



**Fourth Quarter and Full Year 2014**  
**Earnings Conference Call**

February 18, 2015

# Forward Looking Statements

The information contained in this presentation includes statements based on management's current expectations, estimates and projections that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include statements regarding the company's anticipated financial and operating performance, relate to future events and expectations and involve known and unknown risks and uncertainties. For a summary of specific risk factors that could cause results to differ materially from those expressed in the forward-looking statements, please refer to the company's reports filed with the Securities and Exchange Commission, including the company's most recent Form 10-K. All information in this presentation is as of the date of the presentation. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations.

# Non-Run-Rate Items

Non-run-rate items to us are items that, while they may recur from period to period, (1) are particularly material to results, (2) impact costs as a result of external market factors and (3) may not recur in future periods if the same level of underlying performance were to occur. These are part of our business and operating environment but are worthy of being highlighted for the benefit of the users of our financial statements.

Further, presentations including such terms as net income, operating income, or earnings before interest, tax, depreciation and amortization (“EBITDA”) “before non-run-rate”, “after adjustments” or “adjusted”, are not intended to be (and should not be relied on) in lieu of the comparable caption under generally accepted accounting principles (“GAAP”) to which it is reconciled. Such presentations are solely intended to provide greater clarity of the impact of certain material items on the GAAP measure and are not intended to imply such items should be excluded.

# Non-GAAP Financial Measures

This information contains certain non-GAAP financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flow of the company. The Company has provided a reconciliation of non-GAAP financial measures to the most directly comparable financial measure in the accompanying tables.

The non-GAAP financial measures used within this earnings release are value added revenue, EBITDA, Adjusted EBITDA, operating income excluding non-run-rate items, adjusted net income and earnings per diluted share, excluding non-run-rate items and ratios related thereto. These measures are presented because management uses this information to monitor and evaluate financial results and trends and believes this information to also be useful for investors.

# 2014 Fourth Quarter

- **4Q VAR<sup>1</sup> and EBITDA<sup>2</sup> results slightly below our expectations**
- **Shipments lower than anticipated due to:**
  - Unanticipated level of year-end customer destocking
  - Delivery delays related to gridlock at West Coast ports
- **Continued capacity growth and manufacturing efficiencies at Trentwood facilitated by Phase 5 and the new casting complex**
- **New record for throughput and near-record for HT plate shipments**

<sup>1</sup> Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slides 27-28

<sup>2</sup> EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 29-30

# 2014 Review

- **Continued advancement of our commercial platform**
  - Record total shipments despite ongoing aerospace supply chain inventory overhang
  - Record heat treat plate shipments
  - Record automotive shipments, VAR<sup>1</sup>, and VAR\$/vehicle<sup>2</sup>
- **Significant impact from lower heat treat plate prices**
- **Record manufacturing efficiency facilitated by prior investments**
- **Continued return of excess cash to shareholders**
  - ~\$70 million returned via dividends and share repurchases
  - Increased quarterly dividend 17% in 2014 and 14% in 2015
- **New 5-year labor agreement for Trentwood / Newark through 2020**

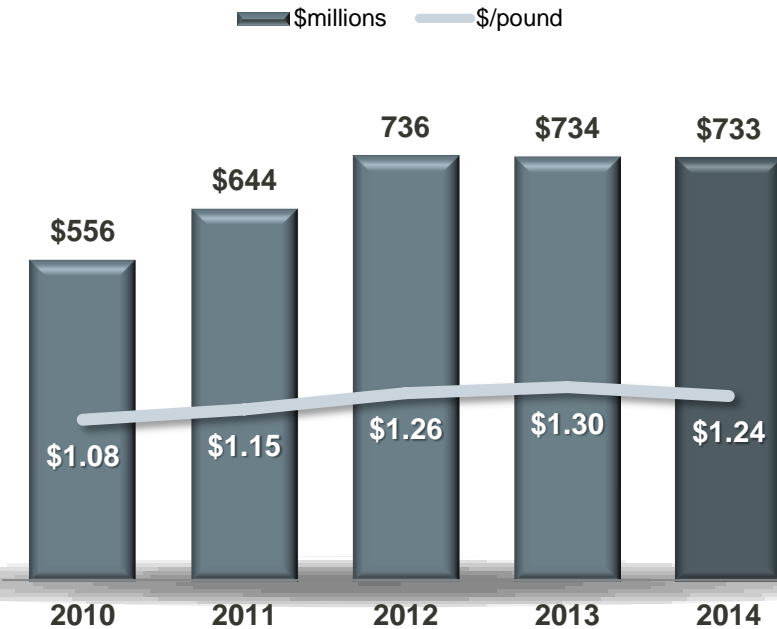
<sup>1</sup> Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slides 27-28

<sup>2</sup> VAR\$/vehicle = Kaiser's Automotive Value Added Revenue dollars per North American vehicle build

# Value Added Revenue<sup>1</sup>

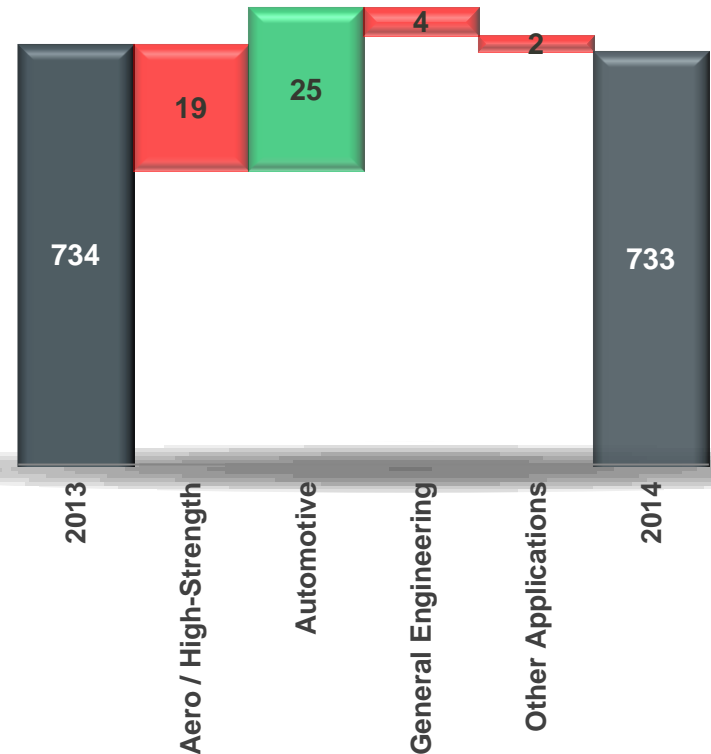
Record shipment volume offset by lower VAR per pound

## 5-yr. Value Added Revenue Trend



## 2013 to 2014 VAR Walk

(in \$millions)

