KAISER ALUMINUM CORP
Form 10-Q
July 28, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

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

For the transition period from ________________________________
to____

Commission File Number: 1-09447

KAISER ALUMINUM CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	94-3030279
(State of incorporation)	(I.R.S. Employer Identification No.)
27422 Portola Parkway, Suite 200 Foothill Ranch, California	92610-2831
(Address of principal executive offices)	(Zip Code)

(949) 614-1740

(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 þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes þ No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o
	Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

As of July 17, 2017, there were 16,917,623 shares of common stock of the registrant outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2017	December 31, 2016
	(In millions of dollars, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$57.1	$ 55.2
Short-term investments	175.7	231.0
Receivables:		
Trade receivables, net	145.6	137.7
Other	10.7	11.9
Inventories	199.9	201.6
Prepaid expenses and other current assets	26.8	18.5
Total current assets	615.8	655.9
Property, plant and equipment, net	552.1	530.9
Deferred tax assets, net	138.3	159.7
Intangible assets, net	25.7	26.4
Goodwill	18.8	37.2
Other assets	36.0	33.4
Total	$1,386.7	$ 1,443.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$84.2	$ 75.8
Accrued salaries, wages and related expenses	34.6	49.1
Other accrued liabilities	37.5	40.1
Total current liabilities	156.3	165.0
Net liabilities of Salaried VEBA	28.0	28.6
Deferred tax liabilities	3.3	3.3
Long-term liabilities	61.1	73.2
Long-term debt	369.2	368.7
Total liabilities	617.9	638.8
Commitments and contingencies – Note 8		
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized at both June 30, 2017 and December 31, 2016; no shares were issued and outstanding at June 30, 2017 and December 31, 2016	—	—
Common stock, par value $0.01, 90,000,000 shares authorized at both June 30, 2017 and at December 31, 2016; 22,392,995 shares issued and 16,923,738 shares outstanding at June 30, 2017; 22,332,732 shares issued and 17,651,461 shares outstanding at December 31, 2016	0.2	0.2
Additional paid in capital	1,049.3	1,047.4
Retained earnings	97.6	75.2
Treasury stock, at cost, 5,469,257 shares at June 30, 2017 and 4,681,271 shares at December 31, 2016, respectively	(344.0)	(281.4)
Accumulated other comprehensive loss	(34.3)	(36.7)

Total stockholders' equity	768.8	804.7
Total	$1,386.7	$ 1,443.5

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED INCOME (UNAUDITED)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(In millions of dollars, except share and per share amounts)			
Net sales	$356.3	$334.9	$711.6	$678.1
Costs and expenses:				
Cost of products sold:				
Cost of products sold, excluding depreciation and amortization and other items	277.7	250.4	555.5	512.4
Lower of cost or market inventory write-down	—	—	—	4.9
Unrealized loss (gain) on derivative instruments	11.9	(10.9)	(3.2)	(14.9)
Depreciation and amortization	9.5	9.0	19.1	17.7
Selling, general, administrative, research and development:				
Selling, general, administrative, research and development	26.3	27.5	50.0	53.6
Net periodic postretirement benefit cost relating to Salaried VEBA	1.1	0.9	2.2	1.7
Gain on removal of Union VEBA net assets – Note 6	—	—	(1.3)	(0.1)
Total selling, general, administrative, research and development	27.4	28.4	50.9	55.2
Goodwill impairment	18.4	—	18.4	—
Other operating charges, net	—	0.1	—	0.1
Total costs and expenses	344.9	277.0	640.7	575.4
Operating income	11.4	57.9	70.9	102.7
Other (expense) income:				
Interest expense	(5.5)	(5.5)	(11.1)	(9.2)
Other income (expense), net – Note 13	1.0	(10.7)	1.6	(10.4)
Income before income taxes	6.9	41.7	61.4	83.1
Income tax provision	(2.2)	(15.7)	(20.7)	(30.8)
Net income	$4.7	$26.0	$40.7	$52.3
Net income per common share:				
Basic	$0.28	$1.45	$2.37	$2.92
Diluted	$0.27	$1.43	$2.34	$2.87
Weighted-average number of common shares outstanding (in thousands):				
Basic	17,003	17,871	17,193	17,867
Diluted	17,201	18,194	17,418	18,194
Dividends declared per common share	$0.50	$0.45	$1.00	$0.90

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In millions of dollars)			
Net income	$4.7	$26.0	$40.7	$52.3
Other comprehensive income, net of tax – Note 14:				
Defined benefit pension plan and VEBAs	0.8	0.7	1.7	1.5
Available for sale securities	0.2	0.3	0.3	0.3
Other	0.1	(0.1)	0.4	—
Other comprehensive income, net of tax	1.1	0.9	2.4	1.8
Comprehensive income	$5.8	$26.9	$43.1	$54.1

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENT OF CONSOLIDATED STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Shares Outstanding	Common Stock	Additional Paid in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
	(In millions of dollars, except share and per share amounts)						
BALANCE, December 31, 2016	17,651,461	$ 0.2	$ 1,047.4	$ 75.2	$ (281.4)	$ (36.7)	$ 804.7
Net income	—	—	—	40.7	—	—	40.7
Other comprehensive income, net of tax	—	—	—	—	—	2.4	2.4
Issuance of non-vested shares to non-employee directors	11,817	—	—	—	—	—	—
Issuance of common shares to non-employee directors	2,282	—	0.2	—	—	—	0.2
Issuance of common shares to employees upon vesting of restricted stock units and performance shares	102,737	—	—	—	—	—	—
Cancellation of employee non-vested shares	(378)	—	—	—	—	—	—
Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares	(56,195)	—	(4.5)	—	—	—	(4.5)
Repurchase of common stock	(787,986)	—	—	—	(63.2)	—	(63.2)
Cancellation of treasury stock	—	—	(0.2)	(0.4)	0.6	—	—
Cash dividends on common stock and restricted shares and dividend equivalents on restricted stock units and performance shares	—	—	—	(17.9)	—	—	(17.9)
Amortization of unearned equity compensation	—	—	6.4	—	—	—	6.4
BALANCE, June 30, 2017	16,923,738	$ 0.2	$ 1,049.3	$ 97.6	$ (344.0)	$ (34.3)	$ 768.8

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED CASH FLOWS (UNAUDITED)

	Six Months Ended June 30,	
	2017	2016
	(In millions of dollars)	
Cash flows from operating activities:		
Net income	$40.7	$52.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	18.4	16.9
Amortization of definite-lived intangible assets	0.7	0.8
Amortization of debt discount and debt issuance costs	0.6	0.5
Deferred income taxes	19.9	31.3
Non-cash equity compensation	6.6	5.7
Lower of cost or market inventory write-down	—	4.9
Gain on sale of available for sale securities	(1.3)	—
Non-cash unrealized gain on derivative instruments	(3.2)	(14.9)
Goodwill impairment	18.4	—
Loss on extinguishment of debt	—	11.1
Loss on disposition of property, plant and equipment	0.1	—
Non-cash net periodic postretirement benefit cost relating to Salaried VEBA	2.2	1.7
Other non-cash changes in assets and liabilities	(1.2)	0.9
Changes in operating assets and liabilities:		
Trade and other receivables	(6.7)	(20.0)
Inventories, excluding lower of cost or market write-down	1.7	(2.8)
Prepaid expenses and other current assets	(4.2)	(2.7)
Accounts payable	10.1	3.4
Accrued liabilities	(9.8)	17.4
Annual variable cash contributions to VEBAs	(20.0)	(19.5)
Long-term assets and liabilities, net	0.1	(14.8)
Net cash provided by operating activities	73.1	72.2
Cash flows from investing activities[1]:		
Capital expenditures	(39.7)	(42.3)
Purchase of available for sale securities	(128.0)	(72.4)
Proceeds from disposition of available for sale securities	184.2	30.0
Net cash provided by (used in) investing activities	16.5	(84.7)
Cash flows from financing activities[1]:		
Repayment of principal and redemption premium of 8.25% Senior Notes	—	(206.0)
Issuance of 5.875% Senior Notes	—	375.0
Cash paid for debt issuance costs	—	(6.9)
Proceeds from stock option exercises	—	1.0
Repayment of capital lease	(0.1)	(0.1)
Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares	(4.5)	(2.8)
Repurchase of common stock	(64.4)	(8.5)
Cash dividends and dividend equivalents paid	(17.9)	(16.3)
Net cash (used in) provided by financing activities	(86.9)	135.4

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
STATEMENTS OF CONSOLIDATED CASH FLOWS (UNAUDITED)

	Six Months Ended June 30,	
	2017	2016
Net increase in cash, cash equivalents and restricted cash during the period	2.7	122.9
Cash, cash equivalents and restricted cash at beginning of period	67.7	83.7
Cash, cash equivalents and restricted cash at end of period	$70.4	$206.6

[1] See Note 12 for the supplemental disclosure on non-cash transactions.

The accompanying notes to interim consolidated financial statements are an integral part of these statements.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. Summary of Significant Accounting Policies

This Quarterly Report on Form 10-Q (this "Report") should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2016. Unless the context otherwise requires, references in these notes to interim consolidated financial statements - unaudited to "Kaiser Aluminum Corporation," "we," "us," "our," "the Company" and "our Company" refer collectively to Kaiser Aluminum Corporation and its subsidiaries.

Organization and Nature of Operations. Kaiser Aluminum Corporation specializes in the production of semi-fabricated specialty aluminum mill products, such as aluminum plate and sheet and extruded and drawn products, for the following end market applications: aerospace and high strength ("Aero/HS products"), automotive applications ("Automotive Extrusions"), general engineering ("GE products") and other industrial ("Other products"). Our business is organized into one operating segment, Fabricated Products. See Note 11 for additional information regarding our reportable segment and business unit.

Principles of Consolidation and Basis of Presentation. The accompanying unaudited consolidated financial statements include the accounts of our wholly owned subsidiaries and are prepared in accordance with United States generally accepted accounting principles ("GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") applicable for interim periods and, therefore, do not include all information and footnotes required by GAAP for complete financial statements. In management's opinion, all adjustments (which include normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for our interim periods are not necessarily indicative of the results of operations that may be achieved for the entire 2017 fiscal year. The financial information as of December 31, 2016 is derived from our audited consolidated financial statements and footnotes included in our Annual Report on Form 10-K for the year ended December 31, 2016.

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of our consolidated financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of our consolidated financial position and results of operations.

Inventories. Inventories are stated at the lower of cost or market value. On March 31, 2016, we recorded a lower of cost or market inventory write-down of $4.9 million as a result of a decrease in our net realizable value of inventory. The net realizable value reflected commitments as of that date from customers to purchase our inventory at prices that exceeded the Midwest Transaction Price ("Midwest Price"), which reflects the primary aluminum supply/demand dynamics in North America, reduced by an approximate normal profit margin. There were no additional lower of cost or market inventory adjustments since the quarter ended March 31, 2016.

Finished products, work-in-process and raw material inventories are stated on the last-in, first-out ("LIFO") basis. At June 30, 2017, the current cost of inventory exceeded its stated LIFO value by $10.1 million. At December 31, 2016, the stated LIFO value of our inventory represented its net realizable value (less a normal profit margin) and exceeded the current cost of our inventory by $8.5 million. Other inventories are stated on the first-in, first-out basis and consist of operating supplies, which are materials and supplies to be consumed during the production process. Inventory costs consist of material, labor and manufacturing overhead, including depreciation. Abnormal costs, such as idle facility expenses, freight, handling costs and spoilage, are accounted for as current period charges. All of our inventories at June 30, 2017 and December 31, 2016 were included in the Fabricated Products segment (see Note 2 for the components of inventories).

Replacement Parts. Replacement parts consist of preventative maintenance and capital spare parts, which are stated on the first-in, first-out basis. Replacement parts are recorded within Prepaid expenses and other current assets or Other assets depending on whether or not the expected utilization of the replacement parts is to occur within the current operating cycle.

Property, Plant and Equipment, Net. Property, plant and equipment, net is recorded at cost and includes construction in progress (see Note 2). Interest related to the construction of qualifying assets is capitalized as part of the construction costs. The amount of interest expense capitalized as construction in progress was $0.7 million and $0.9 million during the quarters ended

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

June 30, 2017 and June 30, 2016, respectively. The amount of interest expense capitalized as construction in progress was $1.2 million and $1.8 million during the six months ended June 30, 2017 and June 30, 2016, respectively. Depreciation is computed using the straight-line method at rates based on the estimated useful lives of the various classes of assets. Capital lease assets and leasehold improvements are depreciated on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. Depreciation expense is not included in Cost of products sold, excluding depreciation and amortization and other items, but is included in Depreciation and amortization.

We classify assets as held for sale only when an asset is being actively marketed and expected to sell within 12 months. Assets held for sale are initially measured at the lesser of the assets' carrying amount and the fair value less costs to sell.

Self Insurance of Workers' Compensation and Employee Healthcare Liabilities. We self-insure the majority of the costs of workers' compensation benefits and employee healthcare benefits and rely on insurance coverage to protect us from large losses on individual claims. Workers' compensation liabilities are based on a combination of estimates for: (i) incurred-but-not-reported claims and (ii) the ultimate expense of incurred claims. Such estimates are based on judgment, using our historical claims data and information and analysis provided by actuarial and claims advisors, our insurance carriers and other professionals. Our undiscounted workers' compensation liabilities were estimated at $25.6 million and $26.8 million for the periods ended June 30, 2017 and December 31, 2016, respectively. However, we account for our workers' compensation accrued liability on a discounted basis, using a discount rate of 2.00% at both June 30, 2017 and December 31, 2016. Accrued liabilities for employee healthcare benefits, which are estimates of unpaid incurred medical and prescription drug costs as provided by our healthcare administrators, were $3.3 million and $3.6 million as of June 30, 2017 and December 31, 2016, respectively.

Derivative Financial Instruments. Consistent with guidelines established by management and approved by our Board of Directors, we use derivative financial instruments to mitigate our exposure to changes in the market price of aluminum, alloying metals and energy and, to a lesser extent, to mitigate our exposure to changes in foreign currency exchange rates. We do not use derivative financial instruments for trading or other speculative purposes. Hedging transactions are executed centrally on behalf of all of our operations to minimize transaction costs, monitor consolidated net exposures and allow for increased responsiveness to changes in market factors.

We reflect the fair value of all of our derivative instruments on our Consolidated Balance Sheets (see Note 9). The carrying values of hedges settling within one year are included in Prepaid expenses and other current assets or Other accrued liabilities. Carrying values for hedges settling beyond one year are included in Other assets or Long-term liabilities.

We do not meet the documentation requirements for hedge (deferral) accounting related to aluminum and energy derivatives. Accordingly, we record unrealized gain or loss associated with these hedges in the Statements of Consolidated Income within Unrealized loss (gain) on derivative instruments. As such derivatives settle, we reverse any previously recorded unrealized gain or loss associated with these hedges and record the realized gain or loss within Cost of products sold, excluding depreciation and amortization and other items.

Forward swap contracts for zinc and copper ("Alloy Hedges") used in our fabrication operations are designated and qualify as cash flow hedges. Unrealized gain and loss associated with the Alloy Hedges are deferred in Other comprehensive income, net of tax. As Alloy Hedges settle, we reverse any unrealized gain or loss previously recorded within Other comprehensive income, net of tax associated with settling Alloy Hedges and record the realized gain or loss within Cost of products sold, excluding depreciation and amortization and other items.

From time to time, we enter into foreign currency forward contracts to protect the value of anticipated foreign currency expenses associated with cash commitments for equipment purchases. Of these derivative contracts, those that qualify for cash flow hedge accounting are designated as cash flow hedges and the remainder are non-designated hedges. Both realized and unrealized gains and losses of foreign currency forward contracts designated as cash flow hedges are deferred in Accumulated other comprehensive loss and, over the period that the underlying equipment is depreciated, realized gains and losses are recorded as an adjustment to depreciation expense. For non-designated foreign currency forward contracts, gains and losses (both unrealized and realized) are reflected as an increase or reduction in Other income (expense), net.

Fair Value Measurements. We apply the fair value hierarchy established by GAAP for the recognition and measurement of certain financial assets and liabilities. An asset or liability's fair value classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and consider counterparty risk in our assessment of fair value.

The fair values of financial assets and liabilities are evaluated and measured on a recurring basis. As part of that evaluation process, we review the underlying inputs that are significant to the fair value measurement of financial instruments to determine if a transfer among hierarchy levels is appropriate. We historically have not had significant transfers into or out of each hierarchy level.

Financial assets and liabilities that we measure at fair value each period include our derivative instruments and available for sale securities, consisting of debt investment securities and investments related to our deferred compensation plan (see Note 6). Additionally, we measure at fair value once each year at December 31 the plan assets of the Salaried VEBA (defined in Note 6) and our Canadian defined benefit pension plan. We record our remaining financial assets and liabilities at carrying value.

