



Third Quarter 2018
Earnings Conference Call

October 18, 2018

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.

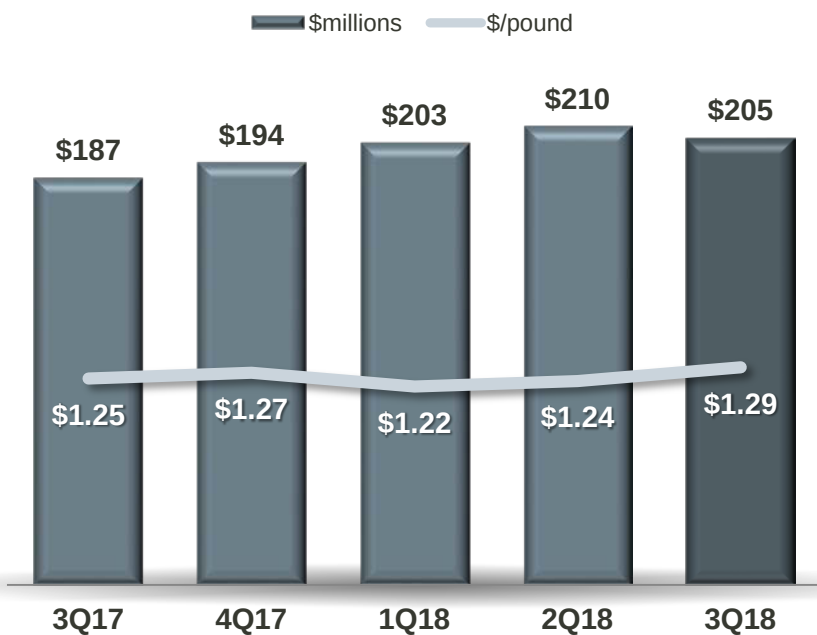
The non-GAAP financial measures used within this presentation are value added revenue, EBITDA, Adjusted EBITDA, operating income excluding non-run-rate items, adjusted net income and earnings per diluted share, excluding non-run-rate items and ratios related thereto. These measures are presented because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

2018 Third Quarter

- Achieved significantly improved y/y results
 - Moderating aero destocking
 - Full realization of 2Q18 price increases
 - Temporary tariff costs from internal cross-border transactions
- Completed modernization of light gauge plate material handling system
- Acquired Imperial Machine & Tool, leader in additive manufacturing

Value Added Revenue¹

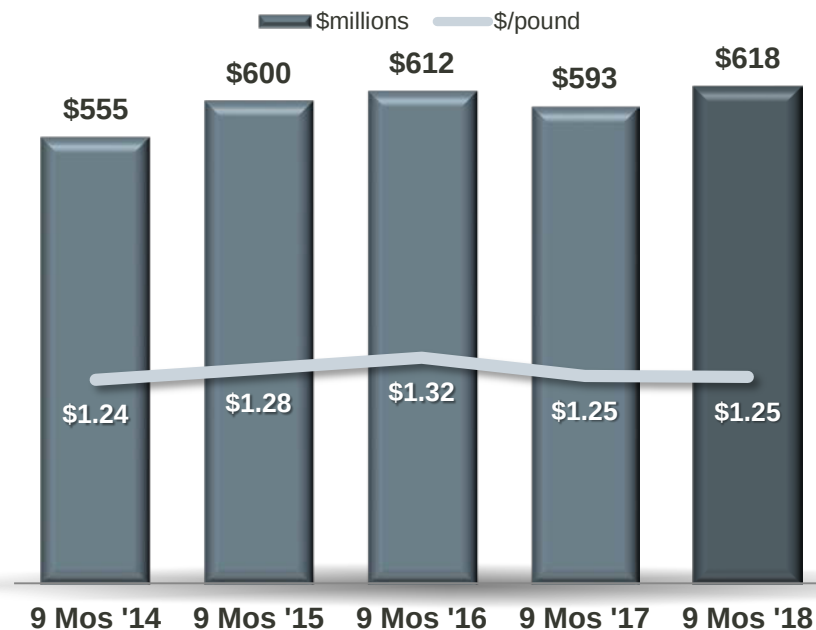
Quarterly Value Added Revenue



3Q18 VAR up 10% y/y on 6% higher shipments

- Strong aerospace demand, reduced destocking impact
- Q2 price increases fully realized in Q3
- Auto and General Engineering shipments down from Q2 on normal seasonality

9 Months Value Added Revenue



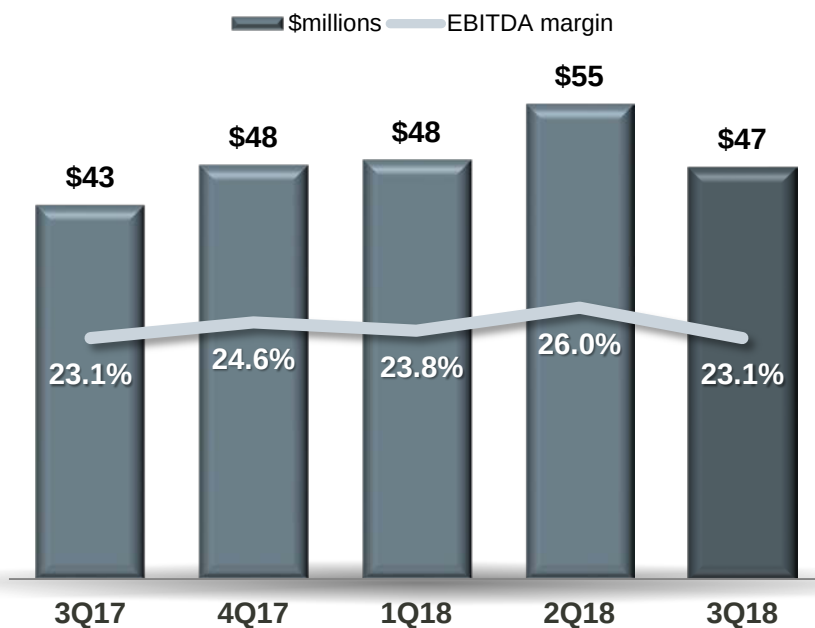
Shipments and VAR increased 4% y/y

- Strong demand across all product categories
- Reduced impact from aero supply chain destocking
- Auto growth driven by lower value added programs