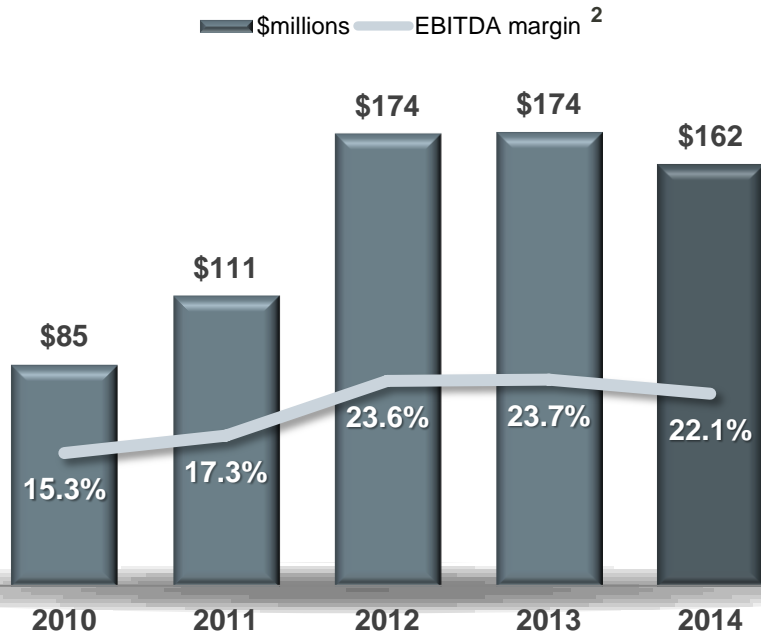


<sup>1</sup> Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slides 27-28

# EBITDA<sup>1</sup>

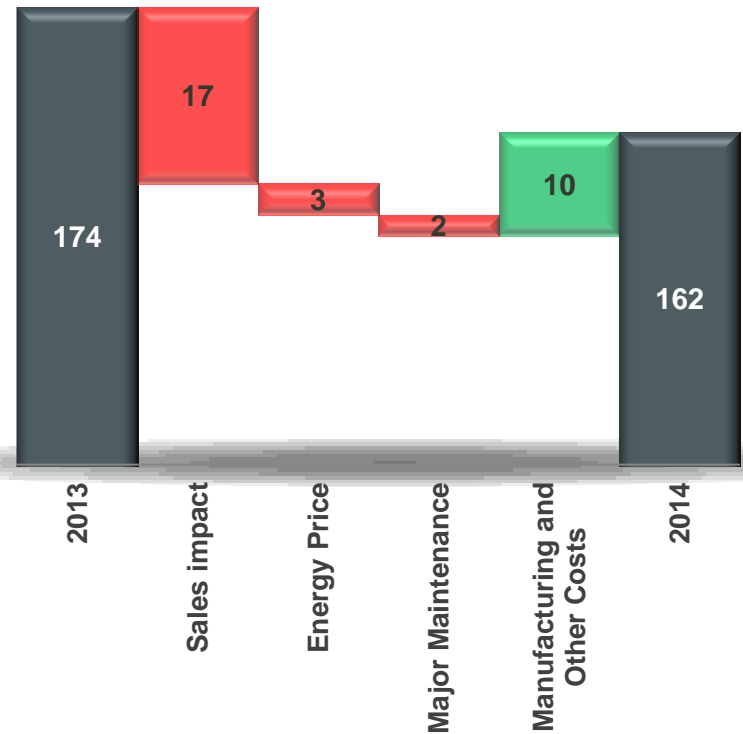
Lower HT plate pricing partially offset by record volumes and manufacturing efficiencies

## 5-yr. EBITDA Trend



## 2013 to 2014 EBITDA Walk

(in \$ millions)



<sup>1</sup> EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 29-30

<sup>2</sup> EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR); VAR = Net Sales less hedged cost of alloyed metal



# Consolidated Financial Highlights

<i>(in \$millions except Shipments &amp; EPS)</i>	Quarterly					Annual	
	4Q13	1Q14	2Q14	3Q14	4Q14	2013	2014
<b>Shipments</b> <i>(in millions of lbs)</i>	137	152	152	144	141	564	589
<b>Net Sales</b>	\$311	\$335	\$344	\$339	\$338	\$1,298	\$1,356
<b>Value Added Revenue</b> <sup>1</sup>	\$181	\$186	\$190	\$180	\$178	\$734	\$733
<b>Adjusted:</b>							
<b>Operating Income</b> <sup>2</sup>	\$34	\$29	\$39	\$33	\$30	\$146	\$131
<b>EBITDA</b> <sup>3</sup>	\$42	\$37	\$46	\$41	\$39	\$174	\$162
<b>EBITDA margin</b> <sup>4</sup>	23.0%	19.7%	24.4%	22.7%	21.7%	23.7%	22.1%
<b>Net Income</b> <sup>5</sup>	\$16	\$13	\$19	\$15	\$16	\$70	\$63
<b>EPS</b> <sup>6</sup>	\$0.85	\$0.72	\$1.05	\$0.79	\$0.85	\$3.65	\$3.38
<b>As Reported:</b>							
<b>Operating Income</b>	\$42	\$32	\$46	\$33	\$27	\$173	\$138
<b>Net Income</b>	\$27	\$16	\$25	\$16	\$16	\$105	\$72
<b>EPS</b> <sup>7</sup>	\$1.44	\$0.85	\$1.33	\$0.85	\$0.85	\$5.44	\$3.86

1 Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 27-28

2 Adjusted Operating Income = Consolidated Operating Income before non-run-rate; refer to slides 29-30

3 EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 29-30

4 EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

5 Adjusted Net Income = Reported Net Income excluding non-run-rate items; refer to slides 31-32

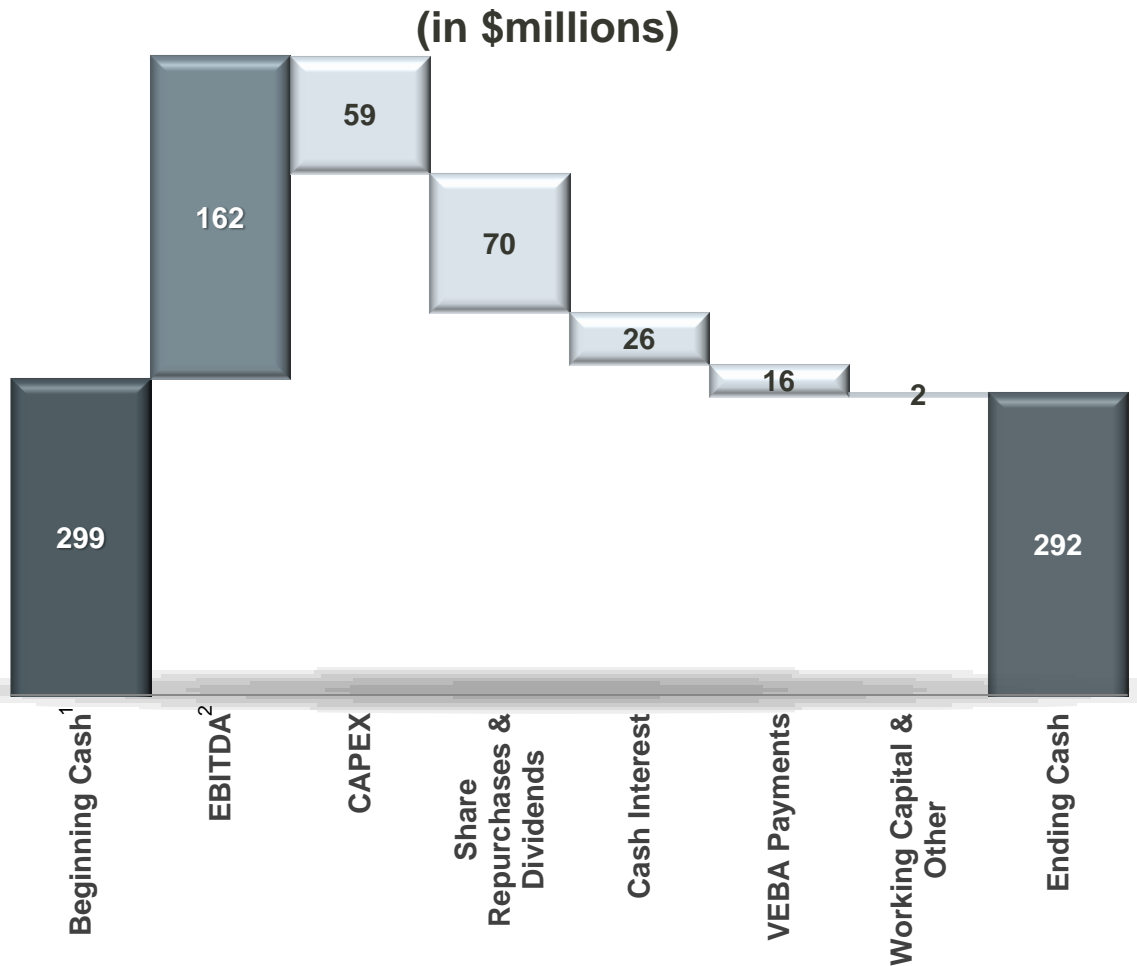
6 Adjusted EPS = Reported Earnings Per diluted Share excluding non-run-rate items; refer to slides 31-32