The majority of our non-financial assets and liabilities, which include goodwill, intangible assets, inventories and property, plant and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur (or at least annually for goodwill), an evaluation of the affected non-financial asset or liability will be required, which could result in a reduction to the carrying amount of such asset or liability. See Note 4 for a discussion of the goodwill impairment charge recorded during the three months ended June 30, 2017 related to the operations at our Chandler, Arizona (Extrusion) facility.

We concluded that none of our other non-financial assets and liabilities subject to fair value assessments on a non-recurring basis required a material adjustment to the carrying amount of such assets and liabilities for the quarter and six months ended June 30, 2017.

New Accounting Pronouncements. Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), was issued in May 2014 and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, ASU 2014-09 was amended by ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which defers the effective date of ASU 2014-09 by one year for all entities and permits early adoption on a limited basis. ASU 2014-09 was subsequently amended by four additional pronouncements: (i) ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing; (ii) ASU No. 2016-11, Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting; (iii) ASU No. 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients; and (iv) ASU No. 2016-20, Revenue from Contracts with Customers (Topic 606): Technical Corrections and Improvements to Topic 606. We expect to adopt ASU 2014-09, including its subsequent amendments discussed above, using the modified retrospective transition approach for the fiscal year ending December 31, 2018. Based on our initial assessment, we have concluded that revenue from certain contracts will continue to be recognized at a point-in-time, while revenue from other contracts, primarily from our Aero/HS products and Automotive Extrusions, will be required to be recognized over time. We are currently assessing the impact that over-time recognition will have on our consolidated financial statements.

ASU No. 2016-02, Leases (Topic 842): Amendments to the Financial Accounting Standards Board Accounting Standards Codification ("ASU 2016-02"), was issued in February 2016. Under ASU 2016-02, lessees will need to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). For income statement purposes, a dual model was retained, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). ASU 2016-02 becomes effective for us in the first quarter of 2019. We are currently assessing the impact and expect the adoption of this ASU in 2019 to have a material impact on our consolidated financial statements.

We do not anticipate any material impact on our consolidated financial statements upon the adoption of the following accounting pronouncements: (i) ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities; (ii) ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments; (iii) ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost; and (iv) ASU No. 2017-09, Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

There were no material impacts on our consolidated financial statements resulting from our early adoption in the first quarter of 2017 of the following accounting pronouncements: (i) ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments; (ii) ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash; and (iii) ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.

2. Supplemental Balance Sheet Information

	June 30, 2017	December 31, 2016
	(In millions of dollars)	
Cash and Cash Equivalents		
Cash and money market funds	$30.7	$ 37.9
Commercial paper	26.4	17.3
Total	$57.1	$ 55.2
Trade Receivables, Net		
Billed trade receivables	$146.4	$ 138.2
Unbilled trade receivables	0.3	0.3
Trade receivables, gross	146.7	138.5
Allowance for doubtful receivables	(1.1)	(0.8)
Trade receivables, net	$145.6	$ 137.7
Inventories		
Finished products	$60.7	$ 73.8
Work-in-process	81.2	71.7
Raw materials	53.4	51.1
Operating supplies	4.6	5.0
Total	$199.9	$ 201.6
Property, Plant and Equipment, Net		
Land and improvements	$22.8	$ 22.7
Buildings and leasehold improvements	90.0	88.6
Machinery and equipment	625.0	615.1
Construction in progress	62.4	34.8
Property, plant and equipment, gross	800.2	761.2
Accumulated depreciation	(248.4)	(230.6)
Assets held for sale	0.3	0.3
Property, plant and equipment, net	$552.1	$ 530.9

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

	June 30, 2017	December 31, 2016
	(In millions of dollars)	
Other Accrued Liabilities		
Uncleared cash disbursements	$8.2	$ 5.8
Accrued income taxes and taxes payable	7.7	4.3
Accrued annual contribution to VEBAs	11.5	20.0
Accrued interest	2.9	2.9
Other	7.2	7.1
Total	$37.5	$ 40.1
Long-Term Liabilities		
Workers' compensation accruals	$24.5	$ 25.0
Long-term environmental accrual – Note 8	15.8	15.8
Long-term portion of contingent contribution to Union VEBA – Note 6	—	12.8
Other long-term liabilities	20.8	19.6
Total	$61.1	$ 73.2

3. Debt and Credit Facility

Senior Notes

5.875% Senior Notes. In May 2016, we issued $375.0 million principal amount of 5.875% unsecured senior notes due May 15, 2024 ("5.875% Senior Notes") at 100% of the principal amount. The unamortized amount of debt issuance costs as of June 30, 2017 was $5.8 million. Interest expense, including amortization of debt issuance costs, relating to the 5.875% Senior Notes was $5.7 million and $11.4 million for the quarter and six months ended June 30, 2017, respectively, and $3.1 million for both the quarter and six months ended June 30, 2016. A portion of the interest relating to the 5.875% Senior Notes was capitalized as construction in progress. The effective interest rate of the 5.875% Senior Notes is approximately 6.1% per annum, taking into account the amortization of debt issuance costs. The fair value of the outstanding 5.875% Senior Notes, which are Level 1 liabilities, was calculated based on broker quotes and was approximately $396.8 million and $390.8 million at June 30, 2017 and December 31, 2016, respectively.

8.25% Senior Notes. In May 2012, we issued $225.0 million principal amount of 8.25% unsecured senior notes due June 1, 2020 ("8.25% Senior Notes"), of which $197.8 million principal amount remained outstanding at December 31, 2015. On June 1, 2016 we redeemed in full all remaining 8.25% Senior Notes at a redemption price of 104.125% of the principal amount. Interest expense, including amortization of debt issuance costs, relating to the 8.25% Senior Notes was $2.8 million and $7.1 million for the quarter and six months ended June 30, 2016, respectively. A portion of the interest relating to the 8.25% Senior Notes was capitalized as construction in progress.

Revolving Credit Facility

Our credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the other financial institutions party thereto ("Revolving Credit Facility") provides us with a $300.0 million funding commitment through December 2020. We had $294.9 million of borrowing availability under the Revolving Credit Facility at June 30, 2017, based on the borrowing base determination then in effect. At June 30, 2017, there were no borrowings under the Revolving Credit Facility and $8.1 million was being used to support outstanding letters of credit, leaving $286.8 million of net borrowing availability. The interest rate applicable to any overnight borrowings under the Revolving Credit Facility would have been 4.50% at June 30, 2017.

4. Goodwill

Goodwill is related to our acquisitions of the Chandler, Arizona (Extrusion) facility and the Florence, Alabama facility and is included in the Fabricated Products segment. During the quarter ended June 30 2017, following a qualitative review of these facilities, we identified several factors that indicated that long-term demand for hard alloy extruded shapes was less than prior

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assumptions used to develop forecasts for the Chandler, Arizona (Extrusion) facility. Such factors included: (i) the reduction of build rates of wide body commercial aircraft; (ii) additional substitution away from hard alloy extruded shapes in favor of composites, titanium and/or aerospace aluminum plate in the manufacture of commercial aircraft; and (iii) continued low build rates for business jets. Based on these factors, we tested for goodwill impairment using level 3 inputs and a combination of an income approach using the estimated discounted cash flow and a market-based valuation methodology. Having determined that the carrying value of the Chandler, Arizona (Extrusion) facility exceeded its fair value as of June 30, 2017, an impairment charge of $18.4 million for the quarter ended June 30, 2017 was recorded within Operating income in the Statements of Consolidated Income. As this goodwill is deductible for income tax purposes, the deferred tax effects were included in the impairment charge and income tax provision.

A reconciliation of the change in the carrying value of goodwill was as follows (in millions):

	June 30, 2017	December 31, 2016
	(In millions of dollars)	
Balance at beginning of year	$37.2	$ 37.2
Goodwill impairment	(18.4)	—
Balance at end of period	$18.8	$ 37.2

Other than the impairment discussed above, we identified no other indicators of impairment associated with the remainder of our goodwill during the six months ended June 30, 2017.

5. Income Tax Matters

The provision for income taxes for each period presented consisted of the following (in millions of dollars):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Domestic	$1.9	$15.5	$20.1	$30.4
Foreign	0.3	0.2	0.6	0.4
Total	$2.2	$15.7	$20.7	$30.8

The income tax provision for the quarters ended June 30, 2017 and June 30, 2016 was $2.2 million and $15.7 million, respectively, reflecting an effective tax rate of 31.7% and 37.7%, respectively. The difference between the effective tax rate and the projected blended statutory tax rate for the quarter ended June 30, 2017 was due to: (i) a decrease of $0.1 million for the recognition of excess tax benefits from stock-based compensation, resulting in a 1.5% decrease to the blended statutory tax rate; (ii) a decrease of $0.1 million to the valuation allowance for certain state net operating losses, resulting in a 1.4% decrease to the blended statutory tax rate; and (iii) a decrease of $0.2 million related to unrecognized tax benefits, including interest and penalties, resulting in a 3.0% decrease to the blended statutory tax rate.

There was no material difference between the effective tax rate and the projected blended statutory tax rate for the quarter ended June 30, 2016.

The income tax provision for the six months ended June 30, 2017 and June 30, 2016 was $20.7 million and $30.8 million, respectively, reflecting an effective tax rate of 33.8% and 37.1%, respectively. The difference between the effective tax rate and the projected blended statutory tax rate for the six months ended June 30, 2017 was due to: (i) a decrease of $1.7 million for the recognition of excess tax benefits from stock-based compensation, resulting in a 2.7% decrease to the blended statutory tax rate; (ii) a decrease of $0.5 million to the valuation allowance for certain state net operating losses, resulting in a 0.9% decrease to the blended statutory tax rate; and (iii) a decrease of $0.2 million related to unrecognized tax benefits, including interest and penalties, resulting in a 0.3% decrease to the blended statutory tax rate.

There was no material difference between the effective tax rate and the projected blended statutory tax rate for the six months ended June 30, 2016.

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Our gross unrecognized benefits relating to uncertain tax positions were $1.5 million and $1.8 million at June 30, 2017 and December 31, 2016, respectively, of which, $0.4 million and $0.7 million would be recorded through our income tax provision and thus impact the effective tax rate at June 30, 2017 and December 31, 2016, respectively, if the gross unrecognized tax benefits were to be recognized.
We do not expect our gross unrecognized tax benefits to significantly change within the next 12 months.
6. Employee Benefits

Pension and Similar Benefit Plans. We provide contributions to: (i) defined contribution 401(k) savings plans for salaried employees and certain hourly employees; (ii) a non-qualified, unfunded, unsecured plan of deferred compensation for key employees who would otherwise suffer a loss of benefits under our defined contribution plan; (iii) multi-employer pension plans sponsored by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union AFL-CIO, CLC ("USW"), the International Association of Machinists and certain other unions at certain of our production facilities; and (iv) a defined benefit plan for salaried employees at our London, Ontario (Canada) facility.
Deferred Compensation Program. We have a non-qualified, unfunded, unsecured plan of deferred compensation for key employees who would otherwise suffer a loss of benefits under our defined contribution plan as a result of the limitations imposed by the Internal Revenue Code of 1986. Despite the plan being an unfunded plan, we make an annual contribution to a rabbi trust to fulfill future funding obligations as contemplated by the terms of the plan. These assets are held in various investment funds at certain registered investment companies and are accounted for as available for sale securities within Level 2 of the fair value hierarchy and are measured and recorded at fair value based on their quoted market prices. The fair value of these assets at June 30, 2017 and December 31, 2016 was $9.5 million and $8.2 million, respectively, and are included in Other assets. Offsetting liabilities relating to the deferred compensation plan are included in Long-term liabilities.
Union VEBA Postretirement Obligation. Certain eligible retirees participate in a voluntary employees' beneficiary association ("VEBA") that provides healthcare and medical cost reimbursement benefits for eligible retirees represented by certain unions and their surviving spouses and eligible dependents ("Union VEBA"). We have an obligation to make variable cash contributions to the Union VEBA with respect to periods through September 2017. During the first quarter of 2017, we paid $17.1 million to the Union VEBA with respect to the twelve months ended December 31, 2016, and in the first quarter of 2018, we will make a final cash contribution to the Union VEBA with respect to the nine months ending September 30, 2017. The final contribution amount is variable but cannot exceed $12.8 million. As of June 30, 2017, $11.5 million was recorded within Other accrued liabilities for this final contribution.
Salaried VEBA Postretirement Obligation. Additionally, certain other retirees who retired prior to 2004 and certain employees who were hired prior to February 2002 and have subsequently retired or will retire with the requisite age and service, along with their surviving spouses and eligible dependents, are eligible to participate in a separate VEBA that provides healthcare cost, medical cost and long-term care insurance cost reimbursement benefits ("Salaried VEBA"). We have an ongoing obligation with no express termination date to make annual variable cash contributions to the Salaried VEBA based on the contribution formula discussed in Note 6 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016. The contribution amount cannot exceed $2.9 million per year. Our contribution with respect to 2016 was $2.9 million, which we paid in the first quarter of 2017. We account for the Salaried VEBA as a defined benefit plan in our financial statements.
Fair Value of Plan Assets. The plan assets of the Salaried VEBA and our Canadian pension plan are measured annually on December 31 and reflected in our Consolidated Balance Sheets at fair value. In determining the fair value of the plan assets at an annual period end, we utilize primarily the results of valuations supplied by the investment advisors responsible for managing the assets of each plan, which we independently review for reasonableness.
Components of Net Periodic Benefit Cost. Our results of operations included the following impacts associated with the Canadian defined benefit plan and the Salaried VEBA: (i) a charge for service rendered by employees; (ii) a

charge for accretion of interest; (iii) a benefit for the return on plan assets; and (iv) amortization of prior service costs associated with plan amendments and net gains or losses on assets. Net periodic benefit cost related to the Canadian defined benefit plan was not material for the quarters and six months ended June 30, 2017 and June 30, 2016.

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The following table presents the components of Net periodic postretirement benefit cost relating to Salaried VEBA for the periods presented (in millions of dollars):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Salaried VEBA:				
Service cost[1]	$—	$—	$—	$—
Interest cost	0.8	0.8	1.5	1.5
Expected return on plan assets	(1.1)	(1.0)	(2.1)	(2.0)
Amortization of prior service cost	1.2	1.0	2.4	2.0
Amortization of net actuarial loss	0.2	0.1	0.4	0.2
Total net periodic postretirement benefit cost relating to Salaried VEBA	$1.1	$0.9	$2.2	$1.7

[1] The service cost was insignificant for all periods presented.

The following table presents the total charges (income) related to all benefit plans for the periods presented (in millions of dollars):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Included within Fabricated Products:				
Deferred compensation plan	$0.1	$0.1	$0.2	$0.1
Defined contribution plans	1.4	1.5	5.5	5.1
Multiemployer pension plans	1.2	1.2	2.3	2.3
Total Fabricated Products	$2.7	$2.8	$8.0	$7.5
Included within All Other:				
Deferred compensation plan	0.3	0.1	0.7	0.2
Defined contribution plans	0.1	0.2	0.6	0.6
Net periodic postretirement benefit cost relating to Salaried VEBA	1.1	0.9	2.2	1.7
Gain on removal of Union VEBA net assets	—	—	(1.3)	(0.1)
Total All Other	$1.5	$1.2	$2.2	$2.4
Total	$4.2	$4.0	$10.2	$9.9

For all periods presented, substantially all of the Fabricated Products segment's employee benefits related charges are in Cost of products sold, excluding depreciation and amortization and other items with the remaining balance in Selling, general, administrative, research and development ("SG&A and R&D").

7. Employee Incentive Plans

Short-Term Incentive Plans ("STI Plans")

We have annual short-term incentive compensation plans for senior management and certain other employees payable at our election in cash, shares of common stock, or a combination of cash and shares of common stock. Amounts earned under STI Plans are based on our adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), modified for certain safety, quality, delivery, cost and individual performance factors. The Adjusted EBITDA targets are determined based on the return on adjusted net assets of our Fabricated Products business. Most of our production facilities have similar

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programs for both hourly and salaried employees. As of June 30, 2017, we had a liability of $10.4 million recorded within Accrued salaries, wages and related expenses for estimated probable future payments relating to the six month performance period of our 2017 STI Plan.

