

KAISER ALUMINUM CORP  
Form DEF 14A  
April 20, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF  
THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the Registrant   
Filed by a Party other than the Registrant   
Check the appropriate box:  
 Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12  
Kaiser Aluminum Corporation  
(Name of Registrant as Specified in Its Charter)  
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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Kaiser Aluminum Corporation  
27422 Portola Parkway, Suite 200  
Foothill Ranch, CA 92610-2831

April 19, 2016

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Kaiser Aluminum Corporation to be held at the company's corporate office, located at 27422 Portola Parkway, Suite 200, Foothill Ranch, California 92610, on Thursday, May 26, 2016, at 9:00 a.m., local time.

During the Annual Meeting, stockholders will consider and vote upon (i) the election of three members to the board of directors, (ii) the approval, on a non-binding, advisory basis, of the compensation of our named executive officers, (iii) the approval of the Kaiser Aluminum Corporation 2016 Equity and Performance Incentive Plan, (iv) the amendment of our amended and restated certificate of incorporation to implement a successor tax asset protection provision to preserve certain tax benefits primarily associated with our net operating losses, (v) the ratification of the adoption of our tax asset protection plan, and (vi) the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016. The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe fully the formal business to be transacted at the Annual Meeting.

While the company does not expect to make a separate presentation, certain directors and officers will be present at the Annual Meeting and will be available to respond to any questions you may have.

Whether or not you plan to attend the Annual Meeting, we urge you to review carefully the accompanying material and to vote by proxy without delay. To do so, please submit your voting instructions over the Internet or by telephone as indicated on the enclosed proxy card or by completing, signing and dating the enclosed proxy card and returning it by mail in the accompanying envelope. If you attend the Annual Meeting, you may vote in person even if you have previously submitted your voting instructions over the Internet, by telephone or by mail.

Sincerely,

Jack A. Hockema  
Chief Executive Officer and Chairman of the Board



Kaiser Aluminum Corporation  
27422 Portola Parkway, Suite 200  
Foothill Ranch, CA 92610-2831

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 26, 2016

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Kaiser Aluminum Corporation will be held at the company's corporate office, located at 27422 Portola Parkway, Suite 200, Foothill Ranch, California 92610, on Thursday, May 26, 2016, at 9:00 a.m., local time, for the following purposes:

- (1) To elect three members to our board of directors for three-year terms to expire at our 2019 annual meeting of stockholders;
- (2) To approve, on a non-binding, advisory basis, the compensation of our named executives officers as disclosed in the accompanying Proxy Statement;
- (3) To approve the Kaiser Aluminum Corporation 2016 Equity and Performance Incentive Plan;
- (4) To amend our amended and restated certificate of incorporation to implement a successor tax asset protection provision to preserve certain tax benefits primarily associated with our net operating losses;
- (5) To ratify the adoption of our tax asset protection plan;
- (6) To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016; and
- (7) To consider such other business as may properly come before the Annual Meeting or any adjournments thereof.

Information concerning the matters to be acted upon at the Annual Meeting is set forth in the accompanying Proxy Statement.

The close of business on April 8, 2016 has been fixed as the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments thereof.

We urge stockholders to vote by proxy by submitting voting instructions over the Internet or by telephone as indicated on the enclosed proxy card or by completing, signing and dating the enclosed proxy card and returning it by mail in the accompanying envelope, which does not require postage if mailed in the United States.

By Order of the Board of Directors

John M. Donnan  
Executive Vice President - Legal,  
Compliance and Human Resources

April 19, 2016  
Foothill Ranch, California



Kaiser Aluminum Corporation  
 27422 Portola Parkway, Suite 200  
 Foothill Ranch, CA 92610-2831

PROXY STATEMENT  
 FOR  
 ANNUAL MEETING OF STOCKHOLDERS  
 To Be Held On May 26, 2016

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TABLE OF CONTENTS

	Page
GENERAL QUESTIONS AND ANSWERS	<u>1</u>
PROPOSALS REQUIRING YOUR VOTE	<u>5</u>
Proposal 1 - Election of Directors	<u>5</u>
Proposal 2 - Advisory Vote on Executive Compensation	<u>9</u>
Proposal 3 - Approval of Kaiser Aluminum Corporation 2016 Equity and Performance Incentive Plan	<u>11</u>
Background to Proposals 4 and 5	<u>28</u>
Proposal 4 - Adoption of Amendment to our Amended and Restated Certificate of Incorporation to Implement Successor Tax Asset Protection Provision	<u>29</u>
Proposal 5 - Ratification of Our Tax Asset Protection Plan	<u>32</u>
Certain Considerations Related to the Protective Amendment and the Protection Plan	<u>34</u>
Proposal 6 - Ratification of the Selection of our Independent Registered Public Accounting Firm	<u>35</u>
CORPORATE GOVERNANCE	<u>37</u>
Stockholder Communications with the Board of Directors	<u>37</u>
Board and Committee Meetings and Consents in 2015	<u>37</u>
Annual Meetings of Stockholders	<u>37</u>
Director Independence	<u>38</u>
Annual Performance Reviews	<u>38</u>
Stock Ownership Guidelines and Securities Trading Policy	<u>38</u>
Director Designation Agreement	<u>38</u>
Board Leadership Structure and Risk Oversight	<u>39</u>
Risks Arising from Compensation Policies and Practices	<u>40</u>
Board Committees	<u>41</u>
EXECUTIVE OFFICERS	<u>45</u>
EXECUTIVE COMPENSATION	<u>47</u>
Compensation Committee Report	<u>47</u>
Compensation Discussion and Analysis	<u>48</u>
Summary Compensation Table	<u>60</u>
All Other Compensation	<u>61</u>
Grants of Plan-Based Awards in 2015	<u>62</u>
Employment-Related Agreements and Certain Employee Benefit Plans	<u>63</u>
Outstanding Equity Awards at December 31, 2015	<u>68</u>
Option Exercises and Stock Vested in 2015	<u>69</u>
Pension Benefits as of December 31, 2015	<u>70</u>
Nonqualified Deferred Compensation for 2015	<u>70</u>
Potential Payments and Benefits Upon Termination of Employment	<u>71</u>
DIRECTOR COMPENSATION	<u>94</u>
Director Compensation for 2015	<u>94</u>
Director Compensation Arrangements	<u>94</u>

EQUITY COMPENSATION PLAN INFORMATION	<u>95</u>
PRINCIPAL STOCKHOLDERS AND MANAGEMENT OWNERSHIP	<u>96</u>
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	<u>97</u>
AUDIT COMMITTEE REPORT	<u>98</u>
INDEPENDENT PUBLIC ACCOUNTANTS	<u>100</u>
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	<u>100</u>
OTHER MATTERS	<u>100</u>
FORM 10-K	<u>101</u>
STOCKHOLDER PROPOSALS	<u>101</u>

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on May 26, 2016: The Proxy Statement and our Annual Report to Stockholders are available at [www.envisionreports.com/kalu](http://www.envisionreports.com/kalu).

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GENERAL QUESTIONS AND ANSWERS

Q: When is the Proxy Statement being sent to stockholders and what is its purpose?

A: This Proxy Statement is first being sent to our stockholders on or about April 25, 2016 at the direction of our board of directors in order to solicit proxies for our use at the Annual Meeting.

Q: When is the Annual Meeting and where will it be held?

A: The Annual Meeting will be held on Thursday, May 26, 2016, at 9:00 a.m., local time, at our corporate office, located at 27422 Portola Parkway, Suite 200, Foothill Ranch, California 92610.

Q: Who may attend the Annual Meeting?

A: All of our stockholders may attend the Annual Meeting.

Q: Who is entitled to vote?

A: Stockholders as of the close of business on April 8, 2016 are entitled to vote at the Annual Meeting. Each share of our common stock is entitled to one vote.

Q: On what am I voting?

A: You will be voting on:

• The election of three members to our board of directors to serve until our 2019 annual meeting of stockholders;

• The approval, on a non-binding, advisory basis, of the compensation of our named executive officers as disclosed in this Proxy Statement;

• The approval of the Kaiser Aluminum Corporation 2016 Equity and Performance Incentive Plan, which we refer to as the 2016 Plan and a copy of which is attached as Appendix A to this Proxy Statement;

• The amendment of our amended and restated certificate of incorporation to implement a successor tax asset protection provision to preserve certain tax benefits primarily associated with our net operating losses;

• The ratification of our tax asset protection plan; and

• The ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016; and

• Such other business as may properly come before the Annual Meeting or any adjournments.

Q: How does the board of directors recommend that I vote?

A: The board of directors recommends that you vote your shares:

• "FOR ALL" the director nominees identified in "Proposals Requiring Your Vote - Proposal 1 - Election of Directors" below;

•"FOR" the approval of the compensation of our named executive officers as disclosed in this Proxy Statement;

•"FOR" the approval of the Kaiser Aluminum Corporation 2016 Equity and Performance Incentive Plan;

•"FOR" the amendment of our amended and restated certificate of incorporation to implement a successor tax asset protection provision to preserve certain tax benefits primarily associated with our net operating losses;

•"FOR" the ratification of our tax asset protection plan; and

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"FOR" the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016.

Q: How can I vote?

A: You can vote in person at the Annual Meeting or you can vote prior to the Annual Meeting by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy without delay.

Q: How do I vote by proxy?

A: If you choose to vote your shares by proxy, you have the following options:

Over the Internet: You can vote over the Internet at the website shown on your proxy card. Internet voting will be available 24 hours a day, seven days a week, until 11:59 p.m., Eastern Time, on Wednesday, May 25, 2016.

By telephone: You can vote by telephone by calling the toll-free number shown on your proxy card. Telephone voting will be available 24 hours a day, seven days a week, until 11:59 p.m., Eastern Time, on Wednesday, May 25, 2016.

By mail: You can vote by mail by completing, signing and dating your proxy card and returning it in the enclosed prepaid envelope.

Q: I want to attend the Annual Meeting and vote in person. How do I obtain directions to the Annual Meeting?

A: You may obtain directions to the Annual Meeting by calling us at (949) 614-1740.

Q: What constitutes a quorum?

As of April 8, 2016, the record date, 17,984,080 shares of our common stock were issued and outstanding. A majority of these shares present or represented by proxy will constitute a quorum for the transaction of business at the Annual Meeting. If you properly vote by proxy by submitting your voting instructions over the Internet, by telephone or by mail, then your shares will be counted as part of the quorum. Abstentions or votes that are withheld on any matter will be counted towards a quorum but will be excluded from the vote relating to the particular matter under consideration. Broker non-votes are counted towards a quorum but are excluded from the vote with respect to the matters for which they are applicable. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner. Among our proposals, brokers will have discretionary voting power only with respect to the proposal to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016.

Q: What are the voting requirements for the proposals?

A: There are different voting requirements for the proposals.

Each director will be elected by an affirmative vote of the majority of the votes cast with respect to the director in an uncontested election. If an incumbent director nominee receives a greater number of votes cast against his or her election than in favor of his or her election (excluding abstentions) in an uncontested election, the nominee must promptly tender his or her resignation, and the board of directors will decide, through a process managed by the nominating and corporate governance committee, whether to accept the resignation, taking into account its fiduciary duties to our company and our stockholders. The board of director's explanation of its decision will be promptly

disclosed in a Form 8-K furnished to the Securities and Exchange Commission. An election of directors is considered to be contested if there are more nominees for election than positions on the board of directors to be filled by election at the meeting of stockholders. In the event of a contested election, each director will be elected by a plurality vote of the votes cast at such meeting. The election of directors at the Annual Meeting is uncontested.

The approval of the holders of a majority of the total number of outstanding shares of our common stock present in person or represented by proxy at the Annual Meeting and actually voted on the proposal is necessary (1) to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement, (2) to approve the 2016 Plan, (3) to ratify the adoption of our tax asset protection plan, and (4) to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016. If you abstain from

voting on the proposal to approve the compensation of our named executive officers as disclosed in this Proxy Statement, the proposal to approve the 2016 Plan, to ratify the adoption of our tax asset protection plan, and/or the proposal to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016, your shares will not be counted in the vote for such proposal(s) and will have no effect on the outcome of the vote.

The affirmative vote of the holders of at least a majority of the total number of outstanding shares of our common stock entitled to vote at the Annual Meeting is required to approve the amendment to our amended and restated certificate of incorporation to implement a successor tax asset protection provision. If you abstain from voting on the proposal to amend our amended and restated certificate of incorporation, your shares will effectively be a vote against that proposal.

Q: If my shares are held in "street name" by my broker, will my broker vote my shares for me?

A: As discussed above, among our proposals, brokers will have discretionary voting power only with respect to the proposal to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016. To be sure your shares are voted, you should instruct your broker to vote your shares using the instructions provided by your broker.

Q: What will happen if the compensation of the company's named executive officers is not approved by the stockholders?

A: Because this is an advisory vote, our board of directors and compensation committee will not be bound by the approval of, or the failure to approve, the executive compensation of our named executive officers as disclosed in this Proxy Statement. The board of directors and the compensation committee, however, value the opinions that our stockholders express in their votes and will consider the outcome of the vote when determining future executive compensation programs.

Q: What will happen if the 2016 Plan is not approved by the stockholders?

A: Our existing equity incentive plan, the Kaiser Aluminum Corporation Amended and Restated 2006 Equity and Performance Incentive Plan (the "2006 Plan"), expires on July 6, 2016. If the 2016 Plan is not approved by our stockholders, we will not be able to grant equity awards as part of our incentive compensation programs in the coming years. The inability to grant equity awards as part of our incentive compensation programs (1) could make it difficult to retain employees, attract employees from companies that have equity compensation programs and compete for talent against competitors that have equity compensation programs and (2) may compel us to increase the cash component of employee compensation, thereby undermining the structure and objectives of our compensation programs, which include the alignment of the interests of our senior management with those of our stockholders.

In addition, stockholder approval of the 2016 Plan would provide us with the flexibility to grant awards that qualify for the performance-based exclusion from the deduction limitations under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Section 162(m) generally limits the deductibility of compensation in excess of \$1 million paid to our principal executive officer and our next three highest-paid executive officers, other than the principal financial officer, unless certain criteria are satisfied.

Q: What will happen if the proposed amendment of our amended and restated certificate of incorporation is not approved by stockholders?

A:

If the amendment of our amended and restated certificate of incorporation to implement a successor tax asset protective provision is not approved by stockholders at the Annual Meeting, the amendment will not become effective. The successor tax asset protective provision, like the existing tax asset protective provision in our amended and restated certificate of incorporation, is designed to prevent certain transfers of our common stock that could significantly limit our ability to utilize our net operating loss ("NOL") carryforwards and other tax attributes (collectively, "Tax Benefits") to offset otherwise taxable income. If the amendment does not become effective, the existing tax asset protective provision will expire on July 6, 2016.

Q: What will happen if our tax asset protection plan is not ratified by stockholders?

A: If our tax asset protection plan is not ratified by stockholders at the Annual Meeting, our tax asset protection plan, which is designed to deter transfers of our common stock that could significantly limit our ability to use our Tax Benefits to

offset otherwise taxable income, will expire the day following the certification of the voting results of the Annual Meeting.

Q: What will happen if the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016 is not ratified by the stockholders?

Pursuant to the audit committee charter, the audit committee of our board of directors has sole authority to appoint our independent registered public accounting firm, and the audit committee will not be bound by the ratification of, A: or failure to ratify, the selection of Deloitte & Touche LLP. The audit committee will, however, consider any failure to ratify the selection of Deloitte & Touche LLP in connection with the appointment of our independent registered public accounting firm the following year.

Q: Can I change my vote after I give my proxy?

A: Yes. If you vote by proxy, you can revoke that proxy at any time before voting takes place at the Annual Meeting. You may revoke your proxy by:

- voting again over the Internet or by telephone no later than 11:59 p.m., Eastern Time, on Wednesday, May 25, 2016;
- submitting a properly signed proxy card with a later date;

•delivering, no later than 5:00 p.m., Eastern Time, on Wednesday, May 25, 2016, written notice of revocation to our Secretary, c/o Computershare, P.O. Box 43126, Providence, Rhode Island 02940-5138; or

•attending the Annual Meeting and voting in person.

Your attendance alone will not revoke your proxy. To change your vote, you must also vote in person at the Annual Meeting. If you instruct a broker to vote your shares, you must follow your broker's directions for changing those instructions.

Q: What does it mean if I receive more than one proxy card?

A: If you receive more than one proxy card, it is because your shares are held in more than one account. You must vote each proxy card to ensure that all of your shares are voted at the Annual Meeting.

Q: Who will count the votes?

A: Representatives of Computershare, our transfer agent, will tabulate the votes and act as inspectors of election.

Q: How much will this proxy solicitation cost?

We have hired MacKenzie Partners, Inc. to assist us in the distribution of proxy materials and solicitation of votes at a cost not to exceed \$10,000, plus out-of-pocket expenses. We will reimburse brokerage firms and other A: custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the owners of our common stock. Our officers and regular employees may also solicit proxies, but they will not be specifically compensated for these services. In addition to the use of the mail, proxies may be solicited personally or by telephone by our employees or by MacKenzie Partners.



## PROPOSALS REQUIRING YOUR VOTE

## Proposal 1 - Election of Directors

## General

Our board of directors currently has 10 members, consisting of our Chief Executive Officer and nine independent directors. Our current directors are:

Carolyn Bartholomew Lauralee E. Martin

David Foster                      Alfred E. Osborne, Jr., Ph.D.

L. Patrick Hassey              Jack Quinn

Jack A. Hockema                Thomas M. Van Leeuwen

Teresa A. Hopp                  Brett E. Wilcox

Mr. Hockema, our Chief Executive Officer, serves as our Chairman of the Board, and Dr. Osborne serves as our Lead Independent Director.

Our board of directors represents a breadth of experience and diversity in perspective and background, as reflected in the summary of their collective qualifications below. Additionally, our directors have a broad range of tenures, from less than two years to almost 10 years of service. This balances institutional knowledge and experience with new perspectives and ideas, as well as ensures smooth succession over time.

Experience/Qualifications	Bartholomew	Foster	Hassey	Hockema	Hopp	Martin	Osborne	Quinn	Van Leeuwen	Wilcox
Board of Directors	ü	ü	ü	ü	ü	ü	ü	ü	ü	ü
Leadership / Management	ü	ü	ü	ü	ü	ü		ü		ü
Aluminum Industry		ü	ü	ü						ü
Economic, Regulatory and/or Policy	ü	ü	ü	ü		ü	ü	ü	ü	ü
Labor / Talent Management & Development	ü	ü	ü	ü	ü	ü	ü	ü		ü
Financial / Investment	ü	ü	ü	ü	ü	ü	ü		ü	ü

Our amended and restated certificate of incorporation and bylaws provide for a classified board of directors consisting of three classes. The term of our Class I directors expires at this year's annual meeting of stockholders; the term of our Class II directors will expire at the 2017 annual meeting of stockholders; and the term of our Class III directors will expire at the 2018 annual meeting of stockholders.

The nominating and corporate governance committee of our board of directors has recommended, and our board of directors has approved, the nomination of the three nominees listed below. The nominees have indicated their willingness to serve as members of the board of directors if elected; however, in case any nominee becomes unavailable for election to the board of directors for any reason not presently known or contemplated, the proxy holders have discretionary authority to vote proxies for a substitute nominee. Proxies cannot be voted for more than three nominees.

The board of directors recommends a vote "FOR ALL" of the persons nominated by the board of directors.

Nominees for Class I Directors

Set forth below is information about the Class I director nominees, including their ages, present principal occupations, other business experiences, directorships in other public companies, membership on committees of our board of directors, and reasons why each individual nominee's specific experience, qualifications, attributes or skills led the nominating and corporate

governance committee to recommend and our board of directors to conclude that the nominee should serve as a director of the company.

Alfred E. Osborne, Jr., Ph.D., 71, has served as a director of Kaiser since July 2006. Dr. Osborne has been the Senior Associate Dean at the UCLA Anderson School of Management since July 2003 and a Professor of Global Economics and Management since July 2008. Dr. Osborne was previously an Associate Professor of Global Economics and Management and served as the Director of the Harold and Pauline Price Center for Entrepreneurial Studies at the UCLA Anderson School of Management. Dr. Osborne has served on the board of directors of First Pacific Advisor's Source Capital Inc. Fund, Paramount Fund, and Perennial Fund since August 2013, of First Pacific Advisor's International Value Fund since August 2011, of First Pacific Advisor's New Income Fund, Capital Fund, and Crescent Fund since December 1999, of Nuverra Environmental Solutions, Inc. (formerly Heckmann Corporation), an environmental services company, since August 2007, and of Wedbush, Inc., a financial services and investment firm, since January 1998. Dr. Osborne also previously served on the board of directors of AFH Acquisition VII, Inc., EMAK Worldwide, Inc., K2, Inc. and Nordstrom, Inc. Dr. Osborne serves on the audit, executive, and nominating and corporate governance committees of our board of directors and is our Lead Independent Director. Dr. Osborne has served on many boards and board committees of public companies and investment funds over a more than 25-year period. During that time, Dr. Osborne worked extensively on the development of board and director best practices, as well as director training and governance programs sponsored by the UCLA Anderson School of Management. Dr. Osborne was one of the original directors selected by a search committee consisting of our creditors (referred to herein as the "search committee") to serve as a director of our company upon our emergence from chapter 11 bankruptcy in 2006 and was selected because of his public company experience and governance background. During his service on our board of directors, Dr. Osborne has gained an understanding of our company and the environment in which we operate. Dr. Osborne's experience as a director of public companies, as a member of various board committees of public companies, and as an educator in the fields of business management and corporate governance allow him to draw on his experience and offer guidance to our board of directors and management on issues that affect our company, including governance and board best practices.

Jack Quinn, 65, has served as a director of Kaiser since July 2006. Mr. Quinn has been the President of Erie Community College in Buffalo, New York since April 2008. From September 2013 to December 2013, Mr. Quinn was Commissioner of the Tax Relief Commission, which was formed to investigate and explore methods to reduce taxes for New York residents under the state's 2014 budget plan. From January 2013 to March 2013, Mr. Quinn was Commissioner of the Hurricane Sandy Task Force for the State of New York, assisting the state in securing federal funding for the repairs of damages caused by Hurricane Sandy. Mr. Quinn was previously the President of Cassidy & Associates, a government relations firm which assists clients promoting policy and appropriations objectives in Washington, D.C. with a focus on transportation, aviation, railroad, highway, infrastructure, corporate and industry clients. Mr. Quinn served as a United States Congressman for the state of New York. While in Congress, Mr. Quinn was Chairman of the Transportation and Infrastructure Subcommittee on Railroads. He was also a senior member of the Transportation Subcommittees on Aviation, Highways and Mass Transit. In addition, Mr. Quinn was Chairman of the Executive Committee in the Congressional Steel Caucus. Prior to his election to Congress, Mr. Quinn served as supervisor of the town of Hamburg, New York. Mr. Quinn has served as a trustee of the AFL-CIO Housing Investment Trust since 2005. Mr. Quinn serves on the compensation and nominating and corporate governance committees of our board of directors. Mr. Quinn was selected by the search committee to serve as a director of our company upon our emergence from chapter 11 bankruptcy in 2006 because of his background and experience in Washington, D.C. Mr. Quinn was designated by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC (referred to herein as the "USW") as a director candidate in connection with the search process, and pursuant to the terms of the Director Designation Agreement described under "Corporate Governance - Director Designation Agreement," Mr. Quinn was designated by the USW as a director candidate in connection with our 2007, 2010 and 2013 annual meetings of stockholders and again in 2016 in connection with the Annual Meeting. During his service on our board of directors, Mr. Quinn has

gained an understanding of our company and the environment in which we operate. Mr. Quinn's experience in Washington, D.C., including as a U.S. Congressman, and his working relationship with the USW allow him to offer guidance and insight to our board of directors and management regarding government relations, policy and appropriations for defense and other government funded programs that utilize our products and labor relations.

Thomas M. Van Leeuwen, 59, has served as a director of Kaiser since July 2006. Prior to his retirement, Mr. Van Leeuwen served as a Director - Senior Equity Research Analyst for Deutsche Bank Securities Inc. Mr. Van Leeuwen also previously served as a Director - Senior Equity Research Analyst for Credit Suisse First Boston and as First Vice President of Equity Research with Lehman Brothers. Mr. Van Leeuwen held the positions of research analyst with Sanford C. Bernstein & Co., Inc. and systems analyst with The Procter & Gamble Company. Mr. Van Leeuwen is also a Chartered Financial Analyst. Mr. Van Leeuwen serves on the audit, compensation, executive, and nominating and corporate governance committees of our board of directors. Mr. Van Leeuwen was selected by the search committee to serve as a director of our company upon our emergence from chapter 11 bankruptcy in 2006 because of his experience working with investment banks, including as an analyst in the aluminum industry. Mr. Van Leeuwen's experience as an equity research analyst and service as a director of our company since

2006 allow him to provide guidance and insight to our board of directors and management with respect to financial analyses of our company, whether generated internally or externally, as well as other financial issues, and with respect to the investment community's understanding of our company.

#### Continuing Directors

Set forth below is information about our continuing directors, including their ages, present principal occupations, other business experiences, directorships in other public companies, membership on committees of our board of directors, and reasons why each individual director's specific experience, qualifications, attributes or skills led our board of directors to conclude that the director should serve on our board of directors.

#### Class II Directors

Carolyn Bartholomew, 58, has served as a director of Kaiser since June 2007. Ms. Bartholomew has served as Commissioner of the U.S.-China Economic and Security Review Commission since April 2003 and its Vice-Chairman since January 2016. In addition, from October 2012 to April 2014, Ms. Bartholomew also served as Vice President - Development and Corporate Initiatives of the Blue Green Alliance, a partnership between labor unions and environmental organizations formed to increase support for building a more efficient and more competitive sustainable American clean economy. In that role, she developed strategies for funding and initiatives to create and strengthen relationships between business and the labor and environmental communities on issues of shared interest. She is also a Visiting Professor at Antioch University New England. Ms. Bartholomew also served as Legislative Director, District Director and Chief of Staff to Congresswoman Nancy Pelosi. Ms. Bartholomew serves on the audit and nominating and corporate governance committees of our board of directors. Pursuant to the terms of the Director Designation Agreement, Ms. Bartholomew was designated by the USW to fill a vacancy on our board of directors in 2007, and Ms. Bartholomew was designated by the USW as a director candidate in connection with our 2008, 2011 and 2014 annual meetings of stockholders. Ms. Bartholomew's experience in Washington, D.C., and with the U.S.-China Economic and Security Review Commission and the Blue Green Alliance, allow her to provide guidance and insight to our board of directors and management regarding government relations, policy and appropriations for defense and other government funded programs that utilize our products, and our efforts to expand into Chinese markets and effectively compete with Chinese manufacturers, as well as environmental, regulatory and labor initiatives potentially impacting U.S.-based manufacturers.

Jack A. Hockema, age 69, our Chief Executive Officer, serves as Chairman of the Board and serves on the executive committee of our board of directors. For information as to Mr. Hockema, see "Executive Officers" below. Mr. Hockema's substantial experience with our company and in the metals industry allows him to provide a unique perspective to our board of directors regarding our business and strategic direction for our company.

Lauralee E. Martin, 65, has served as a director of Kaiser since September 2010. Ms. Martin has served as Chief Executive Officer and President of HCP, Inc., a real estate investment trust focusing on properties serving the healthcare industry, since October 2013. Ms. Martin also serves as a member of HCP, Inc.'s board of directors, and, since October 2015, as a member of ABM Industries, Inc.'s board of directors. Prior to joining HCP, Inc., Ms. Martin served as Chief Executive Officer of the Americas Division of Jones Lang LaSalle, Inc., a financial and professional services firm specializing in real estate services and investment management, from January 2013 to October 2013. Prior to that, Ms. Martin served as Executive Vice President and Chief Financial Officer of Jones Lang LaSalle since January 2002 and was appointed Chief Operating and Financial Officer in October 2005. She joined Jones Lang LaSalle after 15 years with Heller Financial, Inc., a commercial finance company with international operations, where she was Vice President, Chief Financial Officer, Senior Group President, and President of the Real Estate group. Prior to joining Heller Financial, Ms. Martin held certain senior management positions with General Electric Credit Corporation. She was a member of the board of directors of each of Jones Lang LaSalle, Inc. from October 2005 to

October 2013, Key Corp, a bank holding company, from December 2003 to November 2010, Gables Residential Trust, a real estate investment trust, and Heller Financial. Ms. Martin serves on the audit, compensation, and talent development committees of our board of directors. Having served as both the chief financial officer and the head of the real estate lending group at Heller Financial and having served as the chief operating and financial officer for Jones Lang LaSalle for more than seven and 12 years, respectively, as well as having served as the Chief Executive Officer of the Americas division of Jones Lang LaSalle, Inc. and being the Chief Executive Officer of HCP, Inc., Ms. Martin has significant experience in all aspects of corporate financial and operational matters, including the oversight of complex financial, accounting and corporate infrastructure functions. Her service as a member of the boards of directors of two real estate investment trusts and a major bank holding company have reinforced those qualifications and also have deepened her expertise in corporate governance and matters relating to the Sarbanes-Oxley Act. Ms. Martin also has a deep foundation in evaluating acquisition opportunities, managing banking relationships and investor relations. Ms. Martin's experience and background, qualification as an audit committee

financial expert, and understanding of our company's financial statements allow her to provide guidance and insight to our board of directors and management regarding business, strategic, accounting and financial issues.

Brett E. Wilcox, 62, has served as a director of Kaiser since July 2006. Mr. Wilcox has been an active investor in, on the board of directors of, or an executive consultant for, a number of metals and energy companies since 2005. From June 2005 to December 2011, Mr. Wilcox served as Chief Executive Officer of Summit Power Alternative Resources where he managed the development of wind generation and new energy technologies. Prior to that, Mr. Wilcox served as Chief Executive Officer of Golden Northwest Aluminum Company and its predecessors. Mr. Wilcox has also served as Executive Director of Direct Services Industries, Inc., a trade association of large aluminum and other energy-intensive companies; an attorney with Preston, Ellis & Gates in Seattle, Washington; Vice Chairman of the Oregon Progress Board; Chairman of the Oregon Economic and Community Development Commission; a member of the Oregon Governor's Comprehensive Review of the Northwest Regional Power System; and a member of the Oregon Governor's Task Forces on structure and efficiency of state government, employee benefits and compensation, and government performance and accountability. Mr. Wilcox serves on the audit, compensation, executive, and talent development committees of our board of directors. Mr. Wilcox was selected by the search committee to serve as a director of our company upon our emergence from chapter 11 bankruptcy in 2006 because of his business and financial background and experience, including his experience as the Chief Executive Officer of Golden Northwest Aluminum Company and its predecessors, his experience working successfully with the USW and his experience in the power industries, and because of his qualification as an audit committee financial expert. Mr. Wilcox was designated by the USW as a director candidate in connection with the search process, and, pursuant to the terms of the Director Designation Agreement, Mr. Wilcox was designated by the USW as a director candidate in connection with our 2008, 2011 and 2014 annual meetings of stockholders. Mr. Wilcox's experience as a chief executive officer, his financial expertise and his working relationship with the USW allow him to offer guidance and insight to our board of directors and management on business, finance, strategic and labor issues.

#### Class III Directors

David Foster, 68, has served as a director of Kaiser since June 2009. Mr. Foster has been Senior Advisor to the Office of the Secretary of the U.S. Department of Energy since June 2014. Prior to that, Mr. Foster was Executive Director of Blue Green Alliance, a strategic national partnership between labor unions and environmental organizations to expand the job-creating potential of the green economy and improve the rights of workers at home and around the world, from June 2006 to June 2014 and an adjunct faculty member of the University of Minnesota from January 2003 to June 2014. Mr. Foster was also previously a director of the USW for District #11. Mr. Foster has been a member of the board of directors of Evraz North America, d/b/a Oregon Steel Manufacturing, a subsidiary of Evraz, a global steel company, since June 2006. Mr. Foster serves on the nominating and corporate governance and talent development committees of our board of directors. Pursuant to the terms of the Director Designation Agreement described below, Mr. Foster was designated by the USW as a director candidate in connection with our 2009, 2012, and 2015 annual meetings of stockholders. However, his experience with our company exceeds 18 years and includes his role as the primary USW negotiator of our master labor agreement with the USW. Mr. Foster's extensive labor experience representing the USW and with the Blue Green Alliance allow him to provide guidance and insight to our board and management regarding labor relations, including with the USW, relations with our hourly workforce, the impact of environmental and regulatory initiatives on US based manufacturers and sustainability.

