shoals, Alabama, two nearby can reclamation plants and a coil coating facility in Sheffield, Alabama. The transaction is subject to regulatory approval and other closing conditions and should be completed in the second half of the year. Upon closing, the companies expect to enter a long-term agreement under which Alcoa would become a major supplier of can sheet to Reynolds or its successor if Reynold's Can Division is sold, leased or transferred.

In the opinion of the Company, the financial statements and summarized financial data in this Form 10-Q include all adjustments, including those of a normal recurring nature, necessary to fairly state the results for the periods. This Form 10-Q should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 1996.

The financial information required in this Form 10-Q by Rule 10-01 of Regulation S-X has been subject to review by Coopers & Lybrand L.L.P., the Company's independent certified public accountants, as described in their report on page 8.

Independent Auditor's Review Report

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

We have reviewed the unaudited condensed consolidated balance sheet of Alcoa and subsidiaries as of June 30, 1997, the unaudited condensed statements of consolidated income for the three-month and six-month periods ended June 30, 1997 and 1996, and condensed consolidated cash flows for the six-month periods ended June 30, 1997 and 1996, which are included in Alcoa's Form 10-Q for the period ended June 30, 1997. 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 condensed 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, 1996, 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 8, 1997, 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, 1996 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
July 7, 1997

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.

	Second quarter ended June 30		Six months ended June 30	
	1997	1996	1997	1996
Sales and operating revenues	$3,432.0	$3,413.1	$6,663.1	$6,562.7
Net income	207.6	132.2	366.7	310.4
Earnings per common share	1.19	.76	2.11	1.77
Shipments of aluminum products (1)	760	721	1,480	1,377
Shipments of alumina (1)	1,780	1,656	3,549	3,161

(1) in thousands of metric tons (mt)

Overview
Alcoa earned $207.6 or $1.19 per common share for the second quarter of 1997, compared with $132.2 or 76 cents per share, in the 1996 second quarter. Second quarter 1996 earnings included an after-tax charge of $40.0, or 23 cents per share, related to the shutdown of Alcoa's ceramic packaging operations in San Diego, California. Before the charge, the Company had earnings of $172.2, or 99 cents per share. For the first half of 1997 earnings were $366.7, or $2.11 per share, and included special charges of $1.1 related to asset sales, increases to environmental reserves and an impairment at a U.S. manufacturing facility. This compares with $310.4, or $1.77 per share, in the 1996 six-month period which included the $40.0 charge related to the shutdown of ceramic packaging operations noted above.

AofA's pretax income from operations for the 1997 second quarter and year-to-date periods was up $1.7 and $5.5, respectively, from the comparable 1996 periods. Increased alumina and ingot volumes, partially offset by lower prices for both products, generated the increases.

In Brazil, Aluminio's second quarter and year-to-date 1997 pretax income from operations increased $14.0 and $6.5, respectively, from the comparable 1996 periods. Revenues grew 6% from the 1996 second quarter but increased only 2% over the 1996 six-month period. Aluminio's results reflect improved volumes and prices for ingot, lower costs related to packaging operations and higher volumes for fabricated products, partially offset by lower fabricated product prices.

Consolidated revenues and shipment information by segment follows.

Alumina and Chemicals Segment

	Second quarter ended June 30		Six months ended June 30	
	1997	1996	1997	1996

Alumina and chemicals revenues	$ 499	$ 504	$ 994	$ 966
Alumina shipments (000 mt)	1,780	1,656	3,549	3,161

Total revenues for the Alumina and Chemicals segment in the 1997 second quarter fell slightly when compared with the 1996 second quarter. Year-to-date, revenues increased 3% from the 1996 period.

Alumina revenues for the 1997 second quarter were down slightly as shipments increased 7% and prices fell 8%. Year-to-date, revenues increased 4% as shipments increased 12% over the 1996 six-month period. Alumina prices have shown improvement over 1997 first quarter levels but remain below prices realized in the 1996 first half.