¹ Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slides 22-23

Adjusted EBITDA¹ and EBITDA Margin²

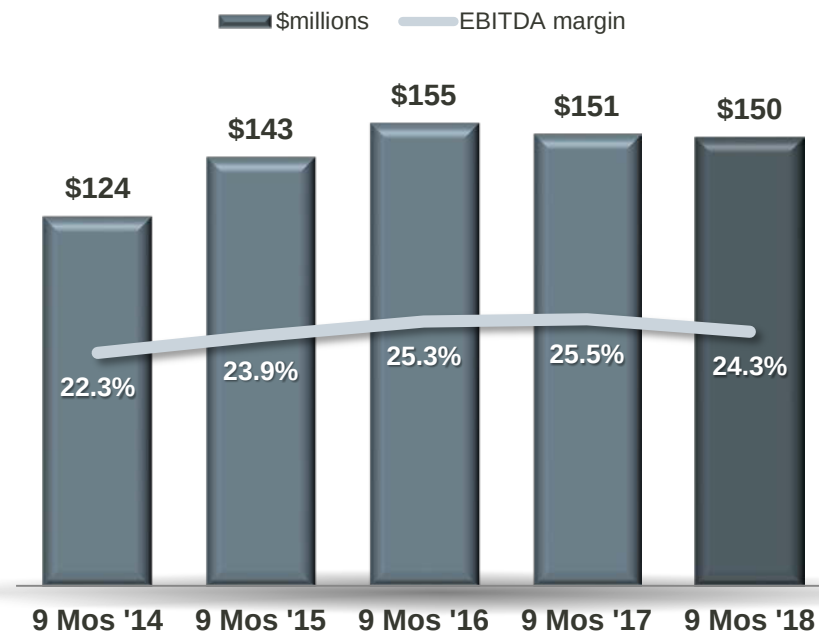
Quarterly Adjusted EBITDA and EBITDA Margin



3Q18 EBITDA up 10% y/y

- Higher shipments driven by strong aerospace demand
- Q2 price increases fully realized in Q3
- Temporary tariff costs on internal cross-border transactions

9 Months Adjusted EBITDA and EBITDA Margin



YTD18 down slightly from prior year period

- Adverse effect of freight and tariff costs offset by:
 - Benefits of higher shipments
 - Q2 price increases fully realized in Q3
 - Attractive price spreads on scrap purchases

¹ EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 24-25

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

Consolidated Financial Highlights

(in \$millions except Shipments & EPS)	Quarterly				Nine Months		
	<u>3Q17</u>	<u>4Q17</u>	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>2017</u>	<u>2018</u>
Shipments (in millions of lbs)	150	153	166	169	159	473	494
Net Sales	\$333	\$353	\$388	\$415	\$393	\$1,044	\$1,197
Value Added Revenue ¹	\$187	\$194	\$203	\$210	\$205	\$593	\$618
As Reported:							
Operating Income ²	\$42	\$42	\$37	\$35	\$35	\$111	\$107
Net Income (loss)	\$20	(\$15)	\$26	\$21	\$22	\$61	\$68
EPS ³	\$1.16	(\$0.90)	\$1.51	\$1.22	\$1.29	\$3.49	\$4.03
Adjusted:							
Operating Income ⁴	\$33	\$37	\$38	\$44	\$36	\$122	\$118
EBITDA ⁵	\$43	\$48	\$48	\$55	\$47	\$151	\$150
EBITDA margin ⁶	23.1%	24.6%	23.8%	26.0%	23.1%	25.5%	24.3%
Net Income ⁷	\$16	\$20	\$27	\$28	\$24	\$68	\$80
EPS ⁸	\$0.90	\$1.22	\$1.60	\$1.68	\$1.43	\$3.89	\$4.72

¹ Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 22-23

² 2017 restated to reflect the retrospective adoption of ASU 2017-07

³ As Reported EPS = Reported Earnings Per diluted Share; refer to slides 26-27

⁴ Adjusted Operating Income = Consolidated Operating Income before non-run-rate; refer to slides 24-25

⁵ EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 24-25

⁶ EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

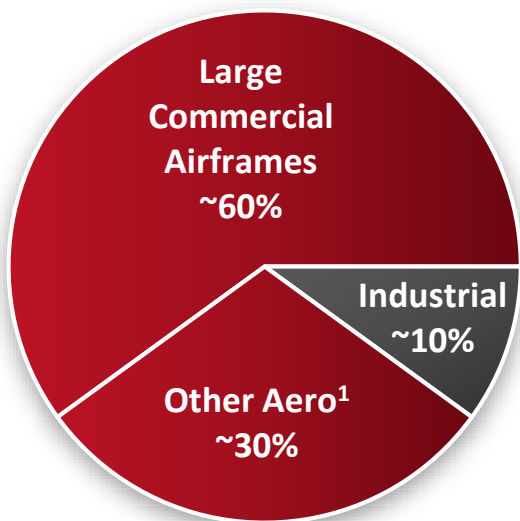
⁷ Adjusted Net Income = Reported Net Income excluding non-run-rate items; refer to slides 26-27

⁸ Adjusted EPS = Reported Earnings Per diluted Share excluding non-run-rate items; refer to slides 26-27