L. Patrick Hassey, 70, has served as a director of Kaiser since September 2014. Prior to his retirement in May 2011, Mr. Hassey served as Chairman and Chief Executive Officer of Allegheny Technologies Incorporated ("ATI"), a global leader in the production of specialty materials for the aerospace, chemical and oil and gas industries, where he was elected to the board of directors in July 2003, appointed as the President and Chief Executive Officer in October 2003, and became Chairman in May 2004. Mr. Hassey served as ATI's President until August 2010. Before joining ATI, Mr. Hassey served as Executive Vice President and as a member of the corporate executive committee of Alcoa,

as Executive Vice President of Alcoa and Group President of Alcoa Industrial Components, and as Executive Vice President of Alcoa and President of Alcoa Europe, Inc. Mr. Hassey is a member of the board of directors of Ryder System, Inc., a global leader of transportation and supply chain management solutions, where he is chairman of the compensation committee and a member of the corporate governance and nominating committees, and of Alpha Natural Resources, one of America's leading producers of coal, where he is chairman of the compensation committee and a member of the audit committee. Mr. Hassey serves on the compensation and talent development committees of our board of directors. Mr. Hassey's extensive experience and background and qualification as a chief executive officer in the aluminum and specialty metal industries allows him to provide guidance and insight to our board of directors and management regarding business and strategic issues.

Teresa A. Hopp, 56, has served as a director of Kaiser and chair of the audit committee since July 2006. Prior to Ms. Hopp's retirement, she was the Chief Financial Officer for Western Digital Corporation, a hard disk drive manufacturer, where she also served as Vice President, Finance. Prior to that, Ms. Hopp was with Ernst & Young LLP, where she served as an audit partner

for four years, managed audit department resource planning and scheduling, and served as internal education director and information systems audit and security director. Ms. Hopp also served on the board of directors of On Assignment, Inc and as its audit committee chair. Ms. Hopp serves on the audit, executive, and talent development committees of our board of directors. Ms. Hopp was selected by the search committee to serve as a director of our company upon our emergence from chapter 11 bankruptcy in 2006 because of her accounting and finance experience and background, including her prior experience with Ernst & Young, and because of her prior experience as a board member and audit committee chair. Ms. Hopp's experience and background, qualification as an audit committee financial expert, experience as a director of our company and chair of the audit committee of our board of directors since 2006, and understanding of our company's financial statements allow her to provide guidance and insight to our board of directors and management regarding accounting and financial issues.

#### Proposal 2 - Advisory Vote on Executive Compensation

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and Section 14A of the Exchange Act, we are asking stockholders to vote on a non-binding, advisory resolution regarding executive compensation. Our board of directors has adopted a policy to hold annual advisory votes on executive compensation until the next advisory vote on the frequency of stockholder votes on executive compensation at the 2017 annual meeting of stockholders, or until our board of directors determines to hold such advisory vote at a different frequency. The vote is not intended to address any specific component of our executive compensation program, but rather the overall compensation of our named executive officers as described in this Proxy Statement. The text of the resolution is as follows:

RESOLVED, that the compensation paid to the named executive officers of Kaiser Aluminum Corporation, as described in the proxy statement for the company's 2016 annual meeting of stockholders pursuant to Item 402 of Regulation S-K (which disclosure includes the "Executive Compensation - Compensation Discussion and Analysis" section and the Summary Compensation Table and other compensation tables and related narrative discussion within the "Executive Compensation" section), is hereby APPROVED.

As described in further detail in the "Executive Compensation - Compensation Discussion and Analysis" section of this Proxy Statement, or CD&A, our 2015 compensation structure was developed and designed to:

- align the interest of our named executive officers and stockholders by tying a significant portion of compensation to enhancing stockholder return;
- attract, motivate and retain highly experienced executives vital to our short-term and long-term success, profitability and growth;
- deliver a mix of fixed and at-risk compensation with the portion of compensation at risk increasing with seniority; and
- tie our executive compensation to our ability to pay and safety, quality, delivery, cost and individual performance.

The compensation of our named executive officers is targeted at the 50<sup>th</sup> to 65<sup>th</sup> percentile of our compensation peer group and, in 2015, consisted primarily of the following components:

- a base salary targeted at the 50<sup>th</sup> percentile of our compensation peer group (1) compensating each named executive officer based on the level of responsibility, individual expertise and prior experience and (2) providing a fixed amount of cash compensation upon which our named executive officers can rely;

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a short-term annual cash incentive targeted at the 50<sup>th</sup> percentile of our compensation peer group (1) payable only if our company achieves a certain adjusted earnings before interest, taxes, depreciation and amortization, or Adjusted EBITDA, performance goal determined using an economic value added, or EVA, calculation reflecting the adjusted pre-tax operating income, or PTOI, of our core Fabricated Products business less a capital charge calculated as a percentage of our adjusted net assets as more fully described below, and (2) adjusted based on (a) our safety performance based on our total case incident rate, or TCIR, which is the average number of work-related injuries incurred by 100 workers during a one-year period, (b) our quality performance based on our no-fault claim rate, (c) delivery performance based on our on-time delivery rate, (d) cost performance based on manufacturing efficiency, and (e) individual performance based on individual, facility, and/or functional performance; and

an equity-based, long-term incentive targeted at between the 50<sup>th</sup> and 65<sup>th</sup> percentile of our compensation peer group and designed to align compensation with the interests of our stockholders and to enhance retention of our named

executive officers consisting of (1) restricted stock with three-year cliff vesting and (2) performance shares that vest, if at all, based on our total shareholder return, or TSR, over a three-year period compared to our peers in the S&P SmallCap 600 Materials Index.

We no longer maintain a defined benefit pension plan or retiree medical program that covers members of senior management. Retirement benefits to our senior management, including our named executive officers, are provided through a defined contribution retirement program consisting of a 401(k) plan (which we refer to as our Savings Plan) and a nonqualified and unsecured deferred compensation plan intended to restore benefits that would be payable to designated participants but for the limitations on benefit accruals and payments imposed by the Code (which we refer to as our Restoration Plan).

For 2015, approximately 75% of our Chief Executive Officer's target total compensation, and approximately 63% to 70% of the target total compensation of our other named executive officers, consisted of at-risk compensation, which we define as compensation that either (1) will be realized, if at all, only if certain financial performance levels are achieved as in the case of our annual short-term incentive and the portion of our long-term incentive consisting of performance shares or (2) is substantially impacted by the overall performance of the company as in the case of the portion of our long-term incentive compensation consisting of restricted stock.

Our compensation structure is also supported by our corporate governance practices, which further align the interests of senior management and our stockholders. The table below sets forth the best practice compensation features we have adopted.

#### Best Practice Compensation Features

##### What We Do ü

ü DO align pay and performance by linking a significant portion of total compensation to company performance, including financial, safety, quality, delivery and cost performance, as well as individual performance

ü DO balance both short-term (one-year) and long-term (three-years) performance across our incentive programs

ü DO enhance retention with time-based, three-year cliff vesting schedule for restricted stock awards

ü DO subject the vesting of 50% (64% for our CEO) of long-term incentive awards to performance targets based on relative TSR over a three-year performance period

ü DO maintain rigorous stock ownership guidelines (6x base salary for CEO and non-employee directors and 3x for executive officers)

ü DO maintain a clawback policy for both equity and cash awards

ü DO cap payouts for awards under both of our short- and long-term incentive plans

ü DO strive to award incentive compensation that qualifies as performance-based compensation under Section 162(m) of the Code

ü DO appoint a compensation committee comprised solely of independent directors

ü DO use an independent compensation consultant

##### What We Don't Do û

û NO compensation or incentive that encourages unnecessary or excessive risk taking

û NO repricing or buyout of "underwater" stock options or appreciation rights without stockholder approval

û NO pledging of our securities

û NO hedging or speculative transactions involving our securities

û NO guaranteed payout for cash incentive compensation or equity grants

û NO excessive perquisites or other benefits

û NO evergreen equity plan provisions

We urge our stockholders to review our CD&A which describes our compensation philosophy and programs in detail and to approve the compensation of our named executive officers. While this vote on executive compensation is

non-binding and solely advisory in nature, our board of directors and the compensation committee value the opinions that our stockholders express in their votes and will consider the outcome of the vote when determining future executive compensation programs. At our 2015 annual meeting, the advisory vote on our executive compensation received the approval of 92% of the votes cast.

The board of directors recommends a vote "FOR" the approval of the compensation of our named executive officers as disclosed in this Proxy Statement.

### Proposal 3 - Approval of the Kaiser Aluminum Corporation 2016 Equity and Incentive Compensation Plan

#### General

We are asking stockholders to approve the Kaiser Aluminum Corporation 2016 Equity and Incentive Compensation Plan, which we refer to as the 2016 Plan. On April 7, 2016, upon recommendation by the compensation committee of our board of directors, our board of directors unanimously approved and adopted, subject to the approval of our stockholders at the 2016 Annual Meeting of Stockholders, the 2016 Plan to replace the Kaiser Aluminum Corporation Amended and Restated 2006 Equity and Performance Incentive Plan, which we refer to as the 2006 Plan. The 2006 Plan was originally effective as of July 6, 2006. Our board of directors amended and restated the 2006 Plan in its entirety as of February 6, 2008, as of June 2, 2009, and as of March 1, 2010. Our board of directors again amended and restated the 2006 Plan following approval from our stockholders of such amendment and restatement effective as of June 8, 2010, and again as of February 8, 2012 and as of April 10, 2013.

The board of directors is recommending that our stockholders vote in favor of the 2016 Plan, which will succeed in its entirety the 2006 Plan. The 2016 Plan continues to afford the compensation committee of our board of directors the ability to design compensatory awards that are responsive to our needs and includes authorization for a variety of awards designed to advance our interests and long-term success by attracting, motivating and retaining our officers, other key employees and non-employee directors, as well as potentially certain non-employees who provide employee-type services to us.

If the 2016 Plan is approved by stockholders, it will be effective as of the day of the Annual Meeting, and no new awards will be granted under the 2006 Plan after that date. Outstanding awards under the 2006 Plan, however, will continue in effect in accordance with their terms. If the 2016 Plan is not approved by our stockholders, no awards will be made under the 2016 Plan, and the 2006 Plan will remain in effect, though, under its terms, no new awards may be made under the 2006 Plan after July 6, 2016.

Our principal reason for seeking approval of the 2016 Plan is to obtain stockholder approval of the shares of our common stock, par value \$0.01 per share, available for awards under the 2016 Plan, as required by the rules of the Nasdaq Stock Market. Stockholder approval of the 2016 Plan is also intended to constitute approval of the material terms for "qualified performance-based compensation" under the 2016 Plan for purposes of Section 162(m) of the Code. Section 162(m) of the Code generally disallows a deduction for certain compensation paid to our Chief Executive Officer and certain other executive officers in a taxable year to the extent that compensation to a covered employee exceeds \$1 million for such year. However, some types of compensation, including "qualified performance-based compensation" under Section 162(m) of the Code, are not subject to the deduction limit if the compensation satisfies the requirements of Section 162(m) of the Code. The deduction limit does not apply to compensation paid under a stockholder approved plan that meets certain requirements for "qualified performance-based compensation" under Section 162(m) of the Code. While we believe it is in the best interests of Kaiser and our stockholders to have the ability to potentially grant "qualified performance-based compensation" under Section 162(m) of the Code under the 2016 Plan, we may decide to grant compensation to covered employees that will not qualify as "qualified performance-based compensation" for purposes of Section 162(m) of the Code. Moreover, even if we intend to grant compensation that qualifies as "qualified performance-based compensation" for purposes of Section 162(m) of the Code under the 2016 Plan, we cannot guarantee that such compensation will so qualify or ultimately will be deductible by us.

Generally, compensation attributable to stock options, appreciation rights and other performance-based awards may be deemed to qualify as "qualified performance-based compensation" under Section 162(m) of the Code if: (1) the grant is made by a committee of outside directors for purposes of Section 162(m) of the Code; (2) the plan under which the award is granted states the maximum number of shares and the maximum amount of cash awards that may be granted to any individual during a specified period of time; and (3) the amount of compensation an individual may receive under the awards is based solely on the achievement of one or more pre-established performance goals which

incorporate business criteria approved by stockholders (or, in the case of stock options or appreciation rights, the increase in the value of the shares after the date of grant). Stockholder approval of this Proposal 3 is intended to satisfy the stockholder approval requirements under Section 162(m) of the Code.

We are seeking stockholder approval of the material terms for “qualified performance-based compensation” under the 2016 Plan, including the performance measures and applicable individual grant limits under the 2016 Plan, as well as the individuals eligible to receive such awards under the 2016 Plan, to have the flexibility to potentially grant awards under the 2016 Plan that may be fully deductible for federal income tax purposes. If our stockholders approve the material terms for “qualified performance-based compensation” under the 2016 Plan, assuming that all other Section 162(m) requirements are met, we may

be able to obtain tax deductions with respect to awards issued under the 2016 Plan to our Section 162(m) executive officers without regard to the limitations of Section 162(m) through the 2021 annual meeting of our stockholders (or, in other words, for five years).

The actual text of the 2016 Plan is attached as Appendix A to this Proxy Statement. The following description of the 2016 Plan is only a summary of its principal terms and provisions and is qualified by reference to the actual text as set forth in Appendix A to this Proxy Statement.

### Why We Recommend That You Vote for Proposal 3

#### General

The 2016 Plan authorizes the compensation committee of our board of directors to provide equity-based compensation in the form of stock options, appreciation rights (or SARs), restricted stock, restricted stock units (or RSUs), performance shares, performance units, dividend equivalents and certain other awards denominated or payable in, or otherwise based on our common stock or factors that may influence the value of our common stock, plus cash incentive awards, for the purpose of providing our officers and other key employees (and those of our subsidiaries), our non-employee directors, and potentially certain non-employees who perform employee-type functions, incentives and rewards for performance. Some of the key features of the 2016 Plan that reflect our commitment to effective management of equity and incentive compensation are described below in this subsection.

We believe our future success depends in part on our ability to attract, motivate and retain high quality employees and directors and that the ability to provide equity-based and incentive-based awards under the 2016 Plan is critical to achieving this success. We would be at a competitive disadvantage if we could not use share-based awards to recruit and compensate our employees and directors.

The use of our common stock as part of our compensation program is also important to our continued success because equity-based awards are an essential component of our compensation program for key employees, as they link compensation with long-term stockholder value creation and reward participants based on our performance. As discussed in further detail in CD&A, equity compensation represents a significant portion of the compensation package for our Chief Executive Officer and other named executive officers. Because our equity awards generally vest over multiple years, the value ultimately realized from these awards relates to the long-term value of our common stock. Our equity compensation program also helps us to attract and retain talent in a highly competitive market, targeting individuals who are motivated by pay-for-performance.

As of March 31, 2016, 603,810 shares of our common stock remained available for issuance under the 2006 Plan. If the 2016 Plan is not approved, we may be compelled to increase significantly the cash component of our employee and director compensation, which may not necessarily align employee and director compensation interests with the investment interests of our stockholders as closely as provided by equity-based awards. Replacing equity-based awards with cash also would increase cash compensation expense and use cash that could be better utilized if reinvested in our businesses or returned to our stockholders.

#### Plan Highlights

• The 2016 Plan places specific limits on the number of shares subject to certain Qualified Performance-Based Awards (as defined below) that can be granted under the 2016 Plan to individuals during a calendar year.

• The 2016 Plan places a specific dollar limit on the aggregate value of awards that can be granted under the 2016 Plan to our non-employee directors during a calendar year.

• The 2016 Plan does not utilize so-called “liberal” share counting.

• The 2016 Plan prohibits granting discounted stock options and stock appreciation rights.

• The 2016 Plan prohibits the repricing of stock options and appreciation rights without stockholder approval.

• The 2016 Plan has no evergreen features.

The 2016 Plan generally provides that awards will be subject to “double-trigger” vesting upon a change in control.

The 2016 Plan generally provides that awards will be subject to a one-year minimum vesting or performance period, subject to certain exceptions described in the 2016 Plan.

The 2016 Plan does not provide for any tax “gross-ups” for excise taxes payable in connection with a change in control.

The 2016 Plan will generally be administered by our independent compensation committee of our board of directors.

Our award agreements with participants under the 2016 Plan will require that awards be subject to certain forfeiture and clawback arrangements.

#### Equity Overhang and Dilution

The following includes aggregated information regarding the overhang and dilution associated with the 2006 Plan and the potential stockholder dilution that would result if our proposed share pool under the 2016 Plan is approved. The information below is as of March 31, 2016. As of that date, there were approximately 17,986,521 shares of our common stock outstanding.

Equity overhang measures the potential dilutive effects of outstanding and future equity grants and is expressed as a percentage and calculated, as of any particular date, by dividing: (1) the sum of (a) the total number of shares of our common stock underlying outstanding awards and (b) the total number of shares of our common stock available for future grants, by (2) our total number of outstanding shares of common stock. Our equity overhang as of March 31, 2016 was 6.97%.

As of March 31, 2016, shares of our common stock subject to outstanding awards, shares of our common stock available for future awards and equity overhang under the 2006 Plan were as follows:

Number of shares of our common stock subject to outstanding stock options: 16,645 shares of our common stock (0.09% of our outstanding common stock) (all such outstanding stock options have an exercise price of \$80.01 and a remaining term of approximately one year);

Number of shares of our common stock subject to outstanding full value awards (i.e. restricted stock, restricted stock units and performance shares): 632,423 shares of our common stock (3.52% of our outstanding common stock);

Total number of shares of our common stock subject to outstanding full value awards: 649,068 shares of our common stock (3.61% of our outstanding common stock);

Total number of shares of our common stock available for future awards under the 2006 Plan: 603,810 shares of our common stock (3.36% of our outstanding common stock); and

The sum of (1) the total number of shares of our common stock subject to outstanding awards and (2) the total number of shares of our common stock available for future awards under the 2006 Plan: 1,252,878 shares of our common stock, representing an equity overhang (or maximum potential dilution) of 6.97%.

If the 2016 Plan had become effective and replaced the 2006 Plan as of March 31, 2016, shares of our common stock subject to outstanding awards, shares of common stock available for future awards and equity overhang under the 2006 Plan and the 2016 Plan immediately thereafter would have been as follows:

Number of shares of our common stock subject to outstanding stock options under the 2006 Plan: 16,645 shares of our common stock (0.09% of our outstanding common stock) (all such outstanding stock options have an exercise price of \$80.01 and a remaining term of approximately one year);

Number of shares of our common stock subject to outstanding full value awards (i.e., restricted stock, restricted stock units and performance shares) under the 2006 Plan: 632,423 shares of our common stock (3.52% of our outstanding common stock);

• Total number of shares of our common stock subject to outstanding awards under the 2006 Plan: 649,068 shares of our common stock (3.61% of our outstanding common stock);

• Total number of shares of our common stock available for future awards under the 2016 Plan: 939,448 shares of our common stock (5.22% of our outstanding common stock), representing the sum of (1) 603,810 shares of our

common stock that remained available for awards under the 2006 Plan immediately prior to its replacement with the 2016 Plan (3.36% of our outstanding common stock) (which reflects the grant of full value awards covering 212,662 shares of our common stock and the cancellation or forfeiture of awards covering 107,110 shares of our common stock in the first quarter of 2016) and (2) 335,638 additional new shares of our common stock requested to be available for future awards under the 2016 Plan (1.87% of our outstanding common stock); and

The sum of (1) the total number of shares of our common stock subject to outstanding awards under the 2006 Plan and (2) the total number of shares of our common stock available for awards under the 2016 Plan: 1,588,516 shares of our common stock, representing an equity overhang (or maximum dilution potential) of 8.83%.

Based on the closing price per share of our common stock as reported on the Nasdaq Global Select Market on March 31, 2016 of \$84.54, the aggregate market value of the 335,638 additional new shares of our common stock requested to be available for awards under the 2016 Plan was \$28,374,837.

#### Burn Rate

The burn rate for any particular year, is expressed as a percentage and calculated by dividing (1) the sum of (a) the number of shares underlying time-vested full-value awards (for example, awards of restricted stock or restricted stock units) and time-vested stock options granted during such year, (b) the number of shares underlying performance-vested full-value awards (for example, performance shares) earned during such year based on the achievement of applicable management objectives, and (c) the number of shares underlying performance-vested stock options earned during such year based on the achievement of applicable management objectives, by (2) the diluted weighted average number of shares of our common stock outstanding for such year.

The following table sets forth for each of 2013, 2014 and 2015: (1) the number of shares of our common stock underlying time-vested full-value awards granted during such year; (2) the number of shares of our common stock underlying performance-vested full-value awards earned during such year; and (3) the sum of such numbers for such year, representing the total number of shares of our common stock burned under the 2006 Plan during such year. All awards granted under the 2006 Plan during the last three years have been full-value awards.

Year	Shares Subject to Time-Vested Awards Granted	Shares Subject to Performance-Vested Awards Earned	Total Shares Burned
2013	78,936	43,092	122,028
2014	122,034	49,981	172,015
2015	64,610	50,908	115,518

Based on our diluted weighted average common stock outstanding of 19,246,000, 18,593,000, and 17,201,000, for 2013, 2014 and 2015, respectively, our burn rates for 2013, 2014 and 2015, not taking into account forfeitures with respect to time-vested awards, were 0.63%, 0.93%, and 0.67%, respectively, and our average annual burn rate for the three year period 2013-2015, not taking into account forfeitures with respect to time-vested awards, was 0.74%.

Under the 2016 Plan, each of our non-employee directors may elect to receive shares of common stock in lieu of any or all of his or her annual cash retainer, including retainers for serving as Lead Independent Director or a committee chair, with the number of shares to be determined based on a per share price equal to the average of the closing prices per share of our common stock as reported on the Nasdaq Global Select Market for the 20 trading days prior to the award date of the annual retainers. The burn rates set forth above do not reflect the shares of our common stock issued or delivered to our non-employee directors as a result of such elections. Our non-employee directors received 2,916, 2,969 and 2,436 shares of our common stock in lieu of annual cash retainers in 2013, 2014 and 2015, respectively.

#### Anticipated Share Usage

In determining the number of shares of our common stock to request for approval under the 2016 Plan, our management team worked with Meridian Compensation Partners, LLC (referred herein as Meridian), the compensation committee's independent compensation consultant and the compensation committee of our board of directors to evaluate a number of factors, including our recent share usage and criteria expected to be utilized by institutional proxy advisory firms in evaluating our proposal for the 2016 Plan.

If the 2016 Plan is approved, we intend to utilize the shares authorized under the 2016 Plan to continue our practice of incentivizing key individuals through annual equity grants. We currently anticipate that the shares of our common stock requested in connection with the approval of the 2016 Plan combined with the shares available for future awards will last for about 4 years, based on our historic grant rates and anticipated future payout levels, but could last for a shorter or longer period of time if actual practice does not match historic rates. For example, if our share price decreases materially, the shares available for future awards could last for a shorter period and, conversely, if our share price increases materially, the shares available for future awards could last for a longer period. As noted in “ - Summary of Other Material Terms of the 2016 Plan” below, the compensation committee of our board of directors would retain full discretion under the 2016 Plan to determine the number and amount of awards to be granted under the 2016 Plan, subject to the terms of the 2016 Plan, and future benefits that may be received by participants under the 2016 Plan are not determinable at this time, except with respect to certain grants that to non-employee directors are expected to be made immediately following the Annual Meeting (as described below).

We believe that we have demonstrated a commitment to sound equity compensation practices in recent years. We recognize that equity compensation awards dilute stockholder equity, so we have carefully managed our equity incentive compensation. Our equity compensation practices are intended to be competitive and consistent with market practices, and we believe our historical share usage has been responsible and mindful of stockholder interests, as described above.

In evaluating this Proposal 3, stockholders should consider all of the information in this Proposal 3.

#### Key Features of the 2016 Plan

##### Administration

The 2016 Plan will generally be administered by the compensation committee of our board of directors, as further described in “ - Summary of Other Material Terms of the 2016 Plan - Administration” below.

##### Reasonable Plan Limits

Subject to adjustment as described in the 2016 Plan, the aggregate number of shares of our common stock available for awards granted under the 2016 Plan is limited to 1,045,000 shares of our common stock, minus, (1) as of the effective date of the 2016 Plan, 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 (2) 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, as described in “ - Limited Share Recycling Provisions” below. Shares of our common stock delivered in respect of grants under the 2016 Plan may be shares of original issuance, treasury shares or a combination of the two.

Subject to adjustment as described in the 2016 Plan, the 2016 Plan also provides for the following individual limits: the aggregate number of shares of our common stock actually issued or transferred upon the exercise of “incentive stock options” as defined in Section 422 of the Code (“Incentive Stock Options”) will not exceed 1,045,000 shares of our common stock;

no participant will be granted stock options and/or SARs, in the aggregate, for more than 250,000 shares of our common stock during any calendar year;

no participant will be granted awards of restricted stock, RSUs, performance shares and/or other stock-based awards that are Qualified Performance-Based Awards, in the aggregate, for more than 250,000 shares of our common stock during any calendar year;

no participant in any calendar year will receive awards of performance units and/or other awards payable in cash that are Qualified Performance-Based Awards, having an aggregate maximum value as of their respective grant dates in excess of \$5,000,000;

no participant in any calendar year will receive cash incentive awards that are Qualified Performance-Based Awards having an aggregate maximum value in excess of \$5,000,000;

no non-employee director will be granted, in any period of one calendar year, awards under the 2016 Plan having an aggregate maximum value in excess of \$500,000; and

up to 5% of the maximum number of shares of our common stock available for awards under the 2016 Plan may be used for awards under the 2016 Plan that do not at grant comply with the one-year minimum vesting or performance period requirements (as further described below) applicable to such awards.

A “Qualified Performance-Based Award” is any cash incentive award or award of performance shares, performance units, restricted stock, restricted stock units, or Other Awards (as defined below) granted to certain “covered employees” (as defined under the 2016 Plan) that is intended to satisfy the requirements for “qualified performance-based compensation” under Section 162(m) of the Code.

#### Allowances for Conversion Awards and Assumed Plans

Shares of our common stock issued or transferred under awards granted under the 2016 Plan in substitution for or conversion of, or in connection with an assumption of, stock options, SARs, restricted stock, RSUs or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with us or any of our subsidiaries will not count against (or be added back to) the aggregate share limit or other 2016 Plan limits described above. Additionally, shares available under certain plans that we or our subsidiaries may assume in connection with corporate transactions from another entity may be available for certain awards under the 2016 Plan, under circumstances further described in the 2016 Plan, but will not count against the aggregate share limit or other 2016 Plan limits described above.

#### Limited Share Recycling Provisions

If any award granted under the 2016 Plan is cancelled or forfeited, expires or is settled for cash (in whole or in part), the shares of our common stock subject to the award will, to the extent of such cancellation, forfeiture, expiration or cash settlement, again be available under the 2016 Plan. If, after December 31, 2015, any shares of our common stock subject to an award granted at any time under the 2006 Plan are then forfeited, or an award granted at any time under the 2006 Plan is then cancelled or forfeited, expires or is settled in cash (in whole or in part), the shares of our common stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, or cash settlement, also be available for awards under the 2016 Plan.

The following shares of our common stock will not be added (or added back, as applicable) to the aggregate number of shares of our common stock available under the 2016 Plan: (1) shares withheld by us, or tendered or otherwise used, in payment of the exercise price of an option; (2) shares withheld by us, or tendered or otherwise used, to satisfy tax withholding obligations; and (3) shares that are repurchased by us with stock option proceeds. Further, all shares of our common stock covered by SARs that are exercised and settled in shares, whether or not all shares of our common stock covered by the SARs are actually issued to the participant upon exercise, will not be added back to the aggregate number of shares available under the 2016 Plan.

#### Minimum Vesting Periods

The 2016 Plan provides that, except for awards under which up to an aggregate of 5% of the maximum number of shares of our common stock available under the 2016 Plan may be granted:

Time-based restrictions on stock options, SARs, restricted stock, RSUs and other share-based awards may not lapse solely by the passage of time sooner than after one year, unless our compensation committee specifically provides for those restrictions to lapse sooner, including by virtue of the retirement, death or disability of a participant; and

Stock options, SARs, restricted stock, RSUs, performance shares, performance units, and other share-based awards that vest (or become unrestricted, as applicable) upon the achievement of management objectives, the performance period must be at least one year, unless our compensation committee specifically provides for earlier lapse or modification, including by virtue of the retirement, death or disability of a participant.

#### Double Trigger Change in Control

The 2016 Plan also provides that in the event of a change in control, unless otherwise provided in an award agreement, all outstanding awards granted under the 2016 Plan will vest only where either (1) within a specified period of time the participant’s service is involuntarily terminated for reasons other than for cause or the participant terminates his or her employment or service for good reason or (2) such awards are not assumed or converted into

replacement awards in a manner described in the applicable award agreement (we refer to any change in control satisfying these conditions as a “Double-Trigger Change in Control”). Unless otherwise provided in an award agreement, performance-based awards that vest upon a change in

control of Kaiser will vest based on the actual achievement of the applicable management objectives as if the applicable performance period ends on the trading day immediately preceding the change in control of Kaiser, pro-rated for the number of days that lapse during the period of time from the first day of the performance period and continuing through the date of the change in control of Kaiser.

The 2016 Plan includes a definition of “change in control,” which is set forth in “ - Summary of Other Material Terms of the 2016 Plan - ‘Double-Trigger’ Accelerated Vesting upon Change in Control” below.

#### No Repricing Without Stockholder Approval

The repricing of stock options and SARs (outside of certain corporate transactions or adjustment events described in the 2016 Plan) is prohibited without stockholder approval under the 2016 Plan.

#### Other Features

The 2016 Plan provides that, except with respect to converted, assumed or substituted awards as described in the 2016 Plan, no stock options or SARs will be granted with an exercise or base price, less than the fair market value of our common stock on the date of grant.

¶The 2016 Plan is designed to allow awards made under the 2016 Plan to be Qualified Performance-Based Awards.

#### Section 162(m) Performance Measures

As discussed above, one reason for submitting this Proposal 3 to stockholders is to obtain stockholder approval of the material terms for “qualified performance-based compensation” under the 2016 Plan for purposes of Section 162(m) of the Code. Such stockholder approval is expected to enable us to structure certain awards so that they may be able to qualify as “qualified performance-based compensation” under Section 162(m) of the Code.

In particular, the 2016 Plan includes a list of performance measures upon which the compensation committee of our board of directors must condition a grant or vesting of a Qualified Performance-Based Award pursuant to the 2016 Plan, which measures are as follows (including relative or growth achievement regarding such metrics):

Profits (e.g., operating income, EBIT, EBT, net income (before or after taxes), earnings per share, residual or economic earnings, economic profit - these profitability metrics could be measured before certain specified special items and/or subject to definitions under generally accepted accounting principles);

Cash Flow (e.g., EBITDA, free cash flow, free cash flow with or without specific capital expenditure target or range, including or excluding divestments and/or acquisitions, total cash flow, cash flow in excess of cost of capital or residual cash flow or cash flow return on investment);

Returns (e.g., profits or cash flow returns on: assets, invested capital, net capital employed and equity);

Working Capital (e.g., working capital divided by sales, days’ sales outstanding, days’ sales inventory and days’ sales in payables);

Profit Margins (e.g., profits divided by revenues, gross margins and material margins divided by revenues, and material margin divided by sales pounds);

Liquidity Measures (e.g., debt-to-capital, debt-to-EBITDA, total debt ratio);

Revenues, Sales, Operating, Cost and Stock Price Metrics (e.g., revenues, sales, revenue or sales growth, revenue or sales growth outside the United States, gross margin, gross margin growth, material margin, material margin growth, operating margin, operating margin growth, sales and administrative costs divided by sales or profits, operating or manufacturing costs, operating or manufacturing costs relative to prior periods or business plan, stock price appreciation and total return to stockholders);

Safety Performance (e.g., total case incident rate);

Quality Performance (e.g., no fault claim rate);

17

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Delivery Performance (e.g., on-time delivery rate); and

Strategic Initiative Key Deliverable Metrics consisting of one or more of the following: product development, strategic partnering, research and development, vitality index, market penetration, geographic business expansion goals, customer satisfaction, employee satisfaction, management of employment practices and employee benefits, supervision of litigation and information technology, and goals relating to acquisitions or divestitures of subsidiaries, affiliates and joint ventures.

