ALCOA NYSE-AA

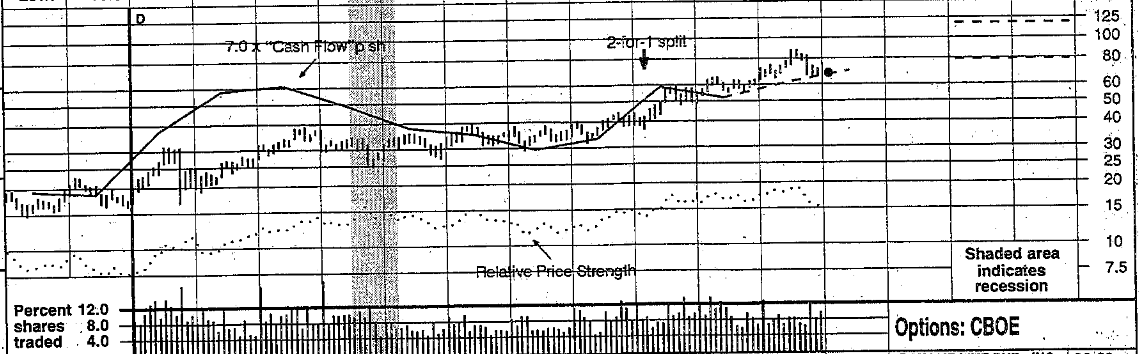
RECENT PRICE	69	P/E RATIO	14.4 (Trailing: 15.7 Median: 15.0)	RELATIVE P/E RATIO	0.82	DIV'D YLD	2.2%	VALUE LINE	1224

TIMELINESS 3 Average (Relative Price Performance Next 12 Mos.)

SAFETY 3 Average (Scale: 1 Highest to 5 Lowest)

BETA .95 (1.00 = Market)

														Target Price Range 2000 2001 2002
High:	23.2	32.4	28.7	39.8	38.6	36.6	40.3	39.2	45.1	60.3	66.3	89.6		
Low:	16.3	16.9	19.3	27.6	24.8	26.9	30.5	29.5	32.1	36.9	49.1	64.3		



2000-02 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	120	(+75%)	17%
Low	80	(+15%)	6%

Insider Decisions

	M	A	M	J	J	A	S	O	N
to Buy	0	1	0	0	0	0	0	0	0
Options	6	0	6	6	6	2	2	0	2
to Sell	6	0	3	4	1	0	0	0	0

Institutional Decisions

	1Q'97	2Q'97	3Q'97
to Buy	185	184	177
to Sell	164	171	169
Hld's(000)	139510	139087	124820

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	© VALUE LINE PUB., INC.	00-02
33.42	29.44	32.51	35.44	31.72	26.81	44.06	55.48	61.43	60.30	55.65	55.36	51.24	55.42	70.88	75.71	79.14	*85.05*	Sales per sh	*108.45*
3.97	2.00	3.17	3.82	2.81	2.70	5.39	8.39	8.90	7.08	5.49	5.11	4.29	4.82	8.52	7.54	8.85	*10.15*	"Cash Flow" per sh	*14.05*
1.99	d.06	1.05	1.71	.66	.73	2.07	4.87	5.34	3.30	1.64	1.14	.40	1.07	4.43	3.17	4.40	*5.50*	Earnings per sh[A]	*8.30*
.90	.83	.60	.60	.60	.60	.60	.65	1.36	1.50	.89	.80	.80	.80	.90	1.33	.98	*1.50*	Div'ds Decl'd per sh[B] ■	*2.40*
4.55	3.17	2.54	3.66	3.31	3.21	4.86	4.90	4.93	4.79	4.78	4.60	4.28	3.42	5.03	5.77	*5.35*	*5.70*	Cap'l Spending per sh	*6.65*
20.62	19.30	19.53	20.20	19.92	21.00	21.81	25.88	29.28	28.76	27.49	20.70	19.96	22.07	24.89	25.54	*27.90*	*31.70*	Book Value per sh[C]	*46.80*
148.92	157.85	161.88	162.28	162.74	174.10	176.27	176.57	177.61	177.61	177.61	171.46	176.72	178.71	176.31	172.51	168.30	*167.00*	Common Shs Outst'g[E]	*166.00*
7.4	--	18.6	10.7	26.4	26.5	11.9	5.0	6.3	9.6	19.9	31.0	87.1	36.3	11.0	18.9	16.9		Avg Ann'l P/E Ratio	*12.0*
.90	--	1.57	1.00	2.14	1.80	.80	.42	.48	.71	1.27	1.88	5.15	2.38	.74	1.19	.95		Relative P/E Ratio	*.85*
6.1%	6.4%	3.1%	3.3%	3.4%	3.1%	2.4%	2.6%	4.0%	4.8%	2.7%	2.3%	2.3%	2.1%	1.8%	2.2%	1.3%		Avg Ann'l Div'd Yield	*2.3%*