Long-Term Incentive Programs ("LTI Programs")

General. Prior to May 26, 2016, executive officers and other key employees of the Company, as well as non-employee directors of the Company, were eligible to participate in the Kaiser Aluminum Corporation Amended and Restated 2006 Equity and Performance Incentive Plan ("2006 Plan"). On May 26, 2016, our stockholders approved the Kaiser Aluminum Corporation 2016 Equity and Incentive Compensation Plan ("2016 Plan"), which replaced and succeeded in its entirety the 2006 Plan. No grants will be made under the 2006 Plan on or after May 26, 2016, but outstanding awards granted under the 2006 Plan will continue unaffected. Subject to certain adjustments that may be required from time to time to prevent dilution or enlargement of the rights of participants under the 2016 Plan, the number of shares of common stock available for awards is limited to 1,045,000 shares, minus, (i) one share for every one share subject to an award granted under the 2006 Plan between December 31, 2015 and the effective date of the 2016 Plan, plus (ii) any shares of our common stock that become available under the 2016 Plan as a result of forfeiture, cancellation, expiration, or cash settlement of awards. At June 30, 2017, 762,796 shares were available for awards under the 2016 Plan.

Non-Vested Common Shares and Restricted Stock Units. We grant non-vested common shares to our non-employee directors and non-vested common shares and restricted stock units to our executive officers and other key employees. The restricted stock units have rights similar to the rights of non-vested common shares and each restricted stock unit that becomes vested entitles the recipient to receive one common share or a cash amount equaling the value of one common share. For both non-vested common shares and restricted stock units, the service period is generally one year for non-employee directors and three years for executive officers and other key employees.

Performance Shares. In addition to non-vested common shares and restricted stock units, we grant performance shares to executive officers and other key employees. Each performance share that becomes vested and earned entitles the recipient to receive one common share or a cash amount equaling the value of one common share. During the first quarter of 2017, performance shares granted in 2014 under the 2014-2016 LTI Program vested (see "Summary of Activity" below). The number of performance shares that vested and resulted in the issuance of common shares was determined based on our total shareholder return ("TSR") compared to the TSR of a specified group of peer companies over a three-year performance period.

Performance shares granted in 2015 are subject to performance conditions pertaining to our TSR relative to the TSR of a specified group of peer companies over a three-year performance period ("TSR-Based Performance Shares"). Performance shares granted in 2016 consist of TSR-Based Performance Shares and performance shares subject to performance requirements pertaining to our total controllable cost performance over a three-year performance period ("CP-Based Performance Shares").

Performance shares granted in 2017 consist of TSR-Based Performance Shares, CP-Based Performance Shares and performance shares subject to performance conditions pertaining to our economic value added ("EVA") performance, determined based on our adjusted pre-tax operating income in excess of a capital charge, over a three-year performance period ("EVA-Based Performance Shares").

The number of performance shares under the 2015-2017, 2016-2018 and 2017-2019 LTI Programs that may be earned and result in the issuance of common shares ranges between 0% to 200% of the target number of underlying common shares, which is approximately one-half of the maximum payout. The performance shares granted under the 2015-2017, 2016-2018 and 2017-2019 LTI Programs will vest in 2018, 2019 and 2020, respectively.

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Non-Cash Compensation Expense. Non-cash compensation expense relating to all awards is included in SG&A and R&D. Non-cash compensation expense by type of award under LTI Programs was as follows for each period presented (in millions of dollars):

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Non-vested common shares and restricted stock units	$1.2	$1.2	$2.5	$2.3
TSR-Based Performance Shares	1.2	1.4	2.5	2.5
CP-Based Performance Shares	0.8	0.4	1.2	0.5
EVA-Based Performance Shares	0.2	—	0.2	0.3
Total non-cash compensation expense	$3.4	$3.0	$6.4	$5.6

The following table presents the allocation of the charges detailed above, by segment (in millions of dollars):

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Fabricated Products	$1.2	$1.1	$2.4	$1.9
All Other	2.2	1.9	4.0	3.7
Total non-cash compensation expense	$3.4	$3.0	$6.4	$5.6

Unrecognized Gross Compensation Cost Data. The following table presents unrecognized gross compensation cost data by type of award as of June 30, 2017:

	Unrecognized Gross Compensation Costs (in millions of dollars)	Expected Period (in years) Over Which the Remaining Gross Compensation Costs Will Be Recognized
Non-vested common shares and restricted stock units	$ 8.5	2.0
TSR-Based Performance Shares	$ 6.8	1.9
CP-Based Performance Shares	$ 6.9	2.3
EVA-Based Performance Shares	$ 1.7	2.7

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Summary of Activity. A summary of the activity with respect to non-vested common shares, restricted stock units, TSR-Based Performance Shares, CP-Based Performance Shares and EVA-Based Performance Shares for the six months ended June 30, 2017 is as follows:

	Non-Vested Common Shares		Restricted Stock Units		TSR-Based Performance Shares		CP-Based Performance Shares		EVA-Based Performance Shares	
	Shares	Weighted-Average Grant-Date Fair Value per Share	Units	Weighted-Average Grant-Date Fair Value per Unit	Shares	Weighted-Average Grant-Date Fair Value per Share	Shares	Weighted-Average Grant-Date Fair Value per Share	Shares	Weighted-Average Grant-Date Fair Value per Share
Outstanding at December 31, 2016	114,658	$ 69.51	61,800	$ 74.94	394,525	$ 90.30	63,678	$ 80.46	—	$ —
Granted[1]	11,817	86.92	62,275	73.14	65,044	97.88	65,044	79.69	32,504	79.69
Vested	(46,689)	71.46	(8,655)	76.94	(94,082)	83.18	—	—	—	—
Forfeited[1]	(378)	69.83	(5,029)	79.70	(4,595)	95.98	(2,890)	79.90	(1,044)	79.69
Canceled[1]	—	—	—	—	(55,288)	83.18	—	—	—	—
Outstanding at June 30, 2017	79,408	$ 70.95	110,391	$ 73.71	305,604	$ 95.31	125,832	$ 80.07	31,460	$ 79.69

1 For performance shares, the number of shares granted and forfeited are presented at their maximum payout; and the number of shares canceled includes the number of shares that did not vest due to performance results falling below those required for maximum payout.

The weighted-average grant-date fair value per share for shares granted by type of award was as follows for each period presented:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Non-vested common shares	$86.92	$86.11	$86.92	$86.11
Restricted stock units	$—	$88.27	$73.14	$75.57
TSR-Based Performance Shares	$—	$—	$97.88	$93.02
CP-Based Performance Shares	$—	$—	$79.69	$80.46
EVA-Based Performance Shares	$—	$—	$79.69	$—

Stock Options. As of December 31, 2016, we had 1,543 fully-vested outstanding stock options exercisable to purchase common shares at $80.01 per share, all of which subsequently expired on April 2, 2017. No options were granted during the six months ended June 30, 2017, and no options were outstanding as of June 30, 2017.

Under each of the 2006 Plan and 2016 Plan, participants may elect to have us withhold common shares to satisfy minimum statutory tax withholding obligations arising in connection with the exercise of stock options and vesting of non-vested shares, restricted stock units and performance shares. We cancel any such shares withheld on the applicable vesting dates or earlier dates when service requirements are satisfied, which correspond to the times at which income to the employee is recognized. When we withhold these common shares, we are required to remit to the appropriate taxing authorities the fair value of the shares withheld as of the vesting date. During the six months ended June 30, 2017 and June 30, 2016, 56,195 and 35,430 common shares, respectively, were withheld and canceled for this purpose. The withholding of common shares by us could be deemed a purchase of the common shares.

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8. Commitments and Contingencies

Commitments. We have a variety of financial commitments, including purchase agreements, forward foreign exchange and forward sales contracts, indebtedness and letters of credit (see Note 3 and Note 9).

Environmental Contingencies. We are subject to a number of environmental laws and regulations, to potential fines or penalties assessed for alleged breaches of such laws and regulations and to potential claims based upon such laws and regulations. We are also subject to legacy environmental contingencies related to activities that occurred at operating facilities within Fabricated Products prior to July 6, 2006 while such operating facilities were being operated by a predecessor, which represent the majority of our environmental accruals. The status of these environmental contingencies are discussed below. We have established procedures for regularly evaluating environmental loss contingencies. Our environmental accruals represent our undiscounted estimate of costs reasonably expected to be incurred based on presently enacted laws and regulations, existing requirements, currently available facts, existing technology and our assessment of the likely remediation actions to be taken.

We continue to pursue remediation activities, primarily to address the historical use of oils containing polychlorinated biphenyls ("PCBs") at our Spokane, Washington ("Trentwood") facility. Our remediation efforts are in collaboration with the Washington State Department of Ecology ("Washington State Ecology"), to which we submitted a feasibility study in 2012 of remediation alternatives and from which we received permission to begin certain remediation activities pursuant to a signed work order. As we have finished a number of sections of the work plan, we have received approval from Washington State Ecology on satisfactory completion of those sections. Additionally, in cooperation with Washington State Ecology, to determine the treatability and evaluate the feasibility of removing PCBs from ground water under the Trentwood facility, we constructed a pilot test facility and began treatment operations at the test facility in the first half of 2016. As the success of the new methodology cannot be reasonably determined at this time, it is possible we may need to make upward adjustments to our related accruals as facts and cost estimates regarding the groundwater treatment method and the operation of the treatment facility become available.

During 2013, at the request of the Ohio Environmental Protection Agency ("OEPA"), we initiated an investigational study of the Newark, Ohio ("Newark") facility related to historical on-site waste disposal. Since 2014, we have completed a number of preliminary steps in the preparation of completing the final risk assessment and feasibility study, both of which are subject to review and approval by the OEPA. As work continues and progresses to a final risk assessment and feasibility study, we will establish and update estimates for probable and estimable remediation, if any. The actual and final cost for remediation will not be fully determinable until a final feasibility study is submitted and accepted by the OEPA and work plans are prepared, which is expected to occur in the next 12 to 15 months.

At June 30, 2017, our environmental accrual of $16.9 million represented our estimate of the incremental remediation cost based on: (i) proposed alternatives in the final feasibility study related to the Trentwood facility; (ii) currently available facts with respect to our Newark facility; and (iii) facts related to certain other locations owned or formerly owned by us. In accordance with approved and proposed remediation action plans, we expect that the implementation and ongoing monitoring could occur over a period of 30 or more years.

As additional facts are developed, feasibility studies are completed, draft remediation plans are modified, necessary regulatory approvals for the implementation of remediation are obtained, alternative technologies are developed, and/or other factors change, there may be revisions to management's estimates and actual costs may exceed the current environmental accruals. We believe at this time that it is reasonably possible that undiscounted costs associated with these environmental matters may exceed current accruals by amounts that could be, in the aggregate, up to an estimated $12.2 million over the remediation period. It is reasonably possible that our recorded estimate will change in the next 12 months.

Other Contingencies. We are party to various lawsuits, claims, investigations and administrative proceedings that arise in connection with past and current operations. We evaluate such matters on a case-by-case basis and our policy is to vigorously contest any such claims we believe are without merit. We accrue for a legal liability when it is both probable that a liability has been incurred and the amount of the loss is reasonably estimable. Quarterly, in addition to when changes in facts and circumstances require it, we review and adjust these accruals to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. While uncertainties are inherent in the final outcome of such matters and it is presently impossible to determine the actual cost that may ultimately be incurred, we believe that we have sufficiently accrued for such matters and that the ultimate resolution of pending matters will not have a material impact on our consolidated financial position, operating results or liquidity.

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9. Derivatives, Hedging Programs and Other Financial Instruments

Overview. In conducting our business, we enter into derivative transactions, including forward contracts and options, to limit our economic (i.e. cash) exposure resulting from: (i) metal price risk related to our sale of fabricated aluminum products and the purchase of metal used as raw material for our fabrication operations; (ii) energy price risk relating to fluctuating prices of natural gas and electricity used in our production processes; and (iii) foreign currency requirements with respect to our foreign subsidiaries and cash commitments for equipment purchases denominated in foreign currency.

Our derivative activities are overseen by a hedging committee ("Hedging Committee"), which is composed of our chief executive officer, chief operating officer, chief financial officer, chief accounting officer, treasurer and other officers and employees selected by the chief executive officer. The Hedging Committee meets regularly to review commodity price exposure, derivative positions and strategy, and management reports to our Board of Directors on the scope of its activities.

We are exposed to counterparty credit risk on all of our derivative instruments, which we manage by monitoring the credit quality of our counterparties and allocating our hedging positions among multiple counterparties to limit exposure to any single entity. Our counterparties are major, investment grade financial institutions or trading companies. Hedging transactions are governed by negotiated reciprocal credit lines, which generally require collateral to be posted above specified credit thresholds. We believe the risk of loss is remote and contained due to counterparty credit quality, our diversification practice and collateral requirements.

In a majority of our hedging counterparty agreements, our counterparty offers us a credit line that adjusts up or down, depending on our liquidity. Below specified liquidity thresholds, we may have to post collateral if the fair value of our net liability with such counterparty exceeds our reduced credit line. We manage this risk by allocating hedging transactions among multiple counterparties, using options as part of our hedging activities, or both. The aggregate fair value of our derivative instruments that were in a net liability position was $0.4 million and $0.1 million at June 30, 2017 and December 31, 2016, respectively, and we had no collateral posted as of those dates.

Additionally, our firm-price customer sales commitments create incremental customer credit risk related to metal price movements. Under certain circumstances, we mitigate this risk by periodically requiring cash collateral from them, which we classify as deferred revenue and include as a component of Other accrued liabilities. At June 30, 2017, we had no cash collateral posted from any of our customers. For more information about concentration risks concerning customers and suppliers, see Note 11.

Notional Amount of Derivative Contracts. The following table summarizes our derivative positions at June 30, 2017:

Aluminum	Maturity Period (month/year)	Notional Amount of contracts (mmlbs)
Purchased put option contracts	7/17 through 12/17	26.8
Fixed price purchase contracts	7/17 through 12/21	185.4
Fixed price sales contracts	8/17 through 11/19	1.1
Midwest premium swap contracts[1]	7/17 through 12/21	184.3

Alloying Metals	Maturity Period (month/year)	Notional Amount of contracts (mmlbs)
Fixed price purchase contracts	7/17 through 6/18	5.4

Natural Gas[2]	Maturity Period (month/year)	Notional Amount

		of contracts (mmbtu)
Fixed price purchase contracts	7/17 through 12/19	3,890,000

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Euro	Maturity Period (month/year)	Notional Amount of contracts (euro)
Fixed price purchase contracts	8/17 through 4/18	406,904

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1 Regional premiums represent the premium over the London Metal Exchange price for primary aluminum which is incurred on our purchases of primary aluminum.

2 As of June 30, 2017, we had derivative and/or physical delivery commitments with energy companies in place to cover exposure to fluctuations in prices for approximately 73% of the expected natural gas purchases for the remainder of 2017 and 71% of the expected natural gas purchases for both 2018 and 2019.

We have physical delivery commitments at firm prices covering approximately 54% of our expected electricity purchases for each of the remainder of 2017, 2018 and 2019, respectively.

Non-Designated Hedges of Operational Risks. Our pricing of fabricated aluminum products is generally intended to lock in a conversion margin (representing the value added from the fabrication process(es)) and to pass through metal price fluctuations to our customers. For some of our higher value added products sold on a spot basis, the pass through of metal price movements can sometimes lag by as much as several months, with a favorable impact to us when metal prices decline and an adverse impact to us when metal prices increase. Additionally, in certain instances, we enter into firm-price arrangements with our customers for stipulated volumes to be delivered in the future. Because we generally purchase primary and secondary aluminum on a floating price basis, the lag in passing through metal price movements to customers on some of our higher value added products sold on a spot basis and the volume that we have committed to sell to our customers under a firm-price arrangement create metal price risk for us. We use third-party hedging instruments to limit exposure to metal price risk related to the metal pass through lag on some of our products and firm-price customer sales contracts.

We are also exposed to risk of fluctuating prices for natural gas and electricity. We, from time to time, in the ordinary course of business, enter into hedging transactions and/or physical delivery commitments with third parties to mitigate our risk from fluctuations in natural gas and electricity prices.

Designated Alloying Metal Hedges. We enter into agreements with suppliers to purchase alloying metals (zinc and copper) used as raw materials in our fabrication operations at fluctuating prices that we are unable to pass along to our customers. We mitigate our exposure to metal price risk by entering into Alloy Hedges with third-party financial institutions at predetermined/fixed prices at stated delivery dates. Our Alloy Hedges are expected to be highly effective because monthly settlements correspond to forecasted physical purchases of alloying metals by our manufacturing facilities. The effective portion of the fair value on these Alloy Hedges is recorded within Other comprehensive income, net of tax, and is reclassified into the Statements of Consolidated Income during the month of settlement to Cost of products sold (See Note 14). As of June 30, 2017, we estimate the net gain of $0.1 million will be reclassified from Accumulated other comprehensive loss into Net income within the next 12 months. We incurred no ineffectiveness on these hedges during the quarter and six months ended June 30, 2017.