The entities jointly owned by Alcoa and WMC Limited of Australia (WMC), known as Alcoa World Alumina and Chemicals (AWAC), produced 2,583 mt of alumina during the 1997 second quarter, compared with 2,527 mt in the comparable 1996 period. Of the 1997 second quarter amount, 1,780 mt was shipped to third-party customers.

During the 1997 second quarter, AWAC received an advance payment of $240.0 related to a long-term alumina supply contract with Sino Mining Alumina Ltd. (SMAL). The contract entitles SMAL to 400,000 mt of alumina per year for 30 years. SMAL has the option to increase its alumina purchases as its needs grow. Per-ton payments will also be made under the terms of the agreement.

Aluminum Processing Segment

	Second quarter ended June 30		Six months ended June 30	
Product classes	1997	1996	1997	1996
Shipments (000 mt)				
Flat-rolled products	369	348	698	685
Aluminum ingot	227	223	457	424
Engineered products	144	132	287	234
Other aluminum products	20	18	38	34
Total	760	721	1,480	1,377
Revenues				
Flat-rolled products	$1,051	$1,011	$1,948	$2,017
Aluminum ingot	379	380	759	704
Engineered products	639	619	1,244	1,138
Other aluminum products	74	84	149	162
Total	$2,143	$2,094	$4,100	$4,021

Flat-rolled products - The majority of revenues and shipments for flat-rolled products are derived from rigid container sheet (RCS), which is used to produce aluminum beverage can bodies and can ends. Despite lower prices, 1997 second quarter RCS revenues were 7% higher than the comparable 1996 period as shipments increased 12%. However, year-to-date RCS revenues fell 11% as prices were 7% below 1996 levels and volume was down 5%. Overall, flat-rolled products revenues were up 4% for the second quarter and down 3% for the six-month period, reflecting customer inventory adjustments in the 1997 first quarter.

Sheet and plate shipments in the 1997 second quarter were up 9% compared with the 1996 quarter and 12% on a year-to-date basis. Prices were stable in both periods, resulting in revenue increases of 11% for both the 1997 second quarter and six-month periods.

Aluminum ingot - Revenues for this product were flat when compared with the 1996 second quarter as a 2% increase in shipments was offset by a slight decline in prices. Year-to-date, revenues rose 8% on a similar increase in shipments. Ingot pricing has been relatively flat in 1997 as the London Metal

Exchange (LME) 3-month price is comparable to its level at the beginning of the year. In contrast, LME inventories have fallen 29% over the same period.

Engineered products - These products include extrusions used in the transportation and construction markets, aluminum forgings and wire, rod and bar. Revenues from the sale of engineered products increased 3% in the 1997 second quarter while shipments rose 9%. Average prices fell by 6% from the 1996 quarter. Year-to-date, revenues and shipments were up 9% and 22%, respectively. The Alumix acquisition by Alcoa Italia in 1996 contributed approximately half of the increase in revenues on a year-to-date basis.

Revenues for extruded products were higher by 4% and 16% from the 1996 second quarter and six-month periods. Prices fell 5% and 8% over the same periods, while shipments were up 9% and 26%, respectively. The primary reasons for the shipment and revenue increases are the Alumix acquisition noted above and increased shipments of hard alloy extrusions to the aerospace industry.

Revenues from forged aluminum wheels increased 13% and 8% from the 1996 quarter and six-month periods. The increases were driven by higher shipments of 17% and 11% for the quarter and six-month periods, as prices fell when compared with those in the 1996 period.

Other aluminum products - Revenues from sales of other aluminum products for the 1997 quarter and year-to-date periods were 12% and 8% lower than those in the respective 1996 periods. The declines were primarily due to the sale of Alcoa's Richmond, Indiana closure facility in the 1997 second quarter.

