



Third Quarter 2016
Earnings Conference Call

October 20, 2016

Forward Looking Statements

The information contained in this presentation includes statements based on management's current expectations, estimates and projections that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include statements regarding the company's anticipated financial and operating performance, relate to future events and expectations and involve known and unknown risks and uncertainties. The Company cautions that such forward-looking statements are not guarantees of future performance or events and involve significant risks and uncertainties and actual events may vary materially from those expressed or implied in the forward-looking statements as a result of various factors. For a summary of specific risk factors that could cause results to differ materially from those expressed in the forward-looking statements, please refer to the company's reports filed with the Securities and Exchange Commission, including the company's most recent Forms 10-Q and 10-K. All information in this presentation is as of the date of the presentation. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations except as may be required by law.

Non-Run-Rate Items

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

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

Non-GAAP Financial Measures

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

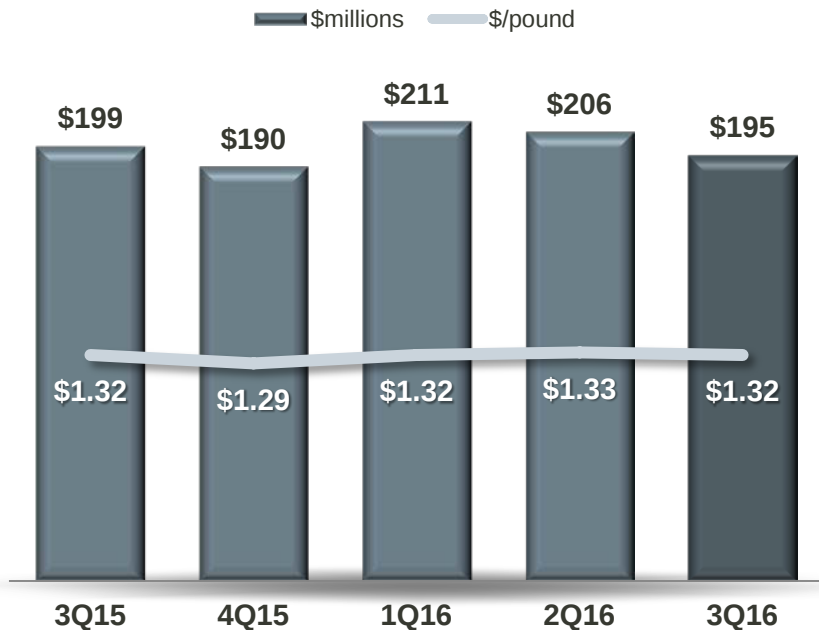
The non-GAAP financial measures used within this presentation are value added revenue, EBITDA, Adjusted EBITDA, operating income excluding non-run-rate items, adjusted net income and earnings per diluted share, excluding non-run-rate items and ratios related thereto. These measures are presented because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

Overview

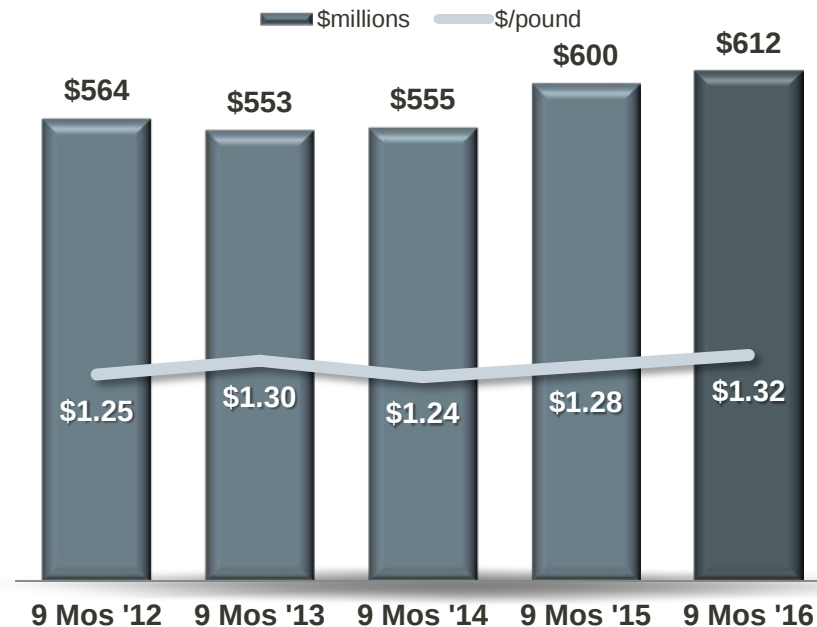
- **3Q 2016 results impacted by:**
 - Significantly higher in-transit finished goods inventory than anticipated
 - Typical seasonality
 - Expected major maintenance expense
- **4Q 2016 outlook:**
 - Benefit from delivery of 3Q in-transit inventory
 - Increasing competitive price pressure on non-contract heat-treat plate orders
 - Typical year-end seasonality and uncertainty regarding year-end order patterns

Value Added Revenue¹

Quarterly VAR and VAR/lb



1st Nine Months VAR and VAR/lb



3Q16 / 3Q15: down 2% (\$4 million)

- High in-transit aerospace plate inventory at quarter-end
 - 3Q16 excluded \$8 million of associated VAR
 - Expect to recognize associated VAR in 4Q16

3Q16 / 1H16 avg qtr: down 6% (\$13 million)

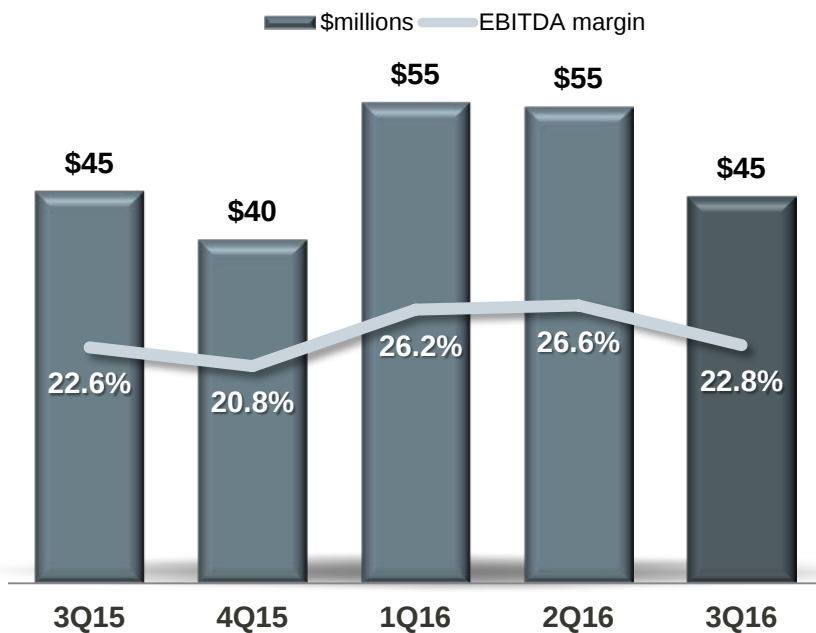
- 3Q16 excluded \$8 million VAR due to in-transit inventory
- Normal seasonal decline across products / end uses

