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 September 30, 1996 — 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 October 28, 1996, 173,402,760 shares of common stock, par value $1.00, of the Registrant were outstanding.

A07-15763

PART I - FINANCIAL INFORMATION

Alcoa and subsidiaries
Condensed Consolidated Balance Sheet
(in millions)

ASSETS	(unaudited) September 30, 1996	December 31 1995
Current assets:		
Cash and cash equivalents (includes cash of $90.8 in 1996 and $120.5 in 1995)	$ 669.0	$ 1,055.6
Short-term investments	37.8	6.8
Accounts receivable from customers, less allowances: 1996-$53.0; 1995-$45.8	1,690.9	1,546.3
Other receivables	143.4	297.0
Inventories (b)	1,569.2	1,418.4
Deferred income taxes	138.9	244.8
Prepaid expenses and other current assets	188.2	172.8
Total current assets	4,437.4	4,741.7
Properties, plants and equipment, at cost	15,530.2	15,214.8
Less, accumulated depreciation, depletion and amortization	8,611.4	8,285.1

Net properties, plants and equipment	6,918.8	6,929.7
Other assets	2,066.3	1,972.0
Total assets	$13,422.5	$13,643.4
LIABILITIES		
Current liabilities:		
Short-term borrowings	$ 381.8	$ 345.0
Accounts payable, trade	811.0	861.7
Accrued compensation and retirement costs	402.4	384.3
Taxes, including taxes on income	401.8	304.7
Other current liabilities	490.3	408.3
Long-term debt due within one year	163.3	348.2
Total current liabilities	2,650.6	2,652.2
Long-term debt, less amount due within one year	1,380.2	1,215.5
Accrued postretirement benefits	1,807.1	1,827.3
Other noncurrent liabilities and deferred credits	1,303.0	1,585.7
Deferred income taxes	328.2	308.6
Total liabilities	7,469.1	7,589.3
MINORITY INTERESTS	1,596.4	1,609.4
SHAREHOLDERS' EQUITY		
Preferred stock	55.8	55.8
Common stock	178.9	178.9
Additional capital	597.0	637.1
Translation adjustment	(93.5)	(79.0)
Retained earnings	3,943.8	3,800.1
Unfunded pension obligation	(5.2)	(9.3)
Treasury stock, at cost	(319.8)	(138.9)
Total shareholders' equity	4,357.0	4,444.7
Total liabilities and shareholders' equity	$13,422.5	$13,643.4

(see accompanying notes)

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

	Third quarter ended September 30		Nine months ended September 30	
	1996	1995	1996	1995
REVENUES				
Sales and operating revenues	$3,240.6	$3,264.8	$9,803.3	$9,391.9
Other income	18.0	61.3	36.6	118.9
	3,258.6	3,326.1	9,839.9	9,510.8
COSTS AND EXPENSES				
Cost of goods sold and operating expenses	2,517.4	2,434.4	7,440.2	6,926.1
Selling, general administrative and other expenses	181.6	182.4	533.0	519.7
Research and development expenses	36.0	34.1	113.9	98.2
Provision for depreciation, depletion and amortization	181.1	185.4	554.9	529.0
Interest expense	37.4	33.1	103.1	84.0
Taxes other than payroll and severance taxes	31.7	27.5	98.3	93.6
Special items (c)	115.1	9.4	180.5	9.4
	3,100.3	2,906.3	9,023.9	8,260.0
EARNINGS				
Income before taxes on income	158.3	419.8	816.0	1,250.8
Provision for taxes on income (d)	53.6	150.3	277.4	419.9
Income from operations	104.7	269.5	538.6	830.9
Less: Minority interests' share				

	(36.3)	(43.1)	(159.8)	(191.3)
NET INCOME	$ 68.4	$ 226.4	$ 378.8	$ 639.6
Earnings per common share (e)	$ .39	$ 1.27	$ 2.16	$ 3.58
Dividends paid per common share	$ .3325	$ .225	$ .9975	$ .675

(see accompanying notes)