7 As Reported EPS = Reported Earnings Per diluted Share; refer to slides 31-32

Totals may not sum due to rounding

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**ALUMINUM**

# 2014 Cash Sources & Uses



- \$162 million EBITDA
- ~ \$59 million invested in growth initiatives
  - Trentwood casting complex
  - Trentwood Phase 5 plate capacity expansion
  - Automotive growth programs
- ~ \$70 million of cash returned to shareholders through quarterly dividends and share repurchases

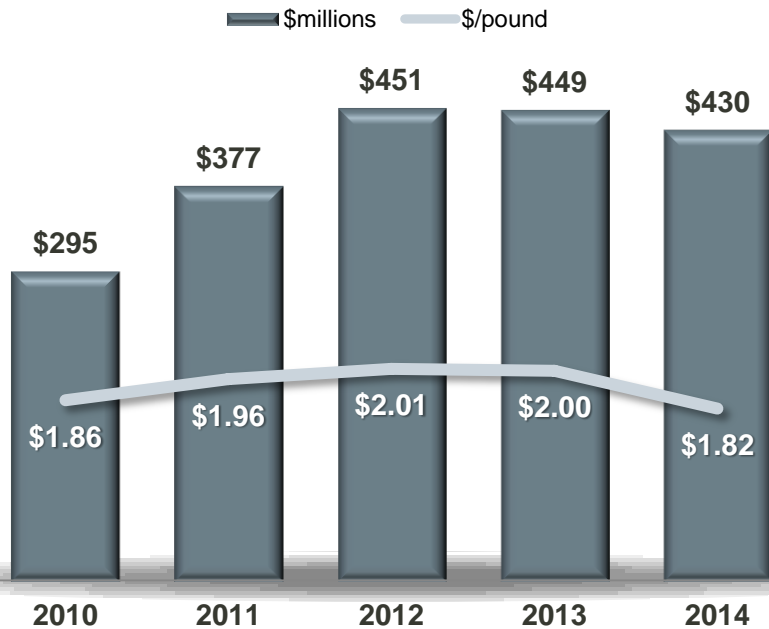
<sup>1</sup> Cash = Cash and cash equivalents as well as Short-term investments

<sup>2</sup> EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 29-30

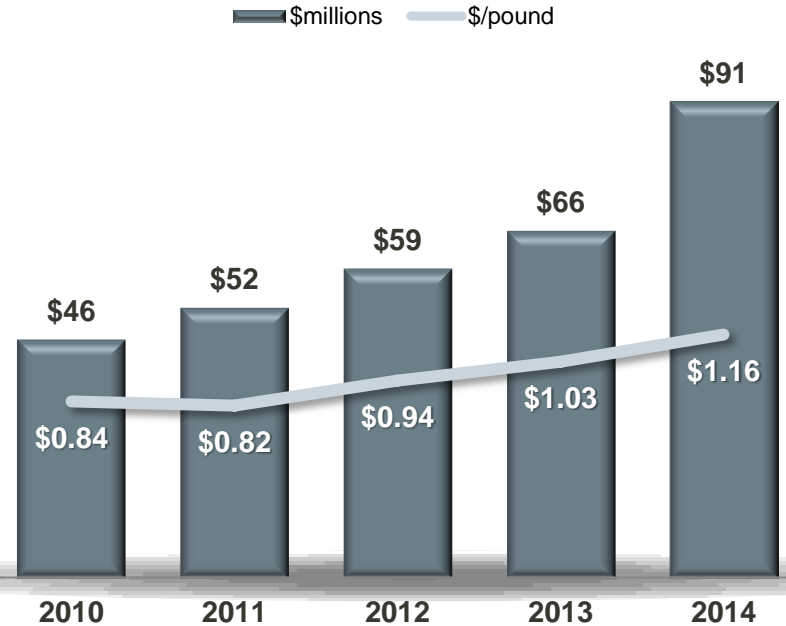
# 2015 Outlook

## Aero/High Strength & Automotive

Aerospace / High Strength Value Added Revenue<sup>1</sup>



Automotive Value Added Revenue



### Aerospace/HS outlook:

- Expect y/y VAR growth of 6%-8% driven by higher builds and steadily abating demand drag from the supply chain inventory overhang

### Automotive extrusions outlook:

- Expect ~15% y/y VAR growth driven by increasing content, including ramp-up of our production for the Ford F-150

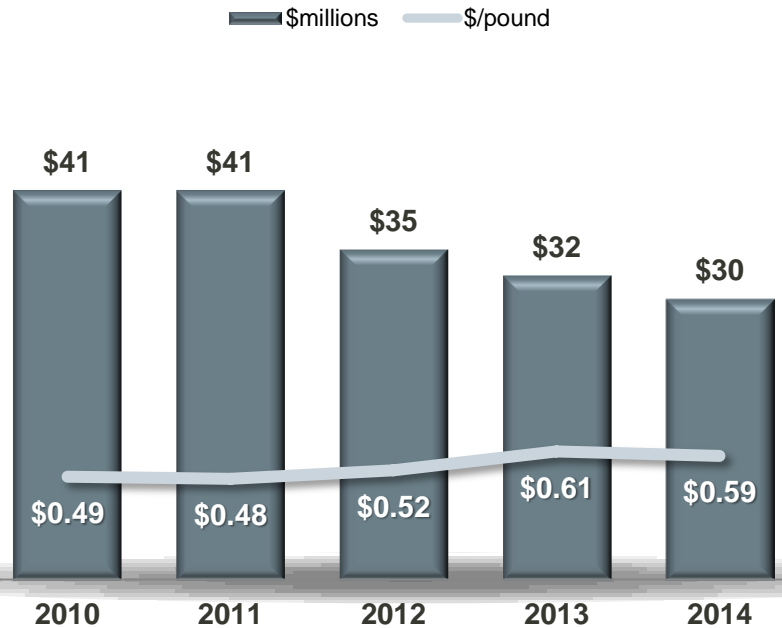
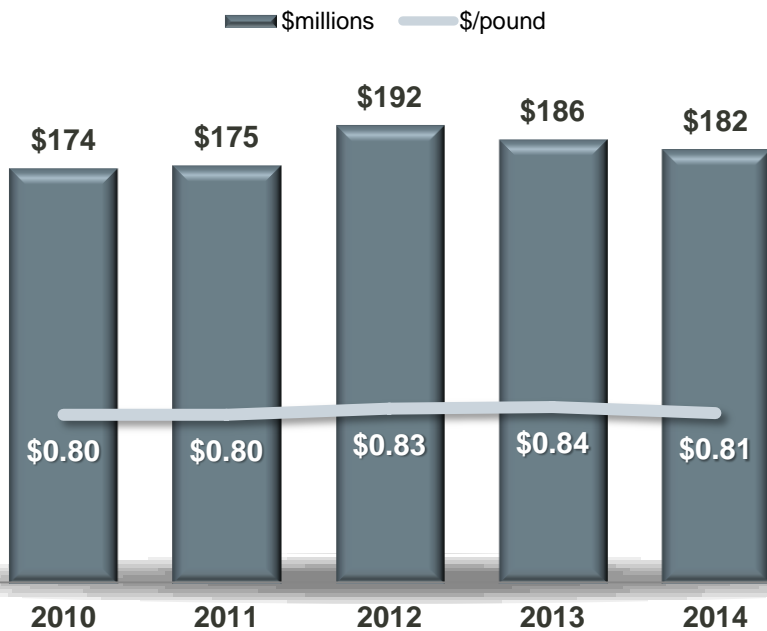
<sup>1</sup> Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 27-28