In addition to the performance measures, the 2016 Plan also includes individual grant limits for equity or incentive awards intended to qualify as Qualified Performance-Based Awards that can be granted pursuant to the 2016 Plan, as further described in “ - Reasonable Plan Limits” above.

#### Summary of Other Material Terms of the 2016 Plan Administration

The 2016 Plan will generally be administered by the compensation committee of our board of directors (or its successor), or any other committee of our board of directors designated by our board of directors to administer the 2016 Plan. References to the “Committee” in this Proposal 3 refer to the compensation committee of our board of directors or such other committee designated by our board of directors, as applicable. The Committee may from time to time delegate all or any part of its authority under the 2016 Plan to any subcommittee thereof. Any interpretation, construction and determination by the Committee of any provision of the 2016 Plan, or of any agreement, notification or document evidencing the grant of awards under the 2016 Plan (or related document), will be final and conclusive. To the maximum extent permitted by applicable law, the Committee may delegate to one or more of its members or to one or more officers, or to one or more of our agents or advisors, such administrative duties or powers as it deems advisable. In addition, the Committee may by resolution, subject to certain restrictions set forth in the 2016 Plan, authorize one or more of our officers to (1) designate employees to be recipients of awards under the 2016 Plan and (2) determine the size of such awards. However, the Committee may not delegate such responsibilities to our officers for awards granted to certain employees or other persons who are subject to the reporting requirements of Section 16 of the Exchange Act or subject to Section 162(m) of the Code.

#### Eligibility

Any person who is selected by the Committee to receive benefits under the 2016 Plan and who is at that time an officer or other key employee of Kaiser or any of our subsidiaries (including a person who has agreed to commence serving in such capacity within 90 days of the date of grant) is eligible to participate in the 2016 Plan. In addition, certain persons who provide services to us or any of our subsidiaries that are equivalent to those typically provided by an employee (provided that such persons satisfy the definition of “employee” for purposes of a Registration Statement on Form S-8 under the Securities Act), and non-employee directors of Kaiser, may also be selected to participate in the 2016 Plan. As of March 31, 2016, there were approximately 60 employees, and nine non-employee directors of Kaiser expected to participate in the 2016 Plan.

#### Shares Available for Awards and Plan Limitations

Subject to adjustment as described in the 2016 Plan, the aggregate number of shares of our common stock available for awards granted under the 2016 Plan is limited to 1,045,000 shares of our common stock, minus (1) as of the effective date of the 2016 Plan, 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 (2) 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, as further described in “ - Key Features of the 2016 Plan - Limited Share Recycling Provisions” above.

The 2016 Plan also includes certain other share limits, as further described in the “Key Features of the 2016 Plan - Reasonable Plan Limits” section above.

#### Share Counting

The aggregate number of shares of our common stock available for under the 2016 Plan will be reduced by one share for every one share subject to an award granted under the 2016 Plan, as further described in " - Key Features of the 2016 Plan - Allowances for Conversion Awards and Assumed Plans" and " - Key Features of the 2016 Plan - Limited Share Recycling Provisions" above.

18

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### Types of Awards

Pursuant to the 2016 Plan, we may grant stock options (including Incentive Stock Options), SARs (including tandem appreciation rights and free-standing appreciation rights), restricted stock, restricted stock units, performance shares, performance units, cash incentive awards, and certain other awards based on or related to our common stock.

Each grant of an award under the 2016 Plan will be evidenced by an award agreement which will contain such terms and provisions as the Committee may determine, consistent with the 2016 Plan. A brief description of the types of awards which may be granted under the 2016 Plan is set forth below.

**Stock Options.** A stock option is a right to purchase shares of our common stock at a stated exercise price upon exercise of the stock option. Stock options granted under the 2016 Plan may consist of Incentive Stock Options, non-qualified stock options or a combination of both. Incentive Stock Options may only be granted to our employees and employees of our subsidiaries. Except with respect to awards issued in substitution for, in conversion of, or in connection with an assumption of stock options held by awardees of an entity engaging in a corporate acquisition or merger with us or any of our subsidiaries, stock options must have an exercise price per share that is not less than the fair market value of a share of our common stock on the date of grant. No stock option granted under the 2016 Plan may be exercised more than 10 years from the date of grant, or in the case of Incentive Stock Options granted to a 10% stockholder of Kaiser, five years after the date of grant.

Each grant of stock options will be evidenced by an award agreement which will specify the applicable terms and conditions of such award, including the number of shares of our common stock subject to such stock option and any vesting and forfeiture provisions. Except as described below, no grant of stock options may become exercisable sooner than after one year. Any grant of stock options may specify management objectives that must be achieved as a condition to the exercise of the stock options.

Any grant of stock options may provide for the earlier exercise of such stock options, including in the event of the retirement, death or disability of a participant. Except as otherwise provided for in an award agreement, all outstanding stock options will vest and become exercisable upon a Double-Trigger Change in Control, as further described in “ - ‘Double-Trigger’ Accelerated Vesting upon Change in Control” below. Stock options granted under the 2016 Plan may not provide for dividends or dividend equivalents.

Each grant will specify the form of consideration to be paid in satisfaction of the exercise price, which may include: (1) cash or check acceptable to us, or wire transfer of immediately available funds; (2) the actual or constructive transfer to us of shares of our common stock owned by the participant (or certain other consideration permitted under the 2016 Plan) with a value at the time of exercise that is equal to the total exercise price; (3) subject to any conditions or limitations established by the Committee, by a net exercise arrangement pursuant to which Kaiser will withhold shares of our common stock otherwise issuable upon exercise of a stock option; (4) by a combination of the foregoing methods; and (5) such other methods as may be approved by the Committee. To the extent permitted by law, any grant may provide for deferred payment of the exercise price from the proceeds of a sale through a bank or broker of some or all of the shares to which the exercise relates. The exercise of stock options will result in the cancellation on a share-for-share basis of any tandem appreciation rights, as described below.

**Appreciation Rights (or SARs).** The Committee may authorize the granting of appreciation rights, including free-standing appreciation rights and tandem appreciation rights. A free-standing appreciation right is a right granted to any participant to receive from us an amount equal to 100%, or a lesser percentage as determined by the Committee, of the spread between the base price specified in the award agreement and the value of the shares of our common stock subject to the award on the date of exercise. Each grant of a free-standing appreciation right will contain a base price, which (except with respect to awards issued in substitution for, in conversion of, or in connection with an assumption of stock options held by awardees of an entity engaging in a corporate acquisition or merger with us or any of our subsidiaries) may not be less than the market value per share of our common stock on the date of grant. A tandem appreciation right is a right granted to the holder of a stock option, exercisable only by surrender of the related stock option, to receive from us an amount equal to 100%, or a lesser percentage as determined by the Committee, of the spread between the base price and the value of the shares of our common stock subject to the related stock option on the date of exercise. Tandem appreciation rights may be granted at any time prior to the exercise or termination of the related stock options, except that any tandem appreciation rights awarded in relation to

Incentive Stock Options must be granted concurrently with the Incentive Stock Options. Tandem appreciation rights may only be exercised at a time when the related stock options are also exercisable and the spread is positive, and by the surrender of the related stock options.

Each grant of appreciation rights will be evidenced by an award agreement which will describe such appreciation rights, identify the related stock options (if applicable), and may contain other applicable terms and conditions of such award,

including any vesting and forfeiture provisions. However, no grant of appreciation rights may become exercisable sooner than after one year, except as otherwise provided below. Any grant of appreciation rights may specify management objectives that must be achieved as a condition to the exercise of such rights. Appreciation rights granted under the 2016 Plan may not provide for dividends or dividend equivalents.

Any grant of appreciation rights may provide for the earlier exercise of such rights, including in the event of the retirement, death or disability of a participant. Except as otherwise provided for in an award agreement, all outstanding awards of appreciation rights will vest upon a Double-Trigger Change in Control, as further described in “ - ‘Double-Trigger’ Accelerated Vesting upon Change in Control” below.

Each grant of appreciation rights may specify that the amount payable by us on exercise will be paid in cash, shares of our common stock or a combination thereof. No appreciation rights may be exercised more than 10 years after the date of grant. We may make successive grants of appreciation rights to the same participant regardless of whether any previously granted appreciation rights remain unexercised.

**Restricted Stock.** The grant or sale of restricted stock constitutes an immediate transfer of the ownership of shares of our common stock to the participant in consideration of the performance of services, entitling such participant to dividend, voting and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer for a period of time determined by the Committee or until certain management objectives specified by the Committee are achieved. If the elimination of restrictions is based only on the passage of time, the period of time will be no shorter than one year, except as otherwise provided below. Each grant or sale of restricted stock may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value of a share of our common stock on the date of grant.

Each grant or sale of restricted stock will be evidenced by an award agreement which will specify the applicable terms and conditions of such award, including any vesting and forfeiture provisions. Any grant of restricted stock may specify management objectives that, if achieved, will result in termination or early termination of the restrictions applicable to the restricted shares, but the performance period for such awards will be at least one year, except as otherwise provided below. Each grant or sale of restricted stock may require that any or all dividends or other distributions paid on restricted shares of our common stock that remain subject to a substantial risk of forfeiture be automatically deferred and reinvested in additional restricted stock, which may be subject to the same restrictions as the underlying award. However, dividends or other distributions on restricted stock subject to restrictions that lapse as a result of the achievement of management objectives will be deferred until, and paid contingent upon, the achievement of the applicable management objectives.

Any grant or sale of restricted stock may provide for the earlier termination of restrictions on such restricted stock, including in the event of the retirement, death or disability of a participant, except in the case of awards of restricted stock intended to qualify as Qualified Performance-Based Awards (which awards may so provide only to the extent doing so would not result in the loss of an otherwise available exemption under Section 162(m) of the Code). Except as otherwise provided for in an award agreement, all outstanding awards of restricted stock will vest upon a Double-Trigger Change in Control, as further described in “ - ‘Double-Trigger’ Accelerated Vesting upon Change in Control” below.

**Restricted Stock Units (or RSUs).** Restricted stock units awarded under the 2016 Plan constitute an agreement by us to deliver shares of our common stock, cash or a combination thereof to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of management objectives) during the restriction period as the Committee may specify. Each grant or sale of RSUs may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value of our common stock on the date of grant. During the restriction period applicable to the RSUs, the participant will have no right to transfer any rights under the award and will have no ownership rights, including voting rights, in the shares of our common stock underlying such RSUs. For any award of RSUs, the Committee may provide that rights to dividend equivalents are part of any RSU on the terms determined by the Committee, on a current, deferred or contingent basis, either in cash or in additional shares of our common stock. However, dividend equivalents or other distributions on shares of our common stock underlying RSUs with restrictions that lapse as a result of the achievement of management objectives will be deferred until, and paid contingent upon, the achievement

of the applicable management objectives.

Each grant of RSUs will be evidenced by an award agreement which will specify the applicable terms and conditions of such award, including any vesting and forfeiture provisions. Each grant of RSUs will specify the time and manner of payment of RSUs that have been earned, including whether the amount payable with respect to such RSUs will be paid in cash, shares of our common stock or a combination of the two. The restriction period or performance period applicable to any grant of RSUs will be at least one year, except as otherwise provided below.

20

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Any grant or sale of RSUs may provide for the earlier lapse or other modification of the restriction period, including in the event of the retirement, death or disability of a participant, except in the case of awards intended to qualify as a Qualified Performance-Based Awards (which awards may so provide only to the extent doing so would not result in the loss of an otherwise available exemption under Section 162(m) of the Code). Except as otherwise provided for in an award agreement, all outstanding awards of RSUs will vest upon a Double-Trigger Change in Control, as further described in “ - ‘Double-Trigger’ Accelerated Vesting upon Change in Control” below.

Cash Incentive Awards, Performance Shares, and Performance Units. Performance shares, performance units and cash incentive awards may also be granted to participants under the 2016 Plan. A performance share is a bookkeeping entry that records the equivalent of one share of our common stock, and a performance unit is a bookkeeping entry that records a unit equivalent to \$1.00 or such other value as determined by the Committee. Each grant will specify the number or amount of performance shares or performance units, or the amount payable with respect to cash incentive awards, being awarded, which number or amount may be subject to adjustment to reflect changes in compensation or other factors. However, no such adjustment will be made in the case of a Qualified Performance-Based Award except to the extent such adjustment would not result in the loss of an otherwise available exemption under Section 162(m) of the Code. These awards, when granted under the 2016 Plan, become payable to participants upon of the achievement of specified management objectives and upon such terms and conditions as the Committee determines at the time of grant.

Each grant of performance shares, performance units or cash incentive awards will be evidenced by an award agreement which will specify the applicable terms and conditions of such award, including any vesting and forfeiture provisions. Each grant may specify with respect to the management objectives the minimum acceptable level(s) of achievement and may set forth a formula for determining the number of performance shares or performance units, or the amount payable with respect to cash incentive awards, that will be earned if performance is at or above the minimum or threshold level(s), or is at or above the target level(s) but falls short of maximum achievement. Each grant will specify the time and manner of payment of cash incentive awards, performance shares or performance units that have been earned, and any grant may further specify that any such amount may be paid or settled by us in cash, shares of our common stock, shares of restricted stock, RSUs, or any combination thereof. A grant of performance shares may, as determined by the Committee at the time of grant, provide for the payment of dividend equivalents either in cash or in additional shares of our common stock, but subject to deferral and payment on a contingent basis based on the participant’s earning of the performance shares with respect to which such dividend equivalents are paid. The performance period with respect to a cash incentive award, performance share or performance unit will be a period of time (not less than one year, except as otherwise provided below) determined by the Committee on the grant date. The performance period may be subject to earlier lapse or modification, including in the event of the retirement, death or disability of a participant, except in the case of awards intended to qualify as Qualified Performance-Based Awards (which awards may so provide only to the extent doing so would not result in the loss of an otherwise available exemption under Section 162(m) of the Code). Except as otherwise provided in an award agreement, all outstanding cash incentive awards, and awards of performance shares and performance units will vest (on a pro-rated basis) upon a Double-Trigger Change in Control based on actual achievement of the applicable management objectives, as further described in “ - ‘Double-Trigger’ Accelerated Vesting upon Change in Control” below.

Other Awards. The Committee may grant such other awards (“Other Awards”) that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, our common stock or factors that may influence the value of our common stock, including convertible or exchangeable debt securities, other rights convertible or exchangeable into our common stock, purchase rights for our common stock, awards with value and payment contingent upon performance of Kaiser or specified subsidiaries, affiliates or other business units or any other factors designated by the Committee, and awards valued by reference to the book value of our common stock or the value of securities of, or the performance of, the subsidiaries, affiliates or other business units of Kaiser. The terms and conditions of any such Other Awards will be determined by the Committee. Shares of our common stock delivered under an Other Award in the nature of a purchase right under the 2016 Plan will be purchased for such consideration, paid for at such time, by such methods and in such forms, including shares of our common stock, other awards, notes or other property, as the Committee determines.

In addition, the Committee may grant cash awards, as an element of or supplement to any other awards granted under the 2016 Plan. The Committee may also grant shares of our common stock as a bonus, or may grant Other Awards in lieu of our or any of our subsidiaries' obligations to pay cash or deliver other property under the 2016 Plan or under other plans or compensatory arrangements, subject to terms determined by the Committee in a manner that complies with Section 409A of the Code. If the earning or vesting of, or elimination of restrictions applicable to, Other Awards is based on the passage of time, the period of time will be no shorter than one year, except as otherwise provided below. If the earning or vesting of, or

elimination of restrictions applicable to, Other Awards is based on the achievement of management objectives, the performance period for such Other Awards will not be less than one year, except as otherwise provided below. Any grant of an Other Award may provide for the earning or vesting of, or earlier elimination of restrictions applicable to, such award, including in the event of the retirement, death or disability of a participant, except in the case of awards intended to qualify as Qualified Performance-Based Awards (which awards may so provide only to the extent doing so would not result in the loss of an otherwise available exemption under Section 162(m) of the Code). Except as otherwise provided for in an award agreement, all outstanding Other Awards granted under the 2016 Plan will vest upon a Double-Trigger Change in Control, as further described in “ - ‘Double-Trigger’ Accelerated Vesting upon Change in Control” below.

It is expected that, consistent with historical practice under the 2006 Plan, non-employee directors will be permitted under the 2016 Plan to elect to receive shares of our common stock in lieu of any or all of the annual cash retainers paid to non-employee directors, including retainers for serving as a committee chair or Lead Independent Director. See note 2 to the table in “ - New Plan Benefits” below for additional information. The shares of our common stock received by our non-employee directors in lieu of annual cash retainers will not be subject to vesting requirements based on the passage of time or the achievement of performance objectives.

#### “Double-Trigger” Accelerated Vesting Upon Change in Control

The 2016 Plan provides for “double-trigger” acceleration provisions with respect to the vesting of awards in connection with a change in control of Kaiser unless otherwise provided in an award agreement as further described in “ - Key Features of the 2016 Plan - Minimum Vesting Periods/Double-Trigger Change in Control” above. In general, except as may be otherwise prescribed by the Committee in any award agreement, a “change in control of Kaiser” will be deemed to have occurred upon the occurrence of any of the following events:

The acquisition by any person or group of beneficial ownership of 35% or more the combined voting power of our then-outstanding securities entitled to vote generally in the election of directors, subject to certain exceptions as described in the 2016 Plan;

Individuals who constituted our board of directors on the effective date of the 2016 Plan cease for any reason to constitute at least a majority of our board of directors, unless their replacements are approved as described in the 2016 Plan;

Kaiser closes certain reorganizations, mergers, or consolidations, or certain sales or other dispositions of all of the assets of Kaiser or certain acquisitions of assets of another corporation or entity or certain other transactions, as further described in the 2016 Plan and subject to certain exceptions as described in the 2016 Plan; or

Kaiser’s stockholders approve its complete liquidation or dissolution, subject to certain exceptions as described in the 2016 Plan.

#### Qualified Performance-Based Awards

The 2016 Plan permits Kaiser to grant both Qualified Performance-Based Awards and awards that are not intended to be Qualified Performance-Based Awards, and provides that any of the awards set forth above may be granted subject to the achievement of specified management objectives.

Management objectives are defined as the measurable performance objective or objectives established pursuant to the 2016 Plan for participants who have received grants of performance shares, performance units or cash incentive awards or, when so determined by the Committee, stock options, appreciation rights, restricted stock, restricted stock units, dividend equivalents or Other Awards. Management objectives may be described in terms of company-wide objectives or objectives that are related to the performance of the individual participant or of one or more of the subsidiaries, divisions, departments, regions, functions or other organizational units within Kaiser or its subsidiaries. The management objectives may be made relative to the performance of other companies or subsidiaries, or divisions, departments, regions, functions or other organizational units within such other companies or subsidiaries, and may be made relative to an index or one or more of the performance objectives themselves.

Under the 2016 Plan, the management objectives applicable to any Qualified Performance-Based Award to a covered employee must be based on one or more, or a combination, of the metrics described in “ - Section 162(m) Performance Measures” above.

Additionally, in the case of a Qualified Performance-Based Award, each such management objective must be objectively determinable to the extent required under Section 162(m) of the Code, and, unless otherwise determined by the Committee and

to the extent consistent with Section 162(m) of the Code, will exclude the effects of certain designated items identified at the time of grant. If the Committee determines that a change in the business, operations, corporate structure or capital structure of Kaiser, or the manner in which it conducts its business, or other events or circumstances render the management objectives unsuitable, the Committee may in its discretion modify such management objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable, except in the case of awards intended to qualify as Qualified Performance-Based Awards (which awards may so provide only to the extent doing so would not result in the loss of an otherwise available exemption under Section 162(m) of the Code). In such case, the Committee will not make any modification of the management objectives or minimum acceptable level of achievement with respect to such covered employee.

#### Transferability of Awards

Except as otherwise provided by the Committee, no award made under the 2016 Plan or dividend equivalents paid with respect to such awards may be transferred by a participant except (1) for no consideration to immediate family members (as defined in the 2016 Plan) or to a bona fide trust, partnership, or other entity controlled by and for the benefit of one or more immediate family members, or (2) by will or the laws of descent and distribution. In no event will any such award granted under the 2016 Plan be transferred for value. Except as otherwise determined by the Committee, stock options and appreciation rights will be exercisable during the participant's lifetime only by him or her or, in the event of the participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the participant in a fiduciary capacity under state law or court supervision.

The Committee may specify at the date of grant that all or part of the shares of our common stock that are subject to awards under the 2016 Plan will be subject to further restrictions on transfer.

#### Adjustments; Corporate Transactions

With respect to awards granted under the 2016 Plan, the Committee will make or provide for such adjustments in the (1) number of shares of our common stock covered by outstanding stock options, appreciation rights, restricted stock, restricted stock units, performance shares and performance units, (2) if applicable, number of shares of our common stock covered by Other Awards, (3) exercise or base price provided in outstanding stock options and appreciation rights, (4) kind of shares covered thereby, (5) cash incentive awards, and (6) other award terms, as the Committee in its sole discretion in good faith determines to be equitably required in order to prevent dilution or enlargement of the rights of participants that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of Kaiser, (b) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing.

In the event of any such transaction or event, or in the event of a change in control of Kaiser, the Committee will provide in substitution for any or all outstanding awards under the 2016 Plan such alternative consideration (including cash), if any, as it may in good faith determine to be equitable under the circumstances and will require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each stock option and appreciation right with an exercise or base price greater than the consideration offered in connection with any such transaction or event or change in control of Kaiser, the Committee may in its discretion elect to cancel such stock option or appreciation right without any payment to the person holding such stock option or appreciation right. The Committee will also make or provide for such adjustments to the number and kind of shares available for issuance under the 2016 Plan and the share limits of the 2016 Plan, as the Committee in its sole discretion in good faith determines to be appropriate in connection with such transaction or event. However, any adjustment to the number of shares of our common stock that may be issued upon the exercise of an Incentive Stock Option will be made only if and to the extent that such adjustment would not cause any stock option intended to qualify as an Incentive Stock Option to fail to so qualify.

#### Prohibition on Repricing

Except in connection with certain corporate transactions or changes in the capital structure of Kaiser as described in the 2016 Plan, the terms of outstanding awards may not be amended to (1) reduce the exercise price or base price of outstanding stock options or appreciation rights, or (2) cancel outstanding stock options or appreciation rights in

exchange for cash, Other Awards, or stock options or appreciation rights with an exercise price or base price, as applicable, that is less than the exercise price or base price of the original stock options or appreciation rights, as applicable, without stockholder approval. The 2016 Plan specifically provides that this provision is intended to prohibit the repricing of “underwater” stock options and appreciation rights and that it may not be amended without approval by our stockholders.

23

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#### Detrimental Activity and Recapture

Any award agreement may provide for the cancellation or forfeiture and repayment to us of any award or gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Committee from time to time, if any participant, either during employment or other service with us or a subsidiary or within a specified period after such employment or service, engages in any detrimental activity. In addition, any award agreement may provide for cancellation or forfeiture of an award or the forfeiture and repayment of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules and regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the common stock may be traded.

#### Grants to Non-U.S. Based Participants

In order to facilitate the making of any grant or combination of grants under the 2016 Plan, the Committee may provide for such special terms for awards made to participants who are foreign nationals, who are employed by us or a subsidiary outside of the United States of America or who provide services to us or a subsidiary under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. The Committee may approve such supplements to, or amendments, restatements or alternative versions of, the 2016 Plan (including, without limitation, sub-plans) as it may consider necessary or appropriate for such purposes. However, no such special terms, supplements, amendments or restatements may include any provisions that are inconsistent with the terms of the 2016 Plan, as then in effect, unless the 2016 Plan could have been amended to eliminate such inconsistency without further approval by our stockholders.

#### Withholding Taxes

To the extent we are required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a participant or other person under the 2016 Plan, and the amounts available to us for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the participant or such other person make arrangements satisfactory to us for payment of the balance of such taxes required to be withheld, which arrangements, in the discretion of the Committee, may include relinquishment of a portion of such benefit. If a participant's benefit is to be received in the form of shares of our common stock, and such participant fails to make arrangements for the payment of tax, then, unless otherwise determined by the Committee, we will withhold shares of our common stock having a value equal to the amount required to be withheld. When a participant is required to pay us an amount required to be withheld under applicable income and employment tax laws, the participant may elect, unless otherwise determined by the Committee, to satisfy the obligation, in whole or in part, by having withheld, from the shares required to be delivered to the participant, shares of our common stock having a value equal to the amount required to be withheld or by delivering to us other shares of our common stock held by such participant. In no event will the market value of the shares of our common stock to be withheld or delivered to us in order to satisfy applicable withholding taxes exceed the minimum amount of taxes required to be withheld, except as otherwise determined by the Committee and provided in the 2016 Plan. The shares used for tax withholding will be valued at an amount equal to the market value of our common stock on the date the benefit is to be included in participant's income. We may also require participants to make arrangements for the payment of any withholding tax obligations that may arise in connection with the disposition of shares of our common stock acquired upon the exercise of stock options.

#### No Right to Continued Employment

The 2016 Plan does not confer upon any participant any right with respect to continuance of employment or service with Kaiser or any of its subsidiaries, nor will the 2016 Plan interfere with any right that we or any of our subsidiaries would otherwise have to terminate any participant's employment or other service at any time.

#### Effective Date

The 2016 Plan will become effective on the date it is approved by Kaiser's stockholders. No grants will be made under the 2006 Plan on or after the date on which our stockholders approve the 2016 Plan, but outstanding awards granted under the 2006 Plan will continue unaffected following such date.



#### Amendment and Termination

The Board generally may amend the 2016 Plan from time to time in whole or in part. However, if any amendment (1) would materially increase the benefits accruing to participants under the 2016 Plan, (2) would materially increase the number of shares or securities which may be issued under the 2016 Plan, (3) would materially modify the requirements for participation in the 2016 Plan, or (4) must otherwise be approved by our stockholders in order to comply with applicable law or the rules of the Nasdaq Stock Market, then such amendment will be subject to stockholder approval and will not be effective unless and until such approval has been obtained.

Further, subject to the 2016 Plan's prohibition on repricing, the Committee generally may amend the terms of any award prospectively or retroactively, except in the case of awards intended to qualify as Qualified Performance-Based Awards (which awards may be so amended only to the extent doing so would not result in the loss of an otherwise available exemption under Section 162(m) of the Code). Except in the case of certain adjustments permitted under the 2016 Plan, no such amendment may be taken that would impair the rights of any participant without his or her consent. If permitted by Section 409A of the Code and Section 162(m) of the Code and subject to certain other limitations set forth in the 2016 Plan (and notwithstanding the 2016 Plan's minimum vesting requirements), including in the case of termination of employment due to death, disability or retirement, in the case of unforeseeable emergency or other special circumstances, or in the event of a change in control of Kaiser, the Committee may accelerate the vesting of certain awards granted under the 2016 Plan. However, in the case of awards intended to qualify as Qualified Performance-Based Awards, no such action may be taken if it would result in the loss of the otherwise available exemption of such award under Section 162(m) of the Code.

Our board of directors may, in its discretion, terminate the 2016 Plan at any time. Termination of the 2016 Plan will not affect the rights of participants or their successors under any awards outstanding and not exercised in full on the date of termination. No grant will be made under the 2016 Plan more than 10 years after the effective date of the 2016 Plan, but all grants made on or prior to such date shall continue in effect thereafter subject to the terms of the 2016 Plan.

#### New Plan Benefits

The Committee generally expects to grant restricted stock units under the 2016 Plan to our non-employee directors immediately following the Annual Meeting, provided that the stockholders approve the 2016 Plan. The Committee generally does not expect to grant equity awards under the 2016 Plan to any employees (including our executive officers) immediately following the Annual Meeting. However, the grants expected to be made to our non-employee directors immediately following the Annual Meeting are not approved, and may not actually be made, and the Committee may grant equity awards to our employees according to the Committee's discretion.

The following table provides information about the grants that are expected to occur immediately following the Annual Meeting:

## Kaiser Aluminum Corporation 2016 Equity and Incentive Compensation Plan

Name and Principal Position	Dollar Value (\$)	Number of Shares
Jack A. Hockema, Chief Executive Officer and Chairman	—	—
Keith A. Harvey President and Chief Operating Officer	—	—
Daniel J. Rinkenberger, Executive Vice President and Chief Financial Officer	—	—
John M. Donnan Executive Vice President - Legal, Compliance and Human Resources	—	—
John Barneson Senior Vice President - Corporate Development	—	—
Executive officers, as a group (1)	—	—
Non-employee directors, as a group (2)	\$855,000	—
All employees (other than executive officers), as a group (3)	—	—

(1) None of our executive officers are expected to receive an award under the 2016 Plan immediately following the Annual Meeting.

Immediately following the Annual Meeting, pursuant to our director compensation policy, each of our nine non-employee directors is expected to receive a grant of restricted stock units having a value equal to \$95,000. The number of shares subject to such grants will be determined based on a per share price equal to the average of the closing prices per share of our common stock as reported on the Nasdaq Global Select Market for the 20 trading days prior to the date of such grants. It is also expected that, under the 2016 Plan, each of our non-employee directors will be permitted to elect to receive shares of common stock in lieu of any or all of his or her annual cash (2) retainer to be awarded immediately following the Annual Meeting, including retainers for serving as Lead Independent Director or a committee chair, with the number of shares to be determined based on a per share price equal to the average of the closing prices per share of our common stock as reported on the Nasdaq Global Select Market for the 20 trading days prior to the award date of the annual retainers. As of the date of this Proxy Statement, it is not possible to determine the number of shares of our common stock that will be issued or transferred to non-employee directors as a result of elections to receive shares of our common stock in lieu of annual retainers because such elections have not yet been made.

(3) None of our employees, including our officers who are not executive officers, are expected to receive an award under the 2016 Plan immediately following the Annual Meeting.

Other than with respect to the grants set forth in the table above, it is not possible to determine the specific amounts and types of awards that may be awarded in the future under the 2016 Plan because the grant and actual pay-out of awards under the 2016 Plan are subject to the discretion of the Committee.



#### United States Federal Income Tax Consequences

The following is a brief summary of some of the federal income tax consequences of certain transactions under the 2016 Plan based on federal income tax laws in effect. This summary, which is presented for the information of stockholders considering how to vote on this proposal and not for 2016 Plan participants, is not intended to be complete and does not describe federal taxes other than income taxes (such as Medicare and Social Security taxes), or state, local or foreign tax consequences.

#### Tax Consequences to Participants

**Restricted Stock.** The recipient of restricted stock generally will be subject to tax at ordinary income rates on the fair market value of the restricted stock (reduced by any amount paid by the recipient for such restricted stock) at such time as the shares are no longer subject to forfeiture or restrictions on transfer for purposes of Section 83 of the Code (“Restrictions”). However, a recipient may instead elect under Section 83(b) of the Code within 30 days of the date of transfer of the shares to have taxable ordinary income on the date of transfer of the shares equal to the excess of the fair market value of such shares (determined without regard to the Restrictions) over the purchase price, if any, of the restricted stock. If a Section 83(b) election has not been made, any dividend received with respect to the restricted stock that is subject to the Restrictions generally will be treated as compensation that is taxable as ordinary income to the recipient.