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

	Nine months ended September 30	
	1996	1995
CASH FROM OPERATIONS		
Net income	$ 378.8	$ 639.6
Adjustments to reconcile net income to cash from operations:		
Depreciation, depletion and amortization	566.8	541.6
Change in deferred income taxes	95.2	(22.5)
Equity (income) losses before additional taxes, net of dividends	1.6	(25.5)
Provision for special items	180.5	9.4
Losses from financing and investing activities	-	(1.4)
Book value of asset disposals	30.6	11.3
Minority interests	159.8	191.3
Other	(23.3)	3.1
(Increase) reduction in receivables	47.4	(209.6)
(Increase) reduction in inventories	3.5	(315.1)
(Increase) reduction in prepaid expenses and other current assets	(15.1)	3.1
Reduction in accounts payable and accrued expenses	(304.5)	(262.6)
Reduction in taxes, including taxes on income	15.1	(48.4)
Increase (reduction) in deferred hedging gains	(165.9)	390.3
Net change in noncurrent assets and liabilities	(98.4)	171.7
CASH FROM OPERATIONS	872.1	1,076.3
FINANCING ACTIVITIES		
Net changes in short-term borrowings	34.6	88.7
Common stock issued and treasury stock sold	36.7	101.4
Repurchase of common stock	(257.7)	(185.7)
Dividends paid to shareholders	(178.0)	(121.6)
Dividends paid to minority interests	(145.2)	(87.2)
Additions to long-term debt	456.1	532.0
Payments on long-term debt	(489.5)	(136.3)
CASH FROM (USED FOR) FINANCING ACTIVITIES	(543.0)	191.3
INVESTING ACTIVITIES		
Capital expenditures	(631.1)	(547.1)
Additions to investments	(58.1)	(8.1)
Net change in short-term investments	(31.1)	(1.8)
Changes in minority interests	(25.3)	(139.3)
Acquisition of subsidiaries, net of cash acquired	(171.5)	(426.6)
Loan/repayment from to WMC	121.8	(121.8)
Net proceeds from Alcoa/WMC transaction	-	366.9
Proceeds from sale of Pt. Henry	82.8	-
Other - receipts	-	3.8
- payments	(9.2)	(18.9)
CASH USED FOR INVESTING ACTIVITIES	(721.7)	(892.9)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	6.0	(5.0)
CHANGES IN CASH		
Net change in cash and cash equivalents	(386.6)	369.7
Cash and cash equivalents at beginning of year	1,055.6	619.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 669.0	$ 988.9

(see accompanying notes)

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 15.

(b) Inventories consisted of:

	September 30 1996	December 31 1995
Finished goods	$ 441.3	$ 323.1
Work in process	478.4	483.9
Bauxite and alumina	299.0	241.4
Purchased raw materials	228.8	254.5
Operating supplies	121.7	115.5
	$1,569.2	$1,418.4

Approximately 55% of total inventories at September 30, 1996 was valued on a LIFO basis. If valued on an average cost basis, total inventories would have been $814.1 and $802.1 higher at September 30, 1996 and December 31, 1995, respectively.

(c) The special charge of $115.1 ($65.5 after-tax) in the 1996 third quarter was related to incentives paid to employees who voluntarily left the company and for permanent layoff costs. The total pre-tax charge related to the layoffs of $170.5 was reduced by a credit of $65.2 that was recorded as a pension curtailment in accordance with the provisions of Statement of Financial Accounting Standards 88 (SFAS 88), Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits. The remaining $9.8 is related principally to a writedown of manufacturing equipment taken out of service at several locations. In the 1996 second quarter, an additional $65.4 ($40.0 after-tax) was recorded for the closing of Alcoa Electronic Packaging (AEP), Alcoa's ceramic packaging operations in San Diego, California. Most of this charge was related to asset writedowns.

(d) The income tax provision for the period is based on the effective tax rate expected to be applicable for the full year. The difference between the 1996 estimated effective tax rate of 34% and the U.S. statutory rate of 35% is primarily due to lower tax rates on income earned outside the U.S.

(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 primary earnings per common share was 174,737,995 in 1996 and 178,383,420 in 1995. Fully diluted earnings per common share are not stated since the dilution is not material.