Nonaluminum Segment

Revenues for the Nonaluminum Segment were $790 in the 1997 second quarter, down 3% from the 1996 quarter. The decrease is due to the dispositions of Alcoa Composites, Norcold, Dayton Technologies and Caradco in the 1997 first and second quarters, partially offset by a 21% increase in revenue at Alcoa Fujikura Ltd. (AFL). The revenue increase at AFL is due to higher shipments of automotive electrical components. Year-to-date, revenues for this segment were $1,569, down 1% from the 1996 period as the above-mentioned dispositions and lower revenues from magnesium production were again nearly offset by improved revenues at AFL.

Cost of Goods Sold

Cost of goods sold increased $25.8, or 1%, from the 1996 second quarter. Year-to-date, the increase was $168.3, or 3%. The increases reflect higher volumes in aluminum, alumina and at AFL. These increases were nearly offset by improved cost performance. Cost of goods sold as a percentage of revenues was 76.4%, or 1.4 points higher than in the 1996 year-to-date period. The higher ratio is primarily due to lower aluminum selling prices.

Other Income & Expenses

Other income totaled $37.7 for the 1997 second quarter, an increase of $47.3 from the 1996 period. Losses from mark-to-market metal trading activities declined $47.0 from the 1996 quarter resulting in the increase. For the 1997 six-month period, other income increased $60.4 again due to reduced losses from mark-to-market activities partially offset by lower interest income.

Selling, general and administrative expenses decreased $21.6 and $31.9 from the year-ago quarter and six-month periods. The primary factors that resulted in the declines were lower spending as Alcoa's efforts to reduce administrative expenses take hold and the dispositions mentioned above.

Interest expense was up $5.0 from the 1996 six-month period due to higher borrowings at Aluminio and at Alcoa Italia related to the Alumix acquisition.

The income tax provision for the period is based on the effective tax rate expected to be applicable for the full year. Lower taxes on foreign income were offset by higher taxes on asset sales, resulting in a 35% effective tax rate for 1997.

Minority interests' share of income from operations increased 23% from the 1996 second quarter and 5% year-to-date, primarily reflecting higher earnings by Aluminio, AFL and AofA.

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.

In the U.S., and for export, Alcoa enters into long-term contracts with a number of its customers. At December 31, 1996, such contracts totaled approximately 2,369,000 mt. Alcoa may enter into similar arrangements in the future.

As a hedge against the risk of higher prices for anticipated metal purchases to fulfill long-term customer contracts, Alcoa entered into long positions, principally using futures and options. At June 30, 1997 and December 31, 1996, these contracts totaled approximately 833,000 mt and 872,000 mt, respectively. Alcoa follows a fairly stable pattern of purchasing metal; therefore it is highly likely that the anticipated metal requirements will be met.

The futures and options contracts limit the unfavorable effect of price increases on metal purchases and likewise limit the favorable effect from price declines. The 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 positions 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 hedging contracts of $164 at June 30, 1997 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, as was the case in 1996, if metal prices fall below the price of contracts being rolled forward.

In addition, Alcoa had 206,000 mt and 205,000 mt of LME contracts outstanding at June 30, 1997 and December 31, 1996, respectively, that cover long-term fixed-price commitments to supply customers with metal from internal sources. Accounting convention requires that these contracts be marked-to-market, which resulted in after-tax losses of $7.1 and $33.8 for the quarters ended June 30, 1997 and 1996, respectively.

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

Financial Risk
Alcoa is subject to significant exposure from fluctuations in foreign currencies. As a matter of company policy, foreign currency exchange contracts, including forwards and options, are used to manage transactional exposure to changes in currency exchange rates. The forward contracts principally cover firm commitments. Options are generally used to hedge anticipated transactions.

Alcoa also attempts to maintain a reasonable balance between fixed and floating rate debt and uses interest rate swaps and caps to keep financing costs as low as possible.

Risk Management
All of the aluminum and other commodity contracts, as well as the various types of financial instruments, are straightforward.

They are used primarily to mitigate 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 president, the chief financial officer and other officers and employees as the chief executive officer may select from time to time. The SRMC reports to the Board of Directors at each of its scheduled meetings on the scope of its derivatives activities.