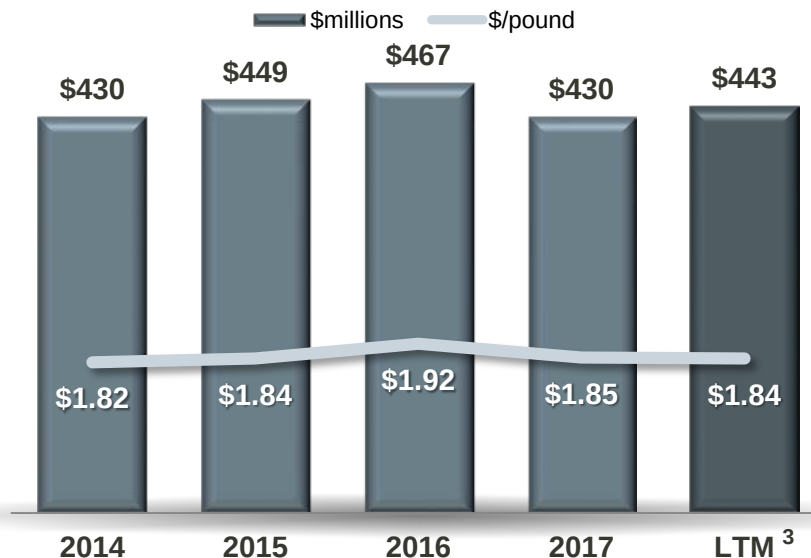
Totals may not sum due to rounding

Outlook – Aero/High Strength

Kaiser's Served Market Applications



Aerospace / High Strength Value Added Revenue²



- Positive outlook unchanged
- Expect commercial aerospace destocking to continue to moderate
- Increased defense spending expected to further bolster demand for military applications
- Expect FY2018 shipments to increase by mid-single-digit percent year-over-year

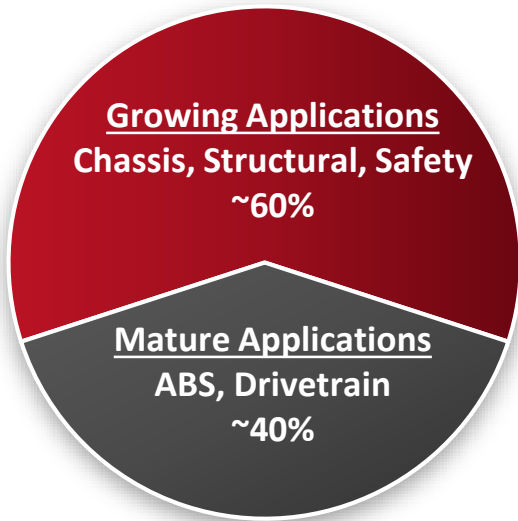
¹ Includes regional jets, business jets, military and other aircraft

² Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 23-24

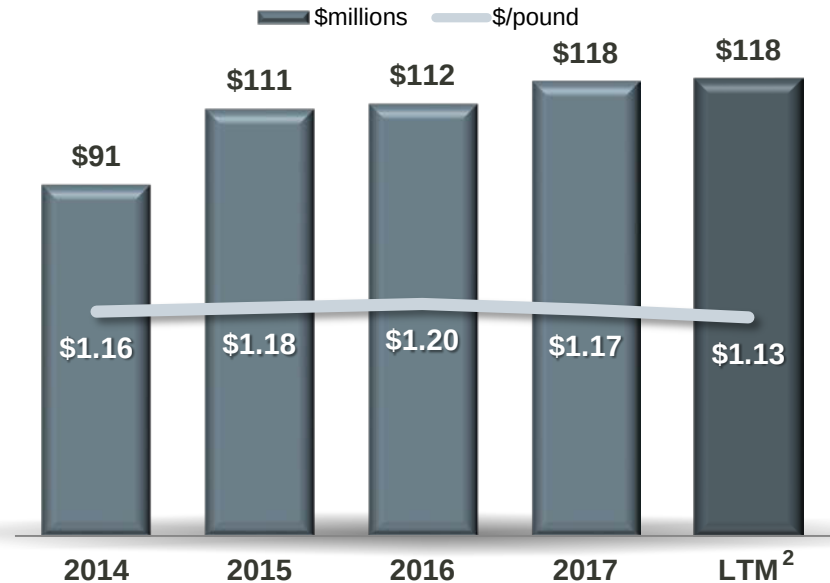
³ LTM = Last Twelve Months, as of September 30, 2018

Outlook – Automotive Extrusions

Kaiser's Served Market Applications



Automotive Extrusion Value Added Revenue¹



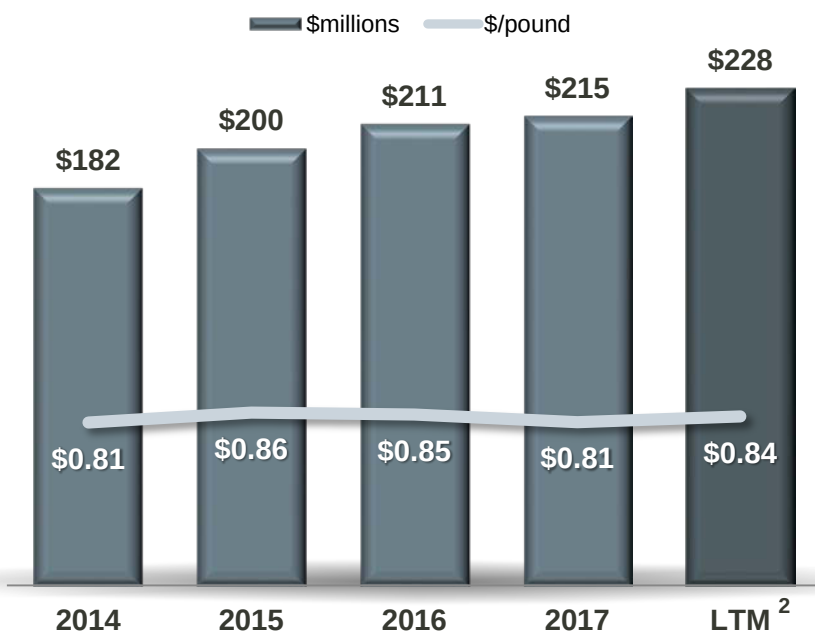
- Positive outlook unchanged
- Anticipate 2018 N.A. build rates to be similar to 2017
- Expect mid-single-digit shipment and VAR growth compared to 2017
- Kaiser content becoming more vehicle-specific with growth in bumpers, chassis and structures
- VAR \$ per pound likely to continue declining as product mix becomes leaner
- Significant 2019 transition with end-of-life programs and new program launches in 2019