**Performance Shares, Performance Units and Cash Incentive Awards.** No income generally will be recognized upon the grant of performance shares, performance units or cash incentive awards. Upon payment in respect of the earn-out of performance shares, performance units or cash incentive awards, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the amount of cash received and the fair market value of any nonrestricted shares of our common stock received.

**Nonqualified Stock Options.** In general:

no income will be recognized by a participant at the time a non-qualified stock option is granted;

at the time of exercise of a non-qualified stock option, ordinary income will be recognized by the participant in an amount equal to the difference between the exercise price paid for the shares of our common stock and the fair market value of the shares of our common stock, if unrestricted, on the date of exercise; and

at the time of sale of shares acquired pursuant to the exercise of a non-qualified stock option, appreciation (or depreciation) in value of the shares of our common stock after the date of exercise will be treated as either short-term or long-term capital gain (or loss) depending on how long the shares have been held.

**Incentive Stock Options.** No income generally will be recognized by a participant upon the grant or exercise of an Incentive Stock Option. The exercise of an Incentive Stock Option, however, may result in alternative minimum tax liability. If shares of our common stock are issued to the participant pursuant to the exercise of an Incentive Stock Option, and if no disqualifying disposition of such shares is made by such participant within two years after the date of grant or within one year after the transfer of such shares of our common stock to the participant, then upon sale of such shares of our common stock, any amount realized in excess of the option price will be taxed to the participant as a long-term capital gain and any loss sustained will be a long-term capital loss.

If shares of our common stock acquired upon the exercise of an Incentive Stock Option are disposed of prior to the expiration of either holding period described above, the participant generally will recognize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of such shares of our common stock at the time of exercise (or, if less, the amount realized on the disposition of such shares if a sale or exchange) over the exercise price paid for such shares of our common stock. Any further gain (or loss) realized by the participant generally will be taxed as short-term or long-term capital gain (or loss) depending on the holding period.

**Appreciation Rights.** No income will be recognized by a participant in connection with the grant of an appreciation right. When the appreciation right is exercised, the participant normally will be required to include as taxable ordinary

income in the year of exercise an amount equal to the amount of cash received and the fair market value of any unrestricted shares of our common stock received.

Restricted Stock Units. No income generally will be recognized by a participant upon the award of restricted stock units. The recipient of a restricted stock unit award generally will be subject to tax at ordinary income rates on the fair market value of unrestricted shares of our common stock on the date that such shares are issued or transferred to the participant under the

award (reduced by any amount paid by the participant for such restricted stock units), and the capital gains/loss holding period for such shares will also commence on such date.

#### Tax Consequences to Kaiser or its Subsidiaries

To the extent that a participant recognizes ordinary income in the circumstances described above, Kaiser or the subsidiary for which the participant performs services will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an "excess parachute payment" within the meaning of Section 280G of the Code and is not disallowed by the \$1 million limitation on certain executive compensation under Section 162(m) of the Code.

#### Registration with the Securities and Exchange Commission

We intend to file a Registration Statement on Form S-8 relating to the issuance of shares of our common stock under the 2016 Plan with the Securities and Exchange Commission pursuant to the Securities Act, as soon as practicable after approval of the 2016 Plan by our stockholders.

The board of directors recommends a vote "FOR" the approval of the 2016 Plan.

#### Background to Proposals 4 and 5

We have Tax Benefits, consisting of NOL carryforwards and other significant tax attributes, that we believe could offset otherwise taxable income in the United States. At December 31, 2015, we had \$564.4 million of NOL carryforwards available to reduce future cash payments for income taxes in the United States. These NOL carryforwards expire periodically through 2030. At December 31, 2015, we also had \$29.5 million of alternative minimum tax ("AMT") credit carryforwards available to offset United States federal income taxes. These AMT credit carryforwards have an indefinite life.

Our ability to utilize the Tax Benefits to offset future taxable income may be significantly limited if we experience an "ownership change" (as defined in Section 382 of the Code). In general, an "ownership change" will occur when the percentage of our ownership by one or more "5-percent shareholders" (as defined in the Code) has increased by more than 50 percent over the lowest percentage owned by such stockholders at any time during the prior three years. Accordingly, for the purpose of determining whether there has been an "ownership change," the change in ownership as a result of purchases by "5-percent shareholders" must be aggregated with certain changes in ownership that occurred over the three-year period ending on the date of such purchases.

An entity that experiences an "ownership change" generally will be subject to an annual limitation on its pre-"ownership change" tax losses and credit carryforwards equal to the value of the outstanding equity of the entity immediately before the "ownership change," multiplied by the long-term, tax-exempt rate posted monthly by the Internal Revenue Service (the "IRS"), with the calculation of the annual limitation involving the application of a number of complex rules. The limitation on our ability to utilize our Tax Benefits due to an "ownership change" under Section 382 would depend on the value of our equity at the time of that "ownership change." If we were to experience an "ownership change," it is possible that a significant portion of the Tax Benefits would expire before we would be able to use them to offset future taxable income.

After careful consideration, our board of directors believes the most effective way to continue to preserve our Tax Benefits for long-term stockholder value is to:

• amend our amended and restated certificate of incorporation (such amendment, the "Protective Amendment") to adopt a successor provision (the "Successor Protective Provision") to the existing Section 4 of Article IV, which by its

express terms will expire on July 6, 2016 (the "Expiring Protective Provision"), with the Successor Protective Provision to expire on the third anniversary of the date of the Annual Meeting; and

adopt a Tax Asset Protection Plan (the "Protection Plan"), with the Protection Plan to expire on April 7, 2019, the third anniversary of the action of our board of directors adopting the Protection Plan.

The Successor Protective Provision, which is designed to prevent certain transfers of our securities that could result in an "ownership change," is described below under Proposal 4, and its full terms can be found in Appendix B to this Proxy Statement, which also shows the changes compared to the Expiring Protective Provision, with deletions indicated by strikeouts and additions indicated by double underlining.

Our board of directors adopted the Protection Plan on April 7, 2016. Pursuant to the Protection Plan, we issued a dividend of one right per each outstanding share of our common stock payable to our stockholders of record as of the close of business on April 22, 2016 and to holders of our common stock issued after that date. The terms of the Protection Plan are designed to deter transfers of our common stock that could result in an "ownership change." The Protection Plan is described below under Proposal 5, and its full terms, and those of the Protection Plan, can be found in Appendix C to this Proxy Statement.

Our board of directors urges stockholders to carefully read each of proposals 4 and 5, the items discussed below under "Certain Considerations Related to the Protective Amendment and the Protection Plan" and the full terms of the Successor Protective Provision and the Protection Plan.

It is important to note that neither measure offers a complete solution and an "ownership change" may occur even if the Protective Amendment is adopted and the adoption of the Protection Plan is ratified. There are limitations on the enforceability of the Successor Protective Provision against stockholders who do not vote to adopt the Protective Amendment that may allow an "ownership change" to occur, and the Protection Plan may deter, but ultimately cannot block, transfers of our common stock that might result in an "ownership change." The limitations of these measures are described in more detail below. Because of their individual limitations, our board of directors believes that both measures are needed and that they will serve as important tools to help prevent an "ownership change" that could substantially reduce the significant long-term potential of the Tax Benefits. Accordingly, our board of directors recommends that stockholders adopt the Protective Amendment and ratify the adoption of the Protection Plan.

#### Proposal 4 - Adoption of Amendment to our Amended and Restated Certificate of Incorporation to Implement a Successor Tax Asset Protection Provision

For the reasons discussed above under "- Background to Proposals 4 and 5," our board of directors recommends that stockholders adopt the Protective Amendment to our amended and restated certificate of incorporation to implement the Successor Protective Provision. The Successor Protective Provision would replace the Existing Protective Provision, which by its express terms will expire on July 6, 2016, and would expire on the third anniversary of the date of this Annual Meeting. Like the Existing Protective Provision, the Successor Protective Provision is designed to prevent certain transfers of our securities that could result in an "ownership change" under Section 382 of the Code and, as a result, materially and adversely affect our ability to use the Tax Benefits to reduce future income taxes. Our board of directors believes it is in our best interests and the best interest of our stockholders to adopt the Protective Amendment to help avoid this result. The Successor Protective Provision reflects technical modifications to the Existing Protective Provisions that address changes in our circumstances, as well as developments in practice with respect to provisions of this type, that have occurred since the Existing Protective Provision was adopted in July 2006 upon our emergence from chapter 11 bankruptcy.

The Successor Protective Provision is intended to protect the long-term value to us of our accumulated Tax Benefits by limiting direct or indirect transfers of our common stock that could affect the percentage of our stock treated as being owned by a holder of 4.99% or more of our stock. The Successor Protective Provision includes a mechanism to block the impact of such transfers while generally allowing purchasers to receive their money back from prohibited purchases. In order to implement these transfer restrictions prior to the expiration of the transfer restrictions in the Existing Protective Provision, the Protective Amendment must be adopted. Our board of directors has adopted resolutions approving and declaring the advisability of the Protected Amendment, subject to stockholder adoption.

#### Description of Successor Protective Provision

The following description of the Successor Protective Provision is qualified in its entirety by reference to the full text of the Successor Protective Provision, which can be found in Appendix B to this Proxy Statement, which also shows

the changes compared to the Existing Protective Provision, with deletions indicated by strikeouts and additions indicated by double underlining. Please read the Successor Protective Provision in its entirety as the discussion below is only a summary.

Prohibited Transfers. The Successor Protective Provision generally will restrict any direct or indirect transfer of our common stock (such as transfers of our common stock that result from the transfer of interests in other entities that own our common stock) if the effect would be to:

• increase the direct or indirect ownership of our common stock by any Person (as described below) to 4.99% or more;  
or

• increase the percentage of our common stock owned directly or indirectly by a Person owning or deemed to own 4.99% or more of our common stock.

For purposes of the Successor Protective Provision, “Person” means any individual, firm, corporation, partnership, limited liability company, limited partnership, trust or other “entity” (including any group that is deemed to constitute a “single entity”) within the meaning of Treasury Regulation § 1.382-3(a)(1), and includes any successor (by merger or otherwise) of such entity.

Restricted transfers include sales to Persons whose resulting percentage ownership (direct or indirect) of our common stock would equal or exceed the 4.99% threshold discussed above, or to Persons whose direct or indirect ownership of our common stock would by attribution cause another Person to equal or exceed such threshold. Complicated stock ownership rules prescribed by Section 382 of the Code (and regulations promulgated thereunder) will apply in determining whether a Person is a 4.99% stockholder under the Successor Protective Provision. For purposes of determining the existence and identity of, and the amount of our common stock owned by, any stockholder, we will be entitled to rely on the existence or absence of certain public securities filings as of any date, subject to our actual knowledge of the ownership of our common stock.

The Successor Protective Provision includes the right to require a proposed transferee, as a condition to registration of a transfer of our common stock, to provide all information reasonably requested regarding the transferee’s direct or indirect ownership of our common stock.

The transfer restrictions in the Successor Protective Provision may result in the delay or refusal of certain requested transfers of our common stock, or prohibit ownership (thus requiring dispositions) of our common stock due to a change in the relationship between two or more persons or entities or to a transfer of an interest in an entity that, directly or indirectly, owns our common stock. The transfer restrictions will also apply to proscribe the creation or transfer of certain “options” (which are broadly defined by Section 382 of the Code) with respect to our common stock to the extent that, in certain circumstances, the creation, transfer or exercise of the option would result in a proscribed level of ownership.

**Consequences of Prohibited Transfers.** Under the Successor Protective Provision, any direct or indirect transfer attempted in violation of the Successor Protective Provision would be void as of the date of the prohibited transfer as to the purported transferee (or, in the case of an indirect transfer, the direct owner of our common stock would be deemed to have disposed of, and would be required to dispose of, the excess stock (as defined below), with such disposition being deemed to occur simultaneously with the transfer), and the purported transferee (or in the case of any indirect transfer, the direct owner) would not be recognized as the owner of the securities owned in violation of the Successor Protective Provision for any purpose, including for purposes of voting and receiving dividends or other distributions in respect of such common stock, or in the case of options, receiving our common stock in respect of their exercise. Our common stock purportedly acquired in violation of the Successor Protective Provision is referred to herein as “excess stock.”

In addition to a prohibited transfer being void as of the date it is attempted, upon demand, the purported transferee must transfer the excess stock, along with any dividends or other distributions paid with respect to such excess stock, to an agent designated by our board of directors. The agent is required to sell such excess stock in an arm’s-length transaction (or series of transactions) that would not constitute a violation under the Successor Protective Provision. The net proceeds of the sale, together with any other distributions with respect to such excess stock received by the agent, after deduction of all costs incurred by the agent, will be distributed first to the purported transferee in an amount, if any, up to the cost incurred by the purported transferee to acquire such excess stock (or, in the case of gift, inheritance or similar transfer, the fair market value of the excess stock on the date of the prohibited transfer), and the balance of the proceeds, if any, will be distributed to a charitable beneficiary. If the excess stock is sold by the purported transferee, such person will be treated as having sold the excess stock on behalf of the agent, and will be required to remit all proceeds to the agent (except to the extent we grant written permission to the purported transferee

to retain an amount, not to exceed the amount such person otherwise would have been entitled to retain had the agent sold such share).

With respect to any transfer that does not involve a transfer of our securities within the meaning of Delaware law but that would cause any stockholder of 4.99% or more of our common stock to violate the Successor Protective Provision (i.e., an indirect transfer), the following procedures will apply in lieu of those described above. In such case, stockholder and/or any person whose ownership of our securities is attributed to the stockholder will be deemed to have disposed of (and will be required to dispose of) sufficient securities, simultaneously with the transfer, to cause such holder not to be in violation of the Successor Protective Provision, and such securities will be treated as excess stock to be disposed of through an agent under the provisions summarized above, with the maximum amount payable to such stockholder or such other person that was the direct holder of such excess stock from the proceeds of sale by the agent being the fair market value of such excess stock at the time of the prohibited transfer.

**Waiver of Transfer Restrictions.** To provide for effective operation of the Successor Protective Provision, the Successor Protective Provision includes procedures pursuant to which any Person who desires to effect a transfer of our common stock that may be restricted under the Successor Protective Provision may, prior to such transfer, seek from our board of directors a waiver of the application of the transfer restrictions to such transfer. As a condition to granting a waiver, our board of directors may require, at the expense of the requesting person, a report from advisors selected by the board to the effect that the proposed transfer will not result in a limitation on our ability to utilize the Tax Benefits. However, our board of directors may grant a requested waiver notwithstanding the effect of the proposed transfer on our Tax Benefits if it determines the waiver is in our best interest. In addition, whether or not a request for a waiver is made, our board of directors may determine to waive the application of the transfer restrictions to a transfer of our common stock that is restricted under the Successor Protective Provision. Our board of directors may impose any conditions it deems reasonable and appropriate in connection with the grant of any waiver.

**Public Groups.** In order to facilitate sales by stockholders into the market, the Successor Protective Provision expressly permits otherwise prohibited transfers of our common stock where the transferee is a “public group” (as such term is defined in Section 382 of the Code). These permitted transfers include any transfer to a new “public group” that would be created by the transfer.

**Modification.** In the event of a change in law, our board of directors will be authorized to modify, by adopting a written resolution, any of the definitions and terms of the Successor Protective Provision or to eliminate the Successor Protective Provision, provided that the board of directors determines that such action is reasonably necessary or advisable to preserve the Tax Benefits or that the continuation of the Successor Protective Provision is no longer reasonably necessary for such purpose, as applicable. Stockholders will be notified of any such determination through the method of notice that our corporate secretary deems appropriate under the circumstances.

In addition, our board of directors may, to the extent permitted by law, establish, modify, amend or rescind by-laws, regulations and procedures for purposes of determining whether any transfer of our common stock would jeopardize our ability to preserve and utilize Tax Benefits.

#### Implementation and Expiration of the Successor Protective Provision

If our stockholders adopt the Protective Amendment, we intend to promptly file a certificate of amendment to our amended and restated certificate of incorporation with the Secretary of State of the State of Delaware, whereupon the Protective Amendment will become effective. We intend to immediately thereafter enforce the restrictions in the Successor Protective Provision to preserve the future use of our Tax Benefits. We also intend to disclose such restrictions to persons holding our common stock in uncertificated form, disclose such restrictions to the public generally and include a legend reflecting such restrictions on certificates representing newly issued or transferred shares.

The Successor Protective Provision would expire on the earliest of (1) the third anniversary of the Annual Meeting or such earlier date as of which our board of directors determines that the transfer restrictions in the Successor Protective Provision are no longer necessary for the preservation of our Tax Benefits, (2) the effective date of the repeal of Section 382 of the Code if our board of directors determines that the transfer restrictions in the Successor Protective Provision are no longer necessary for the preservation of our Tax Benefits, and (3) the first day of a taxable year to which the board of directors determines that no Tax Benefits may be carried forward.

#### Effectiveness and Enforceability

Although the Protective Amendment is intended to reduce the likelihood of an “ownership change” under Section 382 of the Code, we cannot eliminate the possibility that an “ownership change” will occur even if the Protective Amendment

is adopted given that:

Our board of directors can permit a transfer to an acquirer that results or contributes to an “ownership change” if it determines that such transfer is in our best interests.

A court could find that part or all of the Successor Protective Provision is not enforceable, either in general or as to a particular fact situation. Under the laws of the State of Delaware, our jurisdiction of incorporation, a corporation is conclusively presumed to have acted for a reasonable purpose when restricting the transfer of its securities in its certificate of incorporation for the purpose of maintaining or preserving any tax attribute. Delaware law provides that transfer restrictions with respect to shares of our common stock issued prior to the effectiveness of the restrictions will be effective against (1) stockholders with respect to shares that were voted in favor of this proposal and (2) purported

31

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transferees of shares that were voted in favor of this proposal if the transfer restrictions are conspicuously noted on the certificate(s) representing such shares or the transferee had actual knowledge of the transfer restrictions (even absent such conspicuous notation). After the Protective Amendment becomes effective, we intend to disclose the transfer restrictions in the Successor Protective Provision to persons holding our common stock in uncertificated form, and to cause any shares of our common stock issued in certificated form to be issued with the transfer restrictions in the Successor Protective Provision conspicuously noted on the certificate(s) representing such shares. Therefore, under Delaware law, shares of our common stock issued after effectiveness of Protective Amendment will be subject to the transfer restrictions in the Successor Protective Provision. For the purpose of determining whether a stockholder is subject to the Successor Protective Provision, we intend to take the position that all shares issued prior to the effectiveness of the Protective Amendment that are proposed to be transferred were voted in favor of the Protective Amendment, unless the contrary is established. We may also assert that stockholders have waived the right to challenge or otherwise cannot challenge the enforceability of the Successor Protective Provision, unless a stockholder establishes that it did not vote in favor of the Protective Amendment but had the right to do so. Nonetheless, a court could find that the Successor Protective Provision is unenforceable, either in general or as applied to a particular stockholder or fact situation.

Despite the adoption of the Protective Amendment, there is still a risk that certain changes in relationships among stockholders or other events could cause an “ownership change” under Section 382. Accordingly, we cannot assure you that an “ownership change” will not occur even if the Protective Amendment is adopted. However, our board of directors has also adopted, and is seeking stockholder ratification of the adoption of, the Protection Plan, which is intended to act as a deterrent to any person acquiring 4.99% or more of our common stock and thereby endangering our ability to preserve and utilize the Tax Benefits.

As a result of these and other factors, the Protective Amendment serves to reduce, but does not eliminate, the risk that we will undergo an “ownership change” under Section 382 of the Code.

The board of directors recommends a vote "FOR" the proposal to adopt the Protective Amendment.

#### Proposal 5 - Ratification of the Adoption of Our Tax Asset Protection Plan

##### The Protection Plan

On April 7, 2016, our board of directors adopted the Protection Plan, with the Protection Plan to expire on April 7, 2019, the third anniversary of the action of the board adopting the Protection Plan. The Protection Plan is designed to deter transfers of our common stock that could result in an “ownership change” under Section 382 of the Code in order to preserve our Tax Benefits, not to protect against a takeover of our company. Because of the limitations of the Successor Protective Provision in preventing transfers of our common stock that may result in an “ownership change,” as further described above under Proposal 4, our board of directors believes the Protection Plan is in our best interests and the best interest of our stockholders.

##### Description of Protection Plan

The following description of the Protection Plan is qualified in its entirety by reference to the full text of the Protection Plan, which can be found in Appendix C to this Proxy Statement. Please read the Protection Plan in its entirety as the discussion below is only a summary.

General. Although the Protection Plan is intended to reduce the likelihood of an “ownership change” that would limit the utilization of our Tax Benefits, it does not eliminate the risk of such an “ownership change.” In general terms, the Protection Plan imposes a significant penalty upon any person or group that acquires beneficial ownership of 4.99% or

more of our common stock without the prior approval of our board of directors. A person or group that acquires a percentage of our common stock in excess of that threshold is referred to herein as an “acquiring person.” Any rights held by an acquiring person are void and may not be exercised. The term “beneficial ownership” is defined in the Protection Plan and generally means direct or constructive ownership as determined under Section 382 of the Code.

**The Rights.** Our board of directors authorized the issuance of one right per each outstanding share of our common stock on April 7, 2016. If the rights become exercisable, each right would allow its holder to purchase from us one one-hundredth of a share of its Series A Junior Participating Preferred Stock for a purchase price of \$400.00. Each fractional share of preferred stock would give the stockholder approximately the same dividend, voting and liquidation rights as does one share of our common stock. Prior to exercise, however, a right does not give its holder any dividend, voting or liquidation rights.

Exercisability. The rights will not be exercisable until the earlier of:

• 10 days after a public announcement by Kaiser that a person or group has become an acquiring person; and

• 10 business days (or a later date determined by our board of directors) after a person or group begins a tender or exchange offer that, if completed, would result in that person or group becoming an acquiring person.

The date that the rights become exercisable is referred to herein as the “distribution date.” Until the distribution date, our common stock certificates will also evidence the rights and will contain a notation to that effect. Any transfer of shares of common stock prior to the distribution date will constitute a transfer of the associated rights. After the distribution date, the rights will separate from the common stock and be evidenced by right certificates, which we will mail to all holders of rights that have not become void.

After the distribution date, if a person or group already is or becomes an acquiring person, all holders of rights, except the acquiring person, may exercise their rights upon payment of the purchase price to purchase shares of our common stock (or other securities or assets as determined by our board of directors) with a market value of two times the purchase price (referred to as a “flip-in event”).

After the distribution date, if a flip-in event has already occurred and we are acquired in a merger or similar transaction, all holders of rights except the acquiring person may exercise their rights upon payment of the purchase price, to purchase shares of the acquiring or other appropriate entity with a market value of two times the purchase price of the rights (referred to as a “flip-over event”).

Rights may be exercised to purchase our preferred shares only after the distribution date occurs and prior to the occurrence of a flip-in event as described above. A distribution date resulting from the commencement of a tender offer or exchange offer as described in the second bullet point above could precede the occurrence of a flip-in event, in which case the rights could be exercised to purchase our preferred shares. A distribution date resulting from any occurrence described in the first bullet point above would necessarily follow the occurrence of a flip-in event, in which case the rights could be exercised to purchase shares of our common stock (or other securities or assets) as described above.

**Exempted Persons and Exempted Transactions.** Our board of directors recognizes that there may be instances when an acquisition of our common stock that would cause a stockholder to become an acquiring person may not jeopardize the availability of any Tax Benefits to us. Accordingly, the Protection Plan grants discretion to the board of directors to designate a person as an “Exempt Person” or to designate a transaction involving our common stock as an “Exempt Transaction.” An “Exempt Person” cannot become an acquiring person under the Protection Plan. Our board of directors can revoke an “Exempt Person” designation if it subsequently makes a contrary determination regarding whether a transaction by such person may jeopardize the availability of Tax Benefits to us.

**Expiration.** The rights will expire on the earliest of (1) April 7, 2019, the third anniversary of the action of the board of directors adopting the Protection Plan, or such earlier date as of which the board of directors determines that the Protective Plan is no longer necessary for the preservation of our Tax Benefits, (2) the time at which the rights are redeemed, (3) the time at which the rights are exchanged, (4) the effective time of the repeal of Section 382 of the Code if the board of directors determines that the Protection Plan is no longer necessary for the preservation of our Tax Benefits, (5) the first day of a taxable year to which the board of directors determines that no Tax Benefits may be carried forward, and (6) the day following the certification of the voting results of the Annual Meeting, if stockholder ratification of the adoption of the Protection Plan has not been obtained prior to that date.

Redemption. Our board of directors may redeem all (but not less than all) of the rights for a redemption price of \$0.001 per right at any time before the later of the distribution date and the date of the first public announcement or disclosure by us that a person or group has become an acquiring person. Once the rights are redeemed, the right to exercise rights will terminate, and the only right of the holders of rights will be to receive the redemption price. The redemption price will be adjusted if we declare a stock split or issue a stock dividend on our common stock.

Exchange. After the later of the distribution date and the date of the first public announcement by us that a person or group has become an acquiring person, but before an acquiring person owns 50% or more of our outstanding common stock, our board of directors may exchange each right (other than rights that have become void) for one share of our common stock or an equivalent security.

**Anti-Dilution Provisions.** Our board of directors may adjust the purchase price of the preferred shares, the number of preferred shares issuable and the number of outstanding rights to prevent dilution that may occur as a result of certain events, including, among others, a stock dividend, a stock split or a reclassification of the preferred shares or our common stock. No adjustments to the purchase price of less than one percent will be made.

**Amendments.** Before the time rights cease to be redeemable, our board of directors may amend or supplement the Protection Plan without the consent of the holders of the rights, except that no amendment may decrease the redemption price below \$0.001 per right. At any time thereafter, our board of directors may amend or supplement the Protection Plan to cure an ambiguity, to alter time period provisions, to correct inconsistent provisions or to make any additional changes to the Protection Plan, but only to the extent that those changes do not impair or adversely affect the interests of holders of rights and do not result in the rights again becoming redeemable. The limitations on our board's ability to amend the Protection Plan does not affect our board's power or ability to take any other action that is consistent with its fiduciary duties, including without limitation accelerating or extending the expiration date of the rights, making any amendment to the Protection Plan that is permitted by the Protection Plan or adopting a new plan with such terms as our board determines in its sole discretion to be appropriate.

The board of directors recommends a vote "FOR" the proposal to ratify the adoption of the Protection Plan.

#### Certain Considerations Related to the Protective Amendment and the Protection Plan

Our board of directors believes that attempting to protect our Tax Benefits as described above under “- Proposals 4 and 5 - Background” is in our best interests and the best interest of our stockholders. However, we cannot eliminate the possibility that an “ownership change” under Section 382 of the Code will occur even if the Protective Amendment is adopted and the adoption of the Protection Plan is ratified. Please consider the factors discussed below in voting on Proposals 4 and 5.

#### Risk of IRS Challenge

The IRS has not audited or otherwise validated the amount of our Tax Benefits. The IRS could challenge the amount of our Tax Benefits, which could limit our ability to utilize the Tax Benefits to reduce our future income tax liability. In addition, the complexity of Section 382 of the Code and the limited knowledge any public company has about the ownership of its publicly traded stock make it difficult to determine whether an “ownership change” has occurred. Therefore, we cannot assure you that the IRS will not claim that we experienced an “ownership change” and attempt to reduce or eliminate our Tax Benefits even if the Successor Protective Provision and the Protection Plan are in place.

#### Continued Risk of Ownership Change

Although the Protective Amendment and the Protection Plan are intended to reduce the likelihood of an “ownership change,” we cannot assure you that they would prevent all transfers of our common stock that could result in an “ownership change.” In particular, absent a court determination, we cannot assure you that the Successor Protective Provisions' restrictions on transfer of our common stock will be enforceable against all of our stockholders, and they may be subject to challenge on equitable grounds.

#### Potential Effects on Liquidity

The Successor Protective Provision will restrict a stockholder's ability to acquire, directly or indirectly, additional shares of our common stock in excess of the specified limitations. Furthermore, a stockholder's ability to dispose of our common stock may be limited by reducing the number of potential acquirers for such common stock. In addition,

a stockholder's ownership of our common stock may become subject to the restrictions of the Successor Protective Provision upon actions taken by persons related to, or affiliated with, them. Stockholders are advised to monitor carefully their ownership of our stock and consult their own legal advisors and/or us to determine whether their ownership of our stock approaches the restricted levels.

#### Potential Impact on Value

If the Protective Amendment is adopted, our board of directors intends to disclose the transfer restrictions in the Successor Protective Provision to persons holding our common stock in uncertificated form, disclose such restrictions to the public generally and include a legend reflecting such restrictions on certificates representing newly issued or transferred shares. Because certain buyers, including persons who wish to acquire 4.99% or more of our common stock and certain institutional holders who may not be comfortable holding stock with restrictive legends, may not purchase our common stock, the

Protective Amendment could depress the value of our common stock in an amount that could more than offset any value preserved from protecting our Tax Benefits. The Protection Plan could have a similar effect if investors object to holding our common stock subject to the terms of the Protection Plan.

#### Potential Anti-Takeover Impact

The reason our board of directors adopted the Protective Amendment and the Protection Plan is to preserve the long-term value of our Tax Benefits. The Protective Amendment, if adopted by our stockholders, could be deemed to have an anti-takeover effect because, among other things, it will restrict the ability of a person, entity or group to accumulate 4.99% or more of our common stock and the ability of any persons, entities or groups owning 4.99% or more of our common stock to acquire additional shares of our common stock without the approval of our board of directors. Similarly, while the Protection Plan is not intended to prevent a takeover, it does have a potential anti-takeover effect because an acquiring person may be diluted upon the occurrence of a triggering event. The Protective Amendment and the Protection Plan proposals are not part of a plan by us to adopt anti-takeover measures, and we are not presently aware of any potential takeover transaction.

#### Effect of the Successor Protective Provision If You Vote For the Protective Amendment and Already Own 4.99% or More of Our Common Stock

If you already own 4.99% or more of our common stock, you would be able to transfer shares of our common stock only if the transfer does not increase the percentage of stock ownership of another holder of 4.99% or more of our common stock or create a new holder of 4.99% or more of our common stock. You will also be able to transfer your shares of our common stock through open-market sales to a “public group” as defined under Section 382 of the Code, including a new “public group.”

#### Effect of the Successor Protective Provision If You Vote For the Protective Amendment and Own Less Than 4.99% of Our Common Stock

The Successor Protective Provision will apply to you, but, so long as you own less than 4.99% of our common stock, you can transfer your shares to a purchaser who, after the sale, also would own less than 4.99% of our common stock.

#### Effect of the Protective Successor Protective Provision If You Vote Against the Protective Amendment

Delaware law provides that the transfer restrictions of the Successor Protective Provision with respect to shares of our common stock issued prior to effectiveness of the Protective Amendment will be effective against (1) stockholders with respect to shares that were voted in favor of adopting the Protective Amendment and (2) purported transferees of such shares if the transfer restrictions are conspicuously noted on the certificate(s) representing such shares or the transferee had actual knowledge of the transfer restrictions (even absent such conspicuous notation). After the Protective Amendment becomes effective, we intend to disclose the transfer restrictions in the Successor Protective Provision to persons holding our common stock in uncertificated form, and to cause any shares of our common stock issued in certificated form to be issued with the transfer restrictions in the Successor Protective Provision conspicuously noted on the certificate(s) representing such shares. Therefore, under Delaware law, shares of our common stock issued after effectiveness of the Protective Amendment will be subject to the transfer restrictions in the Successor Protective Provision. For the purpose of determining whether a stockholder is subject to the Successor Protective Provision, we intend to take the position that all shares issued prior to the effectiveness of the Protective Amendment that are proposed to be transferred were voted in favor of the Protective Amendment, unless the contrary is established. We may also assert that stockholders have waived the right to challenge or otherwise cannot challenge the enforceability of the Successor Protective Provision, unless a stockholder establishes that it did not vote in favor of the Protective Amendment but had the right to do so. Nonetheless, a court could find that the Successor Protective Provision is unenforceable, either in general or as applied to a particular stockholder or fact situation.