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. A liability is recorded for environmental remediation costs or damages when a cleanup program becomes probable and the costs or damages can be reasonably estimated.

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 or 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 the 1997 second quarter was $257 and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. Approximately 27% of the reserve relates to Alcoa's Massena, NY plant site and 18% relates to Alcoa's Pt. Comfort, TX plant site. Remediation expenditures charged to the reserve during the 1997 second quarter were $17. They include expenditures currently mandated as well as those not required by any regulatory authority or third party.

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

Liquidity and Capital Resources

Cash from Operations
Cash from operations during the 1997 six-month period was $933.4, a $414.1 increase from the comparable 1996 period. A $240.0 cash payment on a long-term alumina supply contract, lower working capital requirements and higher earnings in the 1997 period generated the increase.

Financing Activities
Financing activities used $390.2 of cash during the first six months of 1997. This included $150.1 to repurchase 2,142,835 shares of the Company's common stock. Stock purchases were offset by $151.1 of common stock issued primarily for employee benefit plans. Dividends paid to shareholders were $83.3 in the 1997 six-month period, a decrease of $36.6 over the 1996 period. The decrease was due to Alcoa's bonus dividend program, which paid out 10.75 cents in addition to the base dividend in each quarter of 1996. In March 1997 Alcoa raised its quarterly base dividend from 22.5 to 25 cents per share, an 11% increase.

Dividends paid and return of capital to minority interests totaled $257.5 as AWAC and AofA returned funds to their investors during the 1997 second quarter. Payments on long-term debt during the first six months of 1997 exceeded additions by $68.1. Debt as a percentage of invested capital was 20.9% at the end of the 1997 second quarter, a slight decrease over the 21.8% recorded at year-end 1996.

Investing Activities
Investing activities used $254.6 during the 1997 six-month period, compared with $462.8 in the 1996 period. Capital

expenditures totaled $408.6, while $193.2 was received from the sale of Alcoa's Caradco, Arctek, Alcoa Composites, Norcold, Dayton Technologies and Richmond, Indiana facilities. In the 1996 period, Alcoa used $171.5 to purchase the operating assets of Alumix in Italy and also received $121.8 from WMC which was originally loaned in January, 1995.

Accounting Rule Change

Two new accounting rules, FAS 130 - Reporting Comprehensive Income and FAS 131 - Disclosures about Segments of an Enterprise and Related Information were issued in June 1997. The implementation of FAS 130 will require that the components of comprehensive income be reported in the financial statements. The implementation of FAS 131 will require the disclosure of segment information utilizing the approach that the company uses to manage its internal organization. The company is currently assessing the impact that the new standards will have on its financial statements. Implementation of both of these new standards is required for calendar year 1998.

A new accounting rule, FAS 128 - Earnings per Share (EPS), was issued in February 1997. The implementation will require the disclosure of basic (currently referred to as primary) and diluted (currently referred to as fully diluted) EPS. The calculation of basic EPS under the new rule will not change from the current calculation of primary EPS. The calculation of diluted EPS under the new rule will not be materially different from the current calculation of fully diluted EPS, which is available in Exhibit-11 of this document. Implementation of this new standard will begin as of December 31, 1997.

Other

The company, with the assistance of outside consulting resources, is in the process of conducting a review of its computer systems to identify areas that could be affected by the "Year 2000" issue. An implementation plan will then be developed to resolve the issues identified. The Year 2000 issue is the result of computer programs being written using two digits (rather than four) to define the applicable year. This could result in computational errors as dates are compared across the century boundary. The total cost of altering the applicable program code is being determined as part of the company's detailed implementation plan.