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

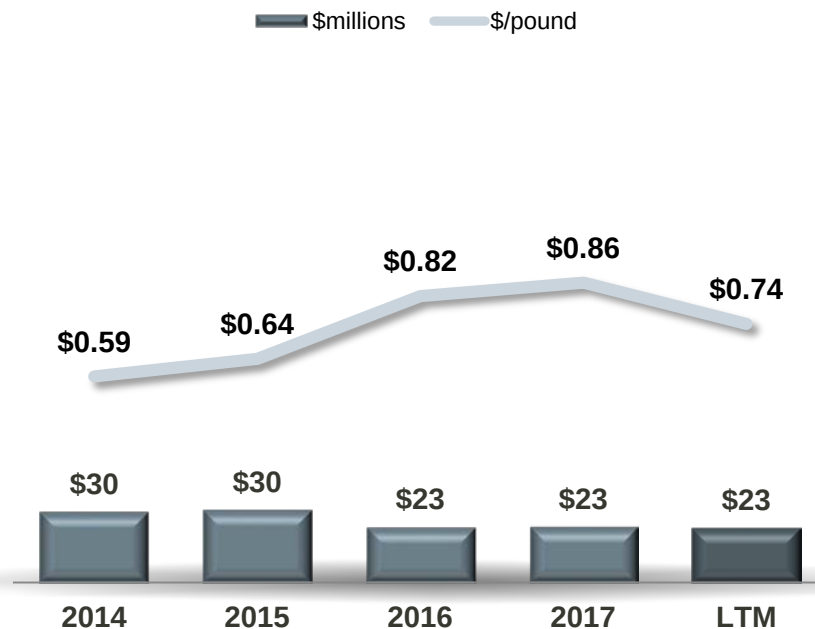
² LTM = Last Twelve Months, as of September 30, 2018

Outlook – Industrial Applications

General Engineering Value Added Revenue¹



Other Applications Value Added Revenue



- Current demand is strong - 6% VAR CAGR since 2014

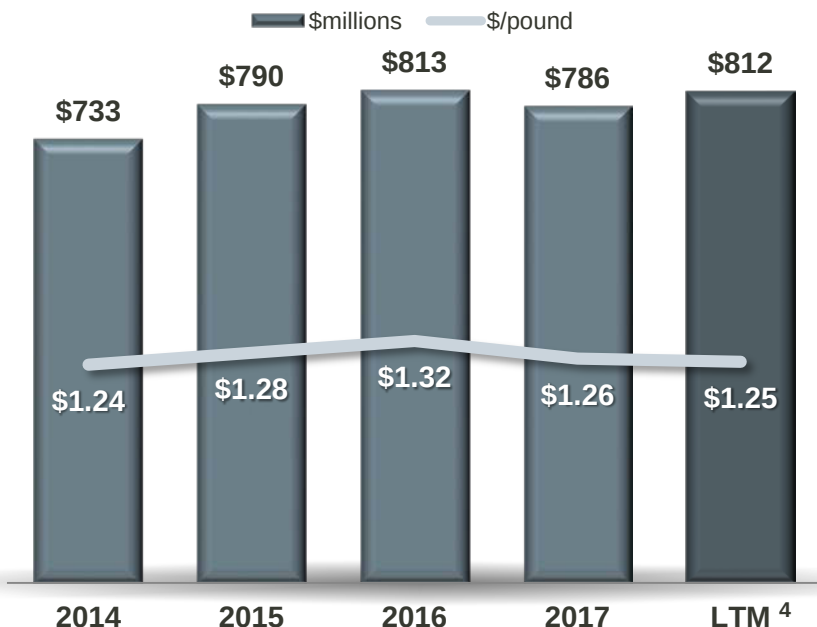
- VAR for non-core “Other” applications expected to continue to steadily decline as capacity is redirected to more strategic applications

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

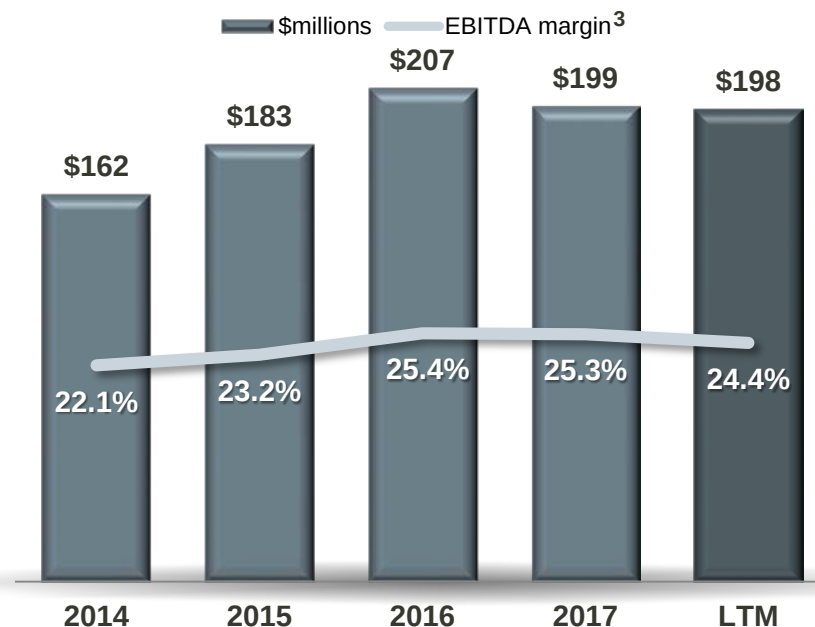
² LTM = Last Twelve Months, as of September 30, 2018

Summary 2018 Outlook

Value Added Revenue¹



EBITDA²



- Positive overall outlook unchanged
- Aerospace demand improving as supply chain destocking moderates
- Planned hot line and stretcher outage rescheduled from 4Q2018 to mid-2019
- Expect steady improvement in operational performance; benefit from recent investments
- Expect sequentially reduced tariff costs, potential retroactive recovery of portion of 3Q costs
- FY18 shipments and VAR expected to increase mid-single-digit percent y/y with EBITDA margin in mid-20s

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, 2018

Summary

- **2018 outlook unchanged:**
 - Moderating headwinds from aero supply chain destocking
 - Continued demand growth for automotive applications
 - Pressure on margins from high metal and freight costs
 - Continued underlying manufacturing cost efficiency momentum driven by investments
- **Long-term outlook:**
 - Continuing secular demand growth for automotive and aerospace applications
 - Trentwood modernization to drive further efficiency, quality and capacity benefits
- **Strong balance sheet and cash flow generation support further investments in quality, efficiency and capacity as well as return of cash to shareholders**

KAISER
ALUMINUM

A photograph of several aluminum extrusions, including a round rod and several rectangular bars, arranged diagonally across the frame. The metal has a brushed finish and is set against a plain white background.