9 months '16 / 9 months '15: up 2% (\$12 million)

- Aero up 3%, excluding \$8 million VAR due to in-transit inventory
- Auto up 3%
 - ABS, drive shaft, and chassis/structure volume up
 - End-of-life-cycle bumper programs wind down; new bumper programs ramp up slower than expected
- GE up 5% on plate shipments

Adjusted EBITDA¹ and EBITDA Margin²

Quarterly EBITDA and EBITDA Margin



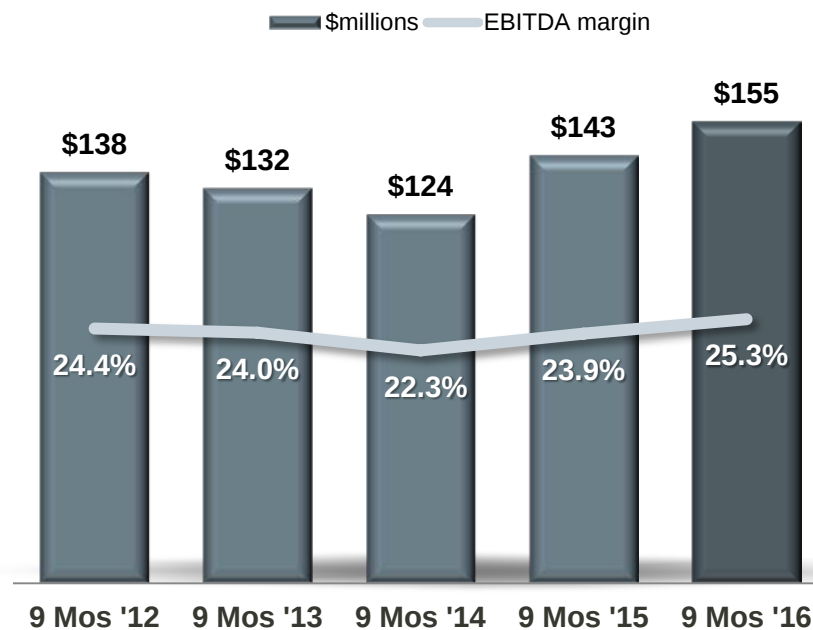
3Q16 / 3Q15: flat

- 3Q16 excluded EBITDA related to in-transit inventory
- \$2 million higher major maintenance expense
- Improved underlying manufacturing cost efficiency

3Q16 / 1H16 avg qtr: down \$10 million

- 3Q16 excluded EBITDA related to in-transit inventory
- Normal seasonal weakness across products / end uses
- \$3 million higher major maintenance expense

1st Nine Months EBITDA and EBITDA Margin



9 months '16 / 9 months '15: up \$11 million

- Favorable aero, auto and GE sales impact
- Improved underlying cost efficiency
- Higher overhead, benefits and incentive compensation costs

¹ EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 25-26

² EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

Totals may not sum due to rounding

Consolidated Financial Highlights

(in \$millions except Shipments & EPS)	Quarterly				Nine Months		
	3Q15	4Q15	1Q16	2Q16	3Q16	2015	2016
Shipments (in millions of lbs)	151	147	159	155	148	468	463
Net Sales	\$336	\$317	\$343	\$335	\$321	\$1,075	\$999
Value Added Revenue ¹	\$199	\$190	\$211	\$206	\$195	\$600	\$612
Adjusted:							
Operating Income ²	\$37	\$31	\$47	\$46	\$36	\$119	\$128
EBITDA ³	\$45	\$40	\$55	\$55	\$45	\$143	\$155
EBITDA margin ⁴	22.6%	20.8%	26.2%	26.6%	22.8%	23.9%	25.3%
Net Income ⁵	\$19	\$11	\$28	\$19	\$19	\$61	\$64
EPS ⁶	\$1.07	\$0.60	\$1.51	\$1.02	\$1.02	\$3.33	\$3.54
As Reported:							
Operating Income (Loss)	\$41	\$35	\$45	\$58	\$30	(\$381)	\$133
Net Income (Loss)	\$22	\$13	\$26	\$26	\$15	(\$250)	\$67
EPS ⁷	\$1.21	\$0.73	\$1.44	\$1.43	\$0.82	(\$14.55)	\$3.70

¹ Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 23-24

² Adjusted Operating Income = Consolidated Operating Income before non-run-rate; refer to slides 25-26

³ EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 25-26

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

⁵ Adjusted Net Income = Reported Net Income excluding non-run-rate items; refer to slides 27-28

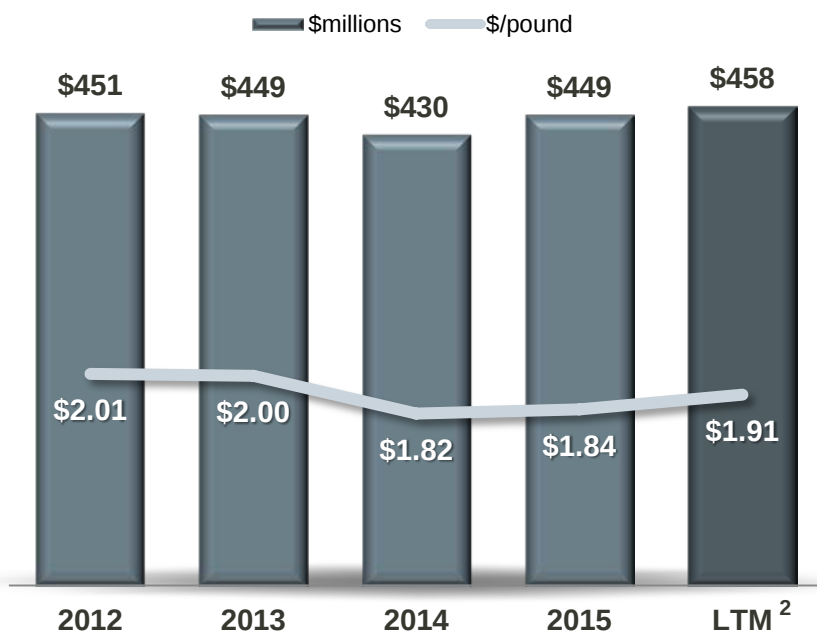
⁶ Adjusted EPS = Reported Earnings Per diluted Share excluding non-run-rate items; refer to slides 27-28

⁷ As Reported EPS = Reported Earnings Per diluted Share; refer to slides 27-28

Totals may not sum due to rounding

Aerospace & High Strength Outlook

Aerospace / High Strength Value Added Revenue¹



Aerospace/HS outlook:

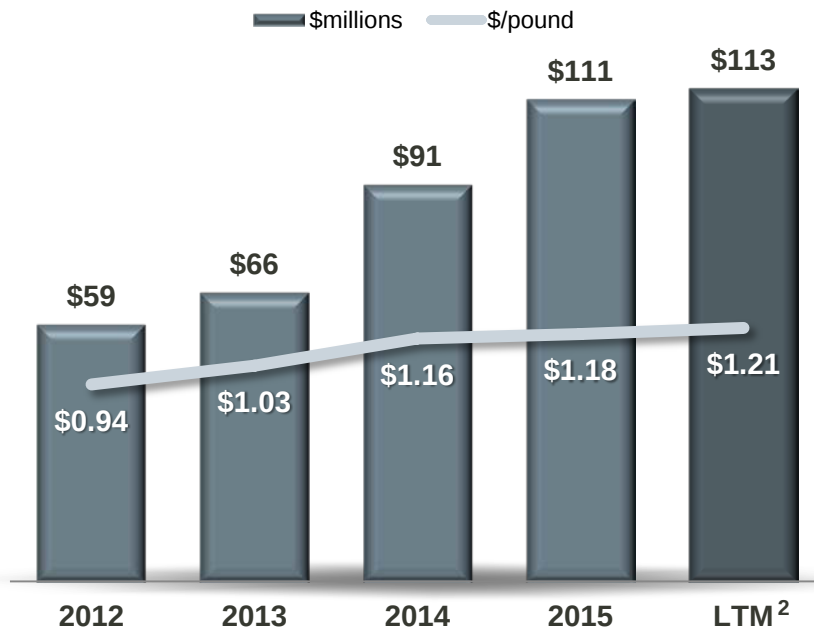
- 2016 VAR is trending in line with the 5% y/y growth outlook
- 2017 outlook: aero supply chain destocking
 - Industry demand down slightly from 2016
 - Increasing competitive pricing pressure on non-contract business
- Three-year outlook (2016-2019): 5% average annual industry demand growth

¹ Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 23-24

² LTM = Last Twelve Months, as of September 30, 2016

Automotive Outlook

Automotive Value Added Revenue¹



Automotive extrusions outlook:

- 2016 VAR: reducing y/y outlook from ~6% to ~2% with 4Q automotive facility shutdowns as well as delays in the ramp-up of several new bumper programs
- 2017 outlook: double-digit VAR growth driven by content
- Three-year outlook (2016-2019): flat build rates, 6% average annual industry content growth

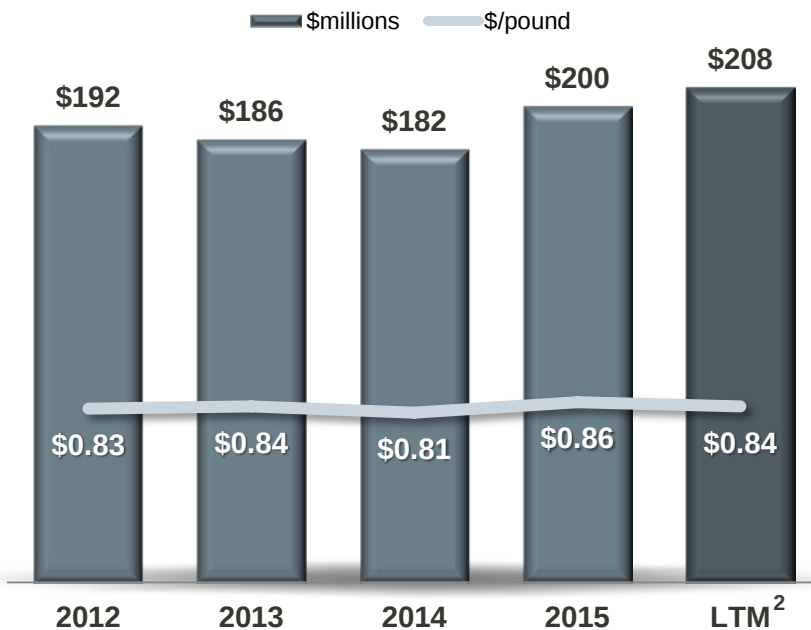
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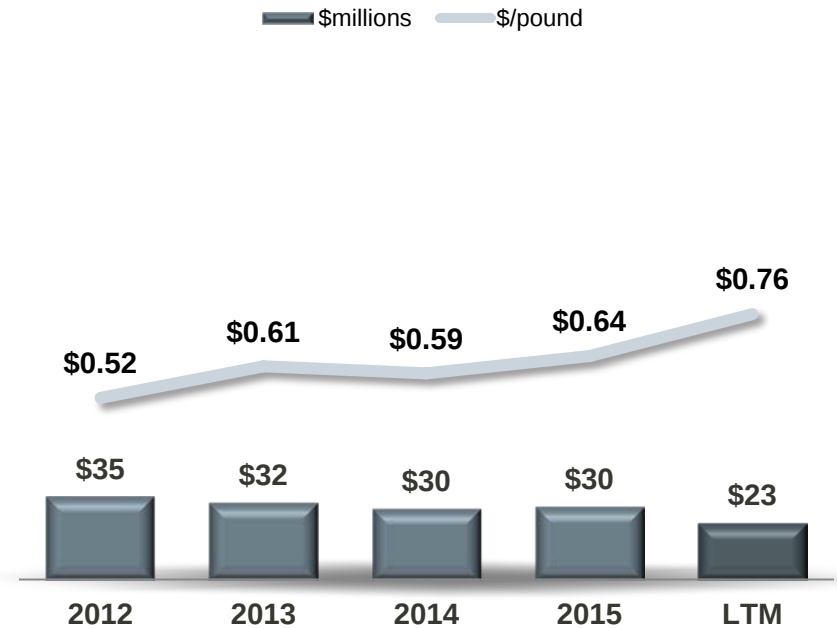
2016 Outlook

General Engineering & Other

General Engineering Value Added Revenue¹



Other Applications Value Added Revenue



General engineering 2016 outlook:

- Expect normal seasonality in 4Q
- Increasing import price pressure on GE plate expected to continue into 2017

Other applications 2016 outlook:

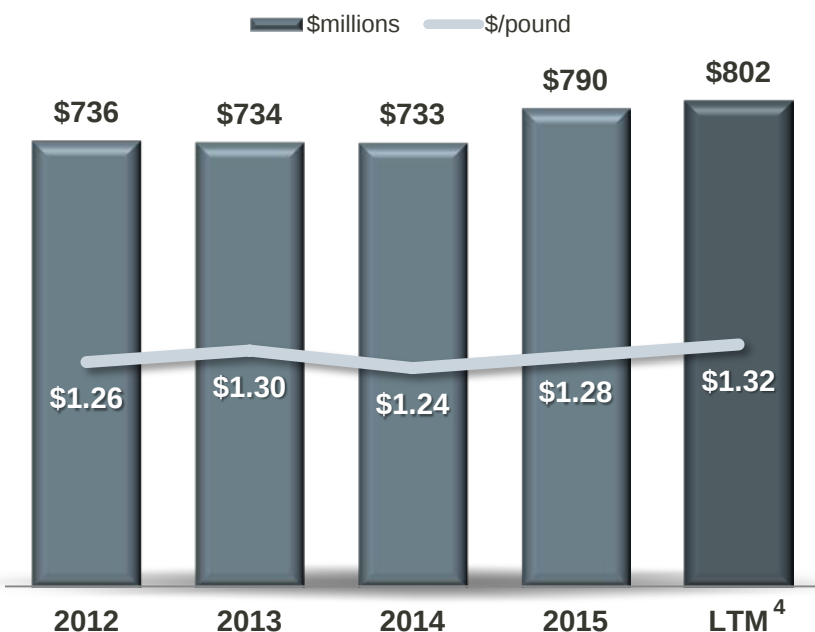
- VAR for non-core "Other" applications expected to continue to steadily decline as capacity is redirected to more strategic applications