(f) Certain amounts in previously issued financial statements were reclassified to conform to 1996 presentations.

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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, 1995.

The financial data required in this Form 10-Q by Rule

10-01 of Regulation S-X has been reviewed by Coopers & Lybrand L.L.P., the Company's independent auditors, 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 September 30, 1996, the unaudited condensed statements of consolidated income for the three-month and nine-month periods ended September 30, 1996 and 1995, and condensed consolidated cash flows for the nine-month periods ended September 30, 1996 and 1995, which are included in Alcoa's Form 10-Q for the period ended September 30, 1996. 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, 1995, and the related statements of consolidated income, shareholders' equity, and consolidated cash flows for the year then ended (not presented herein). In our report dated January 8, 1996, 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, 1995 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 4, 1996

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	
	1996	1995	1996	1995
Sales and operating revenues	$3,240.6	$3,264.8	$9,803.3	$9,391.9
Net income	68.4	226.4	378.8	639.6
Earnings per common share	.39	1.27	2.16	3.58
Shipments of aluminum products (1)	717	655	2,094	1,936
Shipments of alumina (1)	1,575	1,661	4,736	4,653

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(1) in thousands of metric tons (mt)

Overview

Alcoa reported 1996 third quarter earnings of $68.4, or 39 cents per share, after a special after-tax charge of $65.5, or 38 cents per share, related to layoff provisions and equipment writedowns. Earnings in the comparable 1995 quarter were a third quarter record of $226.4, or $1.27 per share.

The special charge of $65.5 ($115.1 pre-tax) in the 1996 third quarter was related to incentives paid to employees who voluntarily left the Company and for permanent layoff costs. A total of 2,900 employees were affected by the reductions, with 475 U.S. salaried employees accepting voluntary separation incentives. These reductions are being undertaken as part of Alcoa's goal of reducing selling, general and administrative expenses by $300 annually. It is expected that the majority of the cash payments associated with these charges will be made during the next twelve months, with a significant portion made during the 1996 fourth quarter. The total pre-tax charge related to the layoffs of $170.5 was reduced by a credit of $65.2 that was recorded as a pension curtailment in accordance with the provisions of SFAS 88. The remaining $9.8 is related principally to a writedown of manufacturing equipment taken out of service at several locations. In addition, a pre-tax credit of approximately $13 will be recorded as employees are terminated, primarily in the 1996 fourth quarter. The credit is related to a curtailment of other post-employment benefits in accordance with the provisions of Statement of Financial Accounting Standards 106, Employers' Accounting for Postretirement Benefits Other than Pensions.

The 1996 third quarter also includes after-tax losses of $16.0 related to marking to market certain aluminum commodity contracts. The Company enters into these commodity contracts to lock in conversion margins for fabricated product businesses and to have its primary metal units at market at all times. Of these after-tax losses, $3.4 is attributable to fabricated product sales contracts that were delivered during the quarter and $12.6 is related to fabricated product sales contracts that will be shipped in future quarters. Current accounting convention requires that these contracts be marked to market and not be matched against the fabricated product sales contracts at

the time that they are shipped to customers. Year-to-date, after-tax mark-to-market losses totaled $64.6, compared with $11.1 in the 1995 period.

For the first nine months of 1996, earnings were $378.8, or $2.16 per share, after special charges of $105.5 or 61 cents per share. The additional special charge in the 1996 second quarter of 40.0 relates to the closing of AEP. In the 1995 nine-month period, earnings were $639.6 or $3.58 per share.

Alcoa of Australia Limited's (AofA) pre-tax income from operations for the 1996 third quarter declined 14% from the year-ago quarter; year-to-date, AofA's pre-tax income increased 10% relative to 1995. The year-to-date improvement was due primarily to higher prices for alumina and higher shipments of ingot partially offset by lower metal prices. However, the 1996 quarter was negatively affected by lower alumina shipments. Additionally, 1995 third quarter and year-to-date after-tax results 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 1996 pretax loss from operations was $18.4, a decrease of $53.7 from the 1995 third quarter. The decrease was primarily due to higher costs during the 1996 quarter, lower metal prices and an inventory write-down related to packaging products. Year-to-date, pre-tax income was $20.2, down 85% from the 1995 nine-month period. Revenues were flat compared with the 1995 period, while costs increased 15%, due to higher raw material prices and the previously mentioned inventory writedown.