#### Proposal 6 - Ratification of the Selection of our Independent Registered Public Accounting Firm

Pursuant to the audit committee charter, the audit committee has the sole authority to retain an independent registered public accounting firm for our company. The board of directors requests that the stockholders ratify the audit committee's selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016.

The audit committee will not be bound by the ratification of, or failure to ratify, the selection of Deloitte & Touche LLP, but the audit committee will consider any failure to ratify the selection of Deloitte & Touche LLP in connection with the appointment of our independent registered public accounting firm for 2016.

The board of directors recommends a vote "FOR" the ratification of the audit committee's selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016.

36

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## CORPORATE GOVERNANCE

Our board of directors is responsible for providing effective governance over the affairs of our company. Our corporate governance practices are designed to align the interests of our board of directors and management with those of our stockholders and to promote honesty and integrity throughout the company. Highlights of our corporate governance practices are described below.

A copy of the current charter, as approved by our board of directors, for each of the executive committee, audit committee, compensation committee, nominating and corporate governance committee and talent development committee, and a copy of our corporate governance guidelines and code of business conduct and ethics, which applies to all of our employees, including our executive officers, are available on our website at [www.kaiseraluminum.com](http://www.kaiseraluminum.com) under "Investor Relations - Corporate Governance." Copies are also available to stockholders upon request from our Corporate Communications Department, Kaiser Aluminum Corporation, 27422 Portola Parkway, Suite 200, Foothill Ranch, CA 92610-2831. Furthermore, we will post any amendments to our code of business conduct and ethics, or waivers of the code for our directors or executive officers, on our website at [www.kaiseraluminum.com](http://www.kaiseraluminum.com) under "Investor Relations - Corporate Governance."

### Stockholder Communications with the Board of Directors

Our stockholders may communicate with our board of directors as a group or with the chair of the executive committee, audit committee, compensation committee or nominating and corporate governance committee by sending an email to [boardofdirectors@kaiseraluminum.com](mailto:boardofdirectors@kaiseraluminum.com), [execchair@kaiseraluminum.com](mailto:execchair@kaiseraluminum.com), [auditchair@kaiseraluminum.com](mailto:auditchair@kaiseraluminum.com), [compchair@kaiseraluminum.com](mailto:compchair@kaiseraluminum.com), or [nominatingchair@kaiseraluminum.com](mailto:nominatingchair@kaiseraluminum.com), respectively, or by writing to such group or person at Kaiser Aluminum Corporation, Attn: Corporate Secretary (Board of Directors), 27422 Portola Parkway, Suite 200, Foothill Ranch, California 92610-2831. Communications that are intended specifically for any other group of directors or for any individual director, such as the independent directors as a group or the Lead Independent Director, should be sent to the attention of our corporate secretary at the address above or via email to [corpsecretary@kaiseraluminum.com](mailto:corpsecretary@kaiseraluminum.com) and should clearly state the individual director or group of directors that is the intended recipient of the communication.

Our corporate secretary will review each communication and determine whether or not the communication is appropriate for delivery. Communications that, in the judgment of our corporate secretary, are clearly of a marketing nature, that advocate that our company engage in illegal activity, that do not reasonably relate to our company or our business or that are similarly inappropriate will not be furnished to the intended recipient. If, in the judgment of the corporate secretary, any communication pertains to an accounting matter, it will be forwarded to our compliance officer.

Communications that, in the judgment of our corporate secretary, are appropriate for delivery will, unless requiring immediate attention, be assembled and delivered to the intended recipients on a periodic basis, generally at or in advance of each regularly scheduled meeting of our board of directors. Any communication that, in the judgment of our corporate secretary, requires immediate attention will be promptly delivered. In no case will the corporate secretary provide anyone but a member of our board of directors with access to any such communication, except as noted above with respect to communications pertaining to accounting matters.

### Board and Committee Meetings and Consents in 2015

During 2015, our board of directors held five meetings and acted by unanimous written consent four times. In addition to meetings of our board of directors, directors attended meetings of committees of our board of directors. Each incumbent director attended at least 75% of the aggregate number of meetings that our board of directors held during

the period he or she was a director in 2015 and that each committee on which he or she served held during the period he or she served on such committee in 2015.

#### Annual Meetings of Stockholders

Members of our board of directors are expected to make reasonable efforts to attend our annual meetings of stockholders. All directors then serving attended our 2015 annual meeting of stockholders.

## Director Independence

Our corporate governance guidelines require that a majority of the members of our board of directors satisfy the independence requirements set forth in the rules of the Nasdaq Stock Market. We refer to these requirements as the general independence criteria. Additionally, the audit committee charter, compensation committee charter and nominating and corporate governance committee charter require that all respective committee members satisfy the general independence criteria. There are no family relationships among our officers or directors.

Based upon information requested from and provided by each of our directors concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that each of Mmes. Bartholomew, Hopp and Martin and Messrs. Foster, Hassey, Osborne, Quinn, Van Leeuwen and Wilcox, representing nine of our 10 directors, satisfies the general independence criteria and is independent within the meaning of such term under our corporate governance guidelines. The tenth director, Mr. Hockema, cannot meet the independence requirement as our Chief Executive Officer. In making such determination, our board of directors considered the relationships that each of our directors had with our company and all other facts and circumstances our board of directors deemed relevant in determining the independence of each of our directors in accordance with the general independence criteria.

## Annual Performance Reviews

Under our corporate governance guidelines, our board of directors is required to conduct an annual self-evaluation to determine whether our board of directors and its committees are functioning effectively. Additionally, the charter for each committee of our board of directors requires each committee to annually evaluate its performance. In addition to the evaluation performed by the nominating and corporate governance committee with respect to whether an incumbent director should be nominated for re-election to the board of directors upon expiration of such director's term, the chair of the nominating and corporate governance committee conducts performance reviews of individual directors. We further strengthen the performance evaluation process by having one-on-one interviews with each individual director conducted by a member of our senior management to discuss, among other things, the annual self-evaluation. The results from the one-on-one interviews are summarized and reviewed with the nominating and corporate governance committee and the board of directors.

## Stock Ownership Guidelines and Securities Trading Policy

Our stock ownership guidelines require our non-employee directors to own company stock equal to six times their annual base retainer within five years of becoming a member of our board of directors. For purposes of measuring our non-employee directors' compliance with our stock ownership guidelines, restricted stock is valued at the closing price of our common stock on the grant date and all other shares of common stock purchased or acquired are valued at the purchase price of such shares. Currently, each of our non-employee directors satisfies the applicable stock ownership requirements under the stock ownership guidelines. Our stock ownership guidelines also apply to senior management. For additional information regarding our stock ownership guidelines, see "Executive Compensation - Stock Ownership Guidelines."

Our securities trading policy contains anti-hedging and anti-pledging provisions prohibiting our directors and employees, including our named executive officers, from engaging in any speculative transactions involving our securities, including (1) buying or selling puts or calls, (2) short sales, (3) buying on margin or holding our securities in a margin account, or (4) pledging our securities as collateral for a loan or any other obligations.

## Director Designation Agreement

On July 6, 2006, we entered into a Director Designation Agreement with the USW under which the USW has certain rights to designate director nominees. In connection with the renewal and ratification of a new five-year collective bargaining agreement with members of the USW at our Spokane, Washington and Newark, Ohio facilities, in January 2015, the rights of the USW under the Director Designation Agreement which were set to expire on September 30, 2015 were extended to December 31, 2020. Under the Director Designation Agreement, the USW generally has the right to designate the minimum number of director candidates necessary to ensure that, assuming the nominated candidates are elected by our stockholders, at least 40% of the members of our board of directors have been nominated by the USW.

The Director Designation Agreement contains requirements as to the timeliness, form and substance of the notice the USW must give to the nominating and corporate governance committee in order to nominate candidates. The nominating and corporate governance committee is required to determine in good faith whether each properly submitted candidate satisfies the qualifications set forth in the Director Designation Agreement. Pursuant to the terms of the Director Designation Agreement, if the nominating and corporate governance committee determines that a nominated candidate satisfies the qualifications, the

committee will, unless otherwise required by its fiduciary duties, recommend the candidate to our board of directors for inclusion in the slate of directors to be recommended by the board of directors in our proxy statement. Similarly, the board of directors will, unless otherwise required by its fiduciary duties, accept the recommendation and include the candidate in the slate of directors that the board of directors recommends.

A candidate nominated by the USW may not be an officer, employee, director or member of the USW or any of its local or affiliated organizations as of the date of his or her designation as a candidate or election as a director. In addition, the Director Designation Agreement requires the USW to meet with us not less than annually to discuss each director designated for nomination by the USW and requires the USW to obtain approval prior to re-designating an incumbent for nomination.

The Director Designation Agreement also provides that the USW will have the right to nominate an individual to fill a vacancy on the board of directors resulting from the death, resignation, disqualification or removal of a director nominated by the USW. The Director Designation Agreement further provides that, in the event of newly created directorships resulting from an increase in the number of our directors, the USW will have the right to nominate the minimum number of individuals to fill the newly created directorships necessary to ensure that at least 40% of the members of the board of directors have been nominated by the USW, except that we have the ability to increase the size of the board of directors from 10 to up to 12 members without increasing the number of candidates that the USW has the right to designate for nomination. In each case, the USW, the nominating and corporate governance committee and the board of directors will be required to follow the nomination and approval procedures described above. Upon the termination of the Director Designation Agreement, the USW is required to cause each director designated by the USW to submit his or her resignation to the board of directors, which submission the board of directors may accept or reject in its discretion.

Each candidate nominated by the USW must also satisfy:

- the general independence criteria;

the qualifications to serve as a director as set forth in any applicable corporate governance guidelines adopted by the board of directors and policies adopted by the nominating and corporate governance committee establishing criteria to be utilized by it in assessing whether a director candidate has appropriate skills and experience; and

- any other qualifications to serve as director imposed by applicable law.

Finally, the Director Designation Agreement provides that, so long as our board of directors maintains an audit committee, executive committee or nominating and corporate governance committee, each of these committees will, unless otherwise required by the fiduciary duties of our board of directors, include at least one director nominated by the USW (provided at least one director nominated by the USW is qualified to serve on the applicable committee as determined in good faith by our board of directors). Current members of our board of directors that have been nominated by the USW are Ms. Bartholomew and Messrs. Foster, Quinn and Wilcox.

#### Board Leadership Structure and Risk Oversight

Mr. Hockema, our Chief Executive Officer, serves as the Chairman of the Board, and Dr. Osborne serves as our Lead Independent Director. We believe that Mr. Hockema's experience with our company and in the metals industries, the independence of the other directors, our governance structure and the interaction between and among Mr. Hockema, our Lead Independent Director and the other directors make our board leadership structure the most appropriate for our company and our stockholders. As a result of his substantial experience with our company and in the metals industries, Mr. Hockema is uniquely qualified to provide clear leadership for our company and a single point of

accountability. Our corporate governance guidelines and governance structure require an Independent Lead Director to be selected by a majority of the independent directors, thereby ensuring that there is independent leadership within our board of directors and allowing our independent directors to function as a body distinct from management and to evaluate the performance of Mr. Hockema and our management independently and objectively. In addition, each of the audit, compensation, nominating and corporate governance, and talent development committees consists solely of independent directors.

Under our corporate governance guidelines, each member of our board of directors may submit items to be included on the agenda for any meeting of our board of directors and raise subjects that are not on the agenda at any meeting of our board of directors, and our independent directors are required to meet at least quarterly in executive sessions at which only independent directors are present. Our Lead Independent Director establishes the agenda for executive sessions, may call a meeting of independent directors upon the request of a majority of independent directors and serves as a liaison between our independent directors and our Chief Executive Officer. Our Lead Independent Director has other responsibilities that the independent

directors designate, presides at meetings of our independent directors, solicits advice and input from our independent board members, and routinely meets and confers with our Chief Executive Officer to address comments, issues and areas of interest expressed or identified by our independent directors, to assess the governance of our board of directors and our company, and to review board responsibilities, meeting schedules, meeting agenda and information requested or otherwise provided to our directors routinely or in connection with meetings of our board of directors. The chair of each committee of our board of directors serves as a liaison to keep our full board of directors and our Chief Executive Officer apprised of the work performed by such committee at each of our regularly scheduled board meetings and as otherwise required. The executive committee is also comprised of the Chairman of the board of directors and the chair of each of the outstanding committees. Finally, under our bylaws, special meetings of our board of directors may be called by a majority of our board members, nine of 10 of whom are currently independent.

We encourage direct communication among our directors and with our Chief Executive Officer before, during and after formal board and committee meetings and facilitate those communications around our scheduled meetings. Our directors also have full access to our officers, employees and advisors. The nominating and corporate governance committee of our board of directors is specifically charged with responsibility for, among other things, identifying new director candidates, evaluating incumbent directors, evaluating our Chief Executive Officer, evaluating stockholder recommendations, recommending nominees for election at annual stockholder meetings, reviewing our corporate governance guidelines and assisting in management succession planning, including with respect to the chairman of our board of directors and our Chief Executive Officer.

We have policies in place to identify, assess and manage potential risks and to continually review the procedures that we have designed and implemented to mitigate such risks. We believe that our board of directors provides effective oversight of the risk management function. Under its charter, the audit committee of our board of directors is responsible for discussing our risk management policies, including, without limitation, the steps taken and to be taken to monitor and control our major financial risk exposures. In addition, our full board of directors is actively engaged in the review and assessment of our risk management policies, conducts a comprehensive review at least annually during a regularly scheduled board meeting and routinely requests that specific risk-related items be included on board and committee meeting agendas. We engage in an ongoing enterprise risk management process pursuant to which we formally identify, categorize and assess our risks and risk mitigation strategies and have routinely updated the audit committee and our full board of directors regarding this process.

#### Risks Arising from Compensation Policies and Practices

Our compensation policies and practices, discussed more fully below, are designed to create and maintain alignment between our employees and stockholders by rewarding employees, including our senior management, for achieving strategic goals that successfully drive our operations and enhance stockholder value and to preclude the taking of unreasonable risks through the use of incentive compensation that rewards decisions that result in strong performance in both the short- and long-term. We do not believe that our compensation policies and practices for our employees are likely to have a material adverse effect on our company. Our determination is based on, among other factors, the following:

- Potential payouts under our incentive plans are capped, and overall variable compensation does not materially impact our financial results;

- Our overall compensation is comprised of a mix of long- and short-term compensation which discourages short-term decisions that could be at the expense of long-term results;

- A significant portion of the variable compensation is in the form of restricted stock or restricted stock units and performance shares with three-year vesting and performance periods, which ensure that three years of unvested grants

are outstanding at any time and encourage decisions that create long-term value for our stockholders;

All of our incentive programs contain clawback provisions, which provide for the forfeiture of outstanding unvested awards and the return of vested awards;

Our short-term incentive plan and our performance shares require the attainment of threshold company performance levels before any payments are earned or performance shares vest; and

Our stock ownership guidelines require our board of directors and senior management to retain significant equity interests in our company to ensure the ongoing alignment of executive officers and our stockholders.

## Board Committees

Currently, we have five standing committees of the board of directors: an executive committee; an audit committee; a compensation committee; a nominating and corporate governance committee; and a talent development committee.

The following table sets forth the chair and members of each committee of our board of directors, the number of meetings each committee held during 2015, and the number of times each committee acted by unanimous written consent.

Committee	Members	Number of Meetings Held in 2015	Number of Times Acted By Unanimous Written Consent
Executive Committee	Jack A. Hockema* Teresa A. Hopp Alfred E. Osborne, Jr. Brett E. Wilcox Thomas M. Van Leeuwen	-	5
Audit Committee	Carolyn Bartholomew Teresa A. Hopp* Lauralee E. Martin Alfred E. Osborne, Jr. Thomas M. Van Leeuwen Brett E. Wilcox	7	-
Compensation Committee	L. Patrick Hassey Lauralee E. Martin Jack Quinn Thomas M. Van Leeuwen* Brett E. Wilcox	7	3
Nominating and Corporate Governance Committee	Carolyn Bartholomew David Foster Alfred E. Osborne, Jr.* Jack Quinn Thomas M. Van Leeuwen	6	-
Talent Development Committee	David Foster L. Patrick Hassey Teresa A. Hopp Lauralee E. Martin Brett E. Wilcox*	2	-

\*Committee chair

Executive Committee

The executive committee of our board of directors manages our business and affairs requiring attention prior to the next regular meeting of our board of directors. However, the executive committee does not have the power to (1) approve or adopt, or recommend to our stockholders, any action or matter expressly required by law to be submitted to our stockholders for approval, (2) adopt, amend or repeal any bylaw of our company, or (3) take any other action reserved for action by our board of directors pursuant to a resolution of our board of directors or otherwise prohibited to be taken by the executive committee by law or pursuant to our amended and restated certificate of incorporation or bylaws.

The executive committee charter requires that a majority of the members of the executive committee satisfy the general independence criteria. In addition, the members of the executive committee must include the chairman of our board of directors and at least one of the directors nominated by the USW. The executive committee is currently comprised of the chairman of our board of directors and the chair of each of the committees of the board of directors.

#### Audit Committee

The audit committee of our board of directors oversees our accounting and financial reporting practices and processes and the audits of our financial statements on behalf of our board of directors. The audit committee is responsible for appointing,

compensating, retaining and overseeing the work of our independent accounting firm. Other duties and responsibilities of the audit committee include:

- establishing hiring policies for employees or former employees of the independent accounting firm;
- reviewing our systems of internal accounting controls;
- discussing risk management policies;
- approving related-party transactions;
- establishing procedures for complaints regarding financial statements or accounting policies; and
- performing other duties delegated to the audit committee by our board of directors from time to time.

The audit committee charter requires that all members of the audit committee satisfy the general independence criteria. The charter also requires that no audit committee member may have participated in the preparation of our financial statements during the three years prior to his or her appointment as a member and that each audit committee member be able to read and understand fundamental financial statements, including a balance sheet, an income statement and a cash flow statement. Additionally, at least one member of the audit committee must have had past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience which results in that individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities and that member or another member must have sufficient education or experience to have acquired the attributes necessary to meet the criteria of an "audit committee financial expert," as that term is defined in the rules promulgated by the Securities and Exchange Commission. In addition, the members of the audit committee must include at least one of the directors nominated by the USW.

Our board of directors has determined that all six members of the audit committee (1) meet the general independence criteria, as well as the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act, and (2) are able to read and understand fundamental financial statements. Our board of directors also determined that no member of the audit committee participated in the preparation of our financial statements during the three years prior to their appointment as members of the committee. Finally, our board of directors has determined that Mmes. Hopp and Martin and Mr. Wilcox satisfy the financial sophistication criteria described above and satisfy the criteria necessary to serve as the "audit committee financial expert," in each case based on his or her experience described in "Proposals Requiring Your Vote - Proposal 1 - Election of Directors" above.

## Compensation Committee

### General

The compensation committee of our board of directors establishes and administers our policies, programs and procedures for compensating our senior management, including determining and approving the compensation of our executive officers. Other duties and responsibilities of the compensation committee include:

- administering plans adopted by our board of directors that contemplate administration by the compensation committee, including the 2006 Plan and, if approved by our stockholders at the Annual Meeting, the 2016 Plan;

- overseeing regulatory compliance with respect to compensation matters;
- reviewing director compensation; and
- performing other duties delegated to the compensation committee by our board of directors from time to time.

The compensation committee solicits the views of our Chief Executive Officer on compensation matters, including as they relate to our compensation of the other members of senior management reporting to our Chief Executive Officer. The compensation committee has retained Meridian to advise the compensation committee on all matters related to compensation of our Chief Executive Officer and other members of senior management. The compensation committee has reviewed the factors that could affect Meridian's independence. Based on this review, the compensation committee has determined there are no conflicts of interest.

Meridian's services include (1) providing competitive market data and related assessments of executive compensation as background against which the compensation committee considers executive compensation, (2) preparing and reviewing tally and compensation summary sheets for our named executive officers, (3) apprising the compensation committee of trends and best practices associated with executive and director compensation, (4) providing support with respect to legal, regulatory and accounting considerations impacting compensation and benefit programs, (5) the development and review of a list of compensation peer group companies, and (6) attending meetings of the compensation committee and our board of directors when requested. These services are typically directed by the compensation committee and coordinated with our human resources department.

The compensation committee charter requires that all members of the compensation committee satisfy the general independence criteria, as well as qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Exchange Act. Additionally, each of our compensation committee members also qualifies as an outside director, allowing us to make awards that qualify as performance based compensation under 162(m) of the Code.

The compensation committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to the subcommittee any or all of the powers and authority of the committee.

#### Compensation Committee Interlocks and Insider Participation

None of Ms. Martin or Messrs. Hassey, Quinn, Van Leeuwen or Wilcox, the members of the compensation committee during 2015, (1) was an officer or employee of our company during 2015, (2) was formerly an officer of our company, or (3) had any relationships requiring disclosure by us under the rules of the Securities and Exchange Commission with respect to certain relationships and related-party transactions. Furthermore, none of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

#### Nominating and Corporate Governance Committee

The nominating and corporate governance committee of our board of directors identifies individuals qualified to become members of our board of directors, recommends candidates to fill vacancies and newly-created positions on our board of directors, recommends director nominees for election by stockholders at the annual meetings of stockholders and develops and recommends to our board of directors our corporate governance guidelines.

We believe that the nominating and corporate governance committee considers an appropriate range of criteria in assessing candidates for a position on the board of directors. Our corporate governance guidelines require that the criteria utilized by the corporate governance committee in assessing such candidates include factors such as judgment, diversity, integrity, experience with businesses and other organizations of comparable size, the interplay of a candidate's experience with the experience of other members of the board of directors and anything else that may bear upon the extent to which a candidate would be a desirable addition to our board of directors and any committees of our board of directors. The policies relating to the recommendation of director candidates adopted by the nominating and corporate governance committee are designed to ensure flexibility with respect to the process of evaluating candidates and do not establish specific minimum qualifications that an individual must meet to become a member of our board of directors. The nominating and corporate governance committee believes that our company is best served when it can draw from a variety of experiences and backgrounds provided by members of our board of directors. However, the nominating and corporate governance committee also believes that our company is best served when each member of the board of directors:

- exhibits strong leadership in his or her particular field or area of expertise;
- possesses the ability to exercise sound business judgment;
- has a strong educational background or equivalent life experiences;
- has substantial experience both in the business community and outside the business community;
- contributes positively to the existing collaborative culture among members of our board of directors;
- represents the best interests of all of our stockholders and not just one particular constituency;

has experience as a senior executive of a company of significant size or prominence or another business or organization comparable to our company;

possesses skills and experience which make him or her a desirable addition to a standing committee of our board of directors;

consistently demonstrates integrity and ethics in his or her professional and personal life; and

has the time and ability to participate fully in activities of our board of directors, including attendance at, and active participation in, meetings of our board of directors and the committee or committees of which he or she is a member.

Other duties and responsibilities of the nominating and corporate governance committee include:

assisting in management succession planning, including with respect to the chairman of our board of directors and our Chief Executive Officer;

considering possible conflicts of interest of members of our board of directors and management and making recommendations to prevent, minimize or eliminate such conflicts of interests;

evaluating whether an incumbent director should be nominated for re-election to our board of directors upon expiration of the incumbent's term;

making recommendations to our board of directors regarding the appropriate size of our board of directors; and

performing other duties delegated to the nominating and corporate governance committee by our board of directors from time to time.

The nominating and corporate governance committee has adopted policies and procedures by which our stockholders may submit director candidates to the nominating and corporate governance committee for consideration. If the nominating and corporate governance committee receives, by a date not less than 120, nor more than 150, calendar days before the anniversary of the date that the proxy statement was mailed to stockholders in connection with our previous year's annual meeting, a recommendation for a director nominee from a stockholder or group of stockholders that beneficially owned more than 5% of our outstanding common stock for at least one year as of the date of the recommendation, then such director candidate will be considered and evaluated by the nominating and corporate governance committee for the annual meeting immediately succeeding the date that proper written notice was timely delivered to and received by the nominating and corporate governance committee. When the date of our annual meeting of stockholders changes by more than 30 calendar days from the previous year's annual meeting, the written notice of the recommendation for the director candidate will be considered timely if, and only if, it is received by the nominating and corporate governance committee no later than the close of business on the tenth calendar day following the first day on which notice of the date of the upcoming annual meeting is publicly disclosed by us.

Written notice from an eligible stockholder or group of eligible stockholders to the nominating and corporate governance committee recommending a director candidate must contain or be accompanied by:

proof that the stockholder or group of stockholders submitting the recommendation has beneficially owned, for the required one-year holding period, more than 5% of our outstanding common stock;

a written statement that the stockholder or group of stockholders intends to continue to beneficially own more than 5% of our outstanding common stock through the date of the next annual meeting of our stockholders;

the name and record address of each stockholder submitting a recommendation for the director candidate, the written consent of each such stockholder and the director candidate to be publicly identified (including, in the case of the director candidate, to be named in the company's proxy materials) and the written consent of the director candidate to serve as a member of our board of directors (and any committee of our board of directors to which the director candidate is assigned to serve by our board of directors) if elected;

• a description of all arrangements or understandings between or among any of the stockholders or group of stockholders submitting the recommendation, the director candidate and any other person or persons (naming such

person or persons) pursuant to which the submission of the recommendation is to be made by such stockholder or group of stockholders;

with respect to the director candidate, (1) his or her name, age, business and residential address and principal occupation or employment, (2) the number of shares of our common stock beneficially owned by him or her, (3) a resume or similar document detailing his or her personal and professional experiences and accomplishments, and (4) all other information relating to the candidate that would be required to be disclosed in a proxy statement or other filing made in connection with the solicitation of proxies for the election of directors pursuant to the Exchange Act, the rules of the Securities and Exchange Commission or the rules of the Nasdaq Stock Market; and

a written statement that each submitting stockholder and the director candidate shall make available to the nominating and corporate governance committee all information reasonably requested in connection with the committee's evaluation of the candidate.

The notice must be signed by each stockholder submitting the proposal and the director candidate. The notice must be sent to the following address by registered or certified mail: Kaiser Aluminum Corporation, Attn: Corporate Secretary (Nominating and Corporate Governance Committee), 27422 Portola Parkway, Suite 200, Foothill Ranch, California 92610-2831.

The nominating and corporate governance committee charter requires that all members of the nominating and governance committee satisfy the general independence criteria. In addition, the members of the nominating and corporate governance committee must include at least one of the directors nominated by the USW so long as at least one such director is appropriately qualified.

#### Talent Development Committee

The talent development committee of our board of directors was formed in 2014 to review and evaluate (1) the succession planning for our executive officers, other than the chief executive officer, and (2) the leadership and development training of key employees with the potential to succeed our executive officers, including the progression of such key employees. The talent development committee meets with our Chief Executive Officer to review its observations and management's criteria for evaluating the performance and advancement potential of key employees and reports regularly its activities to our board of directors.

#### EXECUTIVE OFFICERS

The following table sets forth the names and ages of each of our executive officers and the positions they held as of April 8, 2016, the record date.

Name	Age	Position(s)
Jack A. Hockema	69	Chief Executive Officer and Chairman of the Board; Director
Keith A. Harvey	56	President and Chief Operating Officer
Daniel J. Rinkenberger	57	Executive Vice President and Chief Financial Officer
John M. Donnan	55	Executive Vice President - Legal, Compliance and Human Resources
John Barneson	65	Senior Vice President - Corporate Development
Melinda C. Ellsworth	57	Vice President - Investor Relations and Corporate Communications
Mark R. Krouse	64	Vice President - Human Resources
Ray Parkinson	57	Vice President - Advanced Engineering
Jason Walsh	36	Vice President - Financial Planning and Analysis

Neal E. West

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57 Vice President and Chief Accounting Officer

Set forth below are brief descriptions of the business experience of each of our executive officers.

Jack A. Hockema has served as our Chief Executive Officer and as a director since 2001 and as Chairman of the Board since July 2006. He previously served as President of Kaiser Aluminum Corporation (referred to herein as Kaiser) from October 2001 to December 2015, as Executive Vice President of Kaiser and President of the Kaiser Fabricated Products division from January 2000 to October 2001, and as Executive Vice President of Kaiser from May 2000 to October 2001. He served as Vice President of Kaiser from May 1997 to May 2000. Mr. Hockema was President of Kaiser Engineered Products

45

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from March 1997 to January 2000. He served as President of Kaiser Extruded Products and Engineered Components from September 1996 to March 1997. Mr. Hockema served as a consultant to Kaiser and acting President of Kaiser Engineered Components from September 1995 to September 1996. Mr. Hockema was an employee of Kaiser from 1977 to 1982, working at our Trentwood facility in Spokane, Washington, and serving as plant manager of our former Union City, California can plant and as operations manager for Kaiser Extruded Products. In 1982, Mr. Hockema left Kaiser to become Vice President and General Manager of Bohn Extruded Products, a division of Gulf+Western, and later served as Group Vice President of American Brass Specialty Products until June 1992. From June 1992 to September 1996, Mr. Hockema provided consulting and investment advisory services to individuals and companies in the metals industry. Mr. Hockema has served on the board of directors of Superior Industries International, Inc., a manufacturer of aluminum wheels for passenger cars and light-duty vehicles, since December 2014. He holds a Master of Science degree in Management and a Bachelor of Science degree in Civil Engineering, both from Purdue University. Mr. Hockema has more than 24 years of experience with Kaiser and another 21 years in the metals industries, and, as a result, has a depth of experience in the aluminum and metals industries. As the only management representative on the board of directors, Mr. Hockema provides an insider's perspective in board of directors discussions about our business and the strategic direction for our company.

Keith A. Harvey has served as our President and Chief Operating Officer since December 2015. He previously served as Executive Vice President - Fabricated Products from June 2014 to December 2015, Senior Vice President - Sales and Marketing, Aerospace and General Engineering from June 2012 to June 2014, Vice President - Sales and Marketing, Aerospace and General Engineering from 2000 to June 2012 and as our Vice President - Sales and Marketing of Extruded Products from 1996 to 2000. Mr. Harvey joined Kaiser in 1981 as an industrial engineer at the company's former rolling mill in West Virginia. He subsequently held positions of increasing responsibility in engineering and sales at several Kaiser locations and was named a Vice President in 1994. Mr. Harvey holds a Bachelor of Science degree in Industrial Engineering from West Virginia University.

Daniel J. Rinkenberger has served as our Executive Vice President and Chief Financial Officer since June 2012. Mr. Rinkenberger served as our Senior Vice President and Chief Financial Officer from April 2008 to June 2012, as our Vice President from January 2005 to April 2008 and as our Treasurer from January 2005 to July 2008. Prior to January 2005, he served as our Vice President of Economic Analysis and Planning from February 2002. He served as Vice President, Planning and Business Development of the Kaiser Fabricated Products division from June 2000 through February 2002. Prior to that, he served as Vice President, Finance and Business Planning of the Kaiser Flat-Rolled Products division from February 1998 to February 2000, and as our Assistant Treasurer from January 1995 through February 1998. Before joining Kaiser, he held a series of positions of increasing responsibility in the Treasury Department at Pennzoil Corporation. He holds a Master of Business Administration degree in finance from the University of Chicago and a Bachelor of Education degree from Illinois State University. He is a Chartered Financial Analyst.

John M. Donnan has served as our Executive Vice President - Legal, Compliance and Human Resources since June 2012. Mr. Donnan is responsible for our company's corporate legal, compliance, internal audit, environmental, safety, quality and human resources functions. He previously served as our Senior Vice President, Secretary and General Counsel from December 2007 to June 2012 and as our Vice President, Secretary and General Counsel from January 2005 to December 2007. Mr. Donnan joined the legal staff of Kaiser in 1993 and was named Deputy General Counsel of Kaiser in 2000. Prior to joining Kaiser, Mr. Donnan was an associate in the Houston, Texas office of the law firm of Chamberlain, Hrdlicka, White, Williams & Martin. He holds a Juris Doctorate degree from the University of Arkansas School of Law and Bachelor of Business Administration degrees in finance and accounting from Texas Tech University. He is a member of the Texas and California bars.