Foreign Currency Cash Flow Hedges. We are exposed to foreign currency exchange risk related to firm-price agreements for equipment purchases from foreign manufacturers. Such agreements require that we make payments in foreign currency to the vendor over time based on milestone achievements. We use foreign currency forward contracts designed to line up with the timing and amounts of scheduled payments to the foreign equipment manufacturers so that we mitigate our exposure to currency exchange rate fluctuations on these purchases. Certain of these derivative contracts are designated and qualify for cash flow hedge accounting and the remainder are non-designated hedges. As of June 30, 2017, we had one remaining open foreign currency forward contract designated as a cash flow hedge with a weighted average exchange rate of 1.12 euro to US dollar. The effective portion of the fair value on our designated foreign currency cash flow hedges is recorded within Other comprehensive income, net of tax, and is reclassified into the Statements of Consolidated Income on the same line item and the same period in which the underlying equipment is depreciated. Additionally, we had four open foreign currency forward contracts that were not designated as a cash flow hedges as of June 30, 2017 with a weighted average exchange rate of 1.08 euro to US dollar. Realized and unrealized periodic gains and losses of non-designated foreign currency forward contracts are reflected as a reduction or increase in Other income (expense), net.

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Realized and Unrealized Gain and Loss. Realized and unrealized (gain) loss included on the Statements of Consolidated Income associated with all derivative contracts consisted of the following for each period presented (in millions of dollars):

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Realized (gain) loss:				
Aluminum	$(5.2)	$1.0	$(9.8)	$3.7
Natural gas	0.1	1.6	0.1	3.3
Alloy Hedges	0.2	—	0.1	—
Total realized (gain) loss[1]	$(4.9)	$2.6	$(9.6)	$7.0
Unrealized loss (gain):				
Aluminum	$11.6	$(6.9)	$(4.7)	$(10.0)
Natural gas	0.3	(4.0)	1.5	(4.9)
Total unrealized loss (gain)[2]	$11.9	$(10.9)	$(3.2)	$(14.9)

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[1] Recorded within Cost of products sold, excluding depreciation, amortization and other items within the Fabricated Products segment.

[2] Recorded within Unrealized loss (gain) on derivative instruments within the Fabricated Products segment.

Fair Values of Derivative Contracts. The fair values of our derivative contracts are based upon trades in liquid markets. Valuation model inputs can be verified, and valuation techniques do not involve significant judgment. The fair values of such financial instruments are classified within Level 2 of the fair value hierarchy.

The following table presents our financial instruments, classified under the appropriate level of the fair value hierarchy, as of the period presented (in millions of dollars):

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
DERIVATIVE ASSETS:				
Non-Designated Hedges:				
Aluminum –				
Purchased put option contracts	$—	$0.1	$—	$0.1
Fixed price purchase contracts	—	9.5	—	9.5
Midwest premium swap contracts	—	0.3	—	0.3
Natural gas – Fixed price purchase contracts	—	0.3	—	0.3
Designated Hedges:				
Alloying metals – Fixed price purchase contracts	—	0.2	—	0.2
Total derivative assets[1]	$—	$10.4	$—	$10.4

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	June 30, 2017			
	Level 1	Level 2	Level 3	Total
DERIVATIVE LIABILITIES:				
Non-Designated Hedges:				
Aluminum –				
Fixed price purchase contracts	$ —	$ (0.1)	$ —	$ (0.1)
Midwest premium swap contracts	—	(2.0)	—	(2.0)
Natural gas – Fixed price purchase contracts	—	(0.7)	—	(0.7)
Designated Hedges:				
Alloying metals – Fixed price purchase contracts	—	—	—	—
Total derivative liabilities[2]	$ —	$ (2.8)	$ —	$ (2.8)

[1] Of the $10.4 million in total derivative assets, $9.1 million and $1.3 million were recorded within Prepaid expenses and other current assets and Other assets, respectively.

[2] Of the $2.8 million in total derivative liabilities, $1.9 million and $0.9 million were recorded within Other accrued liabilities and Long-term liabilities, respectively.

The following table presents our financial instruments, classified under the appropriate level of the fair value hierarchy, as of the period presented (in millions of dollars):

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
DERIVATIVE ASSETS:				
Non-Designated Hedges:				
Aluminum –				
Fixed price purchase contracts	$ —	$ 3.3	$ —	$ 3.3
Midwest premium swap contracts	—	0.9	—	0.9
Natural gas – Fixed price purchase contracts	—	1.6	—	1.6
Total derivative assets[1]	$ —	$ 5.8	$ —	$ 5.8
DERIVATIVE LIABILITIES:				
Non-Designated Hedges:				
Aluminum –				
Fixed price purchase contracts	$ —	$ (1.1)	$ —	$ (1.1)
Midwest premium swap contracts	—	(0.2)	—	(0.2)
Natural gas – Fixed price purchase contracts	—	(0.4)	—	(0.4)
Designated Hedges:				
Alloying metals – Fixed price purchase contracts	—	(0.1)	—	(0.1)
Total derivative liabilities[2]	$ —	$ (1.8)	$ —	$ (1.8)

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[1] Of the $5.8 million in total derivative assets, $5.0 million and $0.8 million were recorded within Prepaid expenses and other current assets and Other assets, respectively.

[2] Of the $1.8 million in total derivative liabilities, $0.8 million and $1.0 million were recorded within Other accrued liabilities and Long-term liabilities, respectively.

The aggregate fair value of our derivatives at June 30, 2017 and December 31, 2016 was a net asset of $7.6 million and a net asset of $4.0 million, respectively. The increase in the net asset position during the six months ended June 30, 2017 was primarily due to changes in the underlying commodity and energy prices, as well as settlement of positions during the period. Changes in the fair value of our derivative contracts relating to non-designated hedges of operational activities are reflected in Operating income.

Offsetting Information. We enter into derivative contracts with counterparties subject to enforceable master netting arrangements and, from time to time, not subject to netting arrangements. We reflect the fair value of our derivative contracts on a gross basis on the Consolidated Balance Sheets. We had no cash collateral pledged or received with our counterparties as of both June 30, 2017 and December 31, 2016.

The following tables present offsetting information regarding our derivatives by type of counterparty as of June 30, 2017 (in millions of dollars):

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets	Net Amount
Counterparty (with netting agreements)	$ 10.4	$ —	$ 10.4	$ 2.8	$ 7.6
Total	$ 10.4	$ —	$ 10.4	$ 2.8	$ 7.6

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets	Net Amount
Counterparty (with netting agreements)	$ (2.8)	$ —	$ (2.8)	$ (2.8)	$ —
Total	$ (2.8)	$ —	$ (2.8)	$ (2.8)	$ —

The following tables present offsetting information regarding our derivatives by type of counterparty as of December 31, 2016 (in millions of dollars):

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets	Net Amount
Counterparty (with netting agreements)	$ 3.3	$ —	$ 3.3	$ 1.0	$ 2.3

Counterparty (with partial netting agreements)	2.5	—	2.5	0.7	1.8
Total	$ 5.8	$ —	$ 5.8	$ 1.7	$ 4.1

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	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets	Net Amount
Counterparty (with netting agreements)	$ (1.0)	$ —	$ (1.0)	$ (1.0)	$ —
Counterparty (with partial netting agreements)	(0.8)	—	(0.8)	(0.7)	(0.1)
Total	$ (1.8)	$ —	$ (1.8)	$ (1.7)	$ (0.1)

Fair Value of Other Financial Instruments

Available for Sale Securities. We hold debt investment securities that are accounted for as available for sale securities. The fair value of the debt investment securities, which consist of commercial paper and corporate bonds, is determined based on valuation models that use observable market data. At June 30, 2017, all of our short-term investments had maturity dates within 12 months. We review our debt investment portfolio for other-than-temporary impairment at least quarterly or when there are changes in credit risk or other potential valuation concerns. At June 30, 2017 and December 31, 2016, the total unrealized loss, net of tax, included in Accumulated other comprehensive loss was immaterial and was not other-than-temporarily impaired. We believe that it is probable that the principal and interest will be collected in accordance with the contractual terms, and that the unrealized loss on these securities was due to normal market fluctuations, and not due to increased credit risk or other valuation concerns. The fair value input of our available for sale securities, which are classified within Level 2 of the fair value hierarchy, is calculated based on broker quotes. The amortized cost for available for sale securities approximates their fair value.

All Other Financial Assets and Liabilities. We believe that the fair value of our cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their respective carrying values due to their short maturities and nominal credit risk. See Note 2 for components of cash and cash equivalents.

The following table presents our other financial assets, classified under the appropriate level of the fair value hierarchy, as of June 30, 2017 (in millions of dollars):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$30.7	$26.4	$ —	$57.1
Short-term investments	—	175.7	—	175.7
Total	$30.7	$202.1	$ —	$232.8

The following table presents our other financial assets, classified under the appropriate level of the fair value hierarchy, as of December 31, 2016 (in millions of dollars):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$37.9	$17.3	$ —	$55.2
Short-term investments	—	231.0	—	231.0
Total	$37.9	$248.3	$ —	$286.2

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10. Net Income Per Share and Stockholders' Equity

Net Income Per Share. Basic and diluted net income per share were calculated as follows, for each period presented (in millions of dollars, except share and per share amounts):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net income	$4.7	$ 26.0	$40.7	$ 52.3
Denominator – Weighted-average common shares outstanding (in thousands):				
Basic[1]	17,003	17,871	17,193	17,867
Add: dilutive effect of non-vested common shares, restricted stock units, performance shares and stock options	198	323	225	327
Diluted[2]	17,201	18,194	17,418	18,194
Net income per common share, Basic:	$0.28	$ 1.45	$2.37	$ 2.92
Net income per common share, Diluted:	$0.27	$ 1.43	$2.34	$ 2.87

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1 The basic weighted-average number of common shares outstanding during the periods presented excludes non-vested common shares, restricted stock units and performance shares.

2 The diluted weighted-average number of common shares outstanding during the periods presented was calculated using the treasury method.

The following securities were excluded from the weighted-average diluted shares computation for the quarters and six months ended June 30, 2017 and June 30, 2016 as their inclusion would have been anti-dilutive (in thousands of shares):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Non-vested common shares, restricted stock units and performance shares	55	2	56	65
Total excluded	55	2	56	65

Dividends. During the six months ended June 30, 2017 and June 30, 2016, we paid a total of approximately $17.9 million and $16.3 million, respectively, in cash dividends to stockholders, including the holders of restricted stock, and in dividend equivalents to the holders of certain restricted stock units and performance shares.

Stock Repurchase Program. From time to time, we repurchase shares pursuant to a stock repurchase program authorized by our Board of Directors. Such repurchases of our common stock are recorded as Treasury stock. Repurchase transactions will occur at such times and prices as management deems appropriate and will be funded with our excess liquidity after giving consideration to, among other things, internal and external growth opportunities and future cash flows. Repurchases may be in open-market transactions or in privately negotiated transactions and the program may be modified or terminated by our Board of Directors at any time.

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The following table summarizes repurchases recorded as treasury stock for each period presented:

	Six Months Ended June 30,	
	2017	2016
Number of common shares repurchased	787,986	109,033
Weighted-average repurchase price (dollars per share)	$ 80.26	$ 79.04
Total cost of repurchased common shares (in millions of dollars)	$ 63.2	$ 8.6

At June 30, 2017, $125.2 million were available to repurchase our common shares pursuant to the stock repurchase program.

11. Segment and Geographical Area Information

Our primary line of business is the production of semi-fabricated specialty aluminum products, such as aluminum plate and sheet and extruded and drawn products, primarily used in Aero/HS products, Automotive Extrusions, GE products and Other products. We operate 11 focused production facilities in the United States and one in Canada. Consistent with the manner in which our chief operating decision maker reviews and evaluates our business, the Fabricated Products business is treated as a single operating segment. At June 30, 2017, approximately 63% of our employees were covered by collective bargaining agreements and approximately 16% of our employees were covered by collective bargaining agreements with expiration dates occurring within one year from June 30, 2017.

In addition to the Fabricated Products segment, we have a business unit, All Other, which provides general and administrative support for our operations. For purposes of segment reporting under GAAP, we treat the Fabricated Products segment as a reportable segment. All Other is not considered a reportable segment.

The accounting policies of the Fabricated Products segment are the same as those described in Note 1. Segment results are evaluated internally by management before any allocation of corporate overhead and without any charge for income taxes, interest expense or other net operating charges.

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The following tables provide financial information by reporting segment and business unit for each period or as of each period end, as applicable (in millions of dollars):

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net sales:				
Fabricated Products	$356.3	$334.9	$711.6	$678.1
Segment operating income (loss):				
Fabricated Products	$25.6	$72.1	$96.2	$130.0
All Other	(14.2)	(14.2)	(25.3)	(27.3)
Total operating income	$11.4	$57.9	$70.9	$102.7
Interest expense	(5.5)	(5.5)	(11.1)	(9.2)
Other income (expense), net	1.0	(10.7)	1.6	(10.4)
Income before income taxes	$6.9	$41.7	$61.4	$83.1
Depreciation and amortization:				
Fabricated Products	$9.4	$8.8	$18.8	$17.4
All Other	0.1	0.2	0.3	0.3
Total depreciation and amortization	$9.5	$9.0	$19.1	$17.7
Capital expenditures:				
Fabricated Products	$24.8	$16.3	$39.4	$42.1
All Other	0.1	0.1	0.3	0.2
Total capital expenditures	$24.9	$16.4	$39.7	$42.3

	June 30, 2017	December 31, 2016
Assets:		
Fabricated Products	$991.5	$ 969.4
All Other[1]	395.2	474.1
Total assets	$1,386.7	$ 1,443.5

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[1] Assets in All Other represent primarily all of our cash and cash equivalents, short-term investments, financial derivative assets (see Note 9) and net deferred income tax assets.

Net sales for the Fabricated Products segment by end market applications were as follows (in millions of dollars):

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net sales:				
Aero/HS products	$165.5	$167.7	$333.0	$344.6
Automotive Extrusions	55.9	48.8	108.9	97.1
GE products	122.0	107.3	245.2	212.7
Other products	12.9	11.1	24.5	23.7
Total net sales	$356.3	$334.9	$711.6	$678.1

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All income taxes are paid by the Fabricated Products reporting segment. Geographic information for income taxes paid was as follows (in millions of dollars):

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Income taxes paid:				
Domestic	$0.3	$0.2	$0.4	$0.3
Foreign	—	0.3	0.1	0.5
Total income taxes paid	$0.3	$0.5	$0.5	$0.8

Concentrations. For the quarter ended June 30, 2017, one customer represented 28% and another represented 12% of Fabricated Products Net sales. For the quarter ended June 30, 2016, one customer represented 27% and another represented 10% of Fabricated Products Net Sales. For the six months ended June 30, 2017, one customer represented 29% and another represented 11% of Fabricated Products Net sales. For the six months ended June 30, 2016, one customer represented 26% and another represented 10% of Fabricated Products Net Sales.

At June 30, 2017, one customer represented 18% and a second customer represented 16% of Trade receivables, net. One individual customer accounted for 18% and two individual customers each accounted for 12% of Trade receivables, net at December 31, 2016.

Information for delivery of our primary aluminum supply from our major suppliers was as follows:

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Percentage of total primary aluminum supply (lbs):				
Supply from our top five major suppliers	80%	86%	80%	84%
Supply from our largest supplier	24%	36%	25%	33%
Supply from our second and third largest suppliers	35%	30%	33%	32%

12. Supplemental Cash Flow Information

	Six Months Ended	
	June 30,	
	2017	2016
	(In millions of dollars)	
Interest paid	$10.4	$7.0
Non-cash investing and financing activities (included in Accounts payable):		
Unpaid purchases of property and equipment	$4.1	$2.6
Stock repurchases not yet settled	$0.6	$0.1
Acquisition of property and equipment through capital leasing arrangements	$0.3	$—

Components of cash, cash equivalents and restricted cash:	June 30, 2017	June 30, 2016
Cash and cash equivalents	$57.1	$195.3
Restricted cash included in Prepaid expenses and other current assets	0.3	0.3

Restricted cash included in Other assets	13.0	11.0
Total cash, cash equivalents and restricted cash shown in the Statements of Consolidated Cash Flows	$70.4	$206.6

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13. Other Income (Expense), Net
Other income (expense), net, consisted of the following for each period presented (in millions of dollars):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Interest income	$—	$—	$—	$0.1
Realized gain on investments	0.7	0.3	1.4	0.3
Loss on extinguishment of debt[1]	—	(11.1)	—	(11.1)
All other income, net	0.3	0.1	0.2	0.3
Other income (expense), net	$1.0	$(10.7)	$1.6	$(10.4)

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[1] Represents the loss on extinguishment of our 8.25% Senior Notes during the quarter ended June 30, 2016, which included an $8.2 million premium paid to redeem the notes and a $2.9 million write-off of unamortized debt issuance costs associated with the notes.