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

1. Alumina and Chemicals Segment

	Third quarter ended September 30	Nine months ended September 30

	1996	1995	1996	1995
Alumina and chemicals revenues	$ 488	$ 477	$ 1,454	$ 1,286
Alumina shipments (000 mt)	1,575	1,661	4,736	4,653

Total revenues for the Alumina and Chemicals segment were $488 in the 1996 third quarter, up 2% from the comparable 1995 quarter. Year-to-date, revenues were $1,454, up 13% from the 1995 period.

Alumina revenues for the 1996 third quarter were flat compared with the 1995 period as shipments fell 5% while prices climbed 6%. In the year-to-date period, revenues were up 17% on the strength of a 14% increase in prices. Chemicals revenues rose 5% from both the 1995 quarter and year-to-date levels, principally due to higher shipments.

In late 1994, Alcoa and WMC Limited (WMC) of Melbourne, Australia combined ownership of their respective worldwide bauxite, alumina and inorganic chemicals businesses into a group of companies known as Alcoa World Alumina and Chemicals (AWAC). During the 1996 third quarter, AWAC produced 2,499 mt of alumina. Of this amount, 1,575 mt were shipped to third-party customers.

2. Aluminum Processing Segment

Product classes	Third quarter ended ended September 30 1996	1995	Nine months ended September 30 1996	1995
Revenues				
Flat-rolled products	$ 936	$ 1,046	$ 2,953	$ 3,255
Engineered products	569	568	1,707	1,752
Aluminum ingot	374	331	1,078	832
Other aluminum products	83	99	245	280
Total	$ 1,962	$ 2,044	$ 5,983	$ 6,119
Shipments (000 metric tons)				
Flat-rolled products	324	346	1,009	1,076
Engineered products	134	109	368	345
Aluminum ingot	240	177	664	459
Other aluminum products	19	23	53	56
Total	717	655	2,094	1,936

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. Shipments of RCS in the 1996 third quarter were down 17% from the 1995 quarter, primarily due to the sale of AofA's Rolled Product Division to KAAL Australia in May, 1996. This resulted in an 18,000 mt loss in shipments when compared with the 1995 quarter. Year-to-date, shipments were down 14% with the Rolled Products Division accounting for 28,000 mt. Revenues from RCS fell 22% and 18% from the respective 1995 quarter and year-to-date periods. Overall flat-rolled products revenues were down approximately 10% for both the year-to-date and third quarter periods. The above-mentioned declines in RCS shipments and revenues were partially offset by the results of Alumix, acquired by Alcoa Italia in the 1996 first quarter, which recorded revenues of $20 in the 1996 third quarter.

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 were flat in the 1996 third quarter as higher shipments offset lower prices. Year-to-date, revenues and prices were down 3% and 9%, respectively, as improvement in the aerospace markets was more than offset by declines in other engineered products.

Revenues for extruded products were higher by 21% and 11% from the 1995 third quarter and nine-month periods. Prices fell 14% and 7% over the same periods, while shipments were up 41% and 19%, respectively. Extruded product revenues and shipments were positively affected by the Alumix acquisition, which increased revenues by $32 in the 1996 third quarter.

Aluminum ingot - Ingot shipments for the 1996 third quarter were up 35% from the 1995 quarter on the strength of higher shipments by AofA and Aluminio. Year-to-date, shipments were 44% higher than those in the 1995 period, resulting in a 29% increase in revenues. Ingot revenues continue to be negatively affected by falling prices, as the LME three-month price has fallen 22% from 1995 third quarter levels.

Other aluminum products - Shipments of other aluminum products during the 1996 nine-month period fell 6% from 1995, while prices fell 7%, mainly due to a continued drop in aluminum closure prices. Third quarter 1996 revenues were down 17% because of these lower prices.