Alcoa and subsidiaries

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

	June 30 1997	December 31 1996
Cash and short-term investments	$ 284.8	$ 269.1
Other current assets	437.6	441.2
Properties, plants and equipment, net	886.8	897.5
Other assets	218.6	235.0
Total assets	1,827.8	1,842.8
Current liabilities	415.3	404.0
Long-term debt	426.8	492.5
Other liabilities	64.6	62.1
Total liabilities	906.7	958.6
Net assets	$ 921.1	$ 884.2

	Second quarter ended June 30		Six months ended June 30	
	1997	1996	1997	1996
Revenues (1)	$ 316.3	$ 299.8	$ 604.5	$ 591.0
Costs and expenses	(293.5)	(291.1)	(559.3)	(553.1)
Translation and exchange adjustments	-	.1	(.1)	.7
Income tax (expense) benefit	(4.5)	3.0	(9.0)	(1.2)
Net income	$ 18.3	$ 11.8	$ 36.1	$ 37.4
Alcoa's share of net income	$ 10.8	$ 7.0	$ 21.3	$ 22.1

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

Second quarter ended June 30: 1997 - $2.5, 1996 - $3.7
Six months ended June 30: 1997 - $4.9, 1996 - $6.3

Summarized unaudited consolidated financial data for AofA, an Australian subsidiary, 60% owned by Alcoa, follow.

	June 30 1997	December 31 1996
Cash and short-term investments	$ 44.0	$ 13.9
Other current assets	490.9	522.4
Properties, plants and equipment, net	1,575.9	1,695.4
Other assets	101.0	108.6
Total assets	2,211.8	2,340.3
Current liabilities	307.3	341.9
Long-term debt	356.1	131.0
Other liabilities	412.2	435.7
Total liabilities	1,075.6	908.6
Net assets	$1,136.2	$1,431.7

	Second quarter ended June 30		Six months ended June 30	
	1997	1996	1997	1996
Revenues (1)	$ 504.5	$ 523.9	$ 996.2	$1,009.5
Costs and expenses	(383.4)	(404.5)	(747.7)	(766.5)
Income tax (expense) benefit	(42.7)	(43.4)	(89.6)	(87.1)
Net income	$ 78.4	$ 76.0	$ 158.9	$ 155.9
Alcoa's share of net income	$ 47.0	$ 45.6	$ 95.3	$ 93.5

(1) Revenues from Alcoa and its subsidiaries, the terms of which

were established by negotiations between the parties, follow.

Second quarter ended June 30: 1997 - $14.9, 1996 - $15.0
Six months ended June 30: 1997 - $27.6, 1996 - $31.5

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 alleged violation of Federal and state civil rights laws prohibiting discrimination on the basis of race and gender. On June 16, 1997, the court approved a settlement agreement which provides for complete settlement of all classwide claims for injunctive relief in consideration for $212,000 and implementation of certain structural changes. The settlement also provides for mediation of certain remaining individual claims for damages due to a hostile work environment or wrongful termination. All other claims were released under the terms of the agreement. The mediation process is expected to be completed by year-end 1997.

As previously reported, in March 1997 Alcoa's Lebanon Works received a draft Consent Order and Agreement from the Pennsylvania Department of Environmental Protection (DEP) for the alleged emissions of hexane in excess of permissible levels. Alcoa had reported the potential problem with hexane emissions to the DEP in late 1995. Alcoa and the DEP entered into a Consent Order and Agreement on May 29, 1997, pursuant to which Alcoa agreed to pay a civil penalty of $95,000 for emissions which occurred during 1995 and 1996 and additional penalties for emissions in excess of authorized levels in 1997. Alcoa also committed to a pollution prevention project which will eliminate the need to use hexane at the facility and thereby eliminate all hexane emissions.

Item 4. Submission of Matters to a Vote of Security Holders.
At the annual meeting of Alcoa shareholders held on May 9, 1997, Kenneth W. Dam, Judith M. Gueron and Paul O'Neill were reelected to serve for three-year terms as directors of Alcoa. Votes cast for Mr. Dam were 148,934,891 and votes withheld were 1,792,987; votes cast for Dr. Gueron were 148,907,093 and votes withheld were 1,820,785; and votes cast for Mr. O'Neill were 148,768,817 and votes withheld were 1,959,061.

