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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1995

Commission file number 1-9447

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

Delaware 94-3030279
(State of incorporation) (I.R.S. Employer Identification No.)

5847 San Felipe, Suite 2600, Houston, Texas 77057-3010
(Address of principal executive offices) (Zip Code)

(713) 267-3777
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

At July 31, 1995, the registrant had 58,253,103 shares of common stock outstanding.

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(In millions of dollars)

June 30, December 31,
1995 1994

(Unaudited)

Assets		
Current assets:		
Cash and cash equivalents	\$ 14.8	\$ 17.6
Receivables	252.8	199.2
Inventories	516.8	468.0
Prepaid expenses and other current assets	87.1	158.0
	-----	-----
Total current assets	871.5	842.8
Investments in and advances to unconsolidated affiliates	171.1	169.7
Property, plant, and equipment - net	1,112.5	1,133.2
Deferred income taxes	280.1	271.2
Other assets	312.3	281.2
	-----	-----
Total	\$2,747.5	\$2,698.1
	=====	=====
Liabilities & Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 136.1	\$ 152.1
Accrued interest	32.9	32.6
Accrued salaries, wages, and related expenses	68.0	77.7
Accrued postretirement medical benefit obligation - current portion	47.0	47.0
Other accrued liabilities	144.1	176.9
Payable to affiliates	84.3	85.3
Long-term debt - current portion	8.9	11.5
	-----	-----
Total current liabilities	521.3	583.1
Long-term liabilities	545.2	495.5
Accrued postretirement medical benefit obligation	738.8	734.9
Long-term debt	792.0	751.1
Minority interests	116.0	116.2
Stockholders' equity:		
Preferred stock	.6	.6
Common stock	.6	.6
Additional capital	528.5	527.8
Accumulated deficit	(486.4)	(502.6)
Additional minimum pension liability	(9.1)	(9.1)
	-----	-----
Total stockholders' equity	34.2	17.3
	-----	-----
Total	\$2,747.5	\$2,698.1
	=====	=====

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

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED INCOME (LOSS)
(Unaudited)
(In millions of dollars, except per share amounts)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	1995	1994	1995	1994
	-----	-----	-----	-----
Net sales	\$583.4	\$459.5	\$1,096.4	\$874.6
	-----	-----	-----	-----
Costs and expenses:				
Cost of products sold	463.8	419.0	890.5	806.8
Depreciation	23.7	25.1	47.4	50.0

Selling, administrative, research and development, and general	32.3	29.6	62.3	57.6
Total costs and expenses	519.8	473.7	1,000.2	914.4
Operating income (loss)	63.6	(14.2)	96.2	(39.8)
Other income (expense):				
Interest and other income (expense) - net	(1.3)	1.2	(2.1)	3.2
Interest expense	(23.8)	(22.2)	(47.4)	(43.6)
Income (loss) before income taxes, minority interests, and extraordinary loss	38.5	(35.2)	46.7	(80.2)
Credit (provision) for income taxes	(13.9)	12.3	(16.8)	28.1
Minority interests	(1.3)	(.7)	(3.1)	(.8)
Income (loss) before extraordinary loss	23.3	(23.6)	26.8	(52.9)
Extraordinary loss on early extinguishment of debt, net of tax benefit of \$2.9				(5.4)
Net income (loss)	23.3	(23.6)	26.8	(58.3)
Dividends on preferred stock	(5.3)	(5.3)	(10.6)	(9.5)
Net income (loss) attributable to common shareholders	\$ 18.0	\$ (28.9)	\$ 16.2	\$ (67.8)
Earnings (loss) per common and common equivalent share:				
Primary:				
Income (loss) before extraordinary loss	\$.31	\$ (.50)	\$.28	\$ (1.08)
Extraordinary loss				(.09)
Net income (loss)	\$.31	\$ (.50)	\$.28	\$ (1.17)
Fully diluted	\$.27			
Weighted average common and common equivalent shares outstanding (000):				
Primary	58,207	58,096	58,206	58,096
Fully diluted	85,272			