Appendix

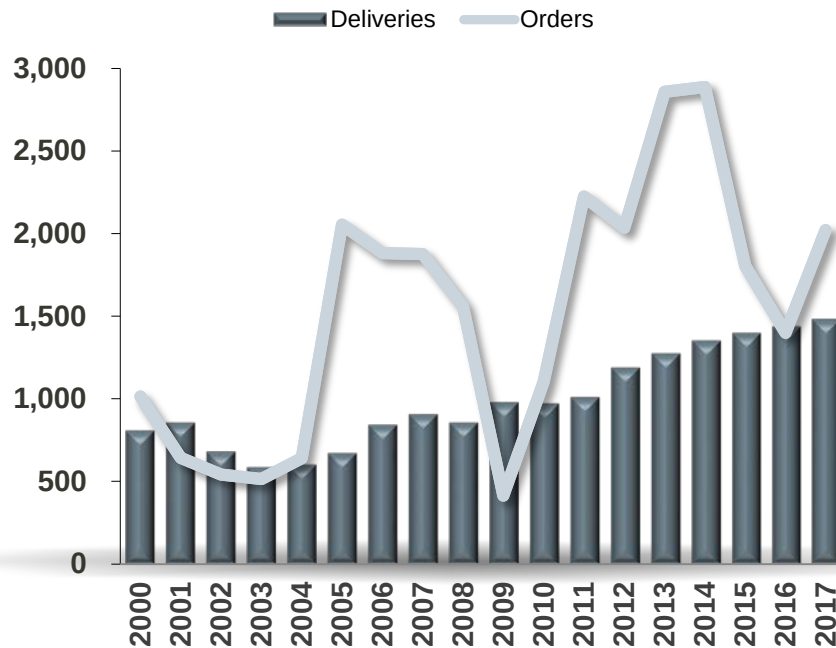
Company Summary

A leader in fabricated aluminum products

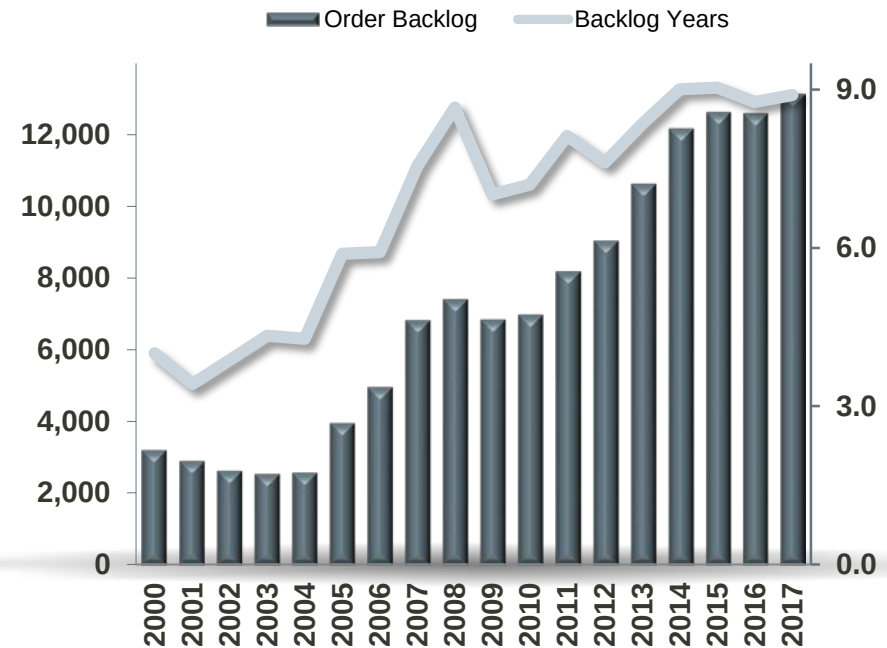
- Leading North American semi-fabricated specialty aluminum products manufacturing company serving global markets
- Reputation for Best In Class customer satisfaction driven by quality, availability, service and delivery performance
- Emphasis on highly engineered specifications for aerospace, defense, 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

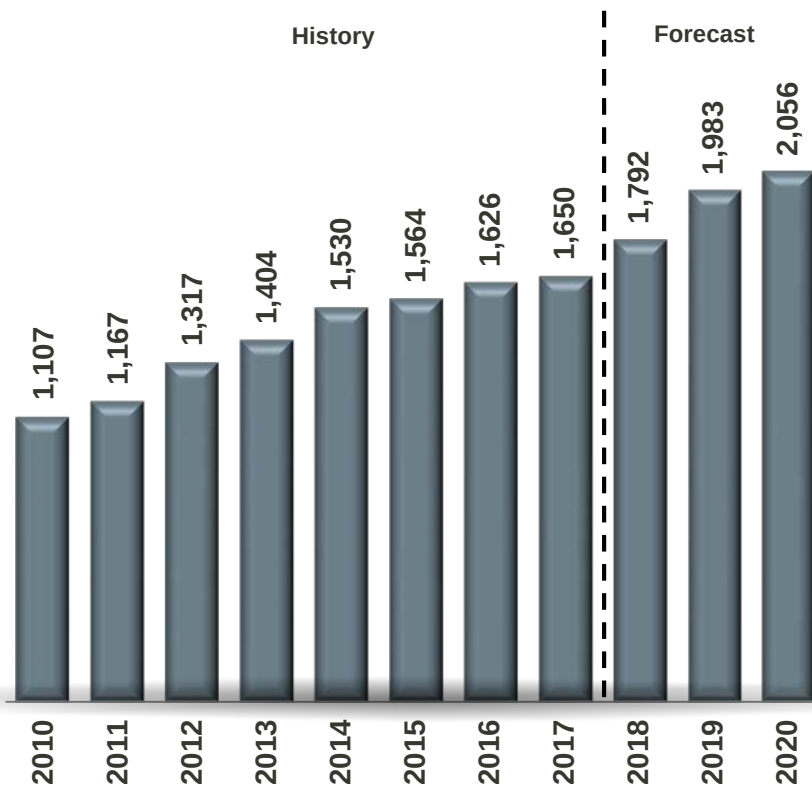


- Boeing/Airbus record 2017 deliveries were up 3%
- 2017 orders equate to 1.4 years of production