¹ Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 23-24

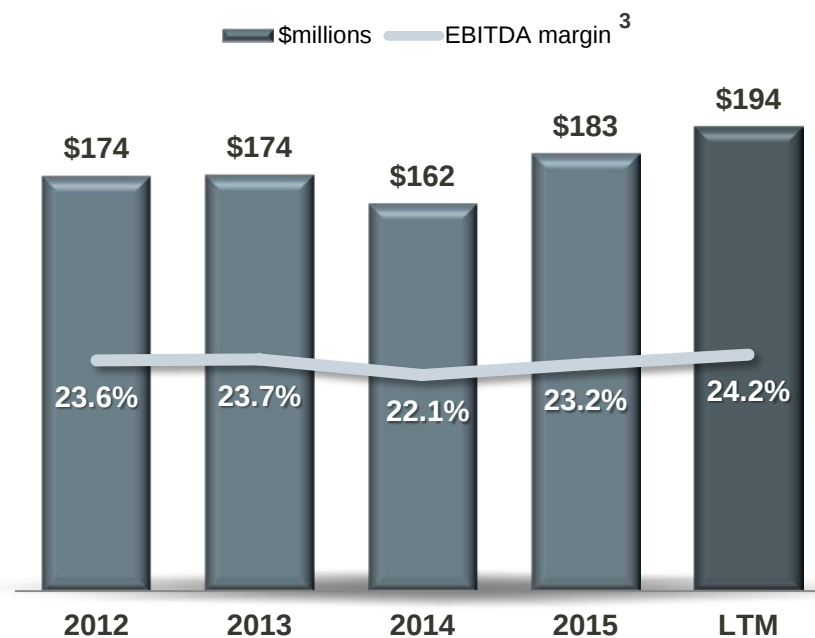
² LTM = Last Twelve Months, as of September 30, 2016

Summary 2016 Outlook

Value Added Revenue¹



EBITDA²



- 4Q16: anticipate normal seasonal demand weakness and y/e uncertainty, benefit from delivery of in-transit inventory, pricing pressure on non-contract heat treat plate sales
- FY16: expect ~3-4% y/y VAR growth and higher EBITDA and EBITDA margin driven by sales growth and manufacturing cost efficiencies

¹ Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slides 23-24

² EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 25-26

³ EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

⁴ LTM = Last Twelve Months, as of September 30, 2016

Summary

- **3Q2016:** results impacted by normal seasonality, high level of in-transit inventory, and higher major maintenance expense
- **FY2016:** expect record VAR and adjusted EBITDA driven by sales growth and improving manufacturing efficiencies
- **FY2017 outlook:** anticipate strong VAR growth in automotive applications, aero supply chain destocking and pricing pressure on non-contract sales
- **Long-term outlook:** well positioned for profitable growth and shareholder value creation
 - Strong secular demand growth drivers for automotive and aerospace/HS
 - Further capacity, quality and efficiency benefits
 - Strong balance sheet and cash flow generation

KAISER
ALUMINUM

A photograph of several aluminum extrusions, including a round rod and several rectangular bars, arranged in a stack. The metal has a brushed finish and is set against a white background with soft shadows.

Appendix

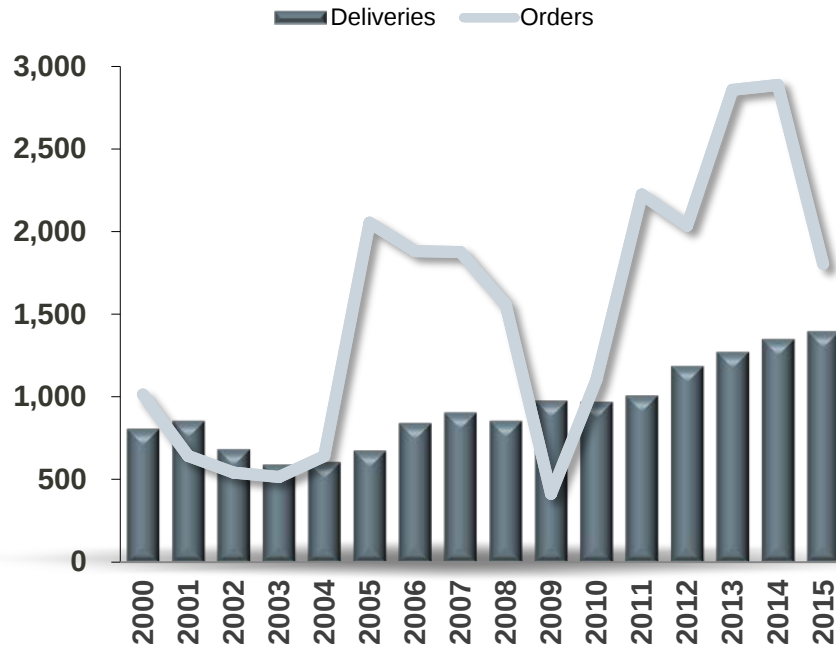
Company Summary

A leader in fabricated aluminum products

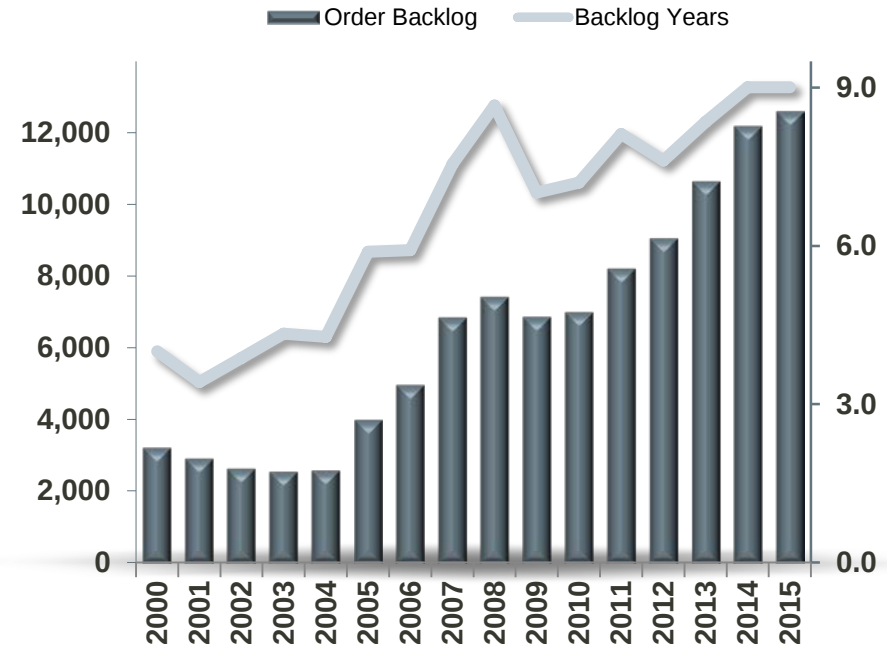
- Leading North American semi-fabricated specialty aluminum products manufacturing company serving global markets
- Reputation for Best In Class customer satisfaction driven by quality, availability, service and delivery performance
- Emphasis on highly engineered specifications for aerospace, defense,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