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

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED CASH FLOWS (Unaudited) (In millions of dollars)

	Six Months Ended June 30,	
	1995	1994
Cash flows from operating activities:		
Net income (loss)	\$ 26.8	\$ (58.3)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation	47.4	50.0
Non-cash postretirement medical benefit expenses	3.9	6.9
Amortization of excess investment over equity in net assets of unconsolidated affiliates	5.8	5.8
Amortization of deferred financing costs and discount on long-term debt	2.7	3.5
Equity in (income) losses of unconsolidated affiliates	(7.1)	1.3
Minority interests	3.1	.8
Extraordinary loss on early extinguishment of debt - net		5.4
(Increase) decrease in receivables	(60.2)	7.1

(Increase) decrease in inventories	(48.8)	32.4
Decrease (increase) in prepaid expenses and other current assets	57.8	(12.8)
Incurrence of financing costs	(.8)	(18.5)
Decrease in accounts payable	(16.0)	(15.7)
Increase in accrued interest	.5	8.7
Decrease in payable to affiliates and accrued liabilities	(6.6)	(7.9)
Decrease in accrued and deferred income taxes	(4.8)	(33.6)
Other	6.8	(3.9)
	-----	-----
Net cash provided by (used for) operating activities	10.5	(28.8)
	-----	-----
Cash flows from investing activities:		
Net proceeds from disposition of property and investments	1.2	2.8
Capital expenditures	(27.1)	(21.7)
Redemption fund for minority interest preference stock	(.3)	(1.3)
	-----	-----
Net cash used for investing activities	(26.2)	(20.2)
	-----	-----
Cash flows from financing activities:		
Repayments of long-term debt, including revolving credit	(299.9)	(322.7)
Borrowings of long-term debt, including revolving credit	340.8	353.5
Repayment of note payable	(3.4)	
Net short-term debt repayments		(.5)
Dividends paid	(15.9)	(9.5)
Capital stock issued		100.4
Redemption of minority interests' preference stock	(8.7)	(8.4)
	-----	-----
Net cash provided by financing activities	12.9	112.8
	-----	-----
Net (decrease) increase in cash and cash equivalents during the period	(2.8)	63.8
Cash and cash equivalents at beginning of period	17.6	14.7
	-----	-----
Cash and cash equivalents at end of period	\$ 14.8	\$ 78.5
	=====	=====
Supplemental disclosure of cash flow information:		
Interest paid, net of capitalized interest	\$ 44.2	\$ 31.4
Income taxes paid	16.8	5.4

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

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In millions of dollars, except prices and per share amounts)

1. General

Kaiser Aluminum Corporation (the "Company") is a subsidiary of MAXXAM Inc. ("MAXXAM"). MAXXAM owns approximately 62% of the Company's common stock, after giving effect to the conversion of each outstanding \$.65 Depositary Share (the "Depositary Shares"), each representing ownership of one-tenth of a share of Series A Mandatory Conversion Premium Dividend Preferred Stock (the "Series A Shares") (see Note 6), and assuming the conversion of each outstanding share of 8.255% PRIDES, Convertible Preferred Stock (the "PRIDES"), into one share of the Company's common stock, with the remaining approximately 38% publicly held. The Company operates through its direct subsidiary, Kaiser Aluminum & Chemical Corporation ("KACC").

The foregoing unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions

to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments necessary for a fair statement of the results for the interim periods presented have been included. Operating results for the first half of 1995 are not necessarily indicative of the results that may be expected for the year ending December 31, 1995. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 1994. Certain reclassifications of prior-period information were made to conform to the current presentation.

2. Inventories

The classification of inventories is as follows:

	June 30, 1995	December 31, 1994

Finished fabricated aluminum products	\$ 62.4	\$ 49.4
Primary aluminum and work in process	218.4	203.1
Bauxite and alumina	115.9	102.3
Operating supplies and repair and maintenance parts	120.1	113.2

Total	\$516.8	\$468.0
	=====	

Substantially all product inventories are stated at last-in, first-out (LIFO) cost, not in excess of market. Replacement cost is not in excess of LIFO cost.