John Barneson has served as our Senior Vice President - Corporate Development since December 2007. He previously served as our Senior Vice President and Chief Administrative Officer from August 2001 to December 2007 and as our

Vice President and Chief Administrative Officer from December 1999 through August 2001. He served as Engineered Products Vice President of Business Development and Planning from September 1997 to December 1999. Mr. Barneson served as Flat-Rolled Products Vice President of Business Development and Planning from April 1996 to September 1997. Mr. Barneson has been an employee of Kaiser since September 1975 and has held a number of staff and operation management positions within the former Flat-Rolled and Engineered Products business units. He holds a Master of Science degree and a Bachelor of Science degree in Industrial Engineering from Oregon State University.

Melinda C. Ellsworth has served as our Vice President - Investor Relations and Corporate Communications since June 2015. She previously served as our Vice President and Treasurer from July 2008 to June 2015. Prior to joining Kaiser, Ms. Ellsworth was Vice President, Treasurer and Investor Relations at HNI Corporation, a leading provider of office furniture and hearth products, from February 2002 to May 2007. From May 1998 to January 2002, she served in several roles with Sunbeam Corporation, ending her tenure as Vice President, International Finance and Treasury. She additionally has over a decade of

experience in commercial banking. She holds a Bachelor of Business Administration degree in accounting from St. Bonaventure University and is a Certified Public Accountant (inactive).

Mark R. Krouse has served as our Vice President - Human Resources since September 2013. Prior to joining Kaiser, Mr. Krouse served as Vice President, Human Resources of Samsung C&T Engineering and Construction, Americas from January 2012 to August 2013. Mr. Krouse was also an Adjunct Professor of California State University, Fullerton from September 2007 to June 2010. In addition, Mr. Krouse held various human resources positions, including Vice President, Human Resources, with Fluor Corporation from 1976 to 2006. Mr. Krouse holds a Master of Science degree in International Administration and a Bachelor of International Relations degree, both from the University of Southern California.

Ray Parkinson has served as our Vice President - Advanced Engineering since 2001. Dr. Parkinson joined Kaiser in 1986 as technical director for extruded products and has more than 30 years of experience in sales, operations, quality control, engineering and research and development in diverse manufacturing environments. Dr. Parkinson has a Ph.D. in metallurgy, as well as Bachelor's and Master's degrees in Engineering, from Imperial College in the United Kingdom and a Master of Business Administration from St. Mary's College.

Jason Walsh has served as our Vice President - Financial, Planning and Analysis since April 2012. Mr. Walsh joined Kaiser in 2006 as Manager, Financial Planning & Analysis and served as Group Controller, Common Alloy Products and Director, Financial Planning & Analysis. Prior to joining Kaiser, he held positions of increasing responsibility in manufacturing operations with Caterpillar Inc. He holds a Master of Business Administration degree in Finance from the University of Chicago and a Bachelor of Science degree in Mechanical Engineering from the University of Illinois at Urbana-Champaign.

Neal E. West has served as our Vice President and Chief Accounting Officer since June 2008. Prior to joining Kaiser, Mr. West served as the Principal Accounting Officer of Gateway, Inc. from June 2005 to May 2008. Mr. West was also the Vice President and Corporate Controller of Gateway, Inc. from April 2005 to May 2008. Prior to joining Gateway, Inc., Mr. West was the Vice President and Controller for APL Logistic, Ltd. from April 2000 to April 2005. In addition, Mr. West has held a number of finance, service and support positions at APL Ltd. Mr. West also previously worked for Standard Pacific and West-Tronics, Inc. as Division Controller and Financial Manager. Mr. West is a Certified Public Accountant, a Certified Management Accountant and a Chartered Global Management Accountant and holds a Master of Science degree in information systems from Roosevelt University and a Bachelor of Science degree in accounting and business administration from Illinois State University.

## EXECUTIVE COMPENSATION

### Compensation Committee Report

The compensation committee has reviewed and discussed with management the compensation discussion and analysis section included below. Based on its review and discussions with management, the compensation committee recommended to the board of directors that such compensation discussion and analysis be included in this Proxy Statement.

This report is submitted by the members of the compensation committee of the board of directors:

Compensation Committee  
Thomas M. Van Leeuwen (Chair)  
L. Patrick Hassey

Lauralee E. Martin  
Jack Quinn  
Brett E. Wilcox

47

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## Compensation Discussion and Analysis

### Introduction

This section provides (1) our 2015 performance highlights, (2) an overview of the compensation committee, (3) a discussion of the objectives of our comprehensive compensation structure and the design of our overall 2015 compensation program for senior management, and (4) a discussion of all material elements of 2015 compensation for each of our named executive officers whose names and titles are set forth in the following table:

Name	Title
Jack A. Hockema	Chief Executive Officer (principal executive officer)
Keith A. Harvey	President and Chief Operating Officer
Daniel J. Rinkenberger	Executive Vice President and Chief Financial Officer (principal financial officer)
John M. Donnan	Executive Vice President - Legal, Compliance and Human Resources
John Barneson	Senior Vice President - Corporate Development

### 2015 Performance Highlights

In 2015, despite continued economic uncertainty and challenges, we delivered solid operating performance. Our key achievements in 2015 include:

- net sales of \$1.4 billion;
  - record shipments of heat treat plate and automotive extrusions;
  - expanded sales margins, with improved pricing and lower contained metal costs;
  - continued investments for further growth, enhanced efficiency and quality;
  - approximately \$77 million returned to stockholders through quarterly dividends and share repurchases; and
- terminated defined benefit accounting for a voluntary employees' beneficiary association ("VEBA") that provides benefits for certain eligible retirees represented by unions and their spouses and eligible dependents (which we refer to as the Union VEBA Trust) and removed the Union VEBA Trust's net assets from our balance sheet.

### Overview of the Compensation Committee

The compensation committee of our board of directors is comprised entirely of independent directors. By design, members of the compensation committee also serve on other board committees, including the executive committee, audit committee, the nominating and corporate governance committee and the talent development committee. We believe this structure helps coordinate the efforts of the respective committees. The compensation committee's primary duties and responsibilities are to establish and implement our compensation policies and programs for senior management. While the nominating and corporate governance committee has the responsibility to evaluate the overall performance of the chief executive officer, the compensation committee coordinates with and assists the nominating and corporate governance committee in that evaluation.

The compensation committee has the authority under its charter to engage the services of outside advisors, experts and others to assist it. Pursuant to that authority, the compensation committee engaged Meridian to advise it on all matters

related to compensation of our Chief Executive Officer and other members of senior management, including the other named executive officers.

The compensation committee meets formally and informally throughout the year. Informal meetings frequently occur when our directors are together for meetings of our full board of directors and telephonically at the request of one or more committee members. Our Chief Executive Officer, other members of our management and outside advisors may be invited to attend all or a portion of a compensation committee meeting depending on the nature of the agenda items; however, neither our Chief Executive Officer nor any other member of management votes on items before the compensation committee.

The compensation committee works with our senior management and Meridian to determine the agenda for its formal meetings and to prepare meeting materials. The compensation committee and our board of directors also solicit the views of our Chief Executive Officer on compensation matters, including, among others:

- objectives for our compensation programs;
- the structure of our compensation programs;
- the role of our compensation programs in management succession planning; and
- compensation of other members of senior management, including our other named executive officers.

#### Objectives of our Compensation Structure

Our compensation structure was developed to achieve the following objectives, which we believe are critical for enhancing stockholder value and our long-term success:

- creating alignment between our senior management and our stockholders by rewarding our senior management for achieving strategic goals that successfully drive our operations and enhance our stockholder return;
- attracting, motivating and retaining highly experienced executives vital to our short-term and long-term success, profitability and growth;
- correlating our senior management compensation with our actual performance; and
- providing competitive, targeted compensation levels that are benchmarked to our compensation peer group discussed below as follows:
  - for base salary, the 50th percentile;
  - for annual cash incentives at target-level performance, the 50th percentile; and
  - for annualized economic equity grant value of long-term incentives, between the 50th and the 65th percentiles.

#### Design of our 2015 Compensation Program

Our 2015 compensation program for our senior management, including the named executive officers, was designed to reinforce performance and accountability at the corporate, operational and individual levels through the use of:

- a short-term annual cash incentive payable only if the performance threshold is met; and
  - an equity-based, long-term incentive consisting of (1) shares of restricted stock with a three-year cliff vesting schedule to promote senior management retention, and (2) performance shares that vest, if at all, based on our TSR compared to a group of peer companies over a three-year performance period (2015 through 2017).

In addition to focusing on "pay for performance," our 2015 compensation program:

- balanced short-term and long-term goals, with:

• approximately 57% of our Chief Executive Officer's target total compensation being delivered through long-term incentives; and

• approximately 44% to 48% of the target total compensation for our other named executive officers being delivered through long-term incentives;

• delivered a mix of fixed and at-risk compensation directly related to our overall performance and the creation of stockholder value, with:

approximately 75% of our Chief Executive Officer's target total compensation being at-risk compensation payable only if certain corporate performance levels are achieved; and

approximately 63% to 70% of the target total compensation for our other named executive officers being at-risk compensation payable only if certain corporate performance levels are achieved;

provided compensation that is competitive with our compensation peer group recommended by the compensation committee's independent compensation consultant;

utilized equity-based awards, including performance shares that vest only if we achieve a certain TSR performance goal, stock ownership guidelines and annual cash incentives linked to achievement of financial, corporate, operational and individual performance;

emphasized the importance of safety, quality, delivery and cost performance; and

utilized forfeiture provisions that can result in the loss of awards and resulting benefits if we determine that a recipient, including any of our named executive officers, has engaged in certain activities detrimental to us.

Periodically, but not less than annually, each element of compensation is reviewed and considered by the compensation committee and our board of directors both individually and collectively with the other elements of compensation to ensure that each element is consistent with the objectives of both our comprehensive compensation structure and that particular element of compensation. The compensation committee and our board of directors share suggestions or concerns identified in the course of that review with senior management and Meridian, who address the suggestions or concerns in a manner that is satisfactory to the compensation committee and our board of directors. This process occurs over a series of meetings of the compensation committee and our board of directors and executive sessions of the independent directors without members of management present.

In designing the overall compensation program and each individual element of compensation for senior management, including our named executive officers, the compensation committee considers the following factors, among others:

• The external challenges to our near- and long-term ability to attract and retain strong senior management;

• Each individual's contributions to our overall results;

• Our historical and anticipated operating and financial performance compared with targeted goals; and

• Our size and complexity compared with companies in our compensation peer group.

The compensation committee uses tally and other summary sheets that provide a summary of the compensation history of our Chief Executive Officer and those members of our senior management reporting to our chief executive officer. These tally and information sheets include a historical summary of base salary, annual bonus and equity awards.

In reviewing and deliberating over our 2015 compensation program, the compensation committee considered, among other things:

• the economic conditions in the United States and abroad;

• the company's business plan and underlying assumptions;

• the goal of maintaining alignment between our senior management and our stockholders through the use of short- and long-term, performance-based compensation;

• the benefits of maintaining a consistent approach to compensation and the structure of our programs through business cycles;

• the anticipated performance of the company's compensation programs based on the company's business plan and current financial position; and

information and reports prepared by proxy advisors, including Glass, Lewis & Co. and Institutional Shareholder Services Inc.

The review included discussions with Meridian and management regarding existing and contemplated market practices, as well as the structure and objectives of each component of our compensation program.

The compensation committee also reviews the compensation and benefit practices, as well as levels of pay, of a compensation peer group of companies. Working with our compensation consultant, our management selects for inclusion in our compensation peer group companies that are determined to: (1) be of a similar size; (2) have positions of similar complexity and scope of responsibility; and/or (3) compete with us for talent. The compensation committee, working with our compensation consultant, reviews, evaluates and updates the compensation peer group, which includes companies in both similar and different industries, at least annually. For 2015, our compensation committee approved the following 23-company peer group:

Applied Industrial Tech, Inc.	Olin Corporation
Brady Corporation	OMNOVA Solutions Inc.
Briggs & Stratton Corporation	Polaris Industries Inc.
Crane Company	Rayonier Inc.
Donaldson Company, Inc.	Steelcase Inc.
ESCO Technologies Inc.	Valmont Industries, Inc.
Graco Inc.	Vulcan Materials Company
Kaman Corporation	Walter Energies, Inc.
Kennametal Inc.	Waters Corporation
Martin Marietta Materials, Inc.	Watts Water Technologies, Inc.
Mueller Water Products, Inc.	Woodward Governor Company
Neenah Paper, Inc.	

Due to the differences in size among the companies in our peer group, Meridian uses a form of regression analysis to adjust survey data results based on our revenue as compared to the revenue of other companies in our peer group. Importantly, the compensation committee recognizes that we compete for talent with companies much larger than those included in our compensation peer group. These larger companies, including Alcoa, Aleris, Constellium and Sapa, aggressively recruit for the best qualified talent in particularly critical functions. As a result, to attract and retain talent, the compensation committee may from time to time determine that it is in the best interests of our company and our stockholders to provide compensation packages that deviate from targeted pay levels.

Elements of 2015 Compensation

The table below summarizes the elements of our named executive officers' compensation in 2015:

Element	Form of Compensation	Objective	Performance Metrics
Base Salary	Cash	Provide a competitive, fixed compensation upon which our named executive officers can rely. Target at the 50th percentile of our compensation peer group.	Not performance based.
Short-Term Incentives	Cash	Create financial incentive for achieving or exceeding company performance goals. Target at the 50th percentile of our compensation peer group.	Adjusted EBITDA (determined using an EVA calculation reflecting adjusted PTOI less a capital charge calculated as a percentage of our adjusted net assets), safety, quality, delivery, cost and individual performance.
Long-Term Incentives	Restricted Stock	Create financial incentive for continued employment with our company through three-year cliff vesting. Together with performance shares, target at between the 50th and 65th percentile of our compensation peer group.	Not performance based (retention based and "at risk" to the extent underlying performance impacts stock price).
	Performance Shares	Create financial incentive for achieving or exceeding long-term performance goals. Together with restricted stock, target at between the 50th and 65th percentile of our compensation peer group.	Relative TSR (compared to peer companies in the S&P 600 SmallCap Materials Index).
Retirement Benefits	Defined Contribution Plan	Part of our broad-based employee benefits program.	Not performance based (except for the portion of the company contribution attributable to the short-term incentive, which is performance based).
	Deferred Compensation Plan	Restore the benefits of matching and fixed rate contributions that we would	Not performance based (except for the portion of the company

		otherwise pay but for the limitations on benefit accruals and payment imposed by the IRS.	contribution attributable to the short-term incentive, which is performance based).
Perquisites	Vehicle Allowance and Certain Reimbursements	In connection with base salary, attract, motivate and retain individuals in a competitive environment.	Not performance based.

Each compensation element is discussed in detail below.

## Base salary

The compensation committee reviews annually base salaries for our Chief Executive Officer and other executive officers, including our other named executive officers, and determines whether a change is appropriate. In reviewing base salaries, the compensation committee considers factors, including, among others:

• level of responsibility;

• prior experience;

• base salaries paid for comparable positions by our compensation peer group; and

• the relationship among base salaries paid within our company.

Our intent is to fix base salaries at levels consistent with the design of our overall compensation program for the particular year. In 2015, the compensation committee increased the base salaries of our named executive officers by 3% to 4%, principally to more closely align their base salaries with market and survey information regarding executive officers with similar experience and responsibilities. Base salaries for our named executive officers in 2015 were as follows:

Name	2015 Base Salary
Jack A. Hockema	\$882,000
Keith A. Harvey	\$450,000
Daniel J. Rinkenberger	\$437,100
John M. Donnan	\$409,800
John Barneson	\$360,600

## Annual cash incentives

Our 2015 short-term incentive plan, which we refer to as our 2015 STI Plan, was designed to reward participants for achieving certain Adjusted EBITDA performance goals established using an EVA calculation reflecting the adjusted PTOI of our core Fabricated Products business less a capital charge calculated as a percentage of our adjusted net assets. The structure, terms and objectives of the 2015 STI Plan were generally consistent with those of the short-term incentive plan approved by the compensation committee in 2014. Consistent with the short-term incentive plan approved by the compensation committee in 2014, our 2015 STI Plan also included a modifier for safety, quality, delivery and cost performance and permitted, subject to the maximum payout opportunity described below, adjustments to individual awards, up to plus or minus 100% of the target award, based on actual performance, including individual, facility, and/or functional area performance. Individuals not meeting individual performance goals could receive a reduced, or even no, payout and individuals meeting or exceeding individual performance goals could receive increased payouts; provided, however, that no increase could exceed the maximum payout opportunity of three times the target.

Our 2015 STI Plan tied pay to performance subject to the payout maximum. Under our 2015 STI Plan, no payout would be made unless we (i) achieved the threshold Adjusted EBITDA and (ii) had positive adjusted net income. A payout at target level required Adjusted EBITDA that was established based on adjusted PTOI of 15% of our adjusted net assets, and a payout at the maximum level required Adjusted EBITDA that was established based on adjusted PTOI of 35% of our adjusted net assets. Consistent with our objective of aligning senior management and our stockholders by rewarding our senior management for achieving strategic goals that successfully drive our operations and enhance our stockholder value, our 2015 STI Plan provided that performance in excess of the threshold level

would result in an increase in payouts up to the maximum payout opportunity. Under our 2015 STI Plan, potential payouts between the threshold and target levels and between the target and maximum levels were linearly interpolated.

Emphasizing the value we place on employee safety, our product quality, our relationships with our customers and manufacturing efficiency, in addition to financial performance, our 2015 STI Plan took into consideration: corporate safety performance, as measured by TCIR; quality performance, as measured by our no-fault claim rate; delivery performance, as measured by our on-time delivery rate; and cost performance, as measured by manufacturing costs compared to manufacturing costs in our business plan. Under our 2015 STI Plan, subject to the maximum payout, the award multiplier resulting from actual 2015 Adjusted EBITDA would be adjusted for safety, quality and delivery performance above or below the applicable threshold, each of which could increase or decrease the award multiplier by up to 10%, and for cost performance above or

below the applicable threshold, which could increase or decrease the award multiplier by up to 20% for our executive officers, including the named executive officers, and 10% for all other participants.

In early 2016, our actual results for 2015 and the resulting award multiplier were determined. Under our 2015 STI Plan, the award multiplier was calculated based on actual 2015 Adjusted EBITDA, which was determined using our reported consolidated operating income, calculated using generally accepted accounting principles, including depreciation and amortization and excluding the following non-run-rate items:

- mark-to-market gains and losses on derivative instruments;
- net periodic benefit income relating to the Union VEBA Trust and the VEBA that provides healthcare related benefits for certain other retirees and their spouse and eligible dependents;
- adjustment to plant-level last-in, first out, or LIFO, inventory, including any lower of cost or market adjustments;
- environmental income and expenses; and
- asset impairment charges.

The resulting award multiplier was then adjusted for actual safety, quality, delivery and cost performance in 2015. The final 2015 STI Plan award multiplier for our executive officers, including our named executive officers, was 1.212, representing performance greater than the target, but less than the performance required to achieve the maximum payout.

Each participant's individual award under the 2015 STI Plan was calculated by multiplying the final 2015 STI Plan multiplier of 1.212 by the participant's monetary incentive target, which was established by the compensation committee at the beginning of 2015, taking into consideration, among other things:

- a targeted level benchmarked to the 50th percentile of our compensation peer group;
- internal compensation balance;
- position responsibilities;
- our business plan and its key underlying assumptions;
- the expectations under then-existing and anticipated market conditions; and
- the opportunity to create stockholder value.

There were no individual adjustments to the awards of our named executive officers under our 2015 STI Plan.

The table below sets forth the possible payouts that could have been earned by our named executive officers at each performance level and the actual amounts earned by them under the 2015 STI Plan.

Name	Below Threshold	Threshold	Target	Maximum	Actual
Jack A. Hockema	—	\$302,000	\$604,000	\$1,812,000	\$732,048
Keith A. Harvey	—	\$170,000	\$340,000	\$1,020,000	\$412,080
Daniel J. Rinkenberger	—	\$144,800	\$289,600	\$868,800	\$350,995
John M. Donnan	—	\$136,600	\$273,200	\$819,600	\$331,118

John Barneson	—	\$81,950	\$163,900	\$491,700	\$198,647
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Long-term incentives

We believe that consistent execution of our strategy over multi-year periods will lead to an increase in our stockholder return. We use equity awards to provide our named executive officers with an incentive to focus on long-term stockholder value creation. Our long-term incentive program for 2015 through 2017, which we refer to as our 2015 - 2017 LTI Program, for key employees, including our named executive officers, was approved by the compensation committee on March 5, 2015. Since 2014, we have implemented long-term incentive programs based on TSR. Our 2015 - 2017 LTI Program was designed to

"pay-for-performance" and to include retention features by rewarding participants with (1) shares of time-vested restricted stock and (2) performance shares that vest only if a certain TSR performance over the 2015 through the 2017 period is achieved.

Our 2015 - 2017 LTI Program provides, with respect to the performance shares, for a threshold performance level up to which no performance shares will vest, a target performance level at which the target number of performance shares will vest, a maximum performance level at or above which the maximum number of performance shares (equal to two times the target number of performance shares) will vest, and pro rata vesting between the threshold and maximum performance levels. Each performance share that becomes vested entitles the participant to receive one share of our common stock.

Performance under our 2015 - 2017 LTI Program will be determined based on our TSR relative to the TSR of our peer companies in the S&P SmallCap 600 Materials Index. The threshold performance required for payout under the 2015 - 2017 LTI Program is a TSR ranking at the 25th percentile. The performance required for the maximum payout under the 2015 - 2017 LTI Program is a TSR ranking at or above the 90th percentile. If our TSR over the 2015 through 2017 performance period is negative, then the maximum number of shares that the participants can receive under the 2015 - 2017 LTI Program is the target number of performance shares regardless of our TSR percentile ranking.

The target monetary value for each named executive officer was determined in accordance with the following objectives of our compensation structure which we believe are critical for enhancing stockholder value and our long-term success:

- an annualized economic equity grant value of long-term incentives between the 50th and the 65th percentiles of our compensation peer group;

- balanced short-term and long-term goals, with:

- over 50% of the Chief Executive Officer's target total compensation being delivered through long-term incentives;
  - and

- over 40% of the target total compensation for the other named executive officers being delivered through long-term incentives;

- internal compensation balance; and

- recognition of differing position responsibilities.

The compensation committee determined that each named executive officer, with the exception of Mr. Hockema, should receive time-based restricted stock having an economic value equal to 50% of his target monetary value and a target number of performance shares having an economic value equal to 50% of his target monetary value. As provided by Mr. Hockema's employment agreement and consistent with the foregoing objectives, Mr. Hockema received time-based restricted stock having an economic value equal to 36% of his target monetary value and a target number of performance shares having an economic value equal to 64% of his target monetary value.

The table below sets forth the target monetary value under our 2015 - 2017 LTI Program and the number of shares of restricted stock and performance shares granted to our named executive officers during 2015:

Name	Target Monetary	Number of Shares	Number of
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	Value	of	Performance
		Restricted Shares (2)	
		Stock (1)	
Jack A. Hockema	\$2,001,000	11,046	46,918
Keith A. Harvey	\$720,000	5,520	13,189
Daniel J. Rinkenberger	\$628,300	4,817	11,509
John M. Donnan	\$546,400	4,189	10,009
John Barneson	\$448,000	3,435	8,206

The restrictions on 100% of the shares of restricted stock granted will lapse on March 5, 2018 or earlier if the named executive officer's employment terminates as a result of death or disability, the named executive officer's (1) employment is terminated by us without cause, the named executive officer's employment is voluntarily terminated by him for good reason or in the event of a change in control. If the employment of an named executive officer terminates before March 5,

2018 as a result of his retirement at or after age 65, the shares of restricted stock granted to him will remain outstanding and the restrictions on a prorated portion of such shares, determined based on the actual days of his employment during the restriction period, will lapse on March 5, 2018. The number of shares of restricted stock granted was calculated by dividing the applicable percentage (i.e., 36% for Mr. Hockema and 50% for the other named executive officers) of the target monetary value by the sum of (i) the average of the closing prices of our company's common stock for the 20 trading days prior to the grant date, which was \$73.71 per share, reduced by (ii) 11.53%, the discount factor provided by Meridian to reflect the design characteristics, including the vesting period, of the restricted stock.

(2) The table below sets forth the number of performance shares that will vest for each of Messrs. Hockema, Rinckenberger, Donnan, Harvey and Barneson under our 2015 - 2017 LTI Program at each performance level:

Name	Below Threshold	Threshold	Target	Maximum
Jack A. Hockema	—	11,729	23,459	46,918
Keith A. Harvey	—	3,297	6,594	13,189
Daniel J. Rinckenberger	—	2,877	5,754	11,509
John M. Donnan	—	2,502	5,004	10,009
John Barneson	—	2,051	4,103	8,206

The number of performance shares, if any, that vest based on the level of performance achieved during the three-year performance period will vest on the later to occur of March 5, 2018 and the date on which the compensation committee certifies the performance level achieved during the three-year performance period, which shall be no later than March 15, 2018. If, prior to December 31, 2017, the named executive officer's employment terminates as a result of death or disability, the target number of performance shares will vest. If, prior to December 31, 2017, the named executive officer's employment is terminated by us without cause or is voluntarily terminated by him for good reason, the performance shares granted to him will remain outstanding and the number of performance shares, if any, that will vest upon the vesting date will be determined based on the performance level achieved during the three-year performance period. If, prior to December 31, 2017, a change in control occurs, the performance shares granted to him will vest immediately and the number of performance shares, if any, that will vest will be determined based on the performance level achieved during the performance period through the change in control date. If, prior to December 31, 2017, the employment of the named executive officer terminates as a result of his retirement at or after age 65, the performance shares granted to him will remain outstanding and the number of performance shares, if any, that will vest upon the vesting date will be determined based on the performance level achieved during the three-year performance period and prorated based on the actual days of the named executive officer's employment during the performance period.

The threshold, target and maximum number of performance shares that may vest, if at all, in 2018 under our 2015-2017 LTI Program are determined as follows:

the threshold number of performance shares reflects that no performance shares will vest in 2018 under our 2015-2017 LTI Program unless our company's performance exceeds the threshold performance required over the 2015 through 2017 performance period;

the target number of performance shares was calculated by dividing the applicable percentage (i.e., 64% for Mr. Hockema and 50% for the other named executive officers) of the target monetary value by the sum of (i) the average of the closing prices of our company's common stock for the 20 trading days prior to the grant date, which was \$73.71 per share, reduced by (ii) 25.93%, the discount factor provided by Meridian in connection with the calculation of the economic value of the performance shares for purposes of determining the number of performance shares to be granted on the grant date; and

the maximum number of performance shares was calculated by dividing an amount equal to twice the target monetary value by the economic value of each performance share on the grant date.

On March 5, 2016, the three-year vesting period applicable to the grant of restricted stock under our long-term incentive program for 2013 through 2015, which we refer to as our 2013 - 2015 LTI Program, ended and the shares

vested in accordance with the terms of the underlying grant. In addition, in early 2016 our compensation committee determined that 64% of the target performance shares (32% of the total performance shares) granted under our 2013 - 2015 LTI Program had been earned based on our performance over the 2013 through 2015 performance period. The remaining performance shares granted under our 2013 - 2015 LTI Program were forfeited. Despite solid performance over the 2013 through 2015 performance period, our financial results and the resulting multiplier for the 2013 - 2015 LTI Program were less than target.

## Retirement benefits

We no longer maintain a defined benefit pension plan or retiree medical program that covers members of senior management. Retirement benefits to our senior management, including our named executive officers, are currently provided through a defined contribution retirement program consisting of the following two principal plans:

the Kaiser Aluminum Savings and Investment Plan, a tax-qualified profit-sharing and 401(k) plan (which we refer to as our Savings Plan); and

a nonqualified and unsecured deferred compensation plan intended to restore benefits that would be payable to designated participants in the Savings Plan but for the limitations on benefit accruals and payments imposed by the Code (which we refer to as our Restoration Plan).

The defined contribution retirement program has the following three primary components, which are discussed more fully below:

- A company match of the employee's pre-tax deferrals under our Savings Plan;
- A company contribution to the employee's account under our Savings Plan; and
- A company contribution to the employee's account under our Restoration Plan.

Under the terms of our Restoration Plan, cash balances are maintained in a "rabbi trust" where they remain subject to the claims of our creditors and are otherwise invested in funds designated by each individual from a menu of possible investments. In addition, the cash balances maintained in the rabbi trust are forfeited if the individual is terminated for cause.

The compensation committee believes the Savings Plan and the Restoration Plan support the objectives of our comprehensive compensation structure, including the ability to attract and retain senior and experienced mid- to late-career executives for critical positions within our organization. Each of these plans is discussed more fully below.

## Perquisites

During 2015, all of our named executive officers received a vehicle allowance. Messrs. Donnan and Harvey were reimbursed for dues for club memberships.

Our use of perquisites as an element of compensation is very limited and largely based on business-related entertainment needs. We do not view perquisites as a significant element of our comprehensive compensation structure but do believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

## Stock Ownership Guidelines

In order to further align the interests of senior management, including our named executive officers, with those of our stockholders, we have stock ownership guidelines, which are set forth in our corporate governance guidelines. Under those guidelines, members of our senior management are expected to hold common stock having a value equal to a multiple of their base salary as determined by their position. The guidelines provide for a target multiple of six times base salary for our Chief Executive Officer and President and three times base salary for the other named executive officers. Each member of senior management covered by our stock ownership guidelines is expected to retain at least

75% of the net shares resulting from equity compensation awards until he or she achieves the applicable ownership level required by the stock ownership guidelines. The ownership guidelines are expected to be met within five years. Each of our named executive officers has satisfied the applicable stock ownership requirements under the stock ownership guidelines.

For purposes of these guidelines, stock ownership includes shares over which the holder has direct or indirect ownership or control, including restricted stock and restricted stock units, but does not include unexercised stock options. For purposes of measuring compliance with our stock ownership guidelines (1) restricted stock and restricted stock units are valued at the closing price of the company's common stock on the grant date, (2) performance shares are valued using the target number of performance shares and the closing price of our common stock on the grant date, and (3) all other shares of common stock purchased or acquired by members of our senior management are valued at the purchase price of the shares.

## Securities Trading Policy

Our securities trading policy contains anti-hedging and anti-pledging provisions prohibiting our directors and employees from engaging in any speculative transactions involving our securities, including (1) buying or selling puts or calls, (2) short sales, (3) buying on margin or holding our securities in a margin account, and (4) pledging our securities as collateral for a loan or any other obligations.

## Employment Contracts, Termination of Employment Arrangements and Change-in-Control Arrangements

As discussed more fully below, in December 2015 we entered into an amended and restated employment agreement with Mr. Hockema. The compensation committee, working with Meridian, determined that the negotiated terms of the agreement were consistent with market practice. The compensation committee also determined that extending the term of the employment agreement with Mr. Hockema was important to, among other things:

- provide an economic incentive for Mr. Hockema to delay his retirement until at least December 2018;
- improve our ability to retain other key members of senior management; and
- provide assurance to our customers and other stakeholders of the continuity of senior management for an extended period.

The compensation committee determined that the agreement and the terms of the agreement were in the best interests of our company and stockholders.

Also, as discussed more fully below, certain members of senior management, including each of our named executive officers, continue to have benefits related to terminations of employment in connection with a change in control, by us without cause and by the named executive officer with good reason. These protections were implemented in 2002 and limit our ability to downwardly adjust certain aspects of compensation, including base salaries and target incentive compensation, without triggering the ability of the affected named executive officer to receive termination benefits.

## Tax Deductibility

Section 162(m) of the Code generally limits the deductibility of compensation in excess of \$1 million paid to our principal executive officer and our next three highest paid executive officers, other than the principal financial officer, unless certain criteria are satisfied. The compensation committee considers the anticipated tax treatment to our company and our executive officers in the review and establishment of compensation programs and payments.