# 2015 Outlook

## General Engineering & Other

General Engineering Value Added Revenue<sup>1</sup>

Other Applications Value Added Revenue



### General engineering outlook:

- Anticipate 3%-4% y/y user demand growth based on current market conditions

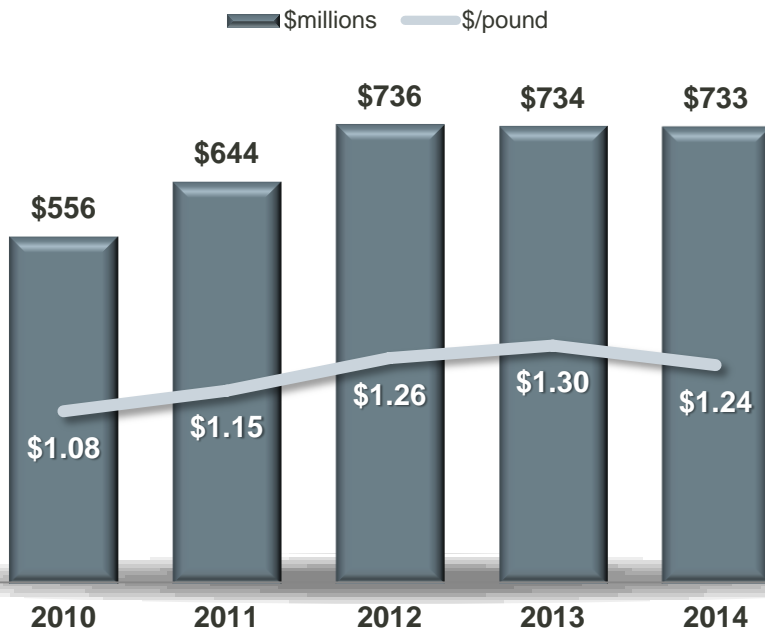
### Other applications outlook:

- Our VAR for these non-core applications has steadily declined as capacity is redirected to key strategic applications
- Anticipate 2015 VAR similar to prior year

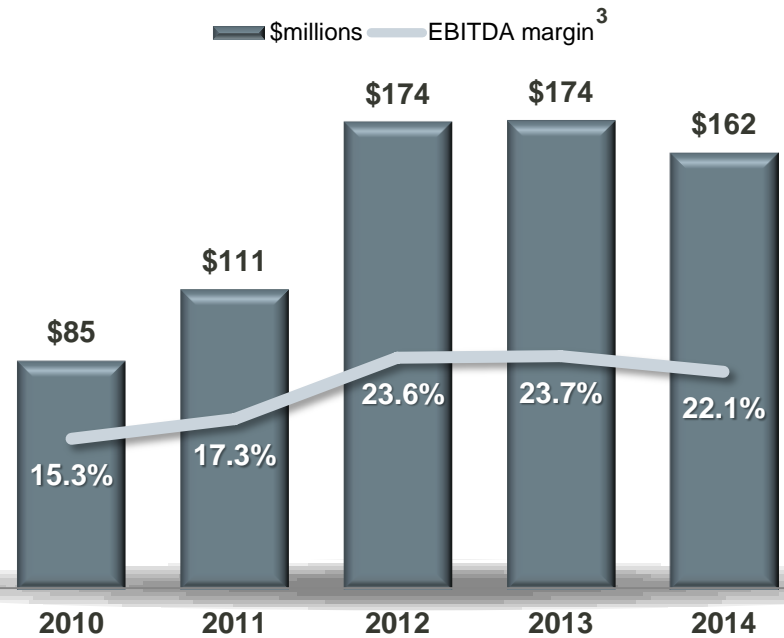
<sup>1</sup> Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 27-28

# Summary 2015 Outlook

Value Added Revenue<sup>1</sup>



EBITDA<sup>2</sup>



## VAR outlook:

- Expect y/y VAR growth driven by continued improvement in shipments for aero/HS and automotive applications

## EBITDA outlook:

- Expected EBITDA drivers are sales growth and manufacturing cost efficiencies
- 1Q15 will include ~\$1M signing bonus, ~\$3M full year benefit accruals, ~\$1M re-routing costs

<sup>1</sup> Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slides 27-28

<sup>2</sup> EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 29-30

<sup>3</sup> EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

# Five-Year Outlook

## Aerospace / High Strength Demand

- **Aero/HS plate: estimate 5% demand growth from 2014-2019<sup>1</sup>**
  - ~70% of demand is for large commercial aerospace applications
    - Expect strong growth in build rates supported by record 9-year backlog
    - Continued content growth from conversions to monolithic design
  - ~30% of demand is for slower-growth aerospace/industrial applications
- **Other aero/HS products: slower demand growth anticipated**
  - Products include sheet, extrusions, rod, bar, wire, and drawn tube
  - Higher proportion of demand is from industrial and aerospace end markets other than large commercial airframes
  - Demand for use of these products in large commercial airframes is dampened by monolithic design conversions to plate

<sup>1</sup> Kaiser 's estimate of compound annual growth rate 2014-2019 for industry shipments in pounds

# Five-Year Outlook Automotive Extrusions

- **Estimate 8% served market demand growth from 2014-2019<sup>1</sup>**
  - ~2% growth rate for vehicle builds
  - ~6% growth rate for aluminum extrusion content
- **Our served market focus includes a variety of applications**
  - Anti-lock braking systems
  - Drivetrain
  - Crash management systems
  - Chassis and structural components including BiW
- **Kaiser well-positioned to meet or exceed market demand growth**
  - Strong market presence and reputation for performance
  - Market-focused technical sales and engineering teams
  - Premier automotive extrusion facilities (London, Bellwood, Kalamazoo, Sherman)
  - Brownsite capacity expansions planned to meet growing demand

<sup>1</sup> Kaiser 's estimate of compound annual growth rate 2014-2019 for industry value added revenue dollars

# Kaiser's Five-Year Outlook

## Earnings Growth Driven by Sales Growth & Manufacturing Efficiencies

- **Strong secular growth: aerospace and automotive demand**
- **Strengthening demand for general industrial products**
- **Additional capacity and manufacturing efficiencies from prior and future investment initiatives**
- **Capital spending ~\$50-\$75 million per year:**
  - **Capacity expansions: automotive extrusions and heat treat plate focus**
  - **Manufacturing cost efficiency and quality initiatives**
  - **Sustaining capital spending (~70% of annual depreciation)**
- **Return cash to shareholders - dividends and share repurchases**
- **Strong balance sheet and financial flexibility**



# Summary

- **2014 results: improved volume / efficiency partially offset price impact**
- **2015 outlook: anticipate solid sales growth and improving manufacturing efficiency**
- **Long-term outlook: well-positioned for profitable growth**
  - **Robust secular growth prospects for automotive and aerospace / HS**
  - **Improving demand for general engineering / industrial applications**
  - **Further capacity, quality, and efficiency benefits**
  - **Strong balance sheet and solid cash flow generation**

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A collection of various aluminum extrusions, including a long cylindrical rod, several rectangular bars of different sizes, and a large L-shaped profile, all arranged in a stack. The metal has a brushed, matte finish and is set against a plain white background with soft shadows.