Boeing/Airbus Commercial Airframe Deliveries & Backlog

Boeing/Airbus Commercial Airframe Orders/Deliveries



Boeing/Airbus Commercial Airframe Backlog

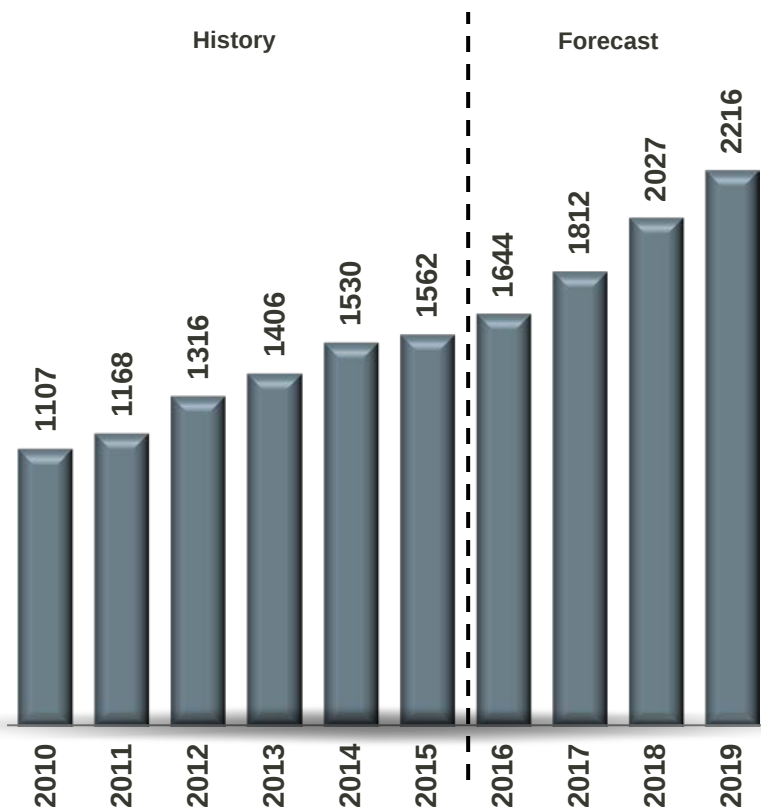


- Boeing/Airbus record 2015 deliveries were up 3%
- 2015 orders equate to 1.3 years of production

Record backlog ~9 years at 2015 production

Total Commercial Airframe Deliveries

Global Commercial Airframe Builds

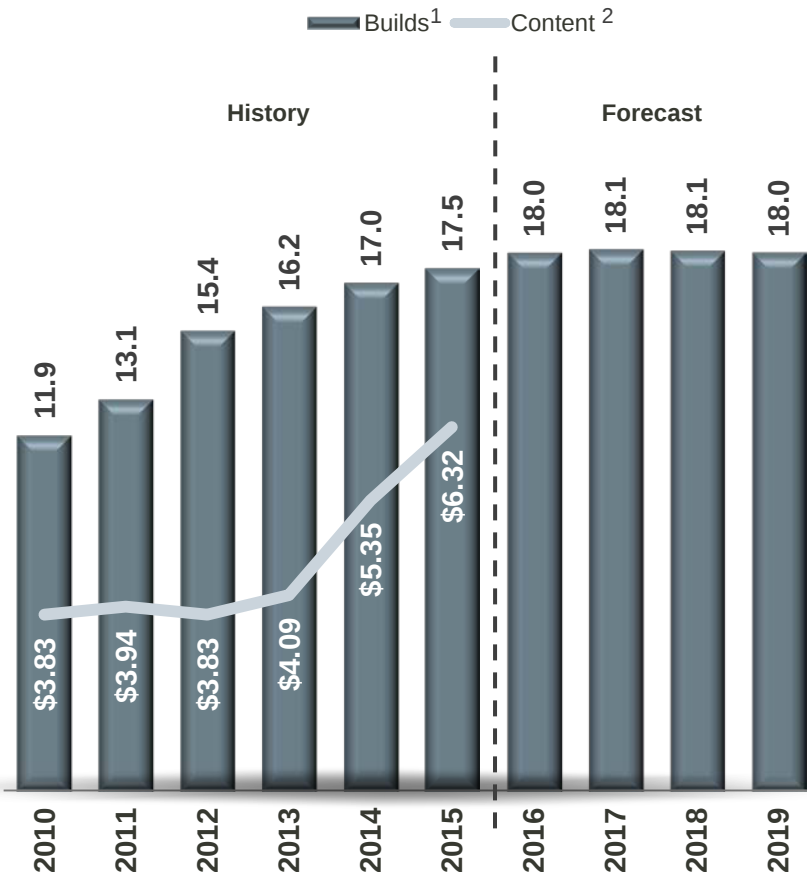


Robust secular growth trend

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

Automotive Demand Trend

North American Light Vehicle Production
(Millions of vehicles)



Robust secular growth trend

- Driven by increasing aluminum extrusion content as OEMs³ continue to light-weight new vehicles, achieve greater fuel efficiency and comply with stringent federal regulations
- Kaiser is well-positioned
 - Strong market presence, reputation for performance
 - Market focused technical sales and engineering teams
 - Premier automotive extrusion focused facilities (London, ONT, Bellwood, VA, Kalamazoo, MI, Sherman, TX)