14. Accumulated Other Comprehensive (Loss) Income
The following table presents the changes in the accumulated balances for each component of Accumulated other comprehensive (loss) income ("AOCI") for each period presented (in millions of dollars):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Salaried VEBA and defined benefit pension plan:				
Beginning balance	$(36.2)	$(30.5)	$(37.1)	$(31.3)
Amortization of net actuarial loss[1]	0.2	0.1	0.4	0.2
Amortization of prior service cost[1]	1.2	1.0	2.4	2.0
Less: income tax expense[2]	(0.6)	(0.4)	(1.1)	(0.8)
Net amortization reclassified from AOCI to Net income	0.8	0.7	1.7	1.4
Translation impact on Canadian pension plan AOCI balance	—	—	—	0.1
Other comprehensive income, net of tax	0.8	0.7	1.7	1.5
Ending balance	$(35.4)	$(29.8)	$(35.4)	$(29.8)

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	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Available for sale securities:				
Beginning balance	$0.9	$(0.1)	$0.8	$(0.1)
Unrealized gain on available for sale securities	1.0	0.4	2.1	0.4
Less: income tax expense	(0.4)	(0.1)	(0.8)	(0.1)
Net unrealized gain on available for sale securities	0.6	0.3	1.3	0.3
Reclassification of unrealized gain upon sale of available for sale securities[3]	(0.7)	—	(1.6)	—
Less: income tax benefit[2]	0.3	—	0.6	—
Net unrealized gain reclassified from AOCI to Net income	(0.4)	—	(1.0)	—
Other comprehensive income, net of tax	0.2	0.3	0.3	0.3
Ending balance	$1.1	$0.2	$1.1	$0.2
Other:				
Beginning balance	$(0.1)	$(0.2)	$(0.4)	$(0.3)
Unrealized (loss) gain	—	(0.1)	0.3	0.1
Less: income tax expense	—	—	(0.1)	(0.1)
Net (loss) gain	—	(0.1)	0.2	—
Loss reclassified from AOCI to Net income	0.1	—	0.3	—
Less: income tax expense[2]	—	—	(0.1)	—
Net loss reclassified from AOCI to Net income	0.1	—	0.2	—
Other comprehensive income (loss), net of tax	0.1	(0.1)	0.4	—
Ending balance	$—	$(0.3)	$—	$(0.3)
Total AOCI ending balance	$(34.3)	$(29.9)	$(34.3)	$(29.9)

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1 Amounts reclassified out of AOCI relating to Salaried VEBA adjustments were included as a component of Net periodic postretirement benefit cost relating to Salaried VEBA.

2 Income tax amounts reclassified out of AOCI were included as a component of Income tax provision.

3 Amounts reclassified out of AOCI relating to sales of available for sale securities were included as a component of Other income (expense), net. We use the specific identification method to determine the amount reclassified out of AOCI.

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15. Condensed Guarantor and Non-Guarantor Financial Information

During the quarter ended June 30, 2016, we issued $375.0 million aggregate principal amount of our 5.875% Senior Notes and redeemed in full the remaining principal balance of our 8.25% Senior Notes. The 5.875% Senior Notes were issued by Kaiser Aluminum Corporation ("Parent") pursuant to an indenture dated May 12, 2016 ("Indenture") with Wells Fargo Bank, National Association, as trustee ("Trustee"). The obligations of the Parent under the Indenture are guaranteed by Kaiser Aluminum Investments Company, Kaiser Aluminum Fabricated Products, LLC and Kaiser Aluminum Washington, LLC, ("Guarantor Subsidiaries"). An additional Guarantor Subsidiary, Kaiser Aluminum Alexco, LLC, merged with and into Kaiser Aluminum Fabricated Products, LLC during the first quarter of 2017. All Guarantor Subsidiaries are 100% owned by the Parent. The guarantees are full and unconditional and joint and several but have customary releases in the following situations: (i) the sale of the Guarantor Subsidiary or all of its assets; (ii) the declaration of a Guarantor Subsidiary as an unrestricted subsidiary under the Indenture; (iii) the termination or release of the Guarantor Subsidiary's guarantee of certain other indebtedness; or (iv) our exercise of legal defeasance or covenant defeasance or the discharge of our obligations under the Indenture.

The following condensed consolidating financial information as of June 30, 2017 and December 31, 2016, and for the quarters and six months ended June 30, 2017 and June 30, 2016 present: (i) the financial position, results of operation and cash flows for each of (a) Parent, (b) the Guarantor Subsidiaries on a combined basis and (c) the Non-Guarantor Subsidiaries on a combined basis; (ii) the "Consolidating Adjustments," which represent the adjustments necessary to eliminate the investments in our subsidiaries, other intercompany balances and other intercompany sales and cost of sales among Parent, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries; and (iii) the resulting totals, reflecting information for us on a consolidated basis, as reported. The condensed consolidating financial information should be read in conjunction with the consolidated financial statements herein.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

CONDENSED CONSOLIDATING BALANCE SHEET
(In millions of dollars)
June 30, 2017

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$—	$ 49.9	$ 7.2	$ —	$ 57.1
Short-term investments	—	175.7	—	—	175.7
Receivables:					
Trade receivables, net	—	139.0	6.6	—	145.6
Intercompany loans receivable	66.9	0.2	0.6	(67.7)	—
Other	—	10.0	0.7	—	10.7
Inventories	—	196.7	7.7	(4.5)	199.9
Prepaid expenses and other current assets	0.2	26.3	0.3	—	26.8
Total current assets	67.1	597.8	23.1	(72.2)	615.8
Investments in and advances to subsidiaries	1,075.5	41.3	—	(1,116.8)	—
Property, plant and equipment, net	—	521.6	30.5	—	552.1
Long-term intercompany loans receivable	—	—	2.7	(2.7)	—
Deferred tax assets, net	—	133.5	—	4.8	138.3
Intangible assets, net	—	25.7	—	—	25.7
Goodwill	—	18.8	—	—	18.8
Other assets	—	36.0	—	—	36.0
Total	$1,142.6	$ 1,374.7	$ 56.3	$ (1,186.9)	$ 1,386.7
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$1.8	$ 77.0	$ 5.4	$ —	$ 84.2
Intercompany loans payable	—	67.6	0.1	(67.7)	—
Accrued salaries, wages and related expenses	—	33.1	1.5	—	34.6
Other accrued liabilities	2.8	39.3	0.1	(4.7)	37.5
Total current liabilities	4.6	217.0	7.1	(72.4)	156.3
Net liabilities of Salaried VEBA	—	28.0	—	—	28.0
Deferred tax liabilities	—	—	3.3	—	3.3
Long-term intercompany loans payable	—	2.7	—	(2.7)	—
Long-term liabilities	—	58.5	2.6	—	61.1
Long-term debt	369.2	—	—	—	369.2
Total liabilities	373.8	306.2	13.0	(75.1)	617.9
Total stockholders' equity	768.8	1,068.5	43.3	(1,111.8)	768.8
Total	$1,142.6	$ 1,374.7	$ 56.3	$ (1,186.9)	$ 1,386.7

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

CONDENSED CONSOLIDATING BALANCE SHEET
(In millions of dollars)
December 31, 2016

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$—	$ 52.9	$ 2.3	$ —	$ 55.2
Short-term investments	—	231.0	—	—	231.0
Receivables:					
Trade receivables, net	—	133.1	4.6	—	137.7
Intercompany receivables	85.8	0.1	0.6	(86.5)	—
Other	—	11.4	0.5	—	11.9
Inventories	—	197.5	8.0	(3.9)	201.6
Prepaid expenses and other current assets	0.1	18.0	0.9	(0.5)	18.5
Total current assets	85.9	644.0	16.9	(90.9)	655.9
Investments in and advances to subsidiaries	1,012.4	40.1	—	(1,052.5)	—
Property, plant and equipment, net	—	499.5	31.4	—	530.9
Long-term intercompany receivables	80.2	—	4.9	(85.1)	—
Deferred tax assets, net	—	154.9	—	4.8	159.7
Intangible assets, net	—	26.4	—	—	26.4
Goodwill	—	37.2	—	—	37.2
Other assets	—	33.4	—	—	33.4
Total	$1,178.5	$ 1,435.5	$ 53.2	$ (1,223.7)	$ 1,443.5
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$2.2	$ 68.9	$ 4.7	$ —	$ 75.8
Intercompany payable	—	86.4	0.1	(86.5)	—
Accrued salaries, wages and related expenses	—	47.2	1.9	—	49.1
Other accrued liabilities	2.9	52.6	(0.7)	(14.7)	40.1
Total current liabilities	5.1	255.1	6.0	(101.2)	165.0
Net liabilities of Salaried VEBA	—	28.6	—	—	28.6
Deferred tax liabilities	—	—	3.3	—	3.3
Long-term intercompany payable	—	85.1	—	(85.1)	—
Long-term liabilities	—	70.5	2.7	—	73.2
Long-term debt	368.7	—	—	—	368.7
Total liabilities	373.8	439.3	12.0	(186.3)	638.8
Total stockholders' equity	804.7	996.2	41.2	(1,037.4)	804.7
Total	$1,178.5	$ 1,435.5	$ 53.2	$ (1,223.7)	$ 1,443.5

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
(In millions of dollars)
Quarter Ended June 30, 2017

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$ —	$ 347.0	$ 29.8	$ (20.5)	$ 356.3
Costs and expenses:					
Cost of products sold:					
Cost of products sold, excluding depreciation and amortization and other items	—	271.6	25.7	(19.6)	277.7
Unrealized loss on derivative instruments	—	11.9	—	—	11.9
Depreciation and amortization	—	9.0	0.5	—	9.5
Selling, general, administrative, research and development:					
Selling, general, administrative, research and development	1.5	22.8	2.5	(0.5)	26.3
Net periodic postretirement benefit cost relating to Salaried VEBA	—	1.1	—	—	1.1
Total selling, general, administrative, research and development	1.5	23.9	2.5	(0.5)	27.4
Goodwill impairment	—	18.4	—	—	18.4
Total costs and expenses	1.5	334.8	28.7	(20.1)	344.9
Operating (loss) income	(1.5)	12.2	1.1	(0.4)	11.4
Other (expense) income:					
Interest expense	(4.6)	(0.9)	—	—	(5.5)
Other income, net	—	0.8	0.2	—	1.0
(Loss) income before income taxes	(6.1)	12.1	1.3	(0.4)	6.9
Income tax provision	—	(4.2)	(0.3)	2.3	(2.2)
Earnings in equity of subsidiaries	10.8	0.6	—	(11.4)	—
Net income	$ 4.7	$ 8.5	$ 1.0	$ (9.5)	$ 4.7
Comprehensive income	$ 5.8	$ 9.6	$ 1.0	$ (10.6)	$ 5.8

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
(In millions of dollars)
Six Months Ended June 30, 2017

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$—	$ 693.8	$ 59.1	$ (41.3)	$ 711.6
Costs and expenses:					
Cost of products sold:					
Cost of products sold, excluding depreciation and amortization and other items	—	544.2	51.0	(39.7)	555.5
Unrealized gain on derivative instruments	—	(3.2)	—	—	(3.2)
Depreciation and amortization	—	18.0	1.1	—	19.1
Selling, general, administrative, research and development:					
Selling, general, administrative, research and development	2.4	43.7	4.9	(1.0)	50.0
Net periodic postretirement benefit cost relating to Salaried VEBA	—	2.2	—	—	2.2
Gain on removal of Union VEBA net assets	—	(1.3)	—	—	(1.3)
Total selling, general, administrative, research and development	2.4	44.6	4.9	(1.0)	50.9
Goodwill impairment	—	18.4	—	—	18.4
Total costs and expenses	2.4	622.0	57.0	(40.7)	640.7
Operating (loss) income	(2.4)	71.8	2.1	(0.6)	70.9
Other (expense) income:					
Interest expense	(10.3)	(0.8)	—	—	(11.1)
Other income, net	—	1.4	0.2	—	1.6
(Loss) income before income taxes	(12.7)	72.4	2.3	(0.6)	61.4
Income tax provision	—	(25.0)	(0.5)	4.8	(20.7)
Earnings in equity of subsidiaries	53.4	1.2	—	(54.6)	—
Net income	$40.7	$ 48.6	$ 1.8	$ (50.4)	$ 40.7
Comprehensive income	$43.1	$ 51.0	$ 1.8	$ (52.8)	$ 43.1

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
(In millions of dollars)
Quarter Ended June 30, 2016

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$—	$ 327.3	$ 27.6	$ (20.0)	$ 334.9
Costs and expenses:					
Cost of products sold:					
Cost of products sold, excluding depreciation and amortization and other items	—	246.0	23.5	(19.1)	250.4
Unrealized gain on derivative instruments	—	(10.9)	—	—	(10.9)
Depreciation and amortization	—	8.5	0.5	—	9.0
Selling, general, administrative, research and development:					
Selling, general, administrative, research and development	1.6	23.8	3.0	(0.9)	27.5
Net periodic postretirement benefit cost relating to Salaried VEBA	—	0.9	—	—	0.9
Total selling, general, administrative, research and development	1.6	24.7	3.0	(0.9)	28.4
Other operating charges, net	—	0.1	—	—	0.1
Total costs and expenses	1.6	268.4	27.0	(20.0)	277.0
Operating (loss) income	(1.6)	58.9	0.6	—	57.9
Other (expense) income:					
Interest (expense) income	(5.9)	0.4	—	—	(5.5)
Other (expense) income, net	(11.0)	0.2	0.1	—	(10.7)
(Loss) income before income taxes	(18.5)	59.5	0.7	—	41.7
Income tax provision	—	(22.6)	(0.2)	7.1	(15.7)
Earnings in equity of subsidiaries	44.5	0.3	—	(44.8)	—
Net income	$26.0	$ 37.2	$ 0.5	$ (37.7)	$ 26.0
Comprehensive income	$26.9	$ 38.1	$ 0.5	$ (38.6)	$ 26.9

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
(In millions of dollars)
Six Months Ended June 30, 2016

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net sales	$—	$ 663.0	$ 54.0	$ (38.9)	$ 678.1
Costs and expenses:					
Cost of products sold:					
Cost of products sold, excluding depreciation and amortization and other items	—	503.1	46.6	(37.3)	512.4
Lower of cost or market inventory write-down	—	4.9	—	—	4.9
Unrealized gain on derivative instruments	—	(14.9)	—	—	(14.9)
Depreciation and amortization	—	16.7	1.0	—	17.7
Selling, general, administrative, research and development:					
Selling, general, administrative, research and development	2.4	47.4	5.2	(1.4)	53.6
Net periodic postretirement benefit cost relating to Salaried VEBA	—	1.7	—	—	1.7
Gain on removal of Union VEBA net assets	—	(0.1)	—	—	(0.1)
Total selling, general, administrative, research and development	2.4	49.0	5.2	(1.4)	55.2
Other operating charges, net	—	0.1	—	—	0.1
Total costs and expenses	2.4	558.9	52.8	(38.7)	575.4
Operating (loss) income	(2.4)	104.1	1.2	(0.2)	102.7
Other (expense) income:					
Interest expense	(10.2)	1.0	—	—	(9.2)
Other (expense) income, net	(11.0)	0.5	0.1	—	(10.4)
(Loss) income before income taxes	(23.6)	105.6	1.3	(0.2)	83.1
Income tax provision	—	(39.5)	(0.4)	9.1	(30.8)
Earnings in equity of subsidiaries	75.9	0.6	—	(76.5)	—
Net income	$52.3	$ 66.7	$ 0.9	$ (67.6)	$ 52.3
Comprehensive income	$54.1	$ 68.4	$ 1.0	$ (69.4)	$ 54.1

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(In millions of dollars)
Six Months Ended June 30, 2017

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	$(12.3)	$ 82.5	$ 2.9	$ —	$ 73.1
Cash flows from investing activities:					
Capital expenditures	—	(39.5)	(0.2)	—	(39.7)
Purchase of available for sale securities	—	(128.0)	—	—	(128.0)
Proceeds from disposition of available for sale securities	—	184.2	—	—	184.2
Intercompany loans receivable	99.1	(0.1)	2.2	(101.2)	—
Net cash provided by investing activities	99.1	16.6	2.0	(101.2)	16.5
Cash flows from financing activities:					
Repayment of capital lease	—	(0.1)	—	—	(0.1)
Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares	(4.5)	—	—	—	(4.5)
Repurchase of common stock	(64.4)	—	—	—	(64.4)
Cash dividends and dividend equivalents paid	(17.9)	—	—	—	(17.9)
Intercompany loans payable	—	(101.2)	—	101.2	—
Net cash used in financing activities	(86.8)	(101.3)	—	101.2	(86.9)
Net (decrease) increase in cash, cash equivalents and restricted cash during the period	—	(2.2)	4.9	—	2.7
Cash, cash equivalents and restricted cash at beginning of period	—	65.1	2.6	—	67.7
Cash, cash equivalents and restricted cash at end of period	$—	$ 62.9	$ 7.5	$ —	$ 70.4

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
(In millions of dollars)
Six Months Ended June 30, 2016

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	$190.7	$ 76.2	$ 5.3	$ (200.0)	$ 72.2
Cash flows from investing activities:					
Capital expenditures	—	(40.8)	(1.5)	—	(42.3)
Purchase of available for sale securities	—	(72.4)	—	—	(72.4)
Proceeds from disposition of available for sale securities	—	30.0	—	—	30.0
Intercompany loans receivable[1]	(219.7)	106.2	(2.4)	115.9	—
Net cash (used in) provided by in investing activities	(219.7)	23.0	(3.9)	115.9	(84.7)
Cash flows from financing activities:					
Repayment of principal and redemption premium of 8.25% Senior Notes	(206.0)	—	—	—	(206.0)
Issuance of 5.875% Senior Notes	375.0	—	—	—	375.0
Cash paid for debt issuance costs	(6.9)	—	—	—	(6.9)
Proceeds from stock option exercises	1.0	—	—	—	1.0
Repayment of capital lease	—	—	(0.1)	—	(0.1)
Cancellation of shares to cover employees' tax withholdings upon vesting of non-vested shares	(2.8)	—	—	—	(2.8)
Repurchase of common stock	(8.5)	—	—	—	(8.5)
Cash dividends and dividend equivalents paid	(16.3)	—	—	—	(16.3)
Cash dividends paid to Parent	—	(200.0)	—	200.0	—
Intercompany loans payable	(106.5)	222.1	0.3	(115.9)	—
Net cash provided by financing activities	29.0	22.1	0.2	84.1	135.4
Net increase in cash, cash equivalents and restricted cash during the period	—	121.3	1.6	—	122.9
Cash, cash equivalents and restricted cash at beginning of period	—	83.0	0.7	—	83.7
Cash, cash equivalents and restricted cash at end of period	$—	$ 204.3	$ 2.3	$ —	$ 206.6

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1 As a result of the Parent's additional liquidity associated with the 5.875% Senior Notes (see Note 3), we classify all intercompany receivables and payables as Intercompany loans receivable and Intercompany loans payable, respectively, and therefore categorize changes in these balances within the investing and financing sections, respectively, of the Condensed Consolidating Statement of Cash Flows.