# Appendix

# Company Summary

A leader in fabricated aluminum products

- Leading North American semi-fabricated specialty aluminum products manufacturing company serving global markets
- Emphasis on highly engineered specifications for aerospace, defense, automotive, and general engineering applications
- Broad product offering of sheet, plate, rod, bar, wire, tube, and custom extrusions
- Reputation for Best In Class customer satisfaction
- Financial strength and flexibility
- Significant investments made for growth and competitive strength
- Solid platform and market presence for further value creation in strategic end market applications

## Mark-to-market

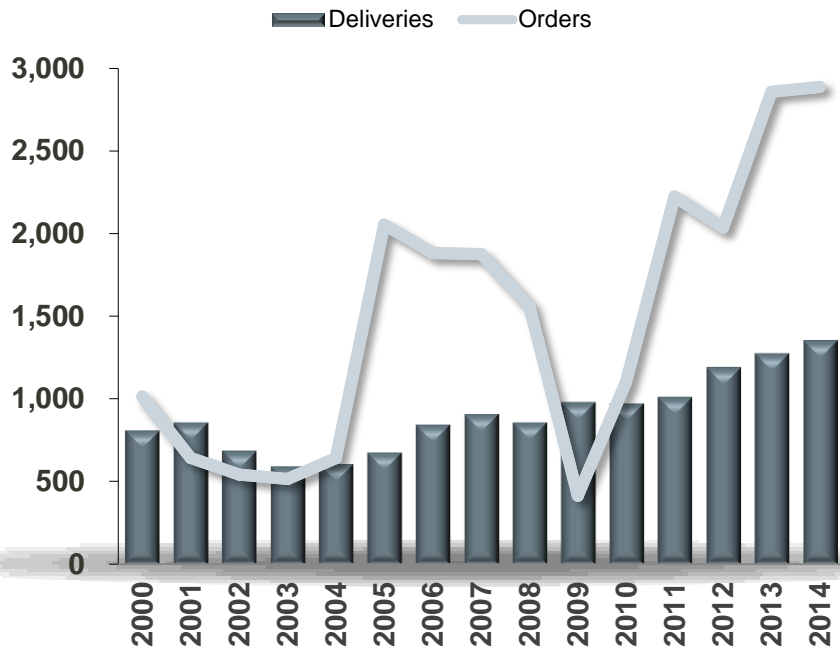
- Hedging-related derivatives are marked-to-market with non-cash gains and losses recognized in income (versus recognized in income on the cash settlement date of the derivative contracts). These are predominately related to:
  - Metal
  - Energy (Natural Gas, Electricity)
  - Options in financing transactions

## Consolidated LIFO to Plant LIFO Adjustment

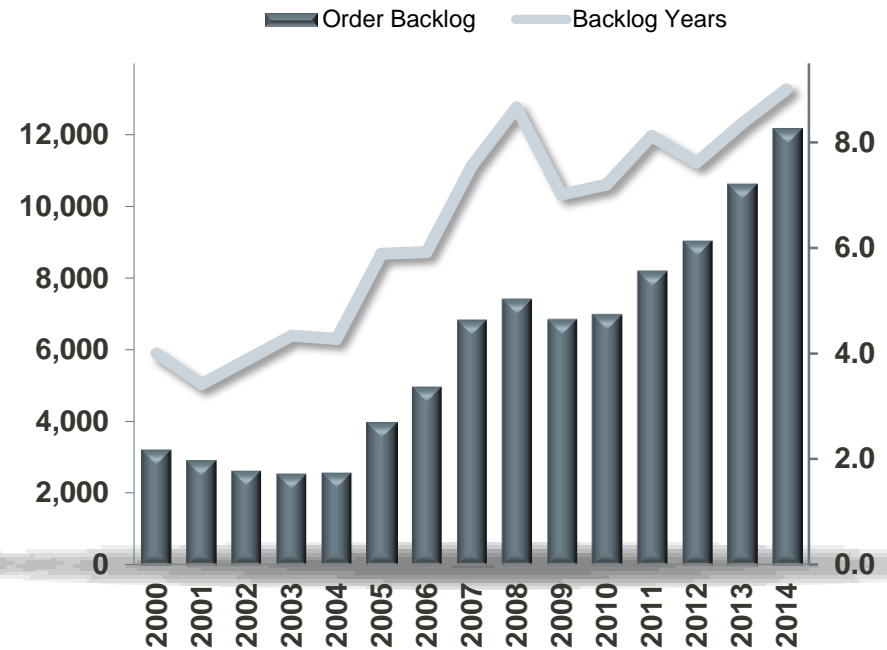
- We report externally using the LIFO inventory valuation method on a *consolidated* basis
- We manage our business using the LIFO inventory valuation method on a *plant-by-plant* basis
- The adjustment from consolidated to plant LIFO adjusts our COGS to the LIFO methodology we use to manage our business

# Boeing/Airbus Commercial Airframe Deliveries & Backlog

Boeing/Airbus Commercial Airframe Orders/Deliveries



Boeing/Airbus Commercial Airframe Backlog



- Boeing/Airbus record 2014 deliveries were up 6%
- Record 2014 orders equate to 2.1 years of production

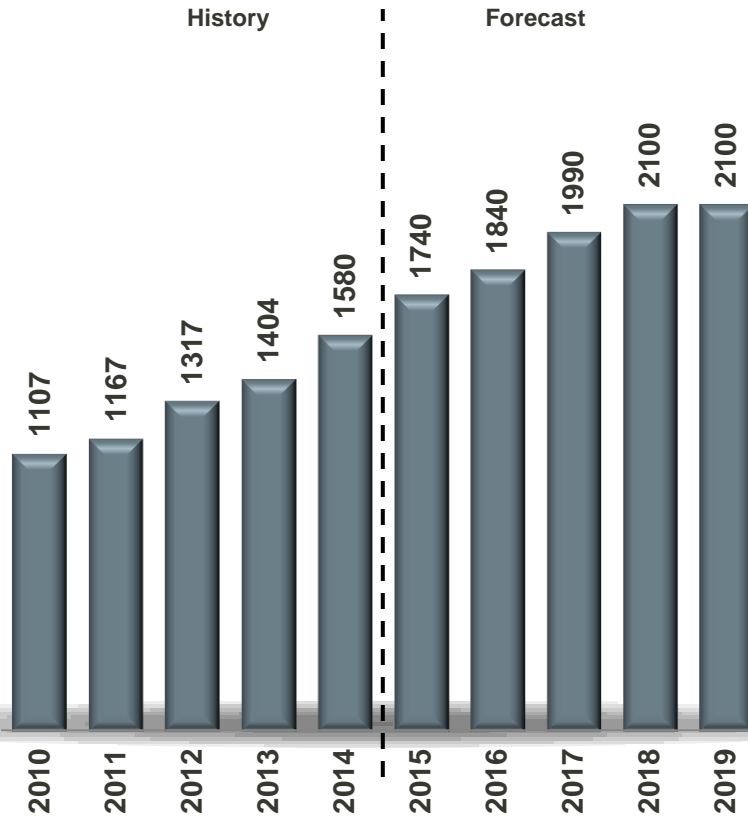
Record backlog ~9 years at 2014 production

Source: Boeing & Airbus

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# Total Commercial Airframe Deliveries

Global Commercial Airframe Builds



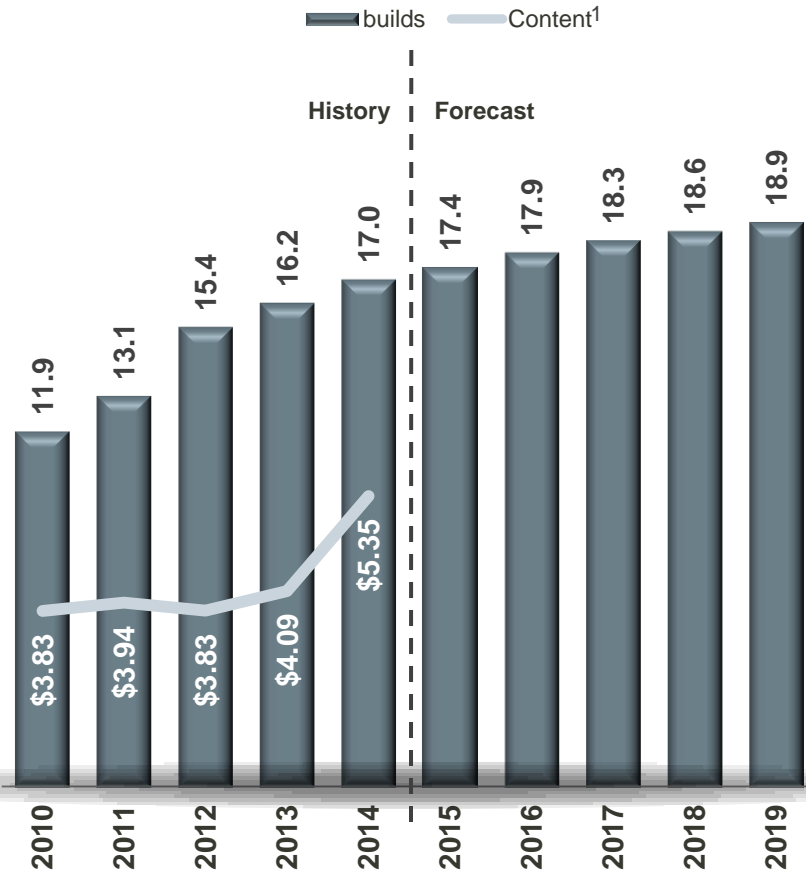
Source: July '14 Airline Monitor

## Robust secular growth trend

- Driven by global air travel growing at 5% CAGR (revenue passenger miles) over several decades
- Record order backlog for airframes and growing demand drives expected 6% CAGR for build rates
- Increasing aluminum plate content driven by:
  - Growing use of monolithic design in airframe construction
  - Larger airframes (longer and wider)