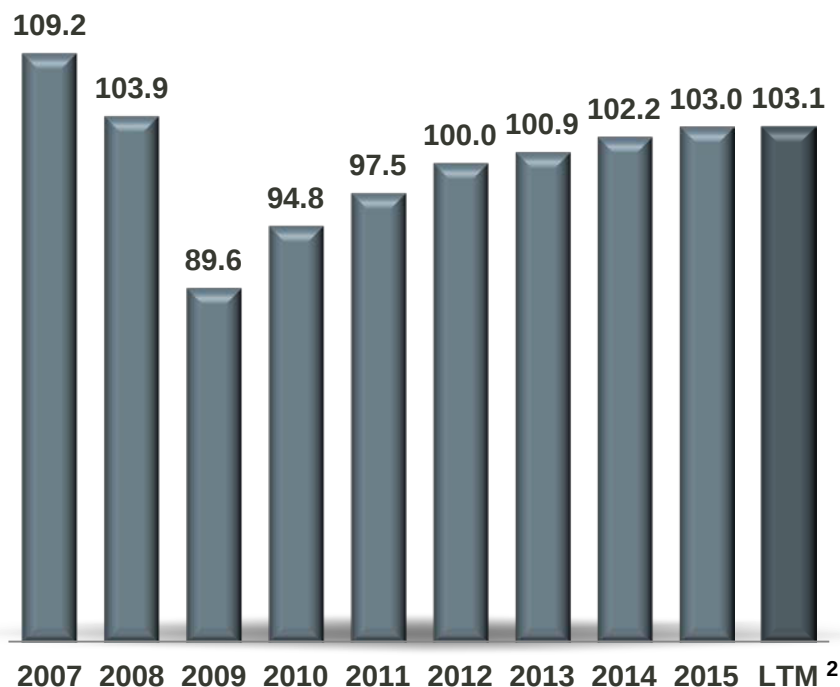
¹ Builds = 2010-2015 – IHS; 2016-2019 Kaiser estimate

² Content = Kaiser's Automotive Value Added Revenue dollars per North American vehicle build

³ OEM = Original Equipment Manufacturer

U.S. Manufacturing Trends

Index of Industrial Production – Manufacturing¹

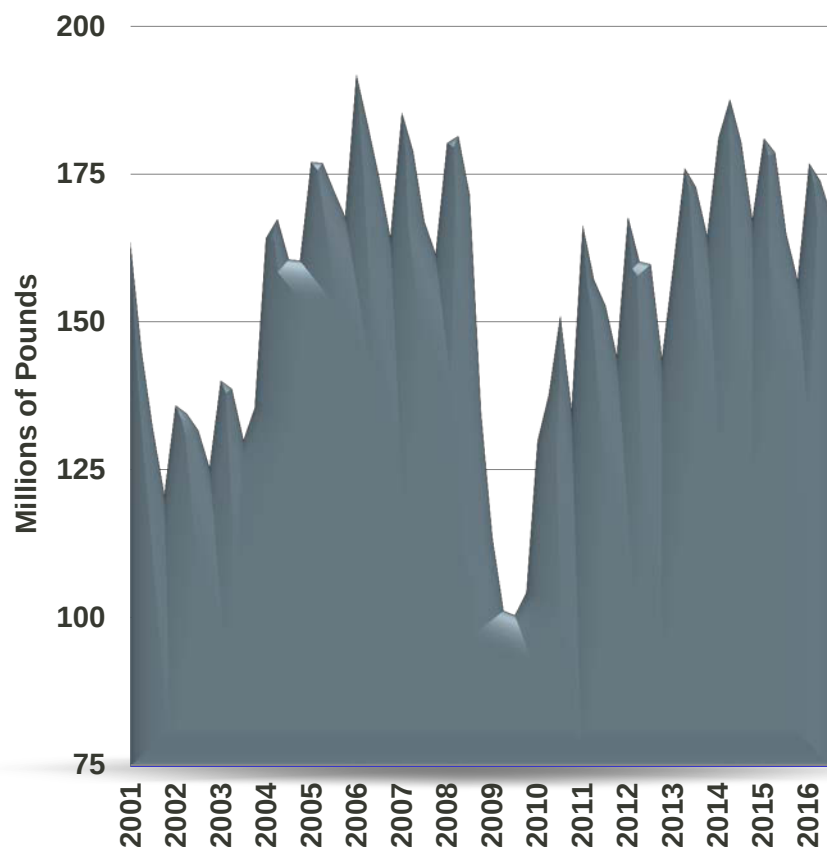


Slow, steady economic recovery

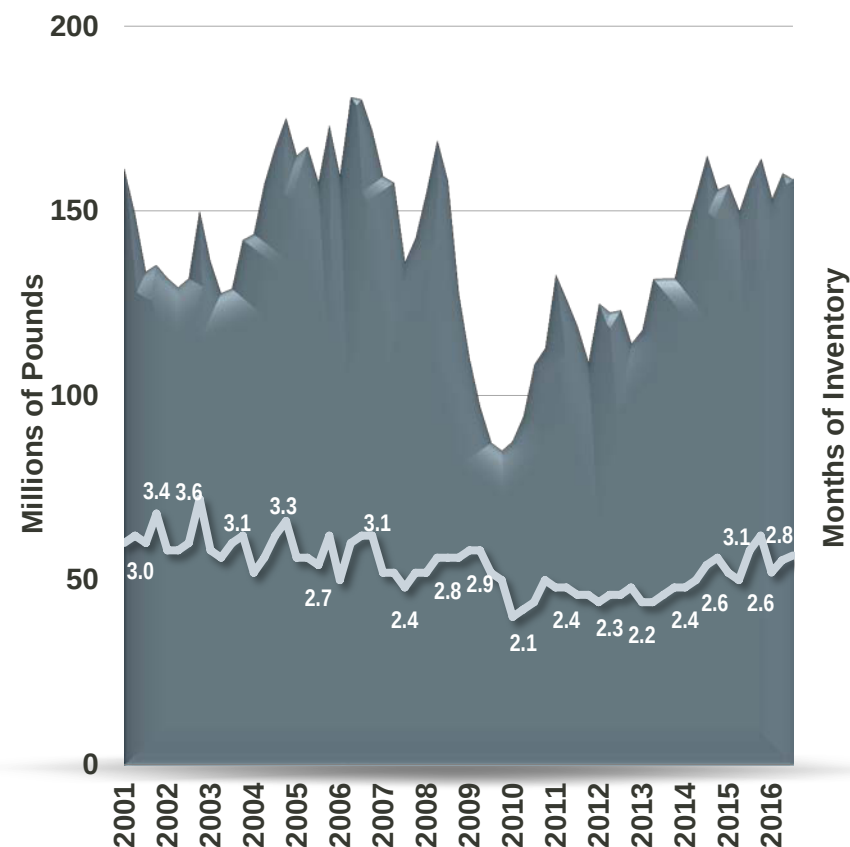
- U.S. manufacturing activity recovering slowly
- Kaiser supplies a broad portfolio of general engineering products to the industrial sector that includes:
 - Sheet & plate
 - Rod, bar & wire
 - Seamless & structural tube
 - Extruded forge stock
 - Redraw rod

MSCI¹ Aluminum Rod & Bar Shipments & Inventory

Quarterly MSCI Shipments



Quarterly MSCI Inventory



Non-run-rate Adjustments

Mark-to-market

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

Consolidated LIFO¹ to Plant LIFO Adjustment

- We report externally using the LIFO inventory valuation method on a *consolidated* basis
- We manage our business using the LIFO inventory valuation method on a *plant-by-plant* basis
- The adjustment from consolidated to plant LIFO adjusts our COGS² to the LIFO methodology we use to manage our business