3. Non-aluminum Segment

Revenues for the non-aluminum segment were $790 in the 1996 third quarter, up 6% from $744 in the 1995 quarter. Year-to-date, this segment had revenues of $2,366, compared with $1,987 in 1995. The increase is partly due to higher revenues at Alcoa Fujikura Ltd. (AFL), where sales have increased 50% on a year-to-date basis, aided by the acquisition of Electro-Wire Products (EWP) in July 1995. Sales of building products also showed strong growth as revenues increased 8% over the 1995 nine-month period. Offsetting these gains was a $77 decrease in sales related to AEP as the facility was closed.

Cost of Goods Sold

Cost of goods sold increased $83, or 3%, from the 1995 third quarter. Year-to-date, the increase was $514, or 7%. The increases are the result of the acquisition of Alumix, higher volumes in the non-aluminum product area and cost increases for certain raw materials. Cost of goods sold as a percentage of revenues in the 1996 year-to-date period was 75.9%, or 2.2 percentage points higher than the 1995 ratio. The higher ratio in 1996 is primarily due to lower prices for nearly all aluminum products and higher costs for certain raw materials.

Other Income & Expenses

Other income totaled $18 in the 1996 third quarter, a drop of $43 from the 1995 period. Year-to-date, other income was down $82. The decreases are primarily due to increased losses from marking-to-market aluminum commodity contracts, lower equity earnings and reduced interest income.

Selling, general and administrative expenses were flat when comparing the 1995 and 1996 third quarters and were up $13 on a year-to-date basis. The acquisition of Alumix resulted in a $10 and $23 increase in these costs for the 1996 quarter and nine-month periods. Otherwise, these costs would have been below previous year's levels.

Interest expense was up $19 from the 1995 nine-month period, primarily due to higher borrowings related to the EWP acquisition by AFL and higher borrowings by Aluminio.

The estimated effective tax rate for 1996 is 34%. The difference between this rate and the U.S. statutory rate of 35% is primarily due to lower tax rates on income outside of the U.S.

Minority interests' share of income from operations declined 16% from the 1995 year-to-date period. The decrease is due to lower earnings at Aluminio, and Alcoa-Kofem, offset by an increase at AofA.

Commodity Risks

In the U.S., and for export, Alcoa enters into long-term sales contracts with a number of its customers. At December 31, 1995, such contracts totaled approximately 2,483,000 mt of aluminum products over the next several years.

In order to minimize the economic risk of higher prices for metal needs associated with these long-term contracts, Alcoa entered into futures and options contracts. As of September 30, 1996, Alcoa had 1,160,000 mt of these contracts outstanding. According to present accounting conventions, 894,000 mt of these contracts qualify for hedge accounting treatment while the remaining 266,000 mt of contracts are required to be accounted for on a mark-to-market basis. This mark-to-market valuation resulted in an after-tax charge of $16.0 for the 1996 third quarter. Of this amount, $3.4 was attributed to fabricated product sales contracts that were delivered during the third quarter, and $12.6 relates to fabricated product sales contracts that will be shipped in future quarters.

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 1996 third quarter was $307 and reflects Alcoa's most probable cost to remediate identified environmental conditions for which costs can be reasonably estimated. About a quarter of the reserve relates to Alcoa's Massena, New York plant site. Remediation expenditures charged to the reserve during the 1996 nine-month period were $18. Expenditures included those 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 pollution. Alcoa estimates that these costs will be about 2% of cost of goods sold in 1996.

Liquidity and Capital Resources

Cash from Operations

Cash from operations during the 1996 nine-month period was $872.1, $204.2 lower than in the 1995 period. Lower working capital requirements were offset by decreases in earnings and a reduction in cash related to hedging activities.

Financing Activities

Financing activities used $543.0 of cash during the first nine months of 1996. This included $257.7 to repurchase 4,437,500 shares of the Company's common stock. Dividends paid to shareholders were $178.0 in the 1996 year-to-date period, an increase of $56.4 from 1995. The increase was due to Alcoa's variable dividend program, which paid out 10.75 cents above the base dividend of 22.5 cents in the 1996 third quarter. The additional dividend of 10.75 cents also will be paid in the remaining 1996 quarter to shareholders of record at the quarterly distribution date.