Historically, the compensation committee determined not to limit compensation to the compensation deductible under Section 162(m) in light of the limited impact of Section 162(m) on our company and our substantial tax attributes, including NOL carryforwards, available to use to offset taxable income. Accordingly, through 2011, our short-term and long-term incentive plans and programs were not designed to meet all the requirements necessary for payouts thereunder to be considered "qualified performance-based compensation" for purposes of Section 162(m).

The compensation committee, however, continued to explore potential modifications to our short- and long-term incentive plans and programs that would increase the deductibility of our incentive compensation, and since March 2012, the compensation committee has annually approved umbrella arrangements under our 2006 Plan (which were designed to allow the qualification of awards under Section 162(m)) to preserve the deductibility of compensation under our incentive programs. These umbrella arrangements are based on net cash provided by operating activities as a single objective performance metric. The payouts calculated under the umbrella arrangements are not intended to be

the actual payouts to the covered employees; rather, it is anticipated that the payouts to the covered employees under the umbrella arrangements will be reduced by the compensation committee through the exercise of negative discretion (which is permitted under Section 162(m)) to match the payouts that would otherwise be earned and made under the underlying incentive plan, as the compensation committee did with the awards under the 2014 short-term incentive umbrella plan and the 2012-2014 long-term incentive umbrella plan. The umbrella arrangements will not result in any duplication of payouts. The approval of such arrangements is consistent with our policy to utilize available tax deductions whenever appropriate and consistent with our compensation philosophy. However, we could from time to time pay compensation to our executives that is not fully deductible.

### Actions With Respect to 2016 Compensation

The compensation committee has reviewed and determined our compensation program for 2016. The review included discussions with Meridian and management regarding existing and contemplated market practices, as well as the structure and objectives of each component of our compensation program. Upon completion of the review, in March 2016, the compensation committee approved the annual base salaries of our named executive officers for 2016, effective April 1, 2016. For 2016, the compensation committee approved a 2% base salary increase for each of our named executive officers, except for Mr. Harvey, who received a base salary increase of 17%, reflecting his assumption of additional responsibilities related to his promotion to President and Chief Operating Officer in 2015.

In addition, the compensation committee concluded that our short- and long-term incentives appeared to be well designed and performing through the business cycle as designed, determined that no material modification to the design of such incentives were necessary, and accordingly, approved (1) a short-term incentive plan for 2016 with a structure, terms and objectives generally consistent with the structure, terms and objectives of the short-term incentive plans approved by the compensation committee in 2015, and (2) a long-term incentive program for 2016 through 2018 with a structure, terms and objectives generally consistent with the structure, terms and objectives of our 2015 - 2017 LTI Program, except for the addition of cost performance as a metric. For more information regarding the 2016 compensation of our named executive officers, see our Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2016.

In March 2016, the compensation committee also approved umbrella arrangements under the 2006 Plan similar to the arrangements approved in 2015 to preserve the deductibility of compensation under our 2016 incentive programs. For purposes of this policy, excess incentive-based compensation means any incentive-based compensation received by an executive officer after the adoption of the policy in excess of what they should have received under the circumstances reflected by the accounting restatement.

In April 2016, the board of directors adopted a clawback policy. Under this policy, "excess incentive-based compensation" paid to an executive officer under our annual and long-term incentive programs is subject to a "clawback" in the event of a material restatement of our financial statements resulting from the willful misconduct of that officer.

### The Role of the Advisory Vote on Executive Compensation

We provides our stockholders with the opportunity to cast an annual vote on executive compensation. At our 2015 annual meeting of stockholders, a substantial majority of the shares of our common stock voted on the proposal were voted to approve the compensation of our named executive officers as disclosed in the proxy statement relating to such meeting. The compensation committee has considered the outcome of the vote on executive compensation at our 2015 annual meeting of stockholders and believes it affirms our stockholders' support of our overall approach to executive compensation. Accordingly, we have not made any changes to our overall approach to executive compensation as a result of the 2015 advisory vote. The compensation committee will continue to consider the outcome of the annual vote on executive compensation when making future compensation decisions for the named executive officers.

## Summary Compensation Table

The table below sets forth information regarding compensation for our named executive officers: (1) Jack A. Hockema, our Chief Executive Officer and Chairman of the Board (our principal executive officer); (2) Daniel J. Rinkenberger, our Executive Vice President and Chief Financial Officer (our principal financial officer); and (3) each of Keith A. Harvey, John M. Donnan, and John Barneson, our three other most highly compensated executive officers (based on total compensation for 2015).

Name and Principal Position	Year	Salary	Stock Awards (1)	Non-Equity Incentive Plan Compensation (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)	All Other Compensation (4)	Total
Jack A. Hockema, Chief Executive Officer and Chairman of the Board	2015	\$875,500	\$3,015,899	\$ 732,048	—	\$ 290,816	\$4,914,263
	2014	\$856,000	\$2,804,575	\$ 689,722	\$ 19,642	\$ 322,562	\$4,692,501
	2013	\$849,750	\$2,566,879	\$ 799,304	—	\$ 345,777	\$4,561,710
Keith A. Harvey, President and Chief Operating Officer	2015	\$436,250	\$1,016,423	\$ 412,080	—	\$ 433,211	\$2,297,964
	2014	\$391,250	\$2,338,271	\$ 306,020	\$ 37,374	\$ 192,580	\$3,265,495
	2013	\$376,250	\$617,371	\$ 426,250	\$ 14,232	\$ 143,375	\$1,577,478
Daniel J. Rinkenberger, Executive Vice President and Chief Financial Officer	2015	\$433,925	\$886,962	\$ 350,995	—	\$ 118,440	\$1,790,322
	2014	\$421,300	\$835,674	\$ 330,855	\$ 33,770	\$ 145,963	\$1,767,562
	2013	\$409,000	\$746,320	\$ 465,465	\$ 13,467	\$ 144,344	\$1,778,596
John M. Donnan, Executive Vice President - Legal, Compliance and Human Resources	2015	\$406,800	\$771,348	\$ 331,118	—	\$ 124,825	\$1,634,091
	2014	\$394,925	\$726,768	\$ 312,140	\$ 25,693	\$ 147,112	\$1,606,638
	2013	\$383,475	\$648,882	\$ 439,038	\$ 10,793	\$ 145,462	\$1,627,650
John Barneson Senior Vice President - Corporate Development	2015	\$357,975	\$632,441	\$ 198,647	\$ 3,411	\$ 114,342	\$1,306,816
	2014	\$347,550	\$595,904	\$ 187,261	\$ 69,178	\$ 139,651	\$1,339,544

Reflects the aggregate grant date fair value of restricted stock and performance share awards to our named executive officers determined in accordance with Financial Accounting Standards Board Accounting Standard Code Topic 718 (referred to herein as ASC Topic 718), without regard to potential forfeiture. For Mr. Harvey, the 2014 amount includes the aggregate grant date fair value of 25,000 shares of restricted stock granted to him effective June 4, 2014 in connection with his appointment as Executive Vice President - Fabricated Products and assumption of additional responsibilities. The aggregate grant date fair value of the performance share awards reflected in this table has been determined assuming the probable outcome of the performance condition on the date of the grant and without adjustment for actual performance during the period and using a Monte Carlo simulation of future stock prices of our company and our peer companies on the S&P 600 SmallCap Materials Sector Index. The aggregate grant date fair value of the 2015 performance share awards determined assuming the probable outcome of the performance condition and assuming an outcome of the performance condition at the maximum level are as follows:

Name	Year	Aggregate Grant Date Fair Value	
		At Probable Performance	At Maximum Performance
Jack A. Hockema	2015	\$2,244,557	\$4,489,114
Keith A. Harvey	2015	\$630,962	\$1,261,924
Daniel J. Rinkenberger	2015	\$550,591	\$1,101,181
John M. Donnan	2015	\$478,831	\$957,661
John Barneson	2015	\$392,575	\$785,150

For information regarding the assumptions made in the valuation of restricted stock and performance share awards with respect to our 2015 fiscal year, see Note 8 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

(2) Reflects payments earned under our short-term incentive plans.

Reflects the aggregate change in actuarial present value of the named executive officer's accumulated benefit under a defined pension benefit plan previously maintained by us for our salaried employees, which we refer to as our Old Pension Plan, during the applicable fiscal year, calculated by (a) assuming mortality according to the RP-2014 White Collar Healthy Annuitant mortality table projected with Scale MP-2014 as of December 31, 2014 and the RP-2014 White Collar Healthy Annuitant mortality table, adjusted to 2006, and then projected forward with Scale MP-2015 as of December 31, 2015 and (b) applying a discount rate of 3.40%, 3.60% and 3.90% per annum for 2013, 2014 and 2015, respectively, to determine the actuarial present value of the accumulated benefit at December 31 of the preceding year and a discount rate of 3.40%, 3.40% and 3.60% per annum, respectively, to determine the actuarial present value of the accumulated benefit at December 31 of the applicable year. Effective December 17, 2003, the Pension Benefit Guaranty Corporation, or PBGC, terminated and effectively assumed responsibility for making benefit payments in respect of our Old Pension Plan, whereupon all benefit accruals under the Old Pension Plan ceased and benefits available thereunder to certain salaried employees, including Mr. Hockema, were significantly reduced due to the limitations on benefits payable by the PBGC. Above-market or preferential earnings are not available under our Restoration Plan, which is our only plan or arrangement pursuant to which compensation may be deferred on a basis that is not tax-qualified, or any of our other benefit plans. Includes (a) contributions made or to be made by us under our Savings Plan, (b) contributions made or to be made by us under our Restoration Plan (which is intended to restore the benefit of contributions that we would have otherwise paid to participants under our Savings Plan but for limitations imposed by the Code), (c) dividend and dividend equivalent payments which were not factored into the reported grant date fair value of the restricted stock and performance share awards, and (d) the costs to us of perquisites and other personal benefits. See the table set forth under "- All Other Compensation" below for information regarding each such component.

As reflected in the table above, the base salary received by each of our named executive officers, as a percentage of their respective total compensation was as follows:

For 2015 Mr. Hockema, 17.8%; Mr. Harvey, 24.9%; Mr. Rinkenberger, 19.0%; Mr. Donnan, 24.2%; and Mr. Barneson, 27.4%;

For 2014, Mr. Hockema, 18.2%; Mr. Harvey, 24.6%; Mr. Rinkenberger, 12.0%; Mr. Donnan, 23.8%; and Mr. Barneson, 25.9%; and

For 2013 Mr. Hockema, 18.6%; Mr. Harvey, 23.6%; Mr. Rinkenberger, 23.9%; and Mr. Donnan, 23.0%.

#### All Other Compensation

The table below sets forth information regarding each component of compensation included in the "All Other Compensation" column of the Summary Compensation Table above.

Name	Year	Savings Plan Contributions	Restoration Plan Contributions	Dividend and Dividend Equivalent Payments	Club Membership Dues	Vehicle Allowance	Other	Total
Jack A. Hockema	2015	\$ 28,500	\$ 159,326	\$ 88,420	—	\$ 14,570	—	\$ 290,816
	2014	\$ 27,933	\$ 170,703	\$ 109,356	—	\$ 14,570	—	\$ 322,562
	2013	\$ 30,600	\$ 188,314	\$ 112,293	—	\$ 14,570	—	\$ 345,777
Keith A. Harvey	2015	\$ 24,567	\$ 57,272	\$ 73,936	\$ 1,138	\$ 12,108	\$ 264,190(1)	\$ 433,211
	2014	\$ 31,200	\$ 66,900	\$ 55,853	\$ 9,407	\$ 11,073	\$ 18,147 (1)	\$ 192,580
	2013	\$ 20,400	\$ 63,876	\$ 36,620	\$ 11,406	\$ 11,073	—	\$ 143,375

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Daniel J. Rinkenberger	2015	\$ 19,533	\$ 49,978	\$ 38,641	—	\$ 10,288	—	\$ 118,440
	2014	\$ 26,000	\$ 62,677	\$ 46,998	—	\$ 10,288	—	\$ 145,963
	2013	\$ 25,500	\$ 60,787	\$ 47,769	—	\$ 10,288	—	\$ 144,344
John M. Donnan	2015	\$ 26,500	\$ 45,394	\$ 33,599	\$ 6,648	\$ 12,684	—	\$ 124,825
	2014	\$ 26,000	\$ 57,396	\$ 41,078	\$ 9,954	\$ 12,684	—	\$ 147,112
	2013	\$ 25,500	\$ 55,665	\$ 41,861	\$ 9,752	\$ 12,684	—	\$ 145,462
John Barneson	2015	\$ 35,000	\$ 41,333	\$ 27,550	—	\$ 10,459	—	\$ 114,342
	2014	\$ 34,500	\$ 51,036	\$ 33,998	\$ 9,658	\$ 10,459	—	\$ 139,651

(1) Represents reimbursement of relocation and temporary living costs incurred by Mr. Harvey in connection with his relocation from North Carolina to California, where our corporate office is located.

## Grants of Plan-Based Awards in 2015

The table below sets forth information regarding grants of plan-based awards made to our named executive officers during 2015.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Grant Date Number of Shares of Stock and Option Awards (3)	Fair Value of Stock and Option Awards (\$) (3)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Jack A. Hockema	—	\$302,000	\$604,000	\$1,812,000	—	—	—	—	—
	3/5/2015	—	—	—	—	—	—	11,046	\$771,342
	3/5/2015	—	—	—	11,729	23,459	46,918	—	\$2,244,557
Keith A. Harvey	—	\$170,000	\$340,000	\$1,020,000	—	—	—	—	—
	3/5/2015	—	—	—	—	—	—	5,520	\$385,462
	3/5/2015	—	—	—	3,297	6,594	13,189	—	\$630,962
Daniel J. Rinkenberger	—	\$144,800	\$289,600	\$868,800	—	—	—	—	—
	3/5/2015	—	—	—	—	—	—	4,817	\$336,371
	3/5/2015	—	—	—	2,877	5,754	11,509	—	\$550,591
John M. Donnan	—	\$136,600	\$273,200	\$819,600	—	—	—	—	—
	3/5/2015	—	—	—	—	—	—	4,189	\$292,518
	3/5/2015	—	—	—	2,502	5,004	10,009	—	\$478,831
John Barneson	—	\$81,950	\$163,900	\$491,700	—	—	—	—	—
	3/5/2015	—	—	—	—	—	—	3,435	\$239,866
	3/5/2015	—	—	—	2,051	4,103	8,206	—	\$392,575

(1) Reflects the threshold, target and maximum award amounts under our 2015 STI Plan for our named executive officers. No awards are payable when performance does not reach the threshold performance level. Under our 2015 STI Plan, if the threshold performance level was reached, participants were eligible to receive a cash incentive award between one-half and three times the participant's target award amount. See the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table for the actual monetary awards paid to the named executive officers under the 2015 STI Plan in March 2016.

(2) Reflects the number of performance shares that will become vested for each of the named executive officers under our 2015 - 2017 LTI Program in 2018 at the threshold, target and maximum performance levels. No performance shares will vest under the 2015 - 2017 LTI Program unless our company's performance exceeds the threshold performance required during the three-year performance period. The number of performance shares, if any, that vest base on the level of performance required during the three-year performance period will vest on the later to occur of March 5, 2018 and the date on which the compensation committee certifies the performance level

achieved. If, prior to December 31, 2017, the named executive officer's employment terminates as a result of death or disability, the target number of performance shares will vest. If, prior to December 31, 2017, the named executive officer's employment is terminated by us without cause or is voluntarily terminated by him for good reason, the performance shares granted to him will remain outstanding and the number of performance shares, if any, that will vest upon the vesting date will be determined based on the performance level achieved during the three-year performance period. If, prior to December 31, 2017, a change in control occurs, the performance shares granted to him will vest immediately and the number of performance shares, if any, that will vest upon the change in control date will be determined based on the performance level achieved during the performance period through the change in control date. If, prior to the vesting date, the employment of a named executive officer terminates as a result of his retirement at or after age 65, the performance shares granted to him will remain outstanding and the number of performance shares, if any, that will vest upon the vesting date will be determined based on the performance level achieved during the three-year performance period and prorated based on the actual days of the named executive officer's employment during the performance period. In connection with the issuance or delivery of shares of common stock after the performance period has ended, the named executive officer will also receive a cash payment equal in amount to the dividends and distributions that such named executive officer would have received if the number of shares of common stock to be issued or delivered had been issued and outstanding and held of record by such named executive officer from the date of grant through the date of issuance or delivery of such shares.

Reflects the aggregate grant date fair value of restricted stock and performance share awards to our named executive officers determined in accordance with ASC Topic 718, without regard to potential forfeiture. The (3) aggregate grant date fair value of the performance share awards reflected in this table has been determined assuming the probable outcome of the performance condition on the date of the grant and without adjustment for actual performance during the period and using

a Monte Carlo simulation of future stock prices of our company and our peer companies on the S&P 600 SmallCap Materials Index.

(4) Reflects the number of shares of restricted stock received by the named executive officer pursuant to awards granted effective March 5, 2015. The restrictions on 100% of the shares of restricted stock granted will lapse on March 5, 2018 or earlier if the named executive officer's employment terminates as a result of death or disability, the named executive officer's employment is terminated by us without cause, the named executive officer's employment is voluntarily terminated by him for good reason or in the event of a change in control. If the employment of an named executive officer terminates before March 5, 2018 as a result of his retirement at or after age 65, the shares of restricted stock granted to him will remain outstanding and the restrictions on a prorated portion of such shares, determined based on the actual days of his employment during the restriction period, will lapse on March 5, 2018. The named executive officer will receive all dividends and other distributions paid with respect to the shares of restricted stock he holds, but if any of such dividends or distributions are paid in shares of our capital stock, such shares will be subject to the same restrictions on transferability as are the shares of restricted stock with respect to which they were paid.

#### Employment-Related Agreements and Certain Employee Benefit Plans

##### Employment Agreement with Jack A. Hockema

On July 6, 2006, we entered into an employment agreement with Jack A. Hockema, pursuant to which Mr. Hockema continued his duties as our President and Chief Executive Officer. On November 9, 2010, we entered into an amended and restated employment agreement with Mr. Hockema to extend the term of the existing employment agreement from July 5, 2012 through July 6, 2015, eliminate the automatic renewal provision, eliminate our obligation to make excise tax gross-up payments to Mr. Hockema, and modify his long-term incentive compensation to increase the portion of such compensation in the form of performance shares, as more fully described below. The agreement was amended and restated on March 5, 2014, primarily to extend the term of the existing employment agreement through December 31, 2016 and modify the calculation of any prorated payment of Mr. Hockema's annual short-term incentive compensation upon the termination of his employment prior to the last day of the applicable fiscal year so that such calculation is based on actual, rather than target, performance, and was amended on March 31, 2014 to permit his 2014 long-term incentive award to provide for prorated payment based on the actual number of days of his employment during the applicable restricted or performance period, rather than full payment, in the event of his retirement prior to the end of the applicable restricted or performance period. On December 31, 2015, the agreement was again amended and restated to extend the term of the existing employment agreement through December 31, 2018.

The terms of Mr. Hockema's amended and restated employment agreement provide for an initial base salary of \$882,000, subject to annual increases, if any, agreed by us and Mr. Hockema and for an annual short-term incentive target equal to 68.5% of his base salary. The short-term incentive may be paid in cash, shares of the company's common stock, or a combination of cash and shares of the company's common stock, but is subject to both our meeting the applicable underlying performance thresholds and an annual cap of three times the target. If Mr. Hockema's employment terminates other than on a date which is the last day of a fiscal year, then his annual short-term incentive award with respect to the fiscal year in which his employment terminates will be determined based on the company's actual performance under the company's short-term incentive plan in which Mr. Hockema participates and prorated for the actual number of days of employment during such fiscal year, and such amount will be paid to Mr. Hockema or his estate unless his employment was terminated by us for cause. The amended and restated employment agreement provides that Mr. Hockema is entitled to receive annual equity awards (such as restricted stock, stock options or performance shares) with a target economic value of 227% of his base salary, with the portion of his annual equity awards in the form of restricted stock equaling 36% of the target economic value, and his annual equity awards in the form of performance shares equaling 64% of the target economic value.

Under Mr. Hockema's amended and restated employment agreement, following any termination of his employment, we must pay or provide to Mr. Hockema or his estate:

• base salary earned through the date of such termination;

• except in the case of a termination by us for cause, earned but unpaid incentive awards;

• accrued but unpaid vacation;

• benefits under our employment benefit plans to the extent vested and not forfeited on the date of such termination;  
• and

• benefit continuation and conversion rights to the extent provided under our employment benefit plans.

63

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In addition, if Mr. Hockema's employment is terminated as a result of his death or disability, at the end of the term of his employment agreement or upon his retirement during the term, all of his outstanding equity awards will vest in accordance with their terms, subject to the provisions described above, and all of his vested but unexercised grants will remain exercisable through the second anniversary of such termination. If Mr. Hockema's employment is terminated by us for cause, all of his unvested equity grants will be forfeited and all of his vested but unexercised equity grants will be forfeited on the date that is 90 days following such termination. If Mr. Hockema's employment is terminated by us without cause or is voluntarily terminated by him with good reason, in addition to the payment of his accrued benefits as described above, (1) we will make a lump-sum payment to Mr. Hockema in an amount equal to 3.37 times his base salary, (2) his medical, dental, vision, life insurance and disability benefits, which we refer to as welfare benefits, will continue for two years commencing on the date of such termination, and (3) all of his outstanding equity awards will vest in accordance with their terms, subject to the provisions described above, and all of his vested but unexercised grants will remain exercisable through the second anniversary of such termination.

If there is a change in control of our company, all of Mr. Hockema's equity awards outstanding as of the date of such change in control will vest in accordance with their terms. If Mr. Hockema's employment is terminated by us without cause or is voluntarily terminated by him with good reason within two years following a change in control, in addition to the payments of his accrued benefits as described above, (1) we will make a lump-sum payment to Mr. Hockema in an amount equal to 5.05 times his base salary, (2) his welfare benefits will continue for three years commencing on the date of such termination, and (3) all previously unvested equity grants will become exercisable and vested but unexercised grants will remain exercisable through the second anniversary of such termination. If any payments to Mr. Hockema would be subject to a federal excise tax by reason of being considered contingent on a change in control, then such payments will be reduced to the minimum extent necessary so that no portion of such payments, as so reduced, is subject to such tax, except that such a reduction will be made only if and to the extent such reduction would result in an increase in the aggregate payment on an after-tax basis.

Mr. Hockema will be subject to noncompetition, nonsolicitation and confidentiality restrictions following his termination of employment.

For quantitative disclosure regarding estimated payments and other benefits that would have been received by Mr. Hockema or his estate if his employment had terminated on December 31, 2015, the last day of 2015, under various circumstances, see "- Potential Payments and Benefits upon Termination of Employment" below.

#### Salaried Severance Plan

Mr. Hockema's employment agreement discussed above describes the benefits available to Mr. Hockema upon the severance of his employment with the company. Messrs. Harvey, Rinkenberger, Donnan, and Barneson are subject to our severance plan for salaried employees, which we refer to as our Salaried Severance Plan. Our Salaried Severance Plan provides for payment of a termination allowance and continuation of welfare benefits upon an involuntary separation of employment that is intended to be permanent and that is due to our convenience. The termination allowance and continuation of welfare benefits are not available under our Salaried Severance Plan if:

- the employee received severance compensation or welfare benefit continuation pursuant to a Change in Control Agreement (described below) or any other agreement;

- the employee's employment is terminated other than by us without cause; or

- the employee declined to sign, or subsequently revokes, a designated form of release.

The termination allowance payable to covered employees under our Salaried Severance Plan consists of a lump-sum cash payment equal to the employee's weekly base salary multiplied by a number of weeks (not to exceed 26), which we refer to as the continuation period, determined based on the employee's number of years of full employment. Under our Salaried Severance Plan, welfare benefits are continued following the termination of employment for the shorter of the continuation period and the period commencing on the termination of employment and ending on the date that the employee is no longer eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act, or COBRA. As of December 31, 2015, the continuation periods for Messrs. Harvey, Rinkenberger, Donnan, and Barneson were 26, 20, 20, and 26 weeks, respectively.

For quantitative disclosure regarding estimated payments and other benefits that would have been received by each of Messrs. Hockema, Harvey Rinkenberger, Donnan, and Barneson or his estate if his employment had terminated on

December 31, 2015 under various circumstances, see "- Potential Payments and Benefits upon Termination of Employment" below.

#### Change in Control Agreements

In 2002, in connection with the commencement of our chapter 11 bankruptcy and the implementation of our court-approved Chapter 11 Key Employee Retention Plan, we also entered into Change in Control Agreements with certain key executives, including Messrs. Hockema, Harvey, Rinkenberger, Donnan, and Barneson, in order to provide them with appropriate protection in the event of a termination of employment in connection with a change in control or, except as otherwise provided, a significant restructuring. Mr. Hockema's employment agreement discussed above supersedes his Change in Control Agreement. The Change in Control Agreements terminate on the second anniversary of a change in control.

The Change in Control Agreements provide for severance payments and continuation of welfare benefits upon termination of employment in certain circumstances. The participants are eligible for severance benefits if their employment is terminated by us without cause or by the participant with good reason during a period that commences 90 days prior to the change in control and ends on the second anniversary of the change in control. Participants (including Messrs. Harvey, Rinkenberger, Donnan, and Barneson) also are eligible for severance benefits if their employment is terminated by us due to a significant restructuring event when there has been no change in control. These benefits are not available if:

- the participant's employment is terminated other than by us without cause or by the participant for good reason; or
- the participant declines to sign, or subsequently revokes, a designated form of release.

In consideration for the severance payment and continuation of benefits, a participant will be subject to noncompetition, nonsolicitation and confidentiality restrictions following his or her termination of employment with us.

Upon a qualifying termination of employment, each of Messrs. Harvey, Rinkenberger, Donnan, and Barneson is entitled to receive the following:

- three times (for Mr. Barneson) or two times (for Messrs. Harvey, Rinkenberger, and Donnan) the sum of his base pay and most recent short-term incentive target;
- a prorated portion of his short-term incentive target for the year of termination; and
- a prorated portion of his long-term incentive target in effect for the year of his termination, provided that such target was achieved.

In addition, welfare benefits and perquisites are continued for a period of three years (for Mr. Barneson) or two years (for Messrs. Harvey, Rinkenberger, and Donnan) after termination of employment with us.

In general, if any payments would be subject to federal excise tax or any similar state or local tax by reason of being considered contingent on a change in control, the participant will be entitled to receive an additional amount (a "gross-up payment") such that, after satisfaction of all tax obligations imposed on such payments, the participant retains an amount equal to the federal excise tax or similar state or local tax imposed on such payments. However, if no such federal excise tax or similar state or local tax would apply if the aggregate payments were reduced by 5%, then the aggregate payments to the participant will be reduced by the amount necessary to avoid application of such

federal excise tax or similar state or local tax.

For quantitative disclosure regarding estimated payments and other benefits that would have been received by each of Messrs. Hockema, Harvey, Rinkenberger, Donnan, and Barneson or his estate if his employment had terminated on December 31, 2015, the last day of 2015, under various circumstances, see "- Potential Payments and Benefits Upon Termination of Employment" below.

#### 2006 Plan

The 2006 Plan is an omnibus plan that facilitates the issuance of incentive awards as part of our comprehensive compensation structure and is administered by a committee of non-employee directors of our board of directors, currently, the compensation committee.

65

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Officers and other key employees (and persons who have agreed to commence serving in any of those capacities within 90 days) who are selected by the compensation committee, as well as our non-employee directors, are eligible to participate in the 2006 Plan. Any director emeritus and any person who provides services to us or any of our subsidiaries that are equivalent to those typically provided by employees and who are selected by the compensation committee are also eligible to participate in the 2006 Plan.

Subject to certain adjustments that may be required from time to time to prevent dilution or enlargement of the rights of participants under the 2006 Plan, a maximum of 2,722,222 shares of common stock may be issued under the 2006 Plan. As of the date of this Proxy Statement, 603,810 shares of common stock are available for additional awards under the 2006 Plan.

The 2006 Plan expires on July 6, 2016. If the 2016 Plan is not approved by our stockholders, we will not be able to grant equity awards as part of our incentive compensation programs in the coming years. For more detailed discussion of the 2016 Plan, see "Proposals Requiring Your Vote - Proposal 3 - Approval of Kaiser Aluminum Corporation 2016 Equity and Performance Incentive Plan" above.

### Savings Plan

We sponsor a tax-qualified profit sharing and 401(k) plan, our Savings Plan, in which eligible salaried employees may participate. Pursuant to the Savings Plan, employees may elect to reduce their current annual compensation up to the lesser of 75% or the statutorily prescribed limit of \$18,000 in calendar year 2016 (plus up to an additional \$6,000 in the form of "catch-up" contributions for participants near retirement age), and have the amount of any reduction contributed to the Savings Plan. Our Savings Plan is intended to qualify under sections 401(a) and 401(k) of the Code, so that contributions by us or our employees to the Savings Plan and income earned on contributions are not taxable to employees until withdrawn from the Savings Plan and so that contributions will be deductible by us when made. We match 100% of the amount an employee contributes to the Savings Plan, subject to a 4% maximum based on the employee's compensation as defined in the Savings Plan.

Employees are immediately vested 100% in our matching contributions to our Savings Plan. We also make annual fixed-rate contributions on behalf of our employees in the following amounts:

for our employees who were employed with us on or before January 1, 2004, we contribute in a range from 2% to 40% of the total of the employee's base salary and short-term incentive award, based upon the sum of the employee's age and years of continuous service as of January 1, 2004; and

for our employees who were first employed with us after January 1, 2004, we contribute 2% of the total of the employee's base salary and short-term incentive award.

As discussed more fully below, the fixed-rate contributions were implemented following the termination of our qualified, defined benefit retirement plan and resulting loss of benefit accruals under that plan.

An employee is required to be employed on the last day of the year in order to receive the fixed-rate contribution. Employees are vested 100% in our fixed-rate contributions to the Savings Plan after three years of service. The total amount of elective, matching and fixed-rate contributions in any year cannot exceed the lesser of 100% of the total of an employee's base salary and short-term incentive award or \$52,000 in 2015, respectively (adjusted annually). We may amend or terminate these matching and fixed-rate contributions at any time by an appropriate amendment to our Savings Plan. Upon termination of employment, employees are eligible to receive a distribution of their vested plan balances under our Savings Plan. The independent trustee of the Savings Plan invests the assets of the Savings Plan as directed by participants.

## Restoration Plan

We sponsor a nonqualified, deferred compensation plan, our Restoration Plan, in which members of our senior management and highly compensated employees may participate. Eligibility to participate in our Restoration Plan is determined by the compensation committee. The purpose of our Restoration Plan is to restore the benefit of matching and fixed-rate contributions that we would have otherwise paid to participants under our Savings Plan but for the limitations on benefit accruals and payments imposed by the Code. We maintain an account on behalf of each participant in the Restoration Plan, and contributions to a participant's Restoration Plan account to restore benefits under the Savings Plan are made generally in the manner described below:

if our matching contributions to a participant under the Savings Plan are limited in any year, we will make an annual contribution to that participant's account under the Restoration Plan equal to the difference between:

the matching contributions that we could have made to that participant's account under the Savings Plan if the Code did not impose any limitations; and

the maximum contribution we could in fact make to that participant's account under the Savings Plan in light of the limitations imposed by the Code; and

annual fixed-rate contributions to the participant's account under the Restoration Plan are made in an amount equal to between 2% and 10% of the participant's excess compensation, as defined in Section 401(a)(17) of the Code.

Participants are immediately vested 100% in our matching contributions to the Restoration Plan and are vested 100% in our fixed-rate contributions to our Restoration Plan after three years of service or upon retirement, death, disability or a change of control. Participants do not make contributions to their respective Restoration Plan accounts. A participant is entitled to distributions six months following his or her termination of service, except that any participant who is terminated for cause will forfeit the entire amount of matching and fixed-rate contributions made by us to that participant's account under the Restoration Plan.

We may amend or terminate these matching and fixed-rate contributions at any time by an appropriate amendment to our Restoration Plan. The value of each participant's account under our Restoration Plan changes based upon the performance of the funds designated by the participant from a menu of various money market and investment funds.