Sales Analysis By Application - Quarterly

	<u>1Q14</u>	<u>2Q14</u>	<u>3Q14</u>	<u>4Q14</u>	<u>1Q15</u>	<u>2Q15</u>	<u>3Q15</u>	<u>4Q15</u>	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>
<u>Shipments</u> (lbs, mm)											
Aero & High Strength	56.7	60.5	58.9	60.8	61.9	62.8	58.9	59.9	63.7	60.0	55.5
General Engineering	62.5	58.4	54.2	48.3	60.4	59.4	55.8	55.8	63.1	64.6	62.7
Automotive Extrusions	19.5	20.2	19.6	19.2	22.1	24.4	24.3	22.7	24.5	23.7	22.6
Other Applications ¹	<u>13.1</u>	<u>12.6</u>	<u>11.6</u>	<u>12.7</u>	<u>13.5</u>	<u>13.2</u>	<u>11.5</u>	<u>8.8</u>	<u>8.0</u>	<u>6.7</u>	<u>7.4</u>
Total	151.8	151.7	144.3	141.0	157.9	159.8	150.5	147.2	159.3	155.0	148.2
<u>Value Added Revenue</u> ² (\$mm)											
Aero & High Strength	\$ 106.4	\$ 110.2	\$ 106.6	\$ 107.0	\$ 111.2	\$ 115.0	\$ 113.3	\$ 109.6	\$ 122.6	\$ 116.8	\$ 108.6
General Engineering	\$ 50.1	\$ 47.6	\$ 43.2	\$ 41.0	\$ 51.6	\$ 50.7	\$ 50.1	\$ 47.6	\$ 53.3	\$ 54.1	\$ 53.0
Automotive Extrusions	\$ 21.9	\$ 24.3	\$ 22.6	\$ 22.1	\$ 25.7	\$ 29.0	\$ 28.4	\$ 27.4	\$ 28.6	\$ 29.3	\$ 27.6
Other Applications	<u>\$ 7.2</u>	<u>\$ 7.5</u>	<u>\$ 7.4</u>	<u>\$ 7.4</u>	<u>\$ 8.7</u>	<u>\$ 8.7</u>	<u>\$ 7.5</u>	<u>\$ 5.4</u>	<u>\$ 6.1</u>	<u>\$ 5.7</u>	<u>\$ 6.2</u>
Total	\$ 185.6	\$ 189.6	\$ 179.8	\$ 177.5	\$ 197.2	\$ 203.4	\$ 199.3	\$ 190.0	\$ 210.7	\$ 205.9	\$ 195.4
<u>Value Added Revenue</u> (\$/lb.)											
Aero & High Strength	\$ 1.87	\$ 1.82	\$ 1.81	\$ 1.76	\$ 1.80	\$ 1.83	\$ 1.92	\$ 1.83	\$ 1.92	\$ 1.95	\$ 1.96
General Engineering	\$ 0.80	\$ 0.81	\$ 0.80	\$ 0.85	\$ 0.85	\$ 0.85	\$ 0.90	\$ 0.85	\$ 0.84	\$ 0.84	\$ 0.85
Automotive Extrusions	\$ 1.13	\$ 1.20	\$ 1.15	\$ 1.15	\$ 1.16	\$ 1.19	\$ 1.17	\$ 1.21	\$ 1.17	\$ 1.24	\$ 1.22
Other Applications	<u>\$ 0.55</u>	<u>\$ 0.60</u>	<u>\$ 0.64</u>	<u>\$ 0.58</u>	<u>\$ 0.64</u>	<u>\$ 0.66</u>	<u>\$ 0.65</u>	<u>\$ 0.61</u>	<u>\$ 0.76</u>	<u>\$ 0.85</u>	<u>\$ 0.84</u>
Overall ³	\$ 1.22	\$ 1.25	\$ 1.25	\$ 1.26	\$ 1.25	\$ 1.27	\$ 1.32	\$ 1.29	\$ 1.32	\$ 1.33	\$ 1.32

¹ Includes custom industrial products and billet

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

³ Total VAR / Total Shipments

Totals may not sum due to rounding

Sales Analysis By Application - Annual

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>LTM¹</u>
<u>Shipments</u> (lbs, mm)					
Aero & High Strength	223.9	224.3	236.9	243.5	239.1
General Engineering	232.7	222.5	223.4	231.4	246.2
Automotive Extrusions	62.8	64.1	78.5	93.5	93.5
Other Applications ²	66.5	52.8	50.0	47.0	30.9
Total	585.9	563.7	588.8	615.4	609.7
<u>Value Added Revenue</u> ³ (\$mm)					
Aero & High Strength	450.5	449.2	430.2	449.1	457.6
General Engineering	192.0	186.1	181.9	200.0	208.0
Automotive Extrusions	59.0	66.3	90.9	110.5	112.9
Other Applications	34.7	32.0	29.5	30.3	23.4
Total	736.2	733.6	732.5	789.9	801.9
<u>Value Added Revenue</u> (\$/lb.)					
Aero & High Strength	\$2.01	\$2.00	\$1.82	\$1.84	\$1.91
General Engineering	\$0.83	\$0.84	\$0.81	\$0.86	\$0.84
Automotive Extrusions	\$0.94	\$1.03	\$1.16	\$1.18	\$1.21
Other Applications	\$0.52	\$0.61	\$0.59	\$0.64	\$0.76
Overall⁴	\$1.26	\$1.30	\$1.24	\$1.28	\$1.32