16. Subsequent Events

Dividend Declaration. On July 17, 2017, we announced that our Board of Directors declared a cash dividend of $0.50 per common share. As such, we expect to pay approximately $8.5 million (including dividend equivalents) on or about August 15, 2017 to stockholders of record and the holders of certain restricted stock units at the close of business on July 27, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
This Item should be read in conjunction with Part I, Item 1. "Financial Statements" of this Quarterly Report on Form 10-Q (this "Report").
This Report contains statements which constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear throughout this Report and can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "estimates," "will," "should," "plans" or "anticipates" or the negative of the foregoing or other variations of comparable terminology, or by discussions of strategy. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties and that actual results may vary from those in the forward-looking statements as a result of various factors. These factors include: (i) the effectiveness of management's strategies and decisions; (ii) general economic and business conditions, including cyclicality and other conditions in the aerospace, automotive and other end market applications we serve; (iii) developments in technology; (iv) new or modified statutory or regulatory requirements; and (v) changing prices and market conditions. This Item, Part II, Item 1A. "Risk Factors" included in this Report and Part I, Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2016 each identify other factors that could cause actual results to vary. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements.
Management's discussion and analysis of financial condition and results of operations ("MD&A") is designed to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Overview;
- Highlights of the Quarter Ended June 30, 2017;
- Results of Operations;
- Liquidity and Capital Resources;
- Contractual Obligations, Commercial Commitments and Off-Balance-Sheet Arrangements;
- Critical Accounting Estimates and Policies;
- New Accounting Pronouncements; and
- Available Information.

Our MD&A should be read in conjunction with the consolidated financial statements and related notes included in Part I, Item 1. "Financial Statements" of this Report and the consolidated financial statements and related notes included in Part II, Item 8. "Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended December 31, 2016.
In the discussion of operating results below, we refer to certain items as non-run-rate items. For purposes of such discussion, non-run-rate items are items that, while they may recur from period-to-period: (i) are particularly material to results; (ii) affect costs primarily as a result of external market factors; and (iii) may not recur in future periods if the same level of underlying performance were to occur. Non-run-rate items are part of our business and operating environment but are worthy of being highlighted for the benefit of readers of our financial statements. Our intent is to allow users of the financial statements to consider our results both in light of and separately from items such as unrealized mark-to-market gains or losses on derivatives related to fluctuations in underlying metal and energy prices and currency exchange rates, lower of cost or market inventory write-downs, non-cash impairments, the impact of discount rate changes on workers' compensation liabilities, legacy environmental expenses related to predecessor operations and gains or losses related to our voluntary employee beneficiary associations ("VEBAs"). For a reconciliation of operating income (loss) excluding non-run-rate items to operating income (loss), see "Results of Operations - Segment and Business Unit Information" below.
A fundamental part of our business model is to remain neutral to the impact from fluctuations in the market price for aluminum, thereby earning profit predominately from the conversion of aluminum into semi-fabricated mill products. We refer to this as metal price neutrality. We purchase primary and scrap, or recycled, aluminum, our main raw material, at prices that fluctuate on a monthly basis, and our pricing policies generally allow us to pass the underlying

cost of metal through to our customers so that we remain neutral to metal pricing. For some of our higher value added revenue products sold on a spot basis, however, the pass through of metal price movements can lag by several months, with a favorable impact to us when metal prices decline and an adverse impact to us when metal prices increase. Additionally, we sometimes enter into firm-price customer sales agreements that specify a firm underlying metal price plus a conversion price. Spot sales with lagged metal price metal price pass through and firm-price sales agreements create metal price exposure for us, which we mitigate through a hedging program with an objective to remain metal price neutral.

Our pricing policies and hedging program are designed to largely mitigate the impact that fluctuations in underlying metal price may have on our profitability. As such, we provide information regarding value added revenue, which represents Net sales less the Hedged Cost of Alloyed Metal. Hedged Cost of Alloyed Metal is our Midwest Transaction Price of aluminum ("Midwest Price"), which reflects the primary aluminum supply/demand dynamics in North America, plus the cost of alloying elements plus any realized gains and/or losses on settled hedges related to the metal sold in the referenced period. Fabricated Products segment value added revenue (including average realized value added revenue and value added revenue by end market applications) is disclosed for the benefit of readers of our financial statements. Our intent is to allow users of the financial statements to consider our Net sales information both with and without the metal cost component thereof. For a reconciliation of value added revenue to Net sales, see "Results of Operations - Segment and Business Unit Information" below.

Overview

We manufacture and sell semi-fabricated specialty aluminum mill products for the following end market applications: aerospace and high strength ("Aero/HS products"); automotive ("Automotive Extrusions"); general engineering ("GE products"); and other industrial ("Other products"). Our fabricated aluminum mill products include flat-rolled (plate and sheet), extruded (rod, bar, hollows and shapes), drawn (rod, bar, pipe, tube and wire), and certain cast aluminum products. The sophistication of our products is due to the metallurgy and physical properties of the metal and the special characteristics that are required for particular end uses. We strategically choose to serve technically challenging applications for which we can deploy our core metallurgical and process technology capabilities to produce highly engineered mill products with differentiated characteristics that present opportunities for us to receive premium pricing and to create long-term profitable growth.

With respect to the global market for flat-rolled aluminum mill products, our focus is on heat treat plate and sheet for applications that require higher strength and other desired product attributes that cannot be achieved by common alloy rolled products. The primary end market applications of flat-rolled heat treat plate and sheet are Aero/HS products (which we sell globally) and GE products (which we predominantly sell within North America). Similarly, in the areas of aluminum extrusions, we focus on demanding Aero/HS products, Automotive Extrusions and GE products that require high strength, machinability or other specific properties where we can create and maintain a defensible competitive position because of our technical expertise, strong production capability and high product quality. We primarily serve North American demand for extruded mill products.

Our rolling mill in Spokane, Washington ("Trentwood") produces heat treat plate and sheet for aerospace and general engineering end market applications. Our 11 extrusion/drawing facilities, 10 of which are in the United States and one of which is in Canada, serve aerospace, automotive or general engineering applications. Our consolidated Net sales for the six months ended June 30, 2017, totaled $711.6 million on 323.1 million pounds shipped from these 12 focused facilities. We employed approximately 2,760 people at June 30, 2017.

We have long-standing relationships with our customers, which consist primarily of blue-chip companies including leading aerospace and automotive manufacturers, tier one aerospace and automotive suppliers and metal service centers. Approximately 50% of our shipments is sold direct to the manufacturers or tier one suppliers and approximately 50% is sold to metal service centers. In our served markets, we seek to be the supplier of choice by pursuing "Best in Class" customer satisfaction driven by quality, availability, service and delivery performance. We strive to differentiate our product portfolio through our broad product offering and our KaiserSelect® products, which are engineered and manufactured to deliver enhanced product characteristics with improved consistency, so as to result in better performance, lower waste and, in many cases, lower production cost for our customers.

Overall, the aerospace and defense industries' consumption of fabricated aluminum products is driven by factors that include levels of airframe build rates, the mix of aircraft models being built and defense spending. Unanticipated changes in build rates and mix of aircraft models being built can trigger re-stocking or de-stocking throughout the long aerospace supply chain, temporarily impacting demand for our Aero/HS products. Growth in demand for aerospace plate has exceeded demand growth for other forms of Aero/HS products as aircraft manufacturers have migrated to monolithic component design, where a single piece of aluminum, usually a plate, is heavily machined to form a desired part rather than creating the same part by assembling sub-components made of aluminum sheet, extrusions or forgings that are affixed to one another using rivets, bolts or welds. As more applications convert to monolithic design, we expect aerospace plate demand to continue to grow at a pace higher than our other Aero/HS products.

Demand for Automotive Extrusions is determined based upon automotive build rates in North America, increasing aluminum content by platform and consumer preference. In recent years, automotive original equipment manufacturers ("OEMs") and their suppliers have, at an increasing pace, been converting many automotive components that historically were made of steel to aluminum to decrease weight without sacrificing structural integrity and safety performance and thereby achieve greater fuel efficiency standards mandated by stringent United States' Corporate Average Fuel Economy ("CAFE") regulations. We believe fuel efficiency standards along with consumer preference for larger vehicles will continue to drive growth in demand for aluminum extruded components in passenger vehicles as a replacement for the heavier weight of steel components. Our Automotive Extrusions are designed and produced to provide specific mechanical properties and performance attributes required in automotive applications across a broad mix of North American OEMs and automotive platforms. We believe that these attributes are not easily replicated by our competitors and are important to our customers, who are typically tier one automotive suppliers.

Demand growth and cyclicality for GE products tend to mirror broad economic patterns and industrial activity in North America. Demand is also impacted by the destocking and restocking of inventory throughout the supply chain.

Highlights of the quarter ended June 30, 2017 include:

- Shipment increase compared to the quarter and six months ended June 30, 2016 driven by strong demand for GE products and Automotive Extrusions, partially offset by the impact of continued aerospace supply chain destocking;
- Strong operational performance across our manufacturing platform;
- Efficient execution of planned equipment upgrades at Trentwood;
- $18.4 million impairment of goodwill associated with the January 2011 acquisition of our Chandler, Arizona (Extrusion) facility;
- Combined cash and cash equivalents, short-term investments and net borrowing availability under our Revolving Credit Facility of approximately $519.6 million as of June 30, 2017;
- Cash dividend and dividend equivalents payment of $8.6 million; and
- Repurchase of 372,640 shares of our common stock at the weighted average price per share of $82.00.

Results of Operations

Consolidated Results of Operations

Net Sales. Net sales totaled $356.3 million and $334.9 million for the quarters ended June 30, 2017 and June 30, 2016, respectively, reflecting a 3% increase in Fabricated Products segment shipment volume and a 3% increase in average realized sales price per pound. Fabricated Products segment shipment volume increased due primarily to: (i) a 3.2 million pound, or 5%, increase in GE products reflecting the continued solid underlying demand for our GE applications and (ii) a 2.2 million pound, or 9%, increase in Automotive Extrusions driven by significantly higher shipments for bumper programs, partially offset by a 1.0 million pound, or 2%, decrease in Aero/HS products due to aerospace supply chain destocking and temporary plate capacity constraints due to project-related outages at Trentwood. The increase in average realized sales price per pound reflected a $0.13/lb, or 16%, increase in average Hedged Cost of Alloyed Metal prices per pound, partially offset by a $0.06/lb, or 5%, decrease in average value added revenue per pound. The decrease in average value added revenue per pound reflected: (i) competitive price pressure on spot sales of Aero/HS and GE products and (ii) a leaner value added product mix with less volume on Aero/HS products and more volume on GE products. See the table in "Segment and Business Unit Information" below for further details.

Net sales totaled $711.6 million and $678.1 million for the six months ended June 30, 2017 and June 30, 2016, respectively, reflecting a 3% increase in Fabricated Products segment shipment volume and a 2% increase in average realized sales price per pound. Fabricated Products segment shipment volume increased due primarily to: (i) a 11.3 million pound, or 9%, increase in GE products reflecting the continued solid underlying demand for our GE applications following first quarter 2017 restocking and (ii) a 3.2 million pound, or 7%, increase in Automotive Extrusions primarily related to significantly higher bumper shipments, partially offset by a 4.3 million pound, or 3%, decrease in Aero/HS products due to aerospace supply chain destocking. The increase in average realized sales price per pound reflected a $0.11/lb, or 13%, increase in average Hedged Cost of Alloyed Metal prices per pound, partially offset by a $0.07/lb, or 5%, decrease in average value added revenue per pound. The decrease in average value added revenue per pound reflected, as discussed above, competitive price pressure and a leaner value added product mix. See the table in "Segment and Business Unit Information" below for further details.

Fluctuation in the Midwest Price for primary aluminum does not necessarily directly impact profitability because: (i) a substantial portion of the business conducted by the Fabricated Products segment passes aluminum price changes directly onto customers and (ii) our hedging activities in support of the Fabricated Products segment's firm-price sales agreements limit our losses, as well as gains, from primary metal price changes.

Cost of Products Sold, Excluding Depreciation and Amortization and Other Items. Cost of products sold, excluding depreciation and amortization and other items for the quarter ended June 30, 2017 totaled $277.7 million, or 78% of Net sales, compared to $250.4 million, or 75% of Net sales, for the quarter ended June 30, 2016. The increase of $27.3 million was comprised of: (i) a $25.1 million increase in Hedged Cost of Alloyed Metal and (ii) a $2.2 million increase in net manufacturing conversion and other costs. The increase in net manufacturing conversion and other costs reflected a $2.3 million increase in costs related to product mix, $1.7 million of higher major maintenance expense and a $2.0 million increase in LIFO and other charges, partially offset by a $3.8 million improvement in raw material costs due to favorable scrap pricing and usage. Of the $25.1 million increase in Hedged Cost of Alloyed Metal, $21.4 million was due to higher hedged metal prices and $3.7 million was due to higher shipment volume, as discussed in "Net Sales" above.

Cost of products sold, excluding depreciation and amortization and other items for the six months ended June 30, 2017 totaled $555.5 million, or 78% of Net sales, compared to $512.4 million, or 76% of Net sales, for the six months ended June 30, 2016. The increase of $43.1 million was comprised of a $44.0 million increase in Hedged Cost of Alloyed Metal offset by a $0.9 million reduction in net manufacturing conversion and other costs. The reduction in net manufacturing conversion and other costs reflected a $6.0 million improvement in raw material costs due to favorable scrap pricing and usage, partially offset by a $3.4 million increase in costs related to product mix and a $1.7 million increase in LIFO and other charges. Of the $44.0 million increase in Hedged Cost of Alloyed Metal, $36.7 million was due to higher hedged metal prices and $7.3 million was due to higher shipment volume, as discussed in "Net Sales" above. See "Segment and Business Unit Information" below for a further discussion of the comparative results of operations for the quarters and six months ended June 30, 2017 and June 30, 2016.

Lower of Cost or Market Inventory Write-Down. See Note 1 of Notes to Interim Consolidated Financial Statements included in this Report for information on our inventory lower of cost or market value adjustments.

Selling, General, Administrative, Research and Development ("SG&A and R&D"). SG&A and R&D expense totaled $26.3 million and $27.5 million for the quarters ended June 30, 2017 and June 30, 2016, respectively. The decrease was due primarily to a decrease in our short-term incentive compensation based on performance factors and modifiers.