3. Earnings (Loss) per Common and Common Equivalent Share

Primary earnings (loss) per common and common equivalent share is computed by deducting (adding) preferred stock dividends from (to) net income (loss) in order to determine net income (loss) attributable to common shareholders. This amount is then divided by the weighted average number of common and common equivalent shares outstanding during the period. Fully diluted earnings per common and common equivalent share is computed by dividing net income by the weighted average number of common shares outstanding during the period after giving effect to common equivalent shares arising from preferred stock and nonqualified stock options assumed converted to common shares. For the six months ended June 30, 1995, and the quarter and six months ended June

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

30, 1994, common equivalent shares attributable to the preferred stock and nonqualified stock options were excluded from the calculation of weighted average shares because they were antidilutive.

4. Contingencies

Environmental Contingencies - The Company and KACC are subject to a wide variety of environmental laws and regulations and to fines or penalties assessed for alleged breaches of the environmental laws and

to claims and litigation based on such laws. KACC currently is subject to a number of lawsuits under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments Reauthorization Act of 1986 ("CERCLA"), and, along with certain other entities, has been named as a potentially responsible party for remedial costs at certain third-party sites listed on the National Priorities List under CERCLA.

Based on the Company's evaluation of these and other environmental matters, the Company has established environmental accruals primarily related to potential solid waste disposal and soil and groundwater remediation matters. At June 30, 1995, the balance of such accruals, which is primarily included in Long-term liabilities, was \$41.3. These environmental accruals represent the Company's estimate of costs reasonably expected to be incurred based on presently enacted laws and regulations, currently available facts, existing technology, and the Company's assessment of the likely remediation action to be taken. The Company expects that these remediation actions will be taken over the next several years and estimates that annual expenditures to be charged to these environmental accruals will be approximately \$3.0 to \$11.0 for the years 1995 through 1999 and an aggregate of approximately \$11.0 thereafter.

As additional facts are developed and definitive remediation plans and necessary regulatory approvals for implementation of remediation are established or alternative technologies are developed, changes in these and other factors may result in actual costs exceeding the current environmental accruals. The Company believes that it is reasonably possible that costs associated with these environmental matters may exceed current accruals by amounts that could range, in the aggregate, up to approximately \$21.0. While uncertainties are inherent in the final outcome of these environmental matters, and it is presently impossible to determine the actual costs that ultimately may be incurred, management currently believes that the resolution of such uncertainties should not have a material adverse effect on the Company's consolidated financial position or results of operations.

Asbestos Contingencies - KACC is a defendant in a number of lawsuits in which the plaintiffs allege that certain of their injuries were caused by, among other things, exposure to asbestos during, and as a result of, their employment or association with KACC or exposure to products containing asbestos produced or sold by KACC. The lawsuits generally relate to products KACC has not manufactured for at least 15 years. At June 30, 1995, the number of such lawsuits pending was approximately 31,700.

Based on past experience and reasonably anticipated future activity, the Company has established an accrual for estimated asbestos-related costs for claims filed and estimated to be filed and settled through 2008. The Company's accrual was calculated based on the current and anticipated number of asbestos-related claims, the prior timing and amounts of asbestos-related payments, the current state of case law related to asbestos claims, and the advice of counsel. Accordingly, an asbestos-related cost accrual of \$134.6, before considerations for insurance recoveries, is included primarily in Long-term liabilities at June 30, 1995. The Company estimates that annual future cash payments in connection with such litigation will be approximately \$11.0 to \$13.0 for each of the years 1995 through 1999, and an aggregate of approximately \$74.0 thereafter through 2008. The Company does not presently believe there is a reasonable basis for estimating such costs beyond 2008 and, accordingly, no accrual has been recorded for such costs which may be incurred beyond 2008.

recover a substantial portion of its asbestos-related costs. While claims for recovery from some of KACC's insurance carriers are currently subject to pending litigation and other carriers have raised certain defenses, the Company believes, based on prior insurance-related recoveries in