Also at that annual meeting, a proposal to approve an amendment to Alcoa's Long Term Stock Incentive Plan was adopted. Total votes cast for the proposal were 127,913,363 and votes cast against were 22,104,804. There were 709,711 abstentions. Abstentions, however, are not counted for voting purposes under Pennsylvania law, the jurisdiction of Alcoa's incorporation.

The company's definitive proxy statement, dated March 12, 1997, and filed with the Securities and Exchange Commission contains, on pages 16-18, a description of the proposal to amend Alcoa's Long Term Stock Incentive Plan, which is incorporated herein by reference.

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.

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

July 31, 1997	By /s/ RICHARD B. KELSON
Date	Richard B. Kelson
	Executive Vice President and
	Chief Financial Officer
	(Principal Financial Officer)

July 31, 1997	By /s/ EARNEST J. EDWARDS
Date	Earnest J. Edwards
	Senior Vice President and
	Controller
	(Chief Accounting Officer)

EXHIBITS

Computation of Earnings (Loss) per Common Share
For the six months ended June 30
(in millions, except share amounts)

	1997	1996
1. Income applicable to common stock*	$365.7	$309.4
2. Weighted average number of common shares outstanding during the period	173,139,325	175,254,973
3. Primary earnings per common share (1 divided by 2)	$2.11	$1.77
4. Fully diluted earnings (1)	$365.7	$309.4
5. Shares issuable under compensation plans	34,291	33,780
6. Shares issuable upon exercise of dilutive outstanding stock options (treasury stock method)	1,697,708	1,310,246
7. Fully diluted shares (2 + 5 + 6)	174,871,324	176,598,999
8. Fully diluted earnings per common share (4 divided by 7)	$2.09	$1.75

* After preferred dividend requirement

Computation of Ratio of Earnings to Fixed Charges
For the six months ended June 30, 1997
(in millions, except ratio)

	1997
Earnings:	
Income before taxes on income	$ 763.7
Minority interests' share of earnings of majority-owned subsidiaries without fixed charges	1.9
Equity income	(18.5)
Fixed charges	90.1
Proportionate share of income (loss) of 50%-owned persons	16.0
	16.0
Distributed income of less than 50%-owned persons	-
Amortization of capitalized interest	10.3
Total earnings	$ 863.5
Fixed Charges:	
Interest expense:	
Consolidated	$ 70.7
Proportionate share of 50%-owned persons	1.8
	72.5
Amount representative of the interest factor in rents:	
Consolidated	$ 17.4
Proportionate share of 50%-owned persons	.2
	17.6
Fixed charges added to earnings	90.1
Interest capitalized:	
Consolidated	4.1
Proportionate share of 50%-owned persons	-
	4.1
Preferred stock dividend requirements of majority-owned subsidiaries	-
Total fixed charges	$ 94.2
Ratio of earnings to fixed charges	9.2

July 7, 1997

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 and 333-00033)
   Alcoa Savings Plan for Salaried Employees; Alcoa Fujikura Ltd. Salaried 401(k) Savings Plan

2. Form S-8 (Registration No. 33-22346, 33-49109, 33-60305 and 333-27903)
   Long Term Stock Incentive Plan

3. Form S-3 (Registration No. 33-49997) and
   Form S-3 (Registration No. 33-60045) and
   Form S-3 (Registration No. 33-64353)
   Debt Securities and Warrants to Purchase Debt Securities, Preferred Stock and Common Stock

Ladies and gentlemen:

We are aware that our report dated July 7, 1997, accompanying interim financial information of Aluminum Company of America (Alcoa) and subsidiaries for the three-month and six-month periods ended June 30, 1997, 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

6-MOS
DEC-31-1997
JUN-30-1997
882,300
74,500
1,823,300
44,600
1,345,300
4,613,700
15,576,100
8,699,100
13,532,200
2,356,900
1,792,600
0
55,800
178,900
4,375,200
13,532,200
6,663,100
6,742,100
5,091,100
5,091,100
363,700
0
70,700
763,700
266,900
366,700
0
0
0
366,700
2.11
2.09