SG&A and R&D expense totaled $50.0 million and $53.6 million for the six months ended June 30, 2017 and June 30, 2016, respectively. The decrease was due primarily to a $2.9 million decrease in our short-term incentive compensation based on performance factors and modifiers and a decrease in professional fees and services of $0.5 million.

Net Periodic Postretirement Benefit Cost Relating to Salaried VEBA. See Note 6 of Notes to Interim Consolidated Financial Statements included in this Report for disclosure regarding the Salaried VEBA and net periodic postretirement benefit cost relating thereto.

Goodwill Impairment. See Note 4 of Notes to Interim Consolidated Financial Statements included in this Report for details.

Interest Expense. Interest expense represents cash and non-cash interest expense incurred on our 5.875% unsecured senior notes due May 15, 2024 ("5.875% Senior Notes"), our 8.25% unsecured senior notes, which were redeemed on June 1, 2016, and our revolving credit facility, net of capitalized interest. Interest expense was $5.5 million for each of the quarters ended June 30, 2017 and June 30, 2016, respectively, net of $0.7 million and $0.9 million of interest expense capitalized as part of construction in progress, respectively.

Interest expense was $11.1 million and $9.2 million for the six months ended June 30, 2017 and June 30, 2016, respectively, net of $1.2 million and $1.8 million of interest expense capitalized as part of construction in progress, respectively.

Other Income (Expense), Net. See Note 13 of Notes to Interim Consolidated Financial Statements included in this Report for details.

Income Tax Provision. See Note 5 of Notes to Interim Consolidated Financial Statements included in this Report for disclosure regarding our income tax provision.

Segment and Business Unit Information

The following data should be read in conjunction with our consolidated financial statements and the notes thereto included in Part I, Item 1. "Financial Statements" of this Report. See Note 11 of Notes to Interim Consolidated Financial Statements included in this Report for further information regarding segments. Interim results are not necessarily indicative of those for a full year.

Fabricated Products

The table below provides selected operational and financial information for our Fabricated Products segment for each period presented (in millions of dollars):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Segment operating income	$25.6	$72.1	$96.2	$130.0
Impact to segment operating income of non-run-rate items:				
Adjustments to plant-level LIFO[1]	(1.5)	2.1	(1.9)	1.9
Mark-to-market (loss) gain on derivative instruments	(11.9)	10.9	3.2	14.9
Non-cash lower of cost or market inventory write-down[2]	—	—	—	(4.9)
Workers' compensation cost due to discounting	(0.1)	0.1	(0.2)	0.1
Goodwill impairment	(18.4)	—	(18.4)	—
Asset impairment charges	—	(0.1)	—	(0.1)
Total non-run-rate items	(31.9)	13.0	(17.3)	11.9
Segment operating income excluding non-run-rate items	$57.5	$59.1	$113.5	$118.1

1 We manage our Fabricated Products segment business on a monthly last-in, first-out ("LIFO") basis at each plant, but report inventory externally on an annual LIFO basis in accordance with GAAP on a consolidated basis. This amount represents the conversion from GAAP LIFO applied on a consolidated basis for the Fabricated Products segment to monthly LIFO applied on a plant-by-plant basis.

2 The $4.9 million lower of cost or market inventory write-down during the six months ended June 30, 2016 was due primarily to a decrease in our net realizable value of inventory (less a normal profit margin).

As noted above, segment operating income excluding non-run-rate items for the quarter ended June 30, 2017 was $1.6 million lower than segment operating income excluding such items for the quarter ended June 30, 2016. Lower operating income excluding non-run-rate items reflected a $5.9 million unfavorable sales impact, $1.7 million of higher major maintenance expense and $0.6 million of higher depreciation expense. The unfavorable sales impact was due primarily to the combined effect of a lower value added product mix and lower sales margins as competitive pricing prevented the recovery of

higher contained metal costs on spot sales of certain higher value added products. The unfavorable sales impact was partially offset by a $3.8 million improvement from favorable price spreads for scrap raw material purchases and a $2.8 million improvement in net manufacturing conversion and other costs.

Segment operating income excluding non-run-rate items for the six months ended June 30, 2017 was $4.6 million lower than segment operating income excluding such items for the six months ended June 30, 2016. Lower operating income excluding non-run-rate items reflected a $13.8 million unfavorable sales impact and $1.4 million of higher depreciation expense. The unfavorable sales impact was due primarily to product mix and lower sales margin, as discussed above. The unfavorable sales impact was partially offset by a $6.0 million improvement from favorable price spreads for scrap raw material purchases, a $2.4 million improvement in net manufacturing conversion and other costs and a $2.2 million decrease in incentive compensation based on performance factors and modifiers.

The table below provides our Fabricated Products segment shipment and value added revenue information (in millions of dollars, except shipments and value added revenue per pound) by end market applications for each period presented:

	Quarter Ended June 30,				Six Months Ended June 30,			
	2017		2016		2017		2016	
Aero/HS Products:								
Shipments (mmlbs)	59.0		60.0		119.4		123.7	
	$	$ / lb	$	$ / lb	$	$ / lb	$	$ / lb
Net sales	$165.5	$2.81	$167.7	$2.80	$333.0	$2.79	$344.6	$2.79
Less: Hedged Cost of Alloyed Metal	(55.3)	(0.94)	(50.9)	(0.85)	(110.9)	(0.93)	(105.2)	(0.85)
Value added revenue	$110.2	$1.87	$116.8	$1.95	$222.1	$1.86	$239.4	$1.94
Automotive Extrusions:								
Shipments (mmlbs)	25.9		23.7		51.4		48.2	
	$	$ / lb	$	$ / lb	$	$ / lb	$	$ / lb
Net sales	$55.9	$2.16	$48.8	$2.06	$108.9	$2.12	$97.1	$2.01
Less: Hedged Cost of Alloyed Metal	(25.6)	(0.99)	(19.5)	(0.82)	(49.1)	(0.96)	(39.1)	(0.81)
Value added revenue	$30.3	$1.17	$29.3	$1.24	$59.8	$1.16	$58.0	$1.20
GE Products:								
Shipments (mmlbs)	67.8		64.6		139.0		127.7	
	$	$ / lb	$	$ / lb	$	$ / lb	$	$ / lb
Net sales	$122.0	$1.80	$107.3	$1.66	$245.2	$1.76	$212.7	$1.67
Less: Hedged Cost of Alloyed Metal	(66.4)	(0.98)	(53.2)	(0.82)	(132.6)	(0.95)	(105.3)	(0.83)
Value added revenue	$55.6	$0.82	$54.1	$0.84	$112.6	$0.81	$107.4	$0.84
Other Products:								
Shipments (mmlbs)	6.8		6.7		13.3		14.7	
	$	$ / lb	$	$ / lb	$	$ / lb	$	$ / lb
Net sales	$12.9	$1.90	$11.1	$1.66	$24.5	$1.84	$23.7	$1.61
Less: Hedged Cost of Alloyed Metal	(6.8)	(1.00)	(5.4)	(0.81)	(12.9)	(0.97)	(11.9)	(0.81)
Value added revenue	$6.1	$0.90	$5.7	$0.85	$11.6	$0.87	$11.8	$0.80
Total:								
Shipments (mmlbs)	159.5		155.0		323.1		314.3	
	$	$ / lb	$	$ / lb	$	$ / lb	$	$ / lb
Net sales	$356.3	$2.23	$334.9	$2.16	$711.6	$2.20	$678.1	$2.16
Less: Hedged Cost of Alloyed Metal	(154.1)	(0.96)	(129.0)	(0.83)	(305.5)	(0.94)	(261.5)	(0.83)
Value added revenue	$202.2	$1.27	$205.9	$1.33	$406.1	$1.26	$416.6	$1.33

For the quarter ended June 30, 2017, Net sales of Fabricated Products increased by 6% to $356.3 million, as compared to the quarter ended June 30, 2016, reflecting a 3% increase in Fabricated Products segment shipment volume and a 5% decrease in average realized sales price per pound, as discussed in further detail above in "Consolidated Results of Operations."

For the six months ended June 30, 2017, Net sales of Fabricated Products increased by 5% to $711.6 million, as compared to the six months ended June 30, 2016, reflecting a 3% increase in Fabricated Products segment shipment volume and a 5% decrease in average realized sales price per pound, as discussed in further detail above in "Consolidated Results of Operations."

Outlook

Our 2017 outlook for Aero/HS products, Automotive Extrusions and GE products remains unchanged. We anticipate market driven headwinds from lower sales margins and commercial aerospace supply chain destocking to continue through the remainder of the year, and, despite the destocking, we expect full year 2017 shipments for Aero/HS products similar to 2016. For our Automotive Extrusions applications, we continue to expect double-digit year-over-year growth in shipments and mid- single-digit growth in value added revenue as new product growth is predominantly in lower value added parts. Although the 2017 North American build rate forecast has decreased slightly since our prior outlook, our product mix is weighted toward larger vehicles, and the outlook for full-size light trucks is unchanged.

Looking to the second half 2017, strategic project work at Trentwood will continue in July, and we expect to restore normal operations and material flows by the end of the third quarter and begin to realize the quality, cost and capacity benefits later in the year. We anticipate normal seasonality similar to the pattern we experienced in 2016 of lower sales and adjusted operating income compared to the first half. In addition, we expect approximately $4.0 million of major maintenance spending at Trentwood, rescheduled from the second quarter to the second half 2017 will further impact results compared to the prior year period.

Longer term, we continue to anticipate solid aerospace demand growth driven by military and commercial aircraft applications in both 2018 and 2019. While we expect the aerospace supply chain destocking to be largely completed in 2017, we now expect that isolated instances of inventory overhang will linger into 2018 and create a modest drag on overall industry demand growth.

As demand strengthens and we fully implement the improved practices and capacity expansion at Trentwood, we expect increasing benefits from the modernization project work completed. Overall, we expect to enter 2018 well positioned to serve industry-wide demand growth across our served markets, and our strong balance sheet and cash flow generation will support continued investments in organic and inorganic growth and the return of cash to shareholders.

All Other

All Other provides support for our operations and incurs general and administrative expenses that are not allocated to the Fabricated Products segment. All Other is not considered a reportable segment. The table below presents the impact of non-run-rate items to operating loss within the All Other business unit for each period presented (in millions of dollars):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating loss	$(14.2)	$(14.2)	$(25.3)	$(27.3)
Impact to operating loss of non-run-rate items:				
Net periodic post retirement benefit cost relating to Salaried VEBA	(1.1)	(0.9)	(2.2)	(1.7)
Gain on removal of Union VEBA net assets	—	—	1.3	0.1
Total non-run-rate items	(1.1)	(0.9)	(0.9)	(1.6)
Operating loss excluding non-run-rate items	$(13.1)	$(13.3)	$(24.4)	$(25.7)

All Other operating loss excluding non-run-rate items for the quarter ended June 30, 2017 was $0.2 million lower and, for the six months ended June 30, 2017, was $1.3 million lower than the comparable prior periods in 2016 due primarily to decreases in employee incentive compensation expense.

Liquidity and Capital Resources

Summary

The following table summarizes our liquidity at the dates presented (in millions of dollars):

	June 30, 2017	December 31, 2016
Available cash and cash equivalents	$ 57.1	$ 55.2
Short-term investments	175.7	231.0
Net borrowing availability under Revolving Credit Facility after letters of credit	286.8	275.3
Total liquidity	$ 519.6	$ 561.5

Cash equivalents consist primarily of money market accounts and investments which, when purchased, have a maturity of 90 days or less. We place our cash in bank deposits and money market funds with high credit quality financial institutions, which invest primarily in commercial paper and time deposits of prime quality, short-term repurchase agreements and U.S. government agency notes. Short-term investments represent holdings in investment-grade commercial paper with a maturity at the time of purchase of greater than 90 days.

In addition to our unrestricted cash and cash equivalents described above, we had restricted cash of $13.3 million at June 30, 2017 that was pledged or held as collateral in connection with workers' compensation requirements and certain other agreements. Of this amount, $0.3 million and $13.0 million were included in Prepaid expenses and other current assets and Other assets, respectively. From time to time, such restricted funds could be returned to us or we could be required to pledge additional cash.

We and certain of our subsidiaries have a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the other financial institutions party thereto ("Revolving Credit Facility") (see Note 3 of Notes to Interim Consolidated Financial Statements included in this Report). There were no borrowings under our Revolving Credit Facility as of June 30, 2017, or as of December 31, 2016.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for each period presented (in millions of dollars):

	Six Months Ended June 30,	
	2017	2016
Total cash provided by (used in):		
Operating activities:		
Fabricated Products	$ 128.7	$ 116.8
All Other	(55.6)	(44.6)
Total cash provided by operating activities	$ 73.1	$ 72.2
Investing activities:		
Fabricated Products	$ (39.5)	$ (42.1)
All Other	56.0	(42.6)
Total cash provided by (used in) investing activities	$ 16.5	$ (84.7)
Financing activities:		
Fabricated Products	$ (0.1)	$ (0.1)
All Other	(86.8)	135.5
Total cash (used in) provided by financing activities	$ (86.9)	$ 135.4

Operating Activities

Fabricated Products – For the six months ended June 30, 2017, Fabricated Products segment operating activities provided $128.7 million of cash. Cash provided in the six months ended June 30, 2017 was primarily related to: (i) $96.2 million of operating income; (ii) adjustments for non-cash items and depreciation and amortization of $18.1 million; (iii) goodwill impairment of $18.4 million; and (iv) a decrease in inventory of $1.7 million. Cash provided by operating activities was partially offset by an increase accounts receivable of $6.6 million.

Fabricated Products segment operating activities provided $116.8 million of cash during the six months ended June 30, 2016. Cash provided in the six months ended June 30, 2016 was primarily related to: (i) $130.0 million of operating income; (ii) adjustments for non-cash items and depreciation and amortization of $3.0 million; and (iii) a lower of cost or market inventory write-down of $4.9 million. Cash provided by operating activities was partially offset by: (i) an increase in accounts receivable of $20.2 million due primarily to the timing of sales and lower metal price and (ii) an increase in inventory of $2.8 million.

For additional information regarding Fabricated Products operating income excluding non-run-rate items, see "Results of Operations – Segment and Business Unit Information" above.

All Other – Cash used in operating activities of $55.6 million during the six months ended June 30, 2017 consisted primarily of payments relating to: (i) general and administrative costs of $17.3 million; (ii) an annual variable cash contribution to the VEBAs of $20.0 million with respect to the 2016 year; (iii) our short-term incentive program in the amount of $6.7 million; and (iv) interest on the 8.25% Senior Notes and Revolving Credit Facility of $11.6 million.

Cash used in operating activities of $44.6 million during the six months ended June 30, 2016 consisted primarily of payments relating to: (i) general and administrative costs of $12.3 million; (ii) an annual variable cash contribution to the VEBAs of $19.5 million with respect to the 2015 year; (iii) our short-term incentive program in the amount of $3.6 million; and (iv) interest on the 5.875% and 8.25% Senior Notes and Revolving Credit Facility of $9.2 million.

Investing Activities

Fabricated Products – Cash used in investing activities for the Fabricated Products segment during the six months ended June 30, 2017 was $39.5 million, compared to $42.1 million of cash used during the six months ended June 30, 2016. Cash used during the six months ended June 30, 2017 and June 30, 2016 was related to capital expenditures.

All Other – Cash provided by investing activities for All Other was $56.0 million during the six months ended June 30, 2017 and primarily consisted of proceeds from the disposition of available for sale securities of $184.2 million, partially offset by purchases of available for sale securities of $127.9 million and capital expenditures of $0.3 million.

Cash used in investing activities for All Other during the six months ended June 30, 2016 was $42.6 million and primarily consisted of purchases of available for sale securities of $72.4 million and proceeds from the disposition of available for sale securities of $30.0 million.

Financing Activities

Fabricated Products – Cash used in financing activities was insignificant during the six months ended June 30, 2017 and June 30, 2016.

All Other – Cash used in financing activities during the six months ended June 30, 2017 was $86.8 million, representing: (i) $64.4 million of cash used to repurchase our common stock under our stock repurchase program; (ii) $17.9 million of cash dividends paid to stockholders, including the holders of restricted stock, and in dividend equivalents to the holders of certain restricted stock units and performance shares; and (iii) $4.5 million of cash used to repurchase our common stock to satisfy withholding taxes resulting from the vesting of employee restricted stock, restricted stock units and performance shares.

Cash provided by financing activities during the six months ended June 30, 2016 was $135.5 million, representing $375.0 million in proceeds from the issuance of our 5.875% Senior Notes and $1.0 million in proceeds from the exercise of stock options, partially offset by: (i) $206.0 million for the repayment of the 8.25% Senior Notes; (ii) $16.3 million of cash dividends paid to stockholders, including the holders of restricted stock, and in dividend equivalents to the holders of certain restricted stock units and performance shares; (iii) $8.5 million of cash used to repurchase our common stock under our stock repurchase program; (iv) $6.9 million of debt issuance costs; and (v) $2.8 million of cash used to repurchase our common stock to satisfy withholding taxes resulting from the vesting of employee restricted stock, restricted stock units and performance shares.