Payments on long-term debt during the first nine months of 1996 exceeded additions by $33.4. Commercial paper borrowings during the third quarter totaled $146, with the proceeds used for general corporate purposes. Alcoa repaid $175 of the 4.625% Notes which matured during the period. Debt as a percentage of invested capital was 18.8% at the end of the 1996 third quarter, up from 16.7% recorded at year-end 1995.

Investing Activities

Investing activities used $721.7 during the 1996 nine-month period, compared with $892.9 in the 1995 period. Capital expenditures totaled $631.1, with $171.5 used for acquisitions, principally related to the Alumix purchase. Alcoa received $82.8 from KAAL as payment for the purchase of AofA's Rolled Products Division. Alcoa also received $121.8 from WMC which was originally loaned to WMC in January, 1995. The $366.9 of cash generated in 1995 was related to the AWAC transaction.

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

	(unaudited) September 30 1996	December 31 1995
Cash and short-term investments	$ 201.2	$ 252.4
Other current assets	370.0	379.3
Properties, plants and equipment, net (1)	892.0	857.2
Other assets	181.3	185.4
Total assets	1,644.5	1,674.3
Current liabilities	425.1	431.6
Long-term debt (1)	267.4	314.5
Other liabilities	64.3	56.1
Total liabilities	756.8	802.2
Net assets	$ 887.7	$ 872.1

	(unaudited) Third quarter ended September 30		(unaudited) Nine months ended September 30	
	1996	1995	1996	1995
Revenues	$ 302.4	$ 298.6	$ 893.4	$ 892.1
Costs and expenses	(321.1)	(264.0)	(874.2)	(758.6)
Translation and exchange adjustments	0.3	0.7	1.0	4.0
Income tax (expense)/benefit	6.9	(4.3)	5.7	(16.5)
Net income/(loss)	$ (11.5)	$ 31.0	$ 25.9	$ 121.0
Alcoa's share of net income	$ (6.8)	$ 18.3	$ 15.3	$ 71.4

(1) Held by Alcoa Brazil Holdings Company - $22.5

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

Third quarter ended September 30: 1996 - $6.1, 1995 - $51.6
Nine months ended September 30: 1996 - $12.4, 1995 - $154.0

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

	(unaudited) September 30 1996	December 31 1995
Cash and short-term investments	$ 99.7	$ 61.6
Other current assets	502.5	551.6
Properties, plants and equipment, net	1,653.2	1,615.7
Other assets	99.0	101.2
Total assets	2,354.4	2,330.1

Current liabilities	331.5	380.7
Long-term debt	186.0	127.0
Other liabilities	432.7	415.5
Total liabilities	950.2	923.2
Net assets	$1,404.2	$1,406.9

	(unaudited) Third quarter ended September 30		(unaudited) Nine months ended September 30	
	1996	1995	1996	1995
Revenues (1)	$ 469.6	$ 480.8	$ 1,479.1	$1,313.3
Costs and expenses	(360.9)	(354.5)	(1,121.7)	(987.4)
Translation and exchange adjustments	-	-	-	-
Income tax expense	(40.4)	(70.9)	(127.5)	(134.8)
Net income	$ 68.3	$ 55.4	$ 229.9	$ 191.1
Alcoa's share of net income	$ 41.0	$ 33.2	$ 137.9	$ 114.7

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

Third quarter ended September 30: 1996 - $9.7, 1995 - $12.6
Nine months ended September 30: 1996 - $41.2, 1995 - $37.4

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

As previously reported, Alcoa initiated a lawsuit in King County, Washington in December 1992 against nearly one hundred insurance companies that provided insurance coverage to the Company between the years 1956 and 1985. Trial commenced in April 1996 against those insurance companies which provided all risk property coverage to the Company. A jury verdict was returned on October 3, 1996 which held these insurers liable for past damages, as well as future damages, at a number of contaminated areas at Alcoa's Point Comfort, Massena and Vancouver plants. The jury also found that the insurers were not liable for certain other contaminated areas and was unable to reach a verdict as to still other areas.