# Automotive Demand Trend

**N.A. Light Vehicle Production**  
(Millions of vehicles)



## Robust secular growth trend

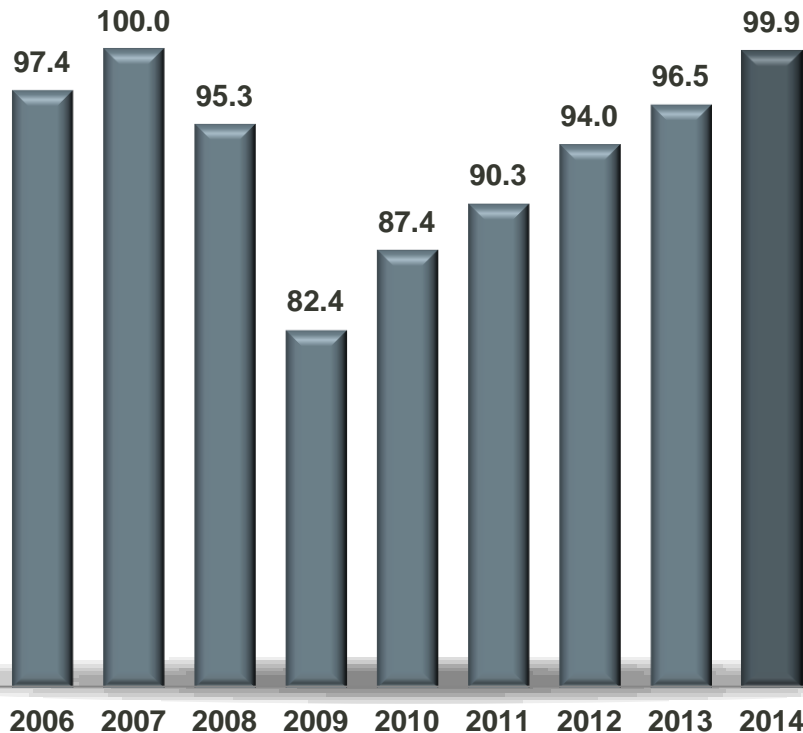
- Driven by growing build rates and aluminum extrusion content
- Content increasing as OEMs seek weight savings to achieve more fuel efficient vehicles
- Kaiser is well-positioned
  - Strong market presence, reputation for performance
  - Market focused technical sales and engineering teams
  - Premier automotive extrusion focused facilities (London, ONT, Bellwood, VA, Kalamazoo, MI, Sherman, TX)

<sup>1</sup> Content = Kaiser's Automotive Value Added Revenue dollars per North American vehicle build; Builds Source is IHS Automotive



# U.S. Manufacturing Trends

Index of Industrial Production – Manufacturing<sup>1</sup>



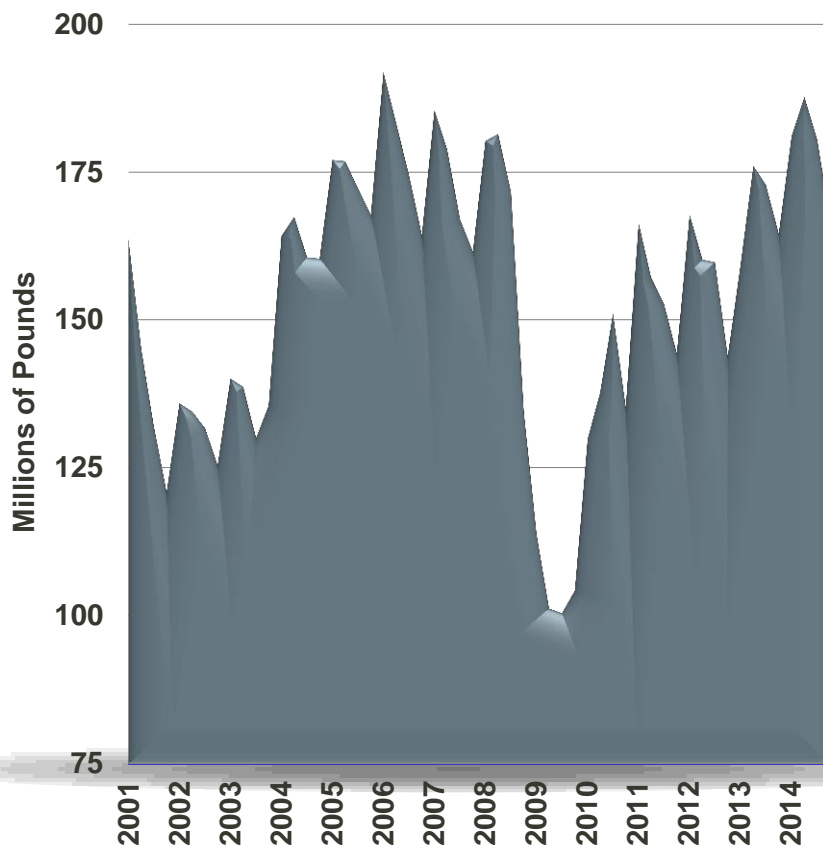
## Slow, steady economic recovery

- 2014 U.S. manufacturing activity returned to near 2007 levels
- Kaiser supplies a broad portfolio of general engineering products to the industrial sector that includes:
  - Sheet & plate
  - Rod, bar & wire
  - Seamless & structural tube
  - Extruded forge stock
  - Redraw rod
- Anticipate ~3% year-over-year demand growth in 2015

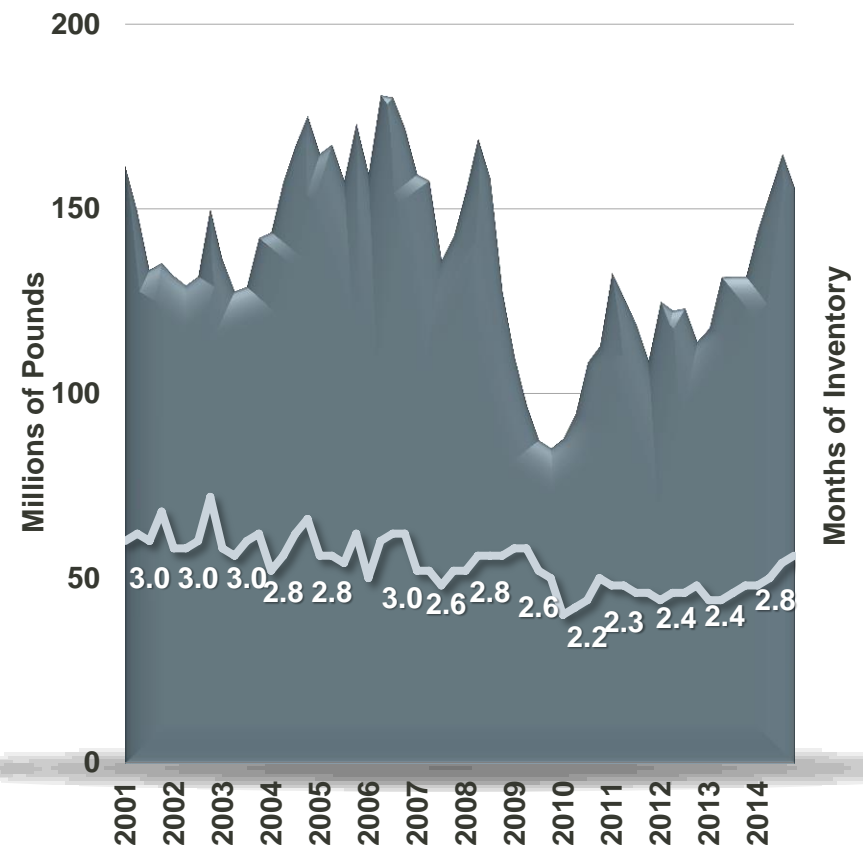
<sup>1</sup> Represents Annual Averages; Source: Federal Reserve statistics for U.S. manufacturing