- Backlog ~9 years at 2017 production

Total Commercial Airframe Deliveries

Global Commercial Airframe Builds > 50 seats
(airframes)

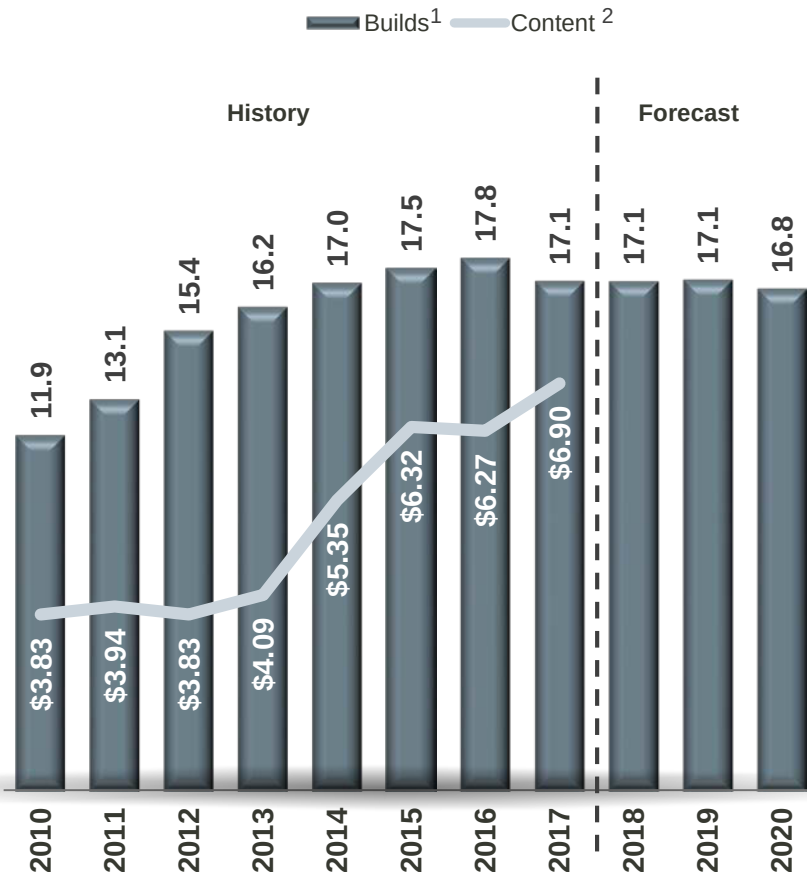


Robust secular growth trend

- Driven by global air travel growing at 5% CAGR (revenue passenger miles) over several decades
- 9-year order backlog for airframes and growing demand

Automotive Demand Trend

North American Light Vehicle Production
(Millions of vehicles)



Robust secular growth trend

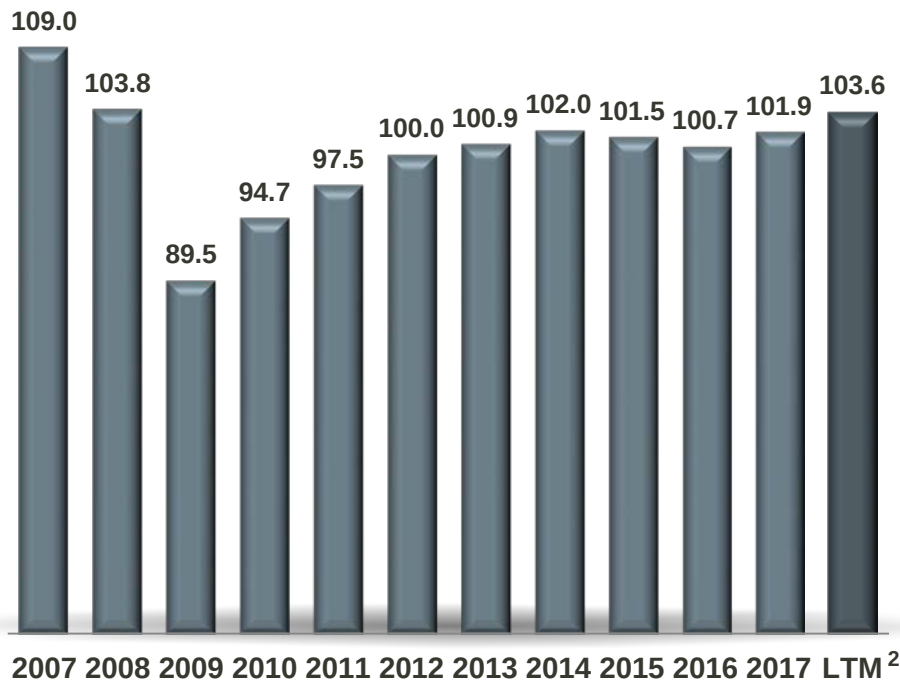
- Driven by increasing aluminum extrusion content as original equipment manufacturers continue to light-weight new vehicles, achieve greater fuel efficiency and comply with stringent federal regulations
- Kaiser is well-positioned
 - Strong market presence, reputation for performance
 - Market focused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

¹ Builds = IHS

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

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

¹ Represents Annual Averages indexed to 2012; Source: Federal Reserve statistics for U.S. manufacturing

² LTM = Last Twelve Months, as of September 30, 2018

Non-run-rate Adjustments

Mark-to-market

- Our hedging-related derivatives are marked-to-market and reflected at fair value on our balance sheet. Non-cash gains and losses on certain derivatives are recognized in income.