¹ LTM = Last Twelve Months, as of September 30, 2016

² Includes custom industrial products and billet

³ Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal

⁴ Total VAR / Total Shipments

Totals may not sum due to rounding

Reconciliation of Reported Net Income to Adjusted EBITDA

(in \$ millions)	Quarterly										
	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Consolidated - Reported Net Income (Loss)	\$15.8	\$24.5	\$15.9	\$15.6	(\$292.2)	\$20.2	\$22.1	\$13.3	\$26.3	\$26.0	\$14.9
Interest Expense	(8.8)	(9.2)	(9.7)	(9.8)	(9.8)	(5.2)	(4.9)	(4.2)	(3.7)	(5.5)	(5.5)
Other Income (Expense)	1.9	1.8	2.2	0.8	0.4	0.4	(0.9)	(1.7)	0.3	(10.7)	—
Income Tax (Provision) Benefit	(9.4)	(14.5)	(9.2)	(2.2)	175.8	(12.0)	(12.6)	(16.0)	(15.1)	(15.7)	(9.4)
Consolidated - Reported Operating Income (Loss)	\$32.1	\$46.4	\$32.6	\$26.8	(\$458.6)	\$37.0	\$40.5	\$35.2	\$44.8	\$57.9	\$29.8
Operating NRR ¹ items:											
Mark-to-Market Gains (Losses)	2.0	1.5	(3.5)	(10.4)	(4.5)	(1.5)	(1.7)	4.3	4.0	10.9	2.0
Consolidated LIFO to Plant LIFO Adjustment	(4.6)	0.5	(1.4)	1.5	1.3	(2.8)	2.6	5.9	(0.2)	2.1	(4.1)
Lower of Cost or Market Inventory Write-Down	—	—	—	—	—	—	—	(2.6)	(4.9)	—	—
Workers' Compensation Discount Rate Effect	0.2	0.1	(0.1)	(0.2)	(0.1)	—	(0.1)	—	—	0.1	(0.1)
Impairment Losses	—	(0.2)	(1.3)	—	—	—	—	(0.1)	—	(0.1)	(2.7)
Legacy Environmental	(0.2)	(0.1)	—	(0.5)	(0.4)	(0.8)	0.4	(0.5)	—	—	—
VEBA Net Periodic Benefit Income (Cost)	5.6	6.1	6.0	6.0	(0.6)	(0.6)	(0.6)	(0.6)	(0.8)	(0.9)	(0.8)
(Loss) Gain on Removal of Union VEBA Net Assets ²	—	—	—	—	(492.2)	(1.6)	2.9	(2.5)	0.1	—	—
Total Operating NRR Items	3.0	7.9	(0.3)	(3.6)	(496.5)	(7.3)	3.5	3.9	(1.8)	12.1	(5.7)
Consolidated Operating Income before operating NRR	29.1	38.5	32.9	30.4	37.9	44.3	37.0	31.3	46.6	45.8	35.5
Depreciation & Amortization - Consolidated	7.4	7.7	8.0	8.0	8.0	8.1	8.1	8.2	8.7	9.0	9.0
Consolidated - Adjusted EBITDA	\$36.5	\$46.2	\$40.9	\$38.5	\$45.9	\$52.4	\$45.1	\$39.5	\$55.3	\$54.8	\$44.5

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

² Includes effect of terminating the defined benefit accounting for the Union VEBA, and related accrual adjustments

Totals may not sum due to rounding

Reconciliation of Reported Net Income to Adjusted EBITDA

(in \$ millions)	Annual				
	2012	2013	2014	2015	LTM ¹
Consolidated - Reported Net Income (Loss)	\$85.8	\$104.8	\$71.8	(\$236.6)	\$80.5
Interest Expense	(29.1)	(35.7)	(37.5)	(24.1)	(18.9)
Other Income (Expense)	2.8	5.6	6.7	(1.8)	(12.1)
Income Tax (Provision) Benefit	(53.8)	(38.4)	(35.3)	135.2	(56.2)
Consolidated - Reported Operating Income (Loss)	\$165.9	\$173.3	\$137.9	(\$345.9)	\$167.7
Operating NRR ² items:					
Mark-to-Market Gains (Losses)	15.2	0.7	(10.4)	(3.4)	21.2
Consolidated LIFO to Plant LIFO Adjustment	(2.3)	7.4	(4.0)	7.0	3.7
Lower of Cost or Market Inventory Write-Down	—	—	—	(2.6)	(7.5)
Workers' Compensation Discount Rate Effect	(0.2)	1.3	—	(0.2)	—
Impairment Losses	(4.4)	—	(1.5)	(0.1)	(2.9)
Legacy Environmental	(1.3)	(4.5)	(0.8)	(1.3)	(0.5)
VEBA Net Periodic Benefit Income (Cost)	11.9	22.5	23.7	(2.4)	(3.1)
Loss on Removal of Union VEBA Net Assets ³	—	—	—	(493.4)	(2.4)
Total Operating NRR Items	18.9	27.4	7.0	(496.4)	8.5
Consolidated Operating Income before operating NRR	147.0	145.9	130.9	150.5	159.2
Depreciation & Amortization - Consolidated	26.5	28.1	31.1	32.4	34.9
Consolidated - Adjusted EBITDA	\$173.5	\$174.0	\$162.0	\$182.9	\$194.1

¹ LTM = Last Twelve Months, as of September 30, 2016

² NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

³ Includes effect of terminating the defined benefit accounting for the Union VEBA, and related accrual adjustments

Totals may not sum due to rounding

Adjusted Net Income and EPS

(in \$ millions except EPS)

	Quarterly										
	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
GAAP Net Income (Loss)	\$ 15.8	\$ 24.5	\$ 15.9	\$ 15.6	\$(292.2)	\$ 20.2	\$ 22.1	\$ 13.3	\$ 26.3	\$ 26.0	\$ 14.9
Operating NRR ¹ Items	(3.0)	(7.9)	0.3	3.6	496.5	7.3	(3.5)	(3.9)	1.8	(12.1)	5.7
Non-Operating NRR Items ²	(0.9)	(0.5)	(2.2)	-	-	-	-	-	-	-	-
Tax impact of above NRR items	1.4	3.2	0.6	(1.3)	(184.5)	(2.6)	1.5	(0.4)	(0.6)	4.6	(2.1)
NRR tax (benefit) charge	-	-	-	(2.4)	(1.5)	(1.8)	(0.7)	1.8	-	-	-
Adjusted Net Income	\$ 13.3	\$ 19.3	\$ 14.6	\$ 15.5	\$ 18.3	\$ 23.1	\$ 19.4	\$ 10.8	\$ 27.5	\$ 18.5	\$ 18.5
GAAP earnings (losses) per diluted share ³	\$ 0.85	\$ 1.33	\$ 0.85	\$ 0.85	\$(16.85)	\$ 1.11	\$ 1.21	\$ 0.73	\$ 1.44	\$ 1.43	\$ 0.82
Adjusted earnings per diluted share³	\$ 0.72	\$ 1.05	\$ 0.79	\$ 0.85	\$ 1.01	\$ 1.27	\$ 1.07	\$ 0.60	\$ 1.51	\$ 1.02	\$ 1.02

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

² Non-Operating NRR Items do not contribute to Reported Operating Income and represent the mark-to-market of convertible bond related financial derivatives

³ Diluted shares for EPS calculated using treasury method

Totals may not sum due to rounding

Adjusted Net Income and EPS

(in \$ millions except EPS)

	Annual				
	2012	2013	2014	2015	LTM ¹
GAAP Net Income (Loss)	\$ 85.8	\$ 104.8	\$ 71.8	\$ (236.6)	\$ 80.5
Operating NRR ² Items	(18.9)	(27.4)	(7.0)	496.4	(8.5)
Non-Operating NRR Items ³	(0.8)	(3.8)	(3.6)	—	-
Tax impact of above NRR items	7.5	11.8	4.0	(186.0)	1.5
NRR tax (benefit) charge	-	(15.1)	(2.4)	(2.2)	1.8
Adjusted Net Income	\$ 73.6	\$ 70.3	\$ 62.8	\$ 71.6	\$ 75.3
GAAP earnings (losses) per diluted share ⁴	\$ 4.45	\$ 5.44	\$ 3.86	\$ (13.76)	\$ 4.42
Adjusted earnings per diluted share⁴	\$ 3.82	\$ 3.65	\$ 3.38	\$ 3.95	\$ 4.15

¹ LTM = Last Twelve Months, as of September 30, 2016

² NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

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

⁴ Diluted shares for EPS calculated using treasury method

Totals may not sum due to rounding

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