# MSCI Aluminum Rod & Bar Shipments & Inventory

## Quarterly MSCI Shipments



## Quarterly MSCI Inventory



# Sales Analysis By Application - Quarterly

	<u>1Q12</u>	<u>2Q12</u>	<u>3Q12</u>	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>	<u>1Q14</u>	<u>2Q14</u>	<u>3Q14</u>	<u>4Q14</u>
<b>Shipments</b> (lbs, mm)												
Aero & High Strength	59.0	53.7	54.5	56.7	56.7	54.8	55.3	57.5	56.7	60.5	58.9	60.8
General Engineering	63.3	58.8	61.4	49.2	54.8	60.1	56.6	51.0	62.5	58.4	54.2	48.3
Automotive Extrusions	17.0	16.6	15.2	14.0	15.3	15.9	16.1	16.8	19.5	20.2	19.6	19.2
Other Applications <sup>1</sup>	<u>17.4</u>	<u>18.1</u>	<u>16.4</u>	<u>14.6</u>	<u>13.2</u>	<u>14.6</u>	<u>13.1</u>	<u>11.9</u>	<u>13.1</u>	<u>12.6</u>	<u>11.6</u>	<u>12.7</u>
<b>Total</b>	<b>156.7</b>	<b>147.2</b>	<b>147.5</b>	<b>134.5</b>	<b>140.0</b>	<b>145.4</b>	<b>141.1</b>	<b>137.2</b>	<b>151.8</b>	<b>151.7</b>	<b>144.3</b>	<b>141.0</b>
<b>Value Added Revenue</b> <sup>2</sup> (\$mm)												
Aero & High Strength	\$ 119.0	\$ 111.8	\$ 109.7	\$ 110.0	\$ 118.7	\$ 109.3	\$ 108.9	\$ 112.3	\$ 106.4	\$ 110.2	\$ 106.6	\$107.0
General Engineering	\$ 49.9	\$ 48.8	\$ 51.8	\$ 41.5	\$ 46.4	\$ 49.6	\$ 46.9	\$ 43.2	\$ 50.1	\$ 47.6	\$ 43.2	\$ 41.0
Automotive Extrusions	\$ 16.0	\$ 15.2	\$ 14.6	\$ 13.2	\$ 14.6	\$ 15.3	\$ 18.2	\$ 18.2	\$ 21.9	\$ 24.3	\$ 22.6	\$ 22.1
Other Applications	<u>\$ 9.9</u>	<u>\$ 9.6</u>	<u>\$ 7.9</u>	<u>\$ 7.3</u>	<u>\$ 7.7</u>	<u>\$ 9.3</u>	<u>\$ 7.9</u>	<u>\$ 7.1</u>	<u>\$ 7.2</u>	<u>\$ 7.5</u>	<u>\$ 7.4</u>	<u>\$ 7.4</u>
<b>Total</b>	<b>\$ 194.8</b>	<b>\$ 185.4</b>	<b>\$ 184.0</b>	<b>\$ 172.0</b>	<b>\$ 187.4</b>	<b>\$ 183.5</b>	<b>\$ 181.9</b>	<b>\$ 180.8</b>	<b>\$ 185.6</b>	<b>\$ 189.6</b>	<b>\$ 179.8</b>	<b>\$177.5</b>
<b>Value Added Revenue</b> (\$/lb.)												
Aero & High Strength	\$ 2.02	\$ 2.08	\$ 2.01	\$ 1.94	\$ 2.09	\$ 2.00	\$ 1.97	\$ 1.95	\$ 1.87	\$ 1.82	\$ 1.81	\$ 1.76
General Engineering	\$ 0.79	\$ 0.83	\$ 0.84	\$ 0.84	\$ 0.85	\$ 0.82	\$ 0.83	\$ 0.85	\$ 0.80	\$ 0.81	\$ 0.80	\$ 0.85
Automotive Extrusions	\$ 0.94	\$ 0.92	\$ 0.96	\$ 0.94	\$ 0.95	\$ 0.97	\$ 1.13	\$ 1.08	\$ 1.13	\$ 1.20	\$ 1.15	\$ 1.15
Other Applications	<u>\$ 0.57</u>	<u>\$ 0.53</u>	<u>\$ 0.48</u>	<u>\$ 0.50</u>	<u>\$ 0.58</u>	<u>\$ 0.64</u>	<u>\$ 0.61</u>	<u>\$ 0.60</u>	<u>\$ 0.55</u>	<u>\$ 0.60</u>	<u>\$ 0.64</u>	<u>\$ 0.58</u>
<b>Overall</b> <sup>3</sup>	<b>\$ 1.24</b>	<b>\$ 1.26</b>	<b>\$ 1.25</b>	<b>\$ 1.28</b>	<b>\$ 1.34</b>	<b>\$ 1.26</b>	<b>\$ 1.29</b>	<b>\$ 1.32</b>	<b>\$ 1.22</b>	<b>\$ 1.25</b>	<b>\$ 1.25</b>	<b>\$ 1.26</b>

1 Includes custom industrial products and billet

2 Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal

3 Total VAR / Total Shipments

Totals may not sum due to rounding

# Sales Analysis By Application - Annual

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
<b><u>Shipments</u></b> (lbs, mm)					
Aero & High Strength	158.9	192.0	223.9	224.3	236.9
General Engineering	217.4	220.2	232.7	222.5	223.4
Automotive Extrusions	54.2	62.8	62.8	64.1	78.5
Other Applications <sup>1</sup>	83.7	85.9	66.5	52.8	50.0
<b>Total</b>	<b>514.2</b>	<b>560.9</b>	<b>585.9</b>	<b>563.7</b>	<b>588.8</b>
<b><u>Value Added Revenue</u></b> <sup>2</sup> (\$mm)					
Aero & High Strength	295.4	376.5	450.5	449.2	430.2
General Engineering	174.0	175.2	192.0	186.1	181.9
Automotive Extrusions	45.6	51.6	59.0	66.3	90.9
Other Applications	40.9	40.9	34.7	32.0	29.5
<b>Total</b>	<b>555.9</b>	<b>644.2</b>	<b>736.2</b>	<b>733.6</b>	<b>732.5</b>
<b><u>Value Added Revenue</u></b> (\$/lb.)					
Aero & High Strength	\$1.86	\$1.96	\$2.01	\$2.00	\$1.82
General Engineering	\$0.80	\$0.80	\$0.83	\$0.84	\$0.81
Automotive Extrusions	\$0.84	\$0.82	\$0.94	\$1.03	\$1.16
Other Applications	\$0.49	\$0.48	\$0.52	\$0.61	\$0.59
<b>Overall</b> <sup>3</sup>	<b>\$1.08</b>	<b>\$1.15</b>	<b>\$1.26</b>	<b>\$1.30</b>	<b>\$1.24</b>