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
- 99. Forward Looking Statements

(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

October 30, 1996	By /s/ JAN H. M. HOMMEN
Date	Jan H. M. Hommen Executive Vice President and Chief Financial Officer (Principal Financial Officer)

October 30, 1996	By /s/ EARNEST J. EDWARDS
Date	Earnest J. Edwards Vice President and Controller (Chief Accounting Officer)

EXHIBITS

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

	1996	1995
1. Income applicable to common stock*	$377.2	$638.0
2. Weighted average number of common shares outstanding during the period	174,737,995	178,383,420
3. Primary earnings per common share (1 divided by 2)	$2.16	$3.58
4. Fully diluted earnings (1)	$377.2	$638.0
5. Shares issuable under compensation plans	37,664	1,694
6. Shares issuable upon exercise of dilutive outstanding stock options (treasury stock method)	1,229,336	577,404
7. Fully diluted shares (2 + 5 + 6)	176,004,995	178,962,518
8. Fully diluted earnings per common share (4 divided by 7)	$2.14	$3.57

* After preferred dividend requirement

Computation of Ratio of Earnings to Fixed Charges
For the nine months ended September 30, 1996
(in millions, except ratio)

	1996
Earnings:	
Income before taxes on income	$ 816.0
Minority interests' share of earnings of majority-owned subsidiaries without fixed charges	2.9
Equity income	(24.9)
Fixed charges	130.0
Proportionate share of income of 50%-owned persons	21.3
Distributed income of less than 50%-owned persons	-
Amortization of capitalized interest	17.7
Total earnings	$ 963.0
Fixed Charges:	
Interest expense:	
Consolidated	$ 103.1
Proportionate share of 50%-owned persons	3.9
	107.0
Amount representative of the interest factor in rents:	
Consolidated	22.7
Proportionate share of 50%-owned persons	.3
	23.0
Fixed charges added to earnings	130.0
Interest capitalized:	
Consolidated	3.0
Proportionate share of 50%-owned persons	-
	3.0
Preferred stock dividend requirements of majority-owned subsidiaries	-
Total fixed charges	$ 133.0
Ratio of earnings to fixed charges	7.2

EXHIBIT 15

October 4, 1996

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 33-00033)
   Alcoa Savings Plan for Salaried Employees

2. Form S-8 (Registration No. 33-22346, 33-49109 and 33-60305)
   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 October 4, 1996, accompanying interim financial information of Aluminum Company of America (Alcoa) and subsidiaries for the three-month and nine-month periods ended September 30, 1996, 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.

5
1,000

9-MOS
DEC-31-1996
SEP-30-1996
669,000
37,800
1,690,900
53,000
1,569,200
4,437,400
15,530,200
8,611,400
13,422,500
2,650,600
1,543,500
178,900
0
55,800
4,122,300
13,422,500
9,803,300
9,839,900
7,440,200
7,440,200
554,900
0
103,100
816,000
277,400
378,800
0
0
0
378,800
2.16
2.14

Alcoa and Subsidiaries

EXHIBIT 99

Forward-looking Statements

Alcoa and its representatives may make oral or written statements from time to time that are "forward-looking statements" within the meaning of the federal securities laws. These statements involve a number of risks and uncertainties. The Company cautions that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Important factors that could cause actual results to differ include, but are not necessarily limited to, those discussed under the heading "Commodity Risks" in Part I of this report and under the heading "Risk Factors" in the Results of Operations section of Alcoa's 1995 Annual Report to Shareholders, incorporated by reference in Part II, Item 7 of, and filed as an exhibit to, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995. The text under each of those headings is incorporated herein by reference.

Other factors include: changes in raw material costs and availability; cyclical demand and competitive pricing in principal markets for the Company's products; changes in governmental regulation, particularly those affecting environmental, health or safety compliance; changes in law affecting investments or operations outside the United States; the impact of unfavorable outcomes in litigation proceedings; the outcome of labor agreement negotiations; and other factors which result in increased costs, reduced earnings or otherwise negatively affect ongoing operations or the Company's financial condition. In addition, other factors may be discussed from time to time in the Company's filings with the Securities and Exchange Commission.