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998		00-02
7767.0	9795.3	10910	10710	9884.1	9491.5	9055.9	9902	12497	13061	13319	*14200*	Sales ($mill)	*18000*
24.0%	28.4%	26.1%	21.4%	16.3%	14.3%	12.5%	13.1%	18.3%	17.0%	*18.5%*	*19.0%*	Operating Margin	*19.5%*
587.3	623.2	638.3	689.9	697.9	682.4	692.6	671.3	712.9	747.2	734.9	*775*	Depreciation ($mill)	*950*
365.8	861.4	944.9	570.2	279.7	196.3	67.4	192.9	790.5	554.9	759.4	*925*	Net Profit ($mill)	*1390*
41.5%	36.6%	36.9%	36.5%	40.4%	38.2%	22.8%	29.7%	30.3%	33.7%	33.2%	*35.0%*	Income Tax Rate	*35.0%*
4.7%	8.8%	8.7%	5.3%	2.8%	2.1%	.7%	1.9%	6.3%	4.2%	5.7%	*6.5%*	Net Profit Margin	*7.7%*
984.1	1307.9	1594.9	1706.3	1546.0	1083.0	1609.6	1599.7	2089.5	1907.8	*1995*	*2215*	Working Cap'l ($mill)	*3740*
2457.6	1524.7	1316.3	1295.3	1130.8	855.3	1432.5	1029.8	1215.5	1689.8	1457.2	*1405*	Long-Term Debt ($mill)	*1405*
3910.7	4635.5	5266.9	5163.3	4937.4	3604.3	3583.8	3999.2	4444.7	4462.4	*4755*	*5350*	Net Worth ($mill)	*7825*
7.5%	15.7%	15.8%	10.4%	5.7%	5.5%	2.1%	4.4%	14.7%	9.9%	*13.0%*	*14.5%*	% Earned Total Cap'l	*15.5%*
9.4%	18.6%	17.9%	11.0%	5.7%	5.4%	1.9%	4.8%	17.8%	12.4%	*16.0%*	*17.5%*	% Earned Net Worth	*17.5%*
6.7%	16.3%	13.5%	5.9%	2.6%	1.6%	NMF	1.2%	14.3%	7.3%	*12.5%*	*12.5%*	% Retained to Com Eq	*12.5%*
29%	14%	26%	47%	55%	71%	NMF	75%	21%	42%	*23%*	*27%*	% All Div'ds to Net Prof	*29%*

CAPITAL STRUCTURE as of 9/30/97
Total Debt $2096.5 mill. **Due in 5 Yrs** $1515.7 mill.
LT Debt $1549.9 mill. **LT Interest** $106.0 mill.
(Long term interest earned: 14.3x)
(Total interest coverage: 11.9x) (25% of Cap'l)

Uncapitalized Annual rentals $58.0 mill.
Pension Liability None
Pfd Stock $55.8 mill. **Pfd Div'd** $2.1 mill. (1% of Cap'l)

Common Stock 172,471,001 shs. (74% of Cap'l) as of 10/28/97

CURRENT POSITION ($MILL.)	1995	1996	9/30/97
Cash Assets	1062.4	616.6	1151.0
Receivables	1843.3	1828.9	1935.7
Inventory (LIFO)	1418.4	1461.4	1297.1
Other	417.6	374.3	399.0
Current Assets	4741.7	4281.2	4782.8
Accts Payable	861.7	799.2	838.4
Debt Due	693.2	385.0	546.6
Other	1097.3	1189.2	1241.0
Current Liab.	2652.2	2373.4	2626.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '94-'96 to '00-'02
Sales	8.0%	2.5%	*8.5%*
"Cash Flow"	8.5%	-.5%	*12.5%*
Earnings	11.0%	-3.5%	*19.0%*
Dividends	5.5%	-4.0%	*15.5%*
Book Value	1.5%	-3.0%	*11.5%*