1 Includes custom industrial products and billet

2 Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal

3 Total VAR / Total Shipments

Totals may not sum due to rounding

# Reconciliation of Reported Operating Income to Adjusted EBITDA

(in \$ millions)	Quarterly											
	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
<b>Consolidated - Reported Operating Income</b>	<b>\$46.2</b>	<b>\$39.6</b>	<b>\$56.2</b>	<b>\$23.9</b>	<b>\$50.0</b>	<b>\$40.1</b>	<b>\$41.6</b>	<b>\$41.6</b>	<b>\$32.1</b>	<b>\$46.4</b>	<b>\$32.6</b>	<b>\$26.8</b>
Operating NRR <sup>1</sup> items:												
Mark-to-Market Gains (Losses)	3.1	(0.1)	12.3	(0.1)	(0.7)	(4.2)	1.5	4.1	2.0	1.5	(3.5)	(10.4)
Consolidated LIFO to Plant LIFO Adjustment	2.0	(1.5)	0.4	(3.2)	4.7	0.7	1.4	0.6	(4.6)	0.5	(1.4)	1.5
Workers' Compensation Discount Rate Effect	0.2	(0.4)	—	—	—	0.9	—	0.4	0.2	0.1	(0.1)	(0.2)
Impairment Losses	—	—	—	(4.4)	—	—	—	—	—	(0.2)	(1.3)	—
Legacy Environmental	—	(0.7)	(0.3)	(0.3)	(0.6)	—	(0.4)	(3.5)	(0.2)	(0.1)	—	(0.5)
VEBA Net Periodic Benefit Income	3.0	3.0	2.9	3.0	5.6	5.7	5.6	5.6	5.6	6.1	6.0	6.0
<b>Total Operating NRR Items</b>	<b>8.3</b>	<b>0.3</b>	<b>15.3</b>	<b>(5.0)</b>	<b>9.0</b>	<b>3.1</b>	<b>8.1</b>	<b>7.2</b>	<b>3.0</b>	<b>7.9</b>	<b>(0.3)</b>	<b>(3.6)</b>
Consolidated Operating Income before operating NRR	37.9	39.3	40.9	28.9	41.0	37.0	33.5	34.4	29.1	38.5	32.9	30.4
Depreciation & Amortization - Consolidated	6.3	6.6	6.7	6.9	7.0	7.0	6.9	7.2	7.4	7.7	8.0	8.0
<b>Consolidated - EBITDA</b>	<b>\$44.2</b>	<b>\$45.9</b>	<b>\$47.6</b>	<b>\$35.8</b>	<b>\$48.0</b>	<b>\$44.0</b>	<b>\$40.4</b>	<b>\$41.6</b>	<b>\$36.5</b>	<b>\$46.2</b>	<b>\$40.9</b>	<b>\$38.5</b>

<sup>1</sup> NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax  
Totals may not sum due to rounding

# Reconciliation of Reported Operating Income to Adjusted EBITDA

(in \$ millions)

	Annual				
	2010	2011	2012	2013	2014
<b>Consolidated - Reported Operating Income</b>	<b>\$41.1</b>	<b>\$55.0</b>	<b>\$165.9</b>	<b>\$173.3</b>	<b>\$137.9</b>
Operating NRR <sup>1</sup> items:					
Mark-to-Market (Losses) Gains	(0.7)	(29.9)	15.2	0.7	(10.4)
Consolidated LIFO to Plant LIFO Adjustment	(0.6)	(0.2)	(2.3)	7.4	(4.0)
Workers' Compensation Discount Rate Effect	—	(3.8)	(0.2)	1.3	—
Impairment Losses	(3.9)	—	(4.4)	—	(1.5)
Legacy Environmental	(13.9)	(3.9)	(1.3)	(4.5)	(0.8)
Restructuring Benefits	0.3	0.3	—	—	—
VEBA Net Periodic Benefit (Cost) Income	(5.1)	6.0	11.9	22.5	23.7
Other Operating (Charges) Benefits	(0.1)	0.3	—	—	—
<b>Total Operating NRR Items</b>	<b>(24.0)</b>	<b>(31.2)</b>	<b>18.9</b>	<b>27.4</b>	<b>7.0</b>
Consolidated Operating Income before operating NRR	65.1	86.2	147.0	145.9	130.9
Depreciation & Amortization - Consolidated	19.8	25.2	26.5	28.1	31.1
<b>Consolidated - EBITDA</b>	<b>\$84.9</b>	<b>\$111.4</b>	<b>\$173.5</b>	<b>\$174.0</b>	<b>\$162.0</b>

1 NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax  
Totals may not sum due to rounding

# Adjusted Net Income and EPS

<i>(in \$ millions except EPS)</i>	Quarterly											
	<u>1Q12</u>	<u>2Q12</u>	<u>3Q12</u>	<u>4Q12</u>	<u>1Q13</u>	<u>2Q13</u>	<u>3Q13</u>	<u>4Q13</u>	<u>1Q14</u>	<u>2Q14</u>	<u>3Q14</u>	<u>4Q14</u>
<b>GAAP net income</b>	\$26.5	\$21.0	\$29.2	\$ 9.1	\$33.5	\$18.6	\$25.4	\$27.3	\$15.8	\$24.5	\$15.9	\$15.6
Operating NRR <sup>1</sup> Items	(8.3)	(0.3)	(15.3)	5.0	(9.0)	(3.1)	(8.1)	(7.2)	(3.0)	(7.9)	0.3	3.6
Non-Operating NRR Items <sup>2</sup>	(0.5)	(0.7)	0.1	0.3	(0.4)	0.9	(2.2)	(2.1)	(0.9)	(0.5)	(2.2)	—
Tax impact of above NRR items	3.2	0.4	5.7	(1.9)	3.6	0.8	3.9	3.5	1.4	3.2	0.6	(1.3)
NRR tax benefit	-	-	-	-	(7.8)	-	(1.9)	(5.4)	-	-	-	(2.4)
<b>Adjusted net income</b>	\$20.9	\$20.4	\$19.7	\$12.5	\$19.9	\$17.2	\$17.1	\$16.1	\$13.3	\$19.3	\$14.6	\$15.5
GAAP earnings per diluted share <sup>3</sup>	\$1.38	\$1.09	\$1.51	\$0.47	\$1.73	\$0.98	\$1.34	\$1.44	\$0.85	\$1.33	\$0.85	\$0.85
<b>Adjusted earnings per diluted share<sup>3</sup></b>	\$1.09	\$1.06	\$1.02	\$0.65	\$1.03	\$0.91	\$0.90	\$0.85	\$0.72	\$1.05	\$0.79	\$0.85

1 NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

2 Non-Operating NRR Items do not contribute to Reported Operating Income and represent the mark-to-market of convertible bond related financial derivatives as well as income from a one-time bankruptcy trust share distribution in 3Q13

3 Diluted shares for EPS calculated using treasury method

Totals may not sum due to rounding

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# Adjusted Net Income and EPS

(in \$ millions except EPS)

	Annual				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>GAAP net income</b>	\$ 12.0	\$ 25.1	\$ 85.8	\$104.8	\$ 71.8
Operating NRR <sup>1</sup> Items	24.0	31.2	(18.9)	(27.4)	(7.0)
Non-Operating NRR Items <sup>2</sup>	4.9	(4.0)	(0.8)	(3.8)	(3.6)
Tax impact of above NRR items	(10.6)	(10.6)	7.5	11.8	4.0
NRR tax benefit	-	-	-	(15.1)	(2.4)
<b>Adjusted net income</b>	\$ 30.3	\$ 41.7	\$ 73.6	\$ 70.3	\$ 62.8
GAAP earnings per diluted share <sup>3</sup>	\$ 0.61	\$ 1.32	\$ 4.45	\$ 5.44	\$ 3.86
<b>Adjusted earnings per diluted share<sup>3</sup></b>	\$ 1.56	\$ 2.20	\$ 3.82	\$ 3.65	\$ 3.38

1 NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

2 Non-Operating NRR Items do not contribute to Reported Operating Income and represent the mark-to-market of convertible bond related financial derivatives as well as income from a one-time bankruptcy trust share distribution in 3Q13

3 Diluted shares for EPS calculated using treasury method for 2012 and onward; 2011 and prior calculated using two-class method

Totals may not sum due to rounding

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