## Outstanding Equity Awards at December 31, 2015

The table below sets forth the information regarding equity awards held by our named executive officers as of December 31, 2015 and illustrates the impact of the intended design of our compensation program, which generally insures three years of restricted stock and performance share awards are outstanding at any time.

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (2)	
	Number of Securities Underlying Unexercised Options (#) (1)	Number of Securities Underlying Unexercised Options (#) (2)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (3)	Value of Shares or Units of Stock That Have Not Vested (\$) (4)	Number of Shares, Units or Other Rights That Have Not Vested (#) (5)	Unearned Shares, Units or Other Rights That Have Not Vested (#) (6)	Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (7)
Jack A. Hockema	8,037	—	\$80.01	4/3/2017	7,449 (3)	\$623,183	26,898 (6)	\$2,250,287	
					11,493 (4)	\$961,504	24,401 (7)	\$2,041,388	
					11,046 (5)	\$924,108	23,459 (8)	\$1,962,580	
Keith A. Harvey	1,202	—	\$80.01	4/3/2017	4,436 (3)	\$371,116	5,299 (6)	\$443,314	
					4,231 (4)	\$353,965	5,052 (7)	\$422,650	
					25,000 (9)	\$2,091,500	6,594 (8)	\$551,654	
					5,520 (5)	\$461,803			
Daniel J. Rinkenberger	803	—	\$80.01	4/3/2017	5,363 (3)	\$448,669	6,406 (6)	\$535,926	
					5,011 (4)	\$419,220	5,985 (7)	\$500,705	
					4,817 (5)	\$402,990	5,754 (8)	\$481,380	
John M. Donnan	2,083	—	\$80.01	4/3/2017	4,663 (3)	\$390,107	5,569 (6)	\$465,903	
					4,358 (4)	\$364,590	5,205 (7)	\$435,450	
					4,189 (5)	\$350,452	5,004 (8)	\$418,635	
John Barneson	2,334	—	\$80.01	4/3/2017	3,823 (3)	\$319,832	4,567 (6)	\$382,075	
					3,573 (4)	\$298,917	4,268 (7)	\$357,061	
					3,435 (5)	\$287,372	4,103 (8)	\$343,257	

- Reflects option rights granted to the named executive officer effective April 3, 2007. The option rights became exercisable as to one-third of the total number of shares of common stock for which they are exercisable on each of
- (1) April 3, 2008, April 3, 2009 and April 3, 2010. The option rights expire on April 3, 2017, unless terminated earlier in accordance with their terms.
  - (2) Reflects the aggregate market value determined based on a per share price of \$83.66, the closing price per share of our common stock as reported on the Nasdaq Stock Market on December 31, 2015.  
For named executive officers other than Mr. Hockema, reflects the number of shares of restricted stock received by the named executive officer pursuant to awards granted effective March 5, 2013; for Mr. Hockema, reflects the number of shares of restricted stock received by him effective March 5, 2013 less the number of shares withheld to satisfy the withholding tax obligations resulting from the recognition of income at the time of grant because Mr. Hockema had previously reached age 65 on October 30, 2011. The restrictions on all such shares lapsed on March 5, 2016.  
Reflects the number of shares of restricted stock received by the named executive officer pursuant to awards granted effective March 5, 2014. The restrictions on all such shares will lapse on March 5, 2017 or earlier if the named executive officer's employment terminates as a result of death or disability, the named executive officer's employment is terminated by us without cause, the named executive officer's employment is voluntarily terminated by him for good reason or in the event of a change in control. If, prior to March 5, 2017, the employment of a
  - (4) named executive officer, other than Mr. Hockema, terminates as a result of his retirement at or after age 65, the shares of restricted stock granted to him will remain outstanding and the restrictions on 100% of such share will lapse on March 5, 2017. If, prior to March 5, 2017, Mr. Hockema's employment terminates as a result of his retirement, the shares of restricted stock granted to him will remain outstanding and the restriction on a prorated portion of such shares, determined based on the actual days of Mr. Hockema's employment during the restriction period, will lapse on March 5, 2017.

(5) Reflects the number of shares of restricted stock received by the named executive officer pursuant to awards granted effective March 5, 2015. See Note 4 to the table set forth under "Executive Compensation - Grants of Plan-Based Awards" above for more information on the restricted stock granted to the named executive officers effective March 5, 2015.

(6) Reflects the target number of performance shares received by the named executive officer pursuant to awards granted effective March 5, 2013. Such target number is approximately one-half of the performance shares received by the named executive officer pursuant to awards granted effective March 5, 2013. The number of performance shares earned based on the level of performance achieved during the three-year performance period vested on March 5, 2016. The compensation committee certified the performance level achieved during the three-year performance period on March 5, 2015 and, based on the certified performance level, 64% of the target performance shares received by the named executive officers were earned.

(7) Reflects the target number of performance shares received by the named executive officer pursuant to awards granted effective March 5, 2014. Such target number is approximately one-half of the performance shares received by the named executive officer pursuant to awards granted effective March 5, 2014. The number of performance shares, if any, that vest based on the level of performance achieved during the three-year performance period will vest on the later to occur of March 15, 2017 and the date on which the compensation committee certifies the performance level achieved during the three-year performance period. If, prior to December 31, 2016, the named executive officer's employment terminates as a result of death or disability, the target number of performance shares will vest. If, prior to the vesting date, the named executive officer's employment is terminated by us without cause or is voluntarily terminated by him for good reason, the performance shares granted to him will remain outstanding and the number of performance shares, if any, that will vest upon the vesting date will be determined based on the performance level achieved during the three-year performance period. If, prior to December 31, 2016, a change in control occurs, the performance shares granted to him will vest immediately and the number of performance shares, if any, that will vest will be determined based on the performance level achieved during the performance period through the change in control date. If, prior to the vesting date, the employment of a named executive officer, other than Mr. Hockema, terminates as a result of his retirement at or after age 65, the performance shares granted to him will remain outstanding and the number of performance shares, if any, that will vest on the vesting date will be determined based on the performance level achieved during the applicable three-year performance period. If, prior to the vesting date, Mr. Hockema's employment terminates as a result of his retirement, the performance shares granted to him will remain outstanding and the number of performance shares, if any, that will vest on the vesting date will be determined based on the performance level achieved during the applicable three-year performance period and prorated based on the actual days of Mr. Hockema's employment during the performance period. Each performance share that becomes vested entitles the participant to receive one share of our common stock.

(8) Reflects the target number of performance shares received by the named executive officer pursuant to awards granted effective March 5, 2015. Such target number is approximately one-half of the performance shares received by the named executive officer pursuant to awards granted effective March 5, 2015. See Note 2 to the table set forth under "- Grants of Plan-Based Awards in 2015" above for more information on the performance shares granted to the named executive officers effective March 5, 2015.

#### Option Exercises and Stock Vested in 2015

The table below sets forth information regarding the vesting during 2015 of restricted stock and performance shares granted to our named executive officers in 2012.

Name	Stock Awards	
	Number	Value
	of	Realized
	Shares	on Vesting
		(\$)(1)

	Acquired on Vesting (#)	
Jack A. Hockema	27,417	\$2,067,516
Keith A. Harvey	9,037	\$681,480
Daniel J. Rinkenberger	10,940	\$824,986
John M. Donnan	9,513	\$704,819
John Barneson	7,800	\$588,198

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Reflects the aggregate market value of (i) restricted shares that vested on March 5, 2015, determined based on a per (1) share price of \$75.41, the closing price per share of our common stock as reported on the Nasdaq Stock Market on the vesting

date of such shares of restricted stock, and (ii) shares of common stock that were received upon the vesting on March 5, 2015 of 25% of the total number of performance shares (50% of the target number of performance shares) granted to our named executive officers in 2012 based on actual results over the three-year performance period, determined based on a per share price of \$75.41, the closing price per share of our common stock as reported on the Nasdaq Stock Market on the vesting date of such performance shares.

Pension Benefits as of December 31, 2015

The table below sets forth information regarding the present value as of December 31, 2015 of the accumulated benefits of our named executive officers under our Old Pension Plan. As discussed further below, our Old Pension Plan was terminated on December 17, 2003, at which time the number of years of credited service for participants was frozen.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (1) (\$)
Jack A. Hockema	Kaiser Aluminum Salaried Employees Retirement Plan	11.92	\$380,105
Keith A. Harvey	Kaiser Aluminum Salaried Employees Retirement Plan	17.83	\$434,649
Daniel J. Rinkenberger	Kaiser Aluminum Salaried Employees Retirement Plan	12.67	\$433,779
John M. Donnan	Kaiser Aluminum Salaried Employees Retirement Plan	10.25	\$344,294
John Barneson	Kaiser Aluminum Salaried Employees Retirement Plan	28.83	\$638,374

(1) Determined (a) assuming mortality according to the RP-2014 White Collar Healthy Annuitant mortality table, adjusted for 2006 and then projected with Scale MP-2015 and (b) applying a discount rate of 3.90% per annum.

The Old Pension Plan previously maintained by us was a qualified, defined-benefit retirement plan for our salaried employees who met certain eligibility requirements. Effective December 17, 2003, the PBGC terminated and effectively assumed responsibility for making benefit payments in respect of the Old Pension Plan. As a result of the termination, all benefit accruals under the Old Pension Plan were terminated and benefits available to certain executive officers, including Mr. Hockema, were significantly reduced due to the limitation on benefits payable by the PBGC. Benefits payable to participants will be reduced to a maximum of \$34,742 annually for retirement at age 62, a lower amount for retirement prior to age 62, and a higher amount for retirements after age 62, up to \$43,977 annually for retirement at age 65, and participants will not accrue additional benefits. In addition, the PBGC will not make lump-sum payments to participants.

Nonqualified Deferred Compensation for 2015

The table below sets forth, for each of our named executive officers, information regarding his participation in our Restoration Plan during 2015. For additional information about our Restoration Plan, see "- Restoration Plan."

Name	Registrant Contributions in Last FY (1)	Aggregate Earnings in Last FY (2)(3)	Aggregate Balance at Last FYE
Jack A. Hockema	\$ 159,326	\$ 38,661	\$ 3,693,420
Keith A. Harvey	\$ 57,272	—	\$ 498,684
Daniel J. Rinkenberger	\$ 49,978	—	\$ 398,667
John M. Donnan	\$ 45,394	—	\$ 493,556
John Barneson	\$ 41,333	\$ 10,000	\$ 2,174,191

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- (1) In each case, 100% of such amount is included in the amounts for 2015 reflected in the "All Other Compensation" column of the Summary Compensation Table above.
- (2) Amounts included in this column reflect the change in market value of the investments made under the Restoration Plan and do not include amounts reflected in column (a).  
Amounts included in this column do not include above-market or preferential earnings (of which there were none)
- (3) and, accordingly, such amount is not included in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table above.

### Potential Payments and Benefits Upon Termination of Employment

The tables below set forth for each named executive officer quantitative disclosure regarding estimated payments and other benefits that would have been received by the named executive officer or his estate if his employment had terminated on December 31, 2015, the last business day of 2015, under the following circumstances:

• voluntary termination by the named executive officer prior to age 65, except for Mr. Hockema, who turned age 65 during 2011;

• termination by us for cause;

• termination by us without cause or by the named executive officer with good reason;

• termination by us without cause or by the named executive officer with good reason following a change in control;

• termination at retirement at or after age 65;

• termination as a result of disability; or

• termination as a result of death.

Information regarding estimated payments and other benefits upon termination of employment of Messrs. Harvey, Rinkenberger, Donnan, and Barneson at retirement is provided for illustrative purposes notwithstanding the fact that none of such named executive officers had reached age 65 as of December 31, 2015.

## JACK A. HOCKEMA

Payments and Benefits	Circumstances of Termination (1)					
	Termination by us for Cause	Termination by us without Cause or by the Named Executive Officer with Good Reason	Termination by us without Cause or by the Named Executive Officer with Good Reason Following a Change in Control	Retirement At or After Age 65	Disability	Death
Payment of earned but unpaid:						
Base salary (2)	—	—	—	—	—	—
Short-term incentive (3)	—	\$732,048	\$732,048	\$732,048	\$732,048	\$732,048
Vacation (4)	\$84,808	\$84,808	\$84,808	\$84,808	\$84,808	\$84,808
Other Benefits:						
Lump sum payment	—	\$2,972,340 (5)	\$4,454,100 (6)	—	—	—
Healthcare benefits (7)	—	\$52,756	\$83,153	—	—	—
Disability benefits	—	\$— (8)	\$— (8)	—	\$— (9)	—
Life insurance	—	\$939 (10)	\$1,449 (10)	—	—	\$50,000 (11)
Perquisites and other personal benefits	—	—	—	—	—	—
Tax gross-up (12)	—	—	\$(3,286,787)	—	—	—
Acceleration of Equity Awards:						
Market value of stock vesting on termination	—	\$8,049,633 (13)	\$12,150,349 (14)	\$4,971,091 (15)	\$8,049,633 (16)	\$8,049,633 (16)
Spread for options vesting on termination (17)	—	—	—	—	—	—
Distribution of Restoration Plan Balance:						
Amount of Distribution (18)	—	\$3,693,420	\$3,693,420	\$3,693,420	\$3,693,420	\$3,693,420
Total	\$84,808	\$15,585,944	\$17,912,540	\$9,481,367	\$12,559,909	\$12,609,909

- (1) Mr. Hockema reached age 65 on October 30, 2011. Accordingly, any voluntary termination by Mr. Hockema would be treated as retirement at or after age 65. See "Retirement At or After Age 65" column of this table.
- (2) Assumes that there is no earned but unpaid base salary at the time of termination.  
Under our 2015 STI Plan, Mr. Hockema's target award for 2015 was \$604,000, but his award could have ranged from a threshold of \$302,000 to a maximum of \$1,812,000, or could have been zero if the threshold performance was not achieved. Mr. Hockema's award under our 2015 STI Plan was determined in March 2016 to be \$732,048. Pursuant to Mr. Hockema's employment agreement, we must pay Mr. Hockema or his estate any earned but unpaid short-term incentive unless his employment is terminated by us for cause. Under Mr. Hockema's employment agreement, if his employment had been terminated during 2015 but prior to December 31, 2015, Mr. Hockema's award for 2015 under our 2015 STI Plan would have been determined based on actual performance and prorated for the actual number of days of Mr. Hockema's employment in 2015, provided that Mr. Hockema would have received no award for 2015 under our 2015 STI Plan if his employment had been terminated by us for cause. Under Mr. Hockema's employment agreement, if his employment had been terminated on December 31, 2015, the last day of our 2015 fiscal year, Mr. Hockema would have been entitled to full payment of his award under the 2015 STI Plan unless his employment had been terminated by us for cause.
- (3) Assumes that Mr. Hockema used all of his 2015 vacation and that he had five weeks of accrued vacation for 2016.  
Under Mr. Hockema's employment agreement, if Mr. Hockema's employment is terminated by us without cause or
- (4) is voluntarily terminated by him for good reason, we must make a lump-sum payment to Mr. Hockema in an amount equal to 3.37 times his base salary for the fiscal year in which such termination occurs.  
Under Mr. Hockema's employment agreement, if Mr. Hockema's employment is terminated by us without cause or
- (5) is voluntarily terminated by him for good reason within two years following a change in control, we must make a
- (6) lump-sum payment to Mr. Hockema in an amount equal to 5.05 times his base salary for the fiscal year in which such termination occurs.  
Under Mr. Hockema's employment agreement, if Mr. Hockema's employment is terminated by us without cause or is voluntarily terminated by him for good reason, we must continue his medical and dental benefits for two years, or, if such termination occurs within two years following a change in control, three years, commencing on the date
- (7) of such termination. The table reflects the present value of such medical and dental benefits at December 31, 2015 determined (a) assuming family coverage in a consumer-driven health plan and a premium dental plan throughout the applicable benefit

continuation period, (b) based on current COBRA coverage rates for 2016 and assuming a 10% increase in the cost of medical and dental coverage for 2017 as compared to 2016 and a 10% increase in the cost of medical and dental coverage for 2018 as compared to 2017.

Under Mr. Hockema's employment agreement, if Mr. Hockema's employment is terminated by us without cause or is voluntarily terminated by him for good reason, we must continue his disability benefits for two years, or, if such termination occurs within two years following a change in control, three years, commencing on the date of such termination. This table reflects the present value of such disability benefits at December 31, 2015 determined (a) (8) based on our current costs of providing such benefits and assuming such costs do not increase during the applicable benefit continuation period, (b) assuming we pay such costs throughout the applicable benefit continuation period in the same manner as we currently pay such costs, (c) assuming mortality according to the RP-2014 Mortality Table for Disabled Retirees, adjusted to 2006, and projected therefrom with MP-2015 Generational Mortality Improvement Projection, and (d) applying a discount rate of 3.90% per annum.

Reflects the actuarial present value of Mr. Hockema's disability benefits at December 31, 2015 determined (a) assuming full disability at December 31, 2015, (b) assuming mortality according to the RP-2014 Mortality Table (9) for Disabled Retirees, adjusted to 2006, and projected therefrom with MP-2015 Generational Mortality Improvement Projection, and (c) applying a discount rate of 3.90% per annum. Such disability benefits would be paid by a third-party insurer and not by us.

Under Mr. Hockema's employment agreement, if Mr. Hockema's employment is terminated by us without cause or is voluntarily terminated by him for good reason, we must continue his life insurance benefits for two years, or, if such termination occurs within two years following a change in control, three years, commencing on the date of such termination. The table reflects the present value of such life insurance benefits at December 31, 2015 (10) determined (a) assuming coverage throughout the applicable benefit continuation period at Mr. Hockema's current election of coverage, (b) based on our current costs of providing such benefits and assuming such costs do not increase during the applicable benefit continuation period, (c) assuming we pay such costs throughout the applicable benefit continuation period in the same manner as we currently pay such costs, (d) assuming mortality according to the RP-2015 White Collar Healthy Annuitant Mortality Table with MP-2015 Generational Mortality Improvement Projection, and (e) applying a discount rate of 3.90% per annum.

Reflects the life insurance benefit payable assuming Mr. Hockema's death had occurred on December 31, 2015 other than while traveling on company-related business. Such life insurance benefit would have been paid by a third-party insurer and not by us. We maintain a travel and accidental death policy for certain employees, (11) including Mr. Hockema, that would provide a \$1,000,000 death benefit payable to Mr. Hockema's estate if his death occurs during company-related travel. Such death benefit would be paid by a third-party insurer and not by us.

We do not have an obligation to make excise payments to Mr. Hockema. Mr. Hockema's employment agreement instead provides that, if any payments to Mr. Hockema would be subject to a federal excise tax by reason of being considered contingent on a change in control, then such payments will be reduced to the minimum extent necessary so that no portion of such payments, as so reduced, is subject to such tax, except that such a reduction (12) will be made only if and to the extent such reduction would result in an increase in the aggregate payment on an after-tax basis. It is estimated that, if Mr. Hockema's employment had been terminated on December 31, 2015 by us without cause or by him for good reason following a change in control on such date, \$3,286,787 owing to Mr. Hockema would have been subject to a federal excise tax by reason of being considered contingent on a change in control and, accordingly, such payments would have been reduced.

(13) If, on December 31, 2015, Mr. Hockema's employment had been terminated by us without cause or his employment had been voluntarily terminated by him for good reason, then (a) the restrictions on all shares of restricted stock that were held by Mr. Hockema would have lapsed, (b) the performance shares granted to him effective March 5, 2013 would have remained outstanding, with the number of shares of common stock, if any, to be received by Mr. Hockema in respect of such performance shares to be determined based on the performance level achieved during the applicable three-year performance period, and (c) the performance shares granted to him effective March 5, 2014 and March 5, 2015 would have remained outstanding, with the number of shares of

common stock, if any, to be received by Mr. Hockema in respect to such performance shares to be determined based on the performance level achieved during the applicable three-year performance period; in such instances, this table reflects the aggregate market value, determined based on a per share price of \$83.66, the closing price per share of our common stock as reported on the Nasdaq Global Select Market on December 31, 2015, of a number of shares equal to the sum of (i) 29,988, the number of shares of restricted stock held by Mr. Hockema on December 31, 2015, (ii) 17,215, the actual number of shares of common stock received by Mr. Hockema in respect of the performance shares granted to him effective March 5, 2013 based on the performance level achieved during the applicable three-year performance period as determined by our compensation committee in early 2016, and (iii) 24,401 and 23,459, the target number of shares of common stock that could be received by Mr. Hockema in respect of

the performance shares granted to him effective March 5, 2014 and March 5, 2015, respectively. Pursuant to the terms of the performance shares granted to Mr. Hockema effective March 5, 2014 and March 5, 2015, if the company declares cash dividends on our common stock and the record and payment dates for such dividends occur on or after the date of grant but before common shares are issued or delivered in respect of such performance shares, then, upon the issuance or delivery of such common shares in respect of such performance shares, Mr. Hockema will be entitled to also receive a payment equal to the cash dividends that he would have received if the number of common shares so issued or delivered to him had been issued and outstanding and held of record by him from the date of grant through such issuance or delivery; this table reflects (a) in respect of the performance shares granted to Mr. Hockema effective March 5, 2014, an amount equal to the cash dividends he would have received if 24,401 common shares had been issued and outstanding and held of record by him from March 5, 2014 through the issuance and delivery of common shares in respect of such performance shares and (b) in respect of the performance shares granted to Mr. Hockema effective March 5, 2015, an amount equal to the cash dividends he would have received if 23,459 common shares had been issued and outstanding and held of record by him from March 5, 2015 through the issuance and delivery of common shares in respect of such performance shares, assuming in each case that the company does not declare any further cash dividends after December 31, 2015.

- If, on December 31, 2015, there had been a change in control and Mr. Hockema's employment had been terminated by us without cause or his employment had been voluntarily terminated by him for good reason, then (a) the restrictions on all shares of restricted stock that were held by Mr. Hockema would have lapsed, (b) the performance shares granted to him effective March 5, 2013 would have remained outstanding, with the number of shares of common stock, if any, to be received by Mr. Hockema in respect of such performance shares to be determined based on the performance level achieved during the applicable three-year performance period, and (c) the performance shares granted to Mr. Hockema effective March 5, 2014 and March 5, 2015 would have immediately vested, with the number of common stock, if any, to be received by Mr. Hockema in respect to such performance shares to be determined based on the performance level achieved during the applicable performance period through the date of such change in control; in such instances, this table reflects the aggregate market value, determined based on a per share price of \$83.66, the closing price per share of our common stock as reported on the Nasdaq Global Select Market on December 31, 2015, of a number of shares equal to the sum of (i) 29,988, the number of shares of restricted stock held by Mr. Hockema on December 31, 2015, (ii) 17,215, the actual number of shares of common stock received by Mr. Hockema in respect of the performance shares granted to him effective March 5, 2013 based on the performance level achieved during the applicable three-year performance
- (14) period as determined by our compensation committee in early 2016, and (iii) 48,803 and 46,918, the number of shares of common stock that would have been received by Mr. Hockema in respect of the performance shares granted to him effective March 5, 2014 and March 5, 2015, respectively, based on the performance level achieved during the applicable performance period through the date of the change in control. Pursuant to the terms of the performance shares granted to Mr. Hockema effective March 5, 2014 and March 5, 2015, if the company declares cash dividends on our common stock and the record and payment dates for such dividends occur on or after the date of grant but before common shares are issued or delivered in respect of such performance shares, then, upon the issuance or delivery of such common shares in respect of such performance shares, Mr. Hockema will be entitled to also receive a payment equal to the cash dividends that he would have received if the number of common shares so issued or delivered to him had been issued and outstanding and held of record by him from the date of grant through such issuance or delivery; this table reflects (a) in respect of the performance shares granted to Mr. Hockema effective March 5, 2014, an amount equal to the cash dividends he would have received if 48,803 common shares had been issued and outstanding and held of record by him from March 5, 2014 through December 31, 2015 and (b) in respect of the performance shares granted to Mr. Hockema effective March 5, 2015, an amount equal to the cash dividends he would have received if 46,918 common shares had been issued and outstanding and held of record by him from March 5, 2015 through December 31, 2015.
- (15) If Mr. Hockema had retired on December 31, 2015, then the shares of restricted stock and performance shares that were held by Mr. Hockema on December 31, 2015 would have remained outstanding, with the restrictions on such shares of restricted stock to lapse in each case on the third anniversary of the date of grant and with the

number of shares of common stock, if any, to be received by Mr. Hockema in respect of such performance shares to be determined based on the performance level achieved during the applicable three-year performance periods, except that the shares of restricted stock granted to Mr. Hockema effective March 5, 2014 and March 5, 2015 and shares of common stock to be received in respect of performance shares granted to Mr. Hockema effective March 5, 2014 and March 5, 2015 would be prorated based on actual days of Mr. Hockema's employment during the applicable restriction or performance period; in such instances, this table reflects the aggregate market value, determined based on a per share price of \$83.66, the closing price per share of our common stock as reported on the Nasdaq Global Select Market on December 31, 2015, of a number of shares equal to the sum of (i) 7,449, the number of shares of restricted stock held by Mr. Hockema that were granted to him effective March 5, 2013, (ii) 6,983 and 3,033, the number of shares of restricted stock held by Mr. Hockema that were granted to him effective March 5, 2014 and March 5, 2015, respectively, prorated based on actual days of Mr. Hockema's employment during the applicable restriction period, (iii) 17,215, the actual number of shares of common stock received by Mr. Hockema in respect of the performance shares granted to him effective March 5, 2013 based on the performance

level achieved during the applicable three-year performance period as determined by our compensation committee in early 2016, and (iv) 16,252 and 7,812, the target number of shares of common stock that could be received by Mr. Hockema in respect of the performance shares granted to him effective March 5, 2014 and March 5, 2015, prorated based on actual days of Mr. Hockema's employment during the applicable performance period. Pursuant to the terms of the performance shares granted to Mr. Hockema effective March 5, 2014 and March 5, 2015, if the company declares cash dividends on our common stock and the record and payment dates for such dividends occur on or after the date of grant but before common shares are issued or delivered in respect of such performance shares, then, upon the issuance or delivery of such common shares in respect of such performance shares, Mr. Hockema will be entitled to also receive a payment equal to the cash dividends that he would have received if the number of common shares so issued or delivered to him had been issued and outstanding and held of record by him from the date of grant through such issuance or delivery; this table reflects (a) in respect of the performance shares granted to Mr. Hockema effective March 5, 2014, an amount equal to the cash dividends he would have received if 16,252 common shares had been issued and outstanding and held of record by him from March 5, 2014 through the issuance and delivery of common shares in respect of such performance shares and (b) in respect of the performance shares granted to Mr. Hockema effective March 5, 2015, an amount equal to the cash dividends he would have received if 7,812 common shares had been issued and outstanding and held of record by him from March 5, 2015 through the issuance and delivery of common shares in respect of such performance shares, assuming in each case that company does not declare any further cash dividends after December 31, 2015.

If, on December 31, 2015, Mr. Hockema's employment had been terminated as a result of his death or disability, then (a) the restrictions on all shares of restricted stock that were held by Mr. Hockema would have lapsed, (b) the performance shares granted to him effective March 5, 2013 would have remained outstanding, with the number of shares of common stock, if any, to be received by Mr. Hockema in respect of such performance shares to be determined based on the performance level achieved during the applicable three-year performance period, and (c) the target number of performance shares granted to him effective March 5, 2014 and March 5, 2015 would have vested; in such circumstances, the table reflects the aggregate market value, determined based on a per share price of \$83.66, the closing price per share of our common stock as reported on the Nasdaq Global Select Market on December 31, 2015, of a number of shares equal to the sum of (i) 29,988, the number of shares of restricted stock held by Mr. Hockema on December 31, 2015, (ii) 17,215, the actual number of shares of common stock received by Mr. Hockema in respect of the performance shares granted to him effective March 5, 2013 based on the performance level achieved during the applicable three-year performance period as determined by our compensation committee in early 2016, and (iii) 24,401 and 23,459, the target number of shares of common stock (16) that would be received by Mr. Hockema in respect of the performance shares granted to him effective March 5, 2014 and March 5, 2015, respectively. Pursuant to the terms of the performance shares granted to Mr. Hockema effective March 5, 2014 and March 5, 2015, if the company declares cash dividends on our common stock and the record and payment dates for such dividends occur on or after the date of grant but before common shares are issued or delivered in respect of such performance shares, then, upon the issuance or delivery of such common shares in respect of such performance shares, Mr. Hockema will be entitled to also receive a payment equal to the cash dividends that he would have received if the number of common shares so issued or delivered to him had been issued and outstanding and held of record by him from the date of grant through such issuance or delivery; this table reflects (a) in respect of the performance shares granted to Mr. Hockema effective March 5, 2014, an amount equal to the cash dividends he would have received if 24,401 common shares had been issued and outstanding and held of record by him from March 5, 2014 through December 31, 2015 and (b) in respect of the performance shares granted to Mr. Hockema effective March 5, 2015, an amount equal to the cash dividends he would have received if 23,459 common shares had been issued and outstanding and held of record by him from March 5, 2015 through December 31, 2015.

(17) Reflects the spread, if any, of (a) the aggregate market value of the shares of common stock purchasable upon exercise of the option rights which would have vested early due to Mr. Hockema's termination, determined based on a per share price of \$83.66, the closing price per share of common stock as reported on the Nasdaq Global Select Market on December 31, 2015, over (b) the aggregate exercise price required to purchase such shares upon

exercise of such option rights. All option rights held by Mr. Hockema on December 31, 2015 had previously vested. Accordingly, no spread is reported in this table.

Under our Restoration Plan, Mr. Hockema is entitled to a distribution of his account balance six months following his termination, except that he will forfeit the entire amount of matching and fixed rate contributions made by us (18) to his account if his employment is terminated for cause. In addition, under our Savings Plan, upon termination of employment, Mr. Hockema is eligible to receive a distribution of his vested balance under the plan; however, such balance is not reflected in this table.

## KEITH A. HARVEY

Payments and Benefits	Circumstances of Termination			Termination by us without Cause or by the Named Executive Officer with Good Reason Following a Change in Control (2)		Retirement At or After Age 65 (3)	Disability	Death
	Voluntary Termination by Named Executive Officer Prior to Age 65	Termination by us for Cause	Termination by us without Cause or by the Named Executive Officer with Good Reason (1)	Termination by us without Cause or by the Named Executive Officer with Good Reason Following a Change in Control (2)	Termination by us without Cause or by the Named Executive Officer with Good Reason Following a Change in Control (2)			
Payment of earned but unpaid:								
Base salary (4)	—	—	—	—	—	—	—	—
Short-term incentive (5)	—	—	\$412,080	\$412,080	\$412,080	\$412,080	\$412,080	\$412,080
Vacation (6)	\$43,269	\$43,269	\$43,269	\$43,269	\$43,269	\$43,269	\$43,269	\$43,269
Other Benefits:								
Lump sum payment	—	—	\$225,000	\$1,580,000	—	—	—	—
Healthcare benefits (7)	—	—	\$12,561	\$52,776	—	—	—	—
Disability benefits	—	—	\$4,942	(8) \$30,889	(8) —	—	\$1,184,218(9)	—
Life insurance	—	—	\$952	(10) \$6,178	(10) —	—	—	\$800,000 (11)
Perquisites and other personal benefits	—	—	—	\$26,492	(12) —	—	—	—
Tax gross-up (13)	—	—	—	\$2,644,820	—	—	—	—
Acceleration of Equity Awards:								
Market value of stock vesting on termination	—	—	\$4,558,130(14)	\$5,554,356(15)	\$982,536(16)	\$4,558,130(17)	\$4,558,130(17)	\$4,558,130(17)
Spread for options vesting on	—	—	—	—	—	—	—	—

termination  
(18)

Distribution  
of Restoration  
Plan Balance:

Amount of Distribution (19)	\$498,684	—	\$498,684	\$498,684	\$498,684	\$498,684	\$498,684
Total	\$541,953	\$43,269	\$5,755,618				