Calendar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1994	2221	2479	2561	2641	9902
1995	3009	3117	3264	3107	12497
1996	3150	3413	3240	3258	13061
1997	3230	3432	3358	3299	13319
1998	*3400*	*3500*	*3600*	*3700*	*14200*

Calendar	EARNINGS PER SHARE[A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1994	.04	.25	.40	.38	1.07
1995	1.08	1.23	1.27	.85	4.43
1996	1.01	.99	.39	.78	3.17
1997	.92	1.19	1.25	1.04	4.40
1998	*1.17*	*1.33*	*1.45*	*1.55*	*5.50*

Calendar	QUARTERLY DIVIDENDS PAID[B] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
1994	.20	.20	.20	.20	.80
1995	.225	.225	.225	.225	.90
1996	.3325	.3325	.3325	.3325	1.33
1997	.225	.25	.25	.25	.98
1998					

BUSINESS: Aluminum Company of America (Alcoa) is the world's largest aluminum producer. Shipped 2,841,000 metric tons of aluminum in 1996. Has 21 bus. units, with 178 operating and sales locations in 28 countries. Rev's from principal markets in 1996: packaging, 26%; transport., 20%; distrib., 16%; alumina and chemicals, 15%, building and construct., 12%; aluminum ingot, 11%. Foreign sales ab't 44% of total. 1996 depr. rate: 4.8%. Has ab't 76,800 employ., 88,300 shrhldrs. Wellington Management Co. owns 6.5% of common stock; FMR Corp., 7.7%; Capital Group, 5.6%; off. and dir., less than 1% (3/97 Proxy). Chrmn. & C.E.O.: Paul O'Neill. Inc.: PA. Addr.: 425 Sixth Ave., Pittsburgh, PA. 15219. Telephone: 412-553-3042. Internet address: http://www.shareholder.com/Alcoa.

Alcoa is poised for solid earnings growth in 1998. Although uncertainties related to the Asian financial crisis are currently pressuring aluminum prices, we believe that industry fundamentals remain favorable and that prices should improve throughout the year. Management believes that the Pacific Rim, which accounts for only about 10% of AA's annual revenues, will not have a significant impact on the company's operations this year. Meanwhile, AA's St. Croix alumina refinery, with annual capacity of 600,000 metric tons (mt), is scheduled for restart in this year's first quarter. The additional capacity has already been sold for 1998, as the Chinese government recently agreed to purchase an additional 200,000 mt per year (bringing the contract's annual total to 600,000 mt). Moreover, reflecting continued strong demand in the aerospace industry, AA plans to expand its hard alloy extrusion capacity to more than 45,000 mt per year by the end of 1998.

The company should also benefit from an improved cost structure. Through workforce reductions, AA has increased productivity in the rigid packaging division by about 80% since early decade. Management expects to cut companywide operating costs by about $60 million this year, effectively completing its $300 million annual cost reduction program.

The Inespal acquisition is scheduled for completion in early 1998. (Inespal, Spain's state-run aluminum business, has annual revenues of about $1.1 billion.) The deal would add 370,000 metric tons annually to Alcoa's aluminum-making capacity, while boosting alumina (material used in the production of aluminum) capacity by one million metric tons. The move is consistent with the company's strategy of increasing its presence in Europe, which management considers to be an underdeveloped market for aluminum. Alcoa sees significant opportunities for growth in the European packaging industry, where many beverage companies are still making their cans out of steel.

Alcoa shares are trading well below their 1997 peak. And though the Asian crisis might continue to pressure the stock in the near term, AA offers attractive 3- to 5-year appreciation potential.

Gerard Feenan *January 30, 1998*

(A) Based on avg. shares out. Excludes nonrecurring gains (losses): '82, 11¢; '83, 3¢; '84, (14¢); '85, (76¢); '86, 76¢; '87, (95¢); '90, ($1.60); '91, ($1.28); '92, ($7.81); '93, (36¢); '94, $1.03; '96, (23¢); '97, 26¢. Next earnings report due mid-April. (B) Next div'd meeting about April 12th. Next ex date about April 30th. Dividend payment dates: Feb. 25, May 25, Aug. 25, Nov. 25. ■ Dividend reinvest. plan avail. (C) Incl. intangibles. In '96: $571.1 mill., $3.31/sh. (D) Incl. majority-owned subsidiaries from '87. (E) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	60
Price Growth Persistence	65
Earnings Predictability	30