Consolidated LIFO¹ to Plant LIFO Adjustment

- We report externally using the LIFO inventory valuation method on an annual *consolidated* basis
- We manage our business using the LIFO inventory valuation method on a monthly *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

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Shipments (lbs, mm)											
Aero & High Strength	63.7	60.0	55.5	64.0	60.4	59.0	53.4	60.2	57.4	60.2	62.7
General Engineering	63.1	64.6	62.7	59.4	71.2	67.8	64.1	61.6	74.3	72.2	62.7
Automotive Extrusions	24.5	23.7	22.6	22.1	25.5	25.9	24.5	25.1	26.7	28.8	24.1
Other Applications ¹	8.0	6.7	7.4	6.2	6.5	6.8	7.6	6.1	7.7	7.7	9.3
Total	159.3	155.0	148.2	151.7	163.6	159.5	149.6	153.0	166.1	168.9	158.8
Value Added Revenue ² (\$mm)											
Aero & High Strength	\$ 122.6	\$ 116.8	\$ 108.6	\$ 118.9	\$ 111.9	\$ 110.2	\$ 98.4	\$ 109.8	\$ 106.6	\$ 113.8	\$ 112.5
General Engineering	53.3	54.1	53.0	50.8	57.0	55.6	52.6	49.8	60.3	59.2	58.4
Automotive Extrusions	28.6	29.3	27.6	26.3	29.5	30.3	28.9	29.0	30.3	31.6	27.5
Other Applications	6.1	5.7	6.2	5.1	5.5	6.1	6.6	5.1	5.4	5.6	6.6
Total	\$ 210.7	\$ 205.9	\$ 195.4	\$ 201.0	\$ 203.9	\$ 202.2	\$ 186.5	\$ 193.7	\$ 202.6	\$ 210.2	\$ 205.0
Value Added Revenue (\$/lb.)											
Aero & High Strength	\$ 1.92	\$ 1.95	\$ 1.96	\$ 1.86	\$ 1.85	\$ 1.87	\$ 1.84	\$ 1.82	\$ 1.86	\$ 1.89	\$ 1.79
General Engineering	0.84	0.84	0.85	0.86	0.80	0.82	0.82	0.81	0.81	0.82	0.93
Automotive Extrusions	1.17	1.24	1.22	1.19	1.16	1.17	1.18	1.16	1.13	1.10	1.14
Other Applications	0.76	0.85	0.84	0.82	0.85	0.90	0.87	0.84	0.70	0.73	0.71
Overall ³	\$ 1.32	\$ 1.33	\$ 1.32	\$ 1.32	\$ 1.25	\$ 1.27	\$ 1.25	\$ 1.27	\$ 1.22	\$ 1.24	\$ 1.29

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

	FY 2014	FY 2015	FY 2016	FY 2017	LTM ¹
Shipments (lbs, mm)					
Aero & High Strength	236.9	243.5	243.2	233.0	240.5
General Engineering	223.4	231.4	249.9	264.7	270.8
Automotive Extrusions	78.5	93.5	92.9	101.0	104.7
Other Applications ²	50.0	47.0	28.3	27.0	30.8
Total	588.8	615.4	614.3	625.7	646.8
Value Added Revenue ³ (\$mm)					
Aero & High Strength	\$ 430.2	\$ 449.1	\$ 466.9	\$ 430.3	\$ 442.7
General Engineering	181.9	200.0	211.2	215.0	227.7
Automotive Extrusions	90.9	110.5	111.8	117.7	118.4
Other Applications	29.5	30.3	23.1	23.3	22.7
Total	\$ 732.5	\$ 789.9	\$ 813.0	\$ 786.3	\$ 811.5
Value Added Revenue (\$/lb.)					
Aero & High Strength	\$ 1.82	\$ 1.84	\$ 1.92	\$ 1.85	\$ 1.84
General Engineering	0.81	0.86	0.85	0.81	0.84
Automotive Extrusions	1.16	1.18	1.20	1.17	1.13
Other Applications	0.59	0.64	0.82	0.86	0.74
Overall ⁴	\$ 1.24	\$ 1.28	\$ 1.32	\$ 1.26	\$ 1.25

¹ LTM = Last Twelve Months, as of September 30, 2018

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										
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Consolidated - Reported Net Income (Loss)	\$26.3	\$26.0	\$14.9	\$24.5	\$36.0	\$4.7	\$19.9	(\$15.2)	\$25.7	\$20.7	\$21.7
Interest Expense	3.7	5.5	5.5	5.6	5.6	5.5	5.3	5.8	5.6	5.7	5.7
Other (Income) Expense	(0.3)	10.7	-	(0.1)	(0.8)	0.1	0.2	0.5	(0.1)	0.5	(0.7)
Income Tax Provision	15.1	15.7	9.4	15.3	18.5	2.2	16.1	50.8	5.9	7.8	8.2
Consolidated - Reported Operating Income¹	\$44.8	\$57.9	\$29.8	\$45.3	\$59.3	\$12.5	\$41.5	\$41.9	\$37.1	\$34.7	\$34.9
Operating NRR ² items:											
Mark-to-Market (Gains) Losses	(4.0)	(10.9)	(2.0)	(1.8)	(15.1)	11.9	(10.8)	(5.4)	6.3	5.5	2.9
Consolidated LIFO to Plant LIFO Adjustment	0.2	(2.1)	4.1	(1.6)	0.4	1.5	2.0	(0.1)	(5.7)	3.3	(2.2)
Lower of Cost or Market Inventory Write-Down	4.9	-	-	-	-	-	-	-	-	-	-
Workers' Compensation Discount Rate Effect	-	(0.1)	0.1	(0.3)	0.1	0.1	(0.1)	(0.1)	(0.4)	-	(0.2)
Goodwill Impairment	-	-	-	-	-	18.4	-	-	-	-	-
Impairment Losses	-	0.1	2.7	-	-	-	-	0.8	0.1	-	-
Legacy Environmental	-	-	-	0.1	-	-	0.2	0.1	0.3	0.2	1.0
VEBA Net Periodic Benefit Cost ¹	0.8	0.9	0.8	0.9	-	-	-	-	-	-	-
Gain on Removal of Union VEBA Net Assets ^{1,3}	(0.1)	-	-	-	-	-	-	-	-	-	-
Total Operating NRR Items	1.8	(12.1)	5.7	(2.7)	(14.6)	31.9	(8.7)	(4.7)	0.6	9.0	1.5
Consolidated Operating Income before operating NRR	46.6	45.8	35.5	42.6	44.7	44.4	32.8	37.2	37.7	43.7	36.4
Depreciation & Amortization - Consolidated	8.7	9.0	9.0	9.3	9.6	9.5	10.2	10.4	10.5	10.9	11.0
Consolidated - Adjusted EBITDA	\$55.3	\$54.8	\$44.5	\$51.9	\$54.3	\$53.9	\$43.0	\$47.6	\$48.2	\$54.6	\$47.4

