



To Our Shareholders,

More than twenty years ago, we committed to transform Kaiser Aluminum into an industry leader, drawing on the rich history of a strong brand name and valued by all stakeholders – our customers, suppliers, investors, employees, and our communities. As a management team we sought to define a clear strategic vision for Kaiser to become uniquely positioned in the industry, focused on leveraging our metallurgical and process technology to provide our customers “Best-in-Class” products and services and maintaining financial strength and flexibility. Fundamental management practices, a core component of our strategy, have guided our activities and will continue to be integral to advancing the company in the years ahead.

- **Maintain a clearly stated, focused, consistent strategy.** The strategy we developed twenty years ago, while continually challenged and refined, remains the same strategy that we have today. Focus on technically challenging applications in aerospace, automotive and industrial markets where we can establish a defensible competitive position, differentiate with superior quality, delivery and customer service, and compete as a low cost producer with premium products and services. We have efficiently invested in our business and have built a platform with competitive strength and the ability to expand. Our strategy has generated a solid track record of steady growth and long-term shareholder value creation.
- **Maintain flawless operational execution.** Solid execution built upon a clear and focused strategy is critical to success, and although not always flawless, is a trademark of our operations. We are committed to continuous improvement through effective strategy deployment, focusing our teams and employees on tactical initiatives aligned with our overall strategy and values. We have facilitated operational excellence and consistently improved our manufacturing performance over the past two decades utilizing lean manufacturing and six sigma tools. We have only begun to realize our full potential, and have identified further initiatives to drive our performance.
- **Maintain a culture to promote high-level performance and ethical behavior.** We expect our team to pursue and achieve excellence, and we mandate that our employees and teams conform to high standards of integrity and ethical behavior as we pursue excellence the right way. Our performance goals aim to motivate

the best efforts that each of us at Kaiser have to offer. We are proud of our culture, and we find that it attracts talented people with high standards to join our team.

- **Maintain a fast, flexible, flat organization that reduces bureaucracy.** Our management systems and procedures provide clear guidelines for strategy, execution and behavior, and we empower our employees to pursue excellence within those guidelines. This enables our focused facilities to operate and exhibit small company nimbleness and responsiveness supported by the financial and organizational resources of a much larger public company.
- **Retain talented employees and recruit more to achieve deep bench strength.** Our talented workforce is the key factor underlying our success. We employ extensive internal and external training and development programs and focus our recruiting to enhance the quality and depth of our technical and managerial resources. Our incentive programs are aligned with our strategic objectives and priorities and are designed to drive results. Today we have the strongest organization in decades, and we continue to expand our talent management initiatives to pursue the significant long term potential for further success.
- **Select leaders who are committed to the business and its people.** Our senior management team has been together since 1996, and we have similar stories throughout the company. Customers and investors alike cite this unique feature, along with the consistent business strategy, as critical differentiation driving our industry-leading performance. Beyond the senior management team, our culture, and focused strategy is embedded throughout the organization creating a strong commitment to the company.

Today we have a strong, industry-leading business well-positioned for the future with attractive growing markets, competitive strength, well-defined operational improvement opportunities, and financial strength and flexibility to invest in growth. We are very optimistic that our strategy deployment will continue to deliver attractive long-term shareholder returns.

2016 Highlights:

2016 was marked by step-change results: record value added revenue, adjusted EBITDA, EBITDA margin, and underlying manufacturing cost efficiency. While we benefited from favorable market conditions, our strong operational execution was the primary driver of the 2016 record results.

Our “Best-in-Class” customer satisfaction performance was a key enabler supporting strong sales across our broad product offering, and our previous investments for quality, capacity, and efficiency across the platform facilitated the strong sales and manufacturing performance. In addition, a focused effort in our purchasing and manufacturing

operations around the procurement and utilization of scrap resulted in lower input raw material costs. We expect to continue to benefit from these initiatives going forward.

We continued to execute on our capital investment program to maintain asset integrity and to further enhance quality and manufacturing efficiency and expand capacity. Our total capital spending in 2016 of \$76 million was predominantly focused on two projects, the \$150 million 5-year efficiency and modernization project at our Trentwood rolling mill to further advance Trentwood's cost and quality leadership position and to meet continued long-term demand growth, and the installation of a new press line at our Sherman, Texas facility to further expand our automotive extrusion capacity.

In addition to the \$76 million of capital investments, we continued to maintain a balanced approach to capital deployment and returned \$66 million to shareholders through dividends and share repurchases. Consistent with our cash priorities, we have continued to steadily increase our quarterly dividend over the past several years, including a 12.5% increase in early 2016 and an additional 11% in early 2017. More recently, the Board authorized an additional \$100 million for ongoing share repurchases, reconfirming confidence in our long-term outlook for the business.

Outlook:

We expect that 2017 will be a transition year as we navigate a supply chain overhang for our aerospace products and planned equipment downtime and operational disruption at Trentwood related to the efficiency and modernization program.

Although we have supply chain destocking and significant strategic project work at Trentwood in 2017, we expect the destocking to be short-lived. The majority of the project work at Trentwood will be completed in 2017 and will position us to transition into 2018 and 2019 with enhanced quality and efficiency and expanded capacity to address anticipated strong demand growth.

We remain very optimistic about Kaiser's future. Top-line growth will be facilitated by secular demand growth for aerospace, automotive and general engineering applications, and, with additional investments in quality, efficiency and production capacity, we will continue to capitalize on these growth opportunities. In addition, we continue to benefit from investments to improve manufacturing cost efficiency and overall throughput further strengthening our competitive position.

We also continue to evaluate acquisition opportunities with a disciplined approach, assessing such investment

opportunities through a stringent strategic filter to evaluate the fit and opportunity to provide a compelling value proposition. We believe that our current business platform has the ability to generate strong shareholder value without having to make an acquisition. Our focus remains opportunistic and prudent in our evaluation not to erode or destroy the business we have built over the years. Sometimes walking away and staying the course has been our best decision.

Our cash and capital deployment priorities remain unchanged – (1) investing in our business, (2) investing in complementary acquisitions that enhance shareholder value, (3) maintaining and increasing our quarterly dividend, and (4) returning excess cash to shareholders while retaining financial strength and flexibility to successfully navigate various business cycles and respond as opportunities arise to further create long-term value for our shareholders.

A consistent strategy, along with strong execution and efficient capital investments in the business, has enabled the growth and results we have delivered over the years. As we continue to benefit from previous and future investments, we position the company for the opportunities and challenges ahead.

I want to thank all of our stakeholders - customers, suppliers, investors, employees and the communities in which we operate - for their ongoing contribution and support. Their efforts have made Kaiser Aluminum what it is today – a highly differentiated, well-respected leader in our industry – and a company well positioned for continued growth and success in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack A. Hockema". The signature is fluid and cursive, with a large initial "J" and "H".

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

April 28, 2017

Forward-Looking Statements

This letter contains 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 involving known and unknown risks and uncertainties that may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied. Kaiser Aluminum 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. A number of these risk factors are summarized in the Company's reports filed with the Securities and Exchange Commission, including the Company's Form 10-K for the year ended December 31, 2016. As more fully described in these reports, "non-run-rate" items are items that, while they may occur from period to period, are particularly material to results, impact costs primarily as a result of external market factors and may not occur in future periods if the same level of underlying performance were to occur. All information in this release is as of the date of the release. 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.