Sources of Liquidity

We believe our available cash and cash equivalents, short-term investments, borrowing availability under the Revolving Credit Facility and funds generated from operations are our most significant sources of liquidity. While we believe these sources will be sufficient to finance our working capital requirements, planned capital expenditures and investments, debt service obligations and other cash requirements for at least the next twelve months, our ability to fund such cash requirements will depend upon our future operating performance (which will be affected by prevailing economic conditions) and financial, business and other factors, some of which are beyond our control.

The Revolving Credit Facility matures in December 2020 and provides for borrowings up to $300.0 million (subject to borrowing base limitations), of which up to a maximum of $20.0 million may be utilized for letters of credit. The Revolving Credit Facility may, subject to certain conditions and the agreement of lenders thereunder, be increased up to $400.0 million.

The table below summarizes recent availability and usage of our Revolving Credit Facility (in millions of dollars except for borrowing rate):

	July 17, 2017	June 30, 2017
Revolving Credit Facility borrowing commitment	$300.0	$300.0
Borrowing base availability	$295.2	$294.9
Less: Outstanding borrowings under Revolving Credit Facility	—	—
Less: Outstanding letters of credit under Revolving Credit Facility	(8.1)	(8.1)
Net remaining borrowing availability	$287.1	$286.8
Borrowing rate (if applicable)[1]	4.50 %	4.50 %

1 Such borrowing rate, if applicable, represents the interest rate for any overnight borrowings under the Revolving Credit Facility.

We do not believe that covenants contained in the Revolving Credit Facility are reasonably likely to limit our ability to raise additional debt or equity should we choose to do so during the next 12 months, nor do we believe it is likely that during the next 12 months we will trigger the availability threshold that would require measuring and maintaining a fixed charge coverage ratio.

See Note 3 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016 for information regarding our Revolving Credit Facility.

Debt

See "Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements – Contractual Obligations and Commercial Commitments" included in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2016 for mandatory principal and cash interest payments on the outstanding borrowings.

We do not believe that covenants in the indenture governing the 5.875% Senior Notes are reasonably likely to limit our ability to obtain additional debt or equity financing should we choose to do so during the next 12 months.

Capital Expenditures and Investments

In anticipation of an increasingly competitive market environment, we strategically allocate our capital spending on projects to maintain and improve our competitive position. Objectives are to target significant improvement in our manufacturing cost efficiency and product quality. Capacity expansion typically is an additional benefit of most projects focused on cost and quality.

The most significant strategic capital project in 2017 is our Trentwood efficiency and modernization initiative, a multi-year, $150.0 million capital investment initiative that upgrades equipment throughout the Trentwood process flow to increase efficiency and further improve our competitive cost position on all of Trentwood's products. A significant portion of this investment will focus on modernizing our legacy equipment and process flow for thin gauge plate to achieve KaiserSelect® quality enhancements for both Aero/HS and GE products. Besides efficiency and quality improvements, upgrades completed during 2017 will also position Trentwood with additional manufacturing capacity to address anticipated sales growth in 2018 and beyond. The Trentwood efficiency and modernization initiative was announced in December 2015 and as of June 30, 2017 approximately half of the $150 million had been spent.

Total capital expenditures were $39.7 million and $42.3 million for the six months ended June 30, 2017 and June 30, 2016, respectively. For the full year of 2017, we anticipate capital spending will be approximately $80.0 million for purposes of continued spending on the Trentwood efficiency and modernization project and sustaining capital spending throughout the manufacturing platform. Capital investment will be funded using cash generated from operations, available cash and cash equivalents, short-term investments, borrowings under the Revolving Credit Facility and/or other third-party financing arrangements. The level of anticipated capital expenditures may be adjusted from time to time depending on our business plans, our price outlook for fabricated aluminum products, our ability to maintain adequate liquidity and other factors. No assurance can be provided as to the timing of any such expenditures or the operational benefits expected therefrom.

Dividends

See Note 10 and Note 16 of Notes to Interim Consolidated Financial Statements included in this Report for information regarding dividends paid during the six months ended June 30, 2017 and June 30, 2016, and declared subsequent to June 30, 2017.

We have consistently paid a quarterly cash dividend since the second quarter of 2007 to holders of our common stock, including holders of restricted stock, and have increased the dividend in each year since 2011. Nevertheless, as in the past, the future declaration and payment of dividends, if any, will be at the discretion of our Board of Directors and will depend on a number of factors, including our financial and operating results, financial position and anticipated cash requirements and contractual restrictions under our revolving credit facility, the indenture for our 5.875% Senior Notes, or other indebtedness we may incur in the future. We can give no assurance that dividends will be declared and paid in the future. See Note 3 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016 for additional information about restrictions on dividend payments contained in the Revolving Credit Facility and in the indenture for our 5.875% Senior Notes.

We also pay quarterly dividend equivalents to the holders of certain restricted stock units and performance shares. Holders of performance shares granted beginning in 2014 are not paid a quarterly dividend equivalent, but instead are entitled to receive, in connection with the issuance of underlying shares of common stock for performance shares that ultimately vest, a one-time payment equal to the dividends such holder would have received if the number of such shares of common stock so issued had been held of record by such holder from the date of grant of such performance shares through the date of such issuance.

Repurchases of Common Stock

See Note 10 of Notes to Interim Consolidated Financial Statements included in this Report for information regarding repurchases of common stock made during the six months ended June 30, 2017 and June 30, 2016 and the amounts authorized and available for future repurchases of common stock under our stock repurchase program.

See Note 7 of Notes to Interim Consolidated Financial Statements included in this Report for information regarding minimum statutory tax withholding obligations arising during the six months ended June 30, 2017 and June 30, 2016 in connection with the vesting of non-vested shares, restricted stock units and performance shares.

Restrictions Related to Equity Capital

We have significant federal income tax attributes, including sizable net operating loss carryforwards. Under Section 382(l)(5) ("Section 382") of the Internal Revenue Code of 1986 ("Code"), our ability to use our federal income tax attributes following a more than 50% change in ownership during any period of 36 consecutive months, all as determined under the Code (an "ownership change") would be limited annually to an amount equal to the product of: (i) the aggregate value of our outstanding common shares immediately prior to the ownership change and (ii) the applicable federal long-term tax exempt rate in effect on the date of the ownership change.

To preserve our ability to fully use our net operating loss carryforwards and other significant tax attributes: (i) our amended certificate of incorporation maintains restrictions on transfers of our stock by any person who owns, or would become an owner of, 4.99% or more of our stock as determined under Section 382 and (ii) we have adopted a tax asset protection rights plan ("Tax Asset Rights Plan") designed to deter transfers of our common stock that could result in an ownership change pursuant to Section 382.

Environmental Commitments and Contingencies

See Note 8 of Notes to Interim Consolidated Financial Statements included in this Report for information regarding our environmental commitments and contingencies.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements

During the six months ended June 30, 2017, we granted additional stock-based awards to certain members of management and our non-employee directors under our equity incentive plans (see Note 7 of Notes to Interim Consolidated Financial Statements included in this Report). Additional awards are expected to be made in future years.

In accordance with our funding obligation to the VEBAs (see Note 6 of Notes to Interim Consolidated Financial Statements included in this Report), we paid $20.0 million to the VEBAs during the first quarter of 2017 with respect to 2016.

With the exception of the above-mentioned transactions and as otherwise disclosed herein, there has been no material change in our contractual obligations, commercial commitments or off-balance sheet arrangements other than in the ordinary course of business since December 31, 2016.

Critical Accounting Estimates and Policies

Our consolidated financial statements are prepared in accordance with GAAP. In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates and such differences could be material.

Our significant accounting policies are discussed in Note 1 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016 and Note 1 of Notes to Interim Consolidated Financial Statements included in this Report. We discuss our critical accounting estimates in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2016.

In January 2017, we prospectively adopted Accounting Standards Update ("ASU") No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which eliminates the second step of the two-step goodwill impairment test that required companies to determine the fair value of individual assets and liabilities of a reporting unit to measure a goodwill impairment. Furthermore, see Note 1 and Note 4 of Notes to Interim Consolidated Financial Statements included in this Report for a discussion of the carrying values of the goodwill and intangible asset related to our Chandler, Arizona (Extrusion) and Florence, Alabama (Drawing) facilities. There have been no other material changes in our critical accounting estimates and policies since December 31, 2016.

New Accounting Pronouncements

For a discussion of recently adopted and recently issued but not yet adopted accounting pronouncements, see "New Accounting Pronouncements" in Note 1 of Notes to Interim Consolidated Financial Statements included in this Report.

Available Information

Our website is located at www.kaiseraluminum.com. The website includes a section for investor relations under which we provide notifications of news or announcements regarding our financial performance, including Securities and Exchange Commission ("SEC") filings, investor events and press and earnings releases. In addition, all Kaiser Aluminum Corporation filings submitted to the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Proxy Statements for our annual meeting of stockholders, as well as other Kaiser Aluminum Corporation reports and statements, are available on the SEC's web site at www.sec.gov. Such filings are also available for download free of charge on our website. In addition, we provide and archive on our website webcasts of our quarterly earnings calls and certain events in which management participates or hosts with members of the investment community, and related investor presentations. The contents of the website are not intended to be incorporated by reference into this Report or any other report or document filed by us, and any reference to the websites are intended to be inactive textual references only.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our operating results are sensitive to changes in the prices of primary aluminum, certain alloying metals, natural gas and electricity, and also depend to a significant degree upon the volume and mix of all products sold. As discussed more fully in Note 9 of Notes to Interim Consolidated Financial Statements included in this Report, we have historically utilized hedging transactions to lock in a specified price or range of prices for certain products which we sell or consume in our production process, and to mitigate our exposure to changes in energy prices.

Aluminum

See Note 9 of Notes to Interim Consolidated Financial Statements included in this Report for a discussion of our pricing of fabricated aluminum, firm-price arrangements and third-party hedging instruments. During the six months ended June 30, 2017 and June 30, 2016, settlements of derivative contracts covering 88.4 million pounds and 109.1 million pounds, respectively, hedged Fabricated Products shipments sold on pricing terms that created metal price risk for us. At June 30, 2017, we had derivative contracts with respect to approximately 90.9 million pounds, 66.7 million pounds, 24.7 million pounds and 1.0 million pounds to hedge sales to be made in 2017, 2018, 2019, and each of 2020 and 2021, respectively, on pricing terms that create metal price risk for us.

Based on the aluminum derivative positions held by us to hedge firm-price customer sales agreements, we estimate that a $0.10 per pound decrease in the LME market price of aluminum as of June 30, 2017 and December 31, 2016, with all other variables held constant, would have resulted in an unrealized mark-to-market loss of $18.4 million and $14.8 million, respectively, with corresponding changes to the net fair value of our aluminum derivative positions. Additionally, we estimate that a $0.01 per pound decrease in the Midwest premium for aluminum as of June 30, 2017 and December 31, 2016, with all other variables held constant, would have resulted in an unrealized mark-to-market loss of $1.8 million and $1.5 million, respectively.

Alloying Metals

We are exposed to the risk of fluctuating prices of certain alloying metals, especially copper and zinc, to the extent that changes in their prices do not highly correlate with price changes for aluminum. Copper, zinc and certain other metals are used in our remelt operations to cast rolling ingot and extrusion billet with the proper chemistry for our products. From time to time, we enter into forward contract swaps with third parties to mitigate our risk from fluctuations in the prices of alloying metals, including copper and zinc. As of June 30, 2017, we had forward swap contracts with settlement dates designed to align with the timing of scheduled purchases of zinc and copper ("Alloy Hedges") by our manufacturing facilities. Our Alloy Hedges are designated and qualify as cash flow hedges. See Note 9 of Notes to Interim Consolidated Financial Statements included in this Report for additional information relating to these Alloy Hedges. We estimate that a $.10 per pound decrease in the LME market price of zinc as of June 30, 2017 and December 31, 2016, with all other variables held constant, would have resulted in an unrealized mark-to market loss of $0.3 million and $0.4 million, respectively. We estimate that a $.10 per pound decrease in the Commodity Exchange ("COMEX") market price of copper as of June 30, 2017, with all other variables held constant, would have resulted in an unrealized mark-to market loss of $0.2 million, with corresponding changes to the net fair value of our Alloy Hedges.

Energy

We are exposed to risk of fluctuating prices for natural gas and electricity. We, from time to time, in the ordinary course of business, enter into hedging transactions and/or physical delivery commitments with firm prices with third parties to mitigate our risk from fluctuations in natural gas and electricity prices.

As of June 30, 2017, we had derivative and/or physical delivery commitments with energy companies in place to cover our exposure to fluctuations in natural gas prices for approximately 73% of the expected natural gas purchases for the remainder of 2017 and 71% of the expected natural gas purchases for both 2018 and 2019. We estimate that a $1.00 per mmbtu decrease in natural gas prices would have resulted in an unrealized mark-to-market loss of $3.9 million and $5.0 million on June 30, 2017 and December 31, 2016, respectively, with corresponding changes to the net fair value of our natural gas derivative positions.

Additionally, as of June 30, 2017, we had physical delivery commitments with firm prices covering approximately 54% of the expected electricity purchases for each of the remainder of 2017, 2018 and 2019, respectively.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934 is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was performed as of the end of the period covered by this Report under the supervision of and with the participation of our management, including the principal executive officer and principal financial officer. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2017 at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting. We had no changes in our internal control over financial reporting during the six months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Part I, Item 3. "Legal Proceedings" included in our Annual Report on Form 10-K for the year ended December 31, 2016 for information concerning material legal proceedings with respect to the Company. There have been no material developments since December 31, 2016.

Item 1A. Risk Factors

Reference is made to Part I, Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2016 for information concerning risk factors. There have been no material changes in risk factors since December 31, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information regarding our repurchases of our common shares during the quarter ended June 30, 2017:

	Amended and Restated 2016 Equity and Performance Incentive Plan		Stock Repurchase Plan		
	Total Number of Shares Purchased[1]	Average Price per Share	Total Number of Shares Purchased[2]	Average Price per Share	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Programs (millions)[2]
April 1, 2017 - April 30, 2017	157	$ 77.65	128,473	$ 79.96	$ 145.5
May 1, 2017 - May 31, 2017	—	—	166,105	81.93	$ 131.9
June 1, 2017 - June 30, 2017	150	84.95	78,062	85.53	$ 125.2
Total	307	$ 81.22	372,640	$ 82.00	N/A

1 Under our equity incentive plans, participants may elect to have us withhold common shares to satisfy minimum statutory tax withholding obligations arising from the recognition of income and the vesting of restricted stock, restricted stock units and performance shares. When we withhold these shares, we are required to remit to the appropriate taxing authorities the market price of the shares withheld by us on the date of withholding. The withholding of common shares by us could be deemed a purchase of such common shares. All such shares withheld by us were canceled on the applicable vesting dates or dates on which income to the employees was recognized, and the number of shares withheld was determined based on the closing price per common share as reported on the Nasdaq Global Select Market on such dates.

2 Of the $125.2 million available for further share repurchases as of June 30, 2017, $25.2 million is part of the $100.0 million authorized in April 2015 and $100.0 million was authorized in April 2017. Repurchase transactions will occur at such times and prices as management deems appropriate and will be funded with our excess liquidity after giving consideration to internal and external growth opportunities and future cash flows. Repurchases may be in open-market transactions or in privately negotiated transactions, and the program may be modified or terminated by our Board of Directors at any time.

See Note 3 of Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2016 for information about restrictions on dividend payments contained in the Revolving Credit Facility and in the indenture for our 5.875% Senior Notes.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures
Not applicable.
Item 5. Other Information
None.
Item 6. Exhibits

Exhibit Number	Description
*10.1	Description of Compensation of Directors.
*10.2	Amended and Restated 2017-2019 Long-Term Incentive Plan.
*31.1	Certification of Jack A. Hockema pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Daniel J. Rinkenberger pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification of Jack A. Hockema pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification of Daniel J. Rinkenberger pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
* 101.INS	XBRL Instance
* 101.SCH	XBRL Taxonomy Extension Schema
*101.CAL	XBRL Taxonomy Extension Calculation
* 101.DEF	XBRL Taxonomy Extension Definition
* 101.LAB	XBRL Taxonomy Extension Label
* 101.PRE	XBRL Taxonomy Extension Presentation

*Filed herewith.

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.

KAISER ALUMINUM CORPORATION

/s/ Daniel J. Rinkenberger
Daniel J. Rinkenberger
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Neal West
Neal West
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: July 28, 2017

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