¹ 2017 restated to reflect the retrospective adoption of ASU 2017-07

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

Reconciliation of Reported Net Income to Adjusted EBITDA

(in \$ millions)	Annual				
	2014	2015	2016	2017	LTM ¹
Consolidated - Reported Net Income (Loss)	\$71.8	(\$236.6)	\$91.7	\$45.4	\$52.9
Interest Expense	37.5	24.1	20.3	22.2	22.8
Other (Income) Expense	(6.7)	1.8	10.3	-	0.2
Income Tax Provision (Benefit)	35.3	(135.2)	55.5	87.6	72.7
Consolidated - Reported Operating Income (Loss)²	\$137.9	(\$345.9)	\$177.8	\$155.2	\$148.6
Operating NRR ³ items:					
Mark-to-Market Losses (Gains)	10.4	3.4	(18.7)	(19.4)	9.3
Consolidated LIFO to Plant LIFO Adjustment	4.0	(7.0)	0.6	3.8	(4.7)
Lower of Cost or Market Inventory Write-Down	-	2.6	4.9	-	-
Workers' Compensation Discount Rate Effect	-	0.2	(0.3)	-	(0.7)
Goodwill Impairment	-	-	-	18.4	-
Impairment Loss	1.5	0.1	2.8	0.8	0.9
Legacy Environmental	0.8	1.3	0.1	0.3	1.6
VEBA Net Periodic Benefit (Income) Cost ²	(23.7)	2.4	3.4	-	-
Loss (Gain) on Removal of Union VEBA Net Assets ^{2,4}	-	493.4	(0.1)	-	-
Total Operating NRR Items	(7.0)	496.4	(7.3)	3.9	6.4
Consolidated Operating Income before operating NRR	130.9	150.5	170.5	159.1	155.0
Depreciation & Amortization - Consolidated	31.1	32.4	36.0	39.7	42.8
Consolidated - Adjusted EBITDA	\$162.0	\$182.9	\$206.5	\$198.8	\$197.8

¹ LTM = Last Twelve Months, as of September 30, 2018

² 2017 restated to reflect the retrospective adoption of ASU 2017-07

³ NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

⁴ 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)

<i>(in \$ millions except EPS)</i>	Quarterly										
	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>	<u>2Q17</u>	<u>3Q17</u>	<u>4Q17</u>	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>
GAAP Net Income (Loss)	\$ 26.3	\$ 26.0	\$ 14.9	\$ 24.5	\$ 36.0	\$ 4.7	\$ 19.9	\$ (15.2)	\$ 25.7	\$ 20.7	\$ 21.7
Operating NRR ^{1,2} Items	1.8	(12.1)	5.7	(2.7)	(14.6)	31.9	(8.7)	(4.7)	0.6	9.0	1.5
Non-Operating NRR Items ^{2,3}	-	-	-	-	(0.2)	1.1	1.7	1.9	1.5	1.5	1.5
Tax impact of above NRR items	(0.6)	4.6	(2.1)	1.0	5.5	(12.4)	2.6	1.2	(0.5)	(2.8)	(0.8)
NRR tax charge	-	-	-	-	-	-	-	37.2	-	-	-
Adjusted Net Income	\$ 27.5	\$ 18.5	\$ 18.5	\$ 22.8	\$ 26.7	\$ 25.3	\$ 15.5	\$ 20.4	\$ 27.3	\$ 28.4	\$ 23.9
GAAP earnings (losses) per diluted share ⁴	\$ 1.44	\$ 1.43	\$ 0.82	\$ 1.37	\$ 2.04	\$ 0.27	\$ 1.16	\$ (0.90)	\$ 1.51	\$ 1.22	\$ 1.29
Adjusted earnings per diluted share⁴	\$ 1.51	\$ 1.02	\$ 1.02	\$ 1.27	\$ 1.52	\$ 1.47	\$ 0.90	\$ 1.22	\$ 1.60	\$ 1.68	\$ 1.43

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

² 2017 restated to reflect the retrospective adoption of ASU 2017-07

³ Non-Operating NRR Items do not contribute to Reported Operating Income and represent the non-service-cost component of the net periodic benefit cost relating to the Salaried VEBA

⁴ 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				
	2014	2015	2016	2017	LTM ¹
GAAP Net Income (Loss)	\$ 71.8	\$ (236.6)	\$ 91.7	\$ 45.4	\$ 52.9
Operating NRR ^{2,3} Items	(7.0)	496.4	(7.3)	3.9	6.4
Non-Operating NRR Items ^{3,4}	(3.6)	—	—	4.5	6.4
Tax impact of above NRR items	4.0	(186.0)	2.7	(3.1)	(2.9)
NRR tax (benefit) charge	(2.4)	(2.2)	—	37.2	37.2
Adjusted Net Income	\$ 62.8	\$ 71.6	\$ 87.1	\$ 87.9	\$ 100.0
GAAP earnings (losses) per diluted share ⁵	\$ 3.86	\$ (13.76)	\$ 5.09	\$ 2.63	\$ 3.12
Adjusted earnings per diluted share⁵	\$ 3.38	\$ 3.95	\$ 4.83	\$ 5.09	\$ 5.93

¹ LTM = Last Twelve Months, as of September 30, 2018

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

³ 2017 restated to reflect the retrospective adoption of ASU 2017-07

⁴ 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 the non-service-cost component of the net periodic benefit cost relating to the Salaried VEBA

⁵ Diluted shares for EPS calculated using treasury method

Totals may not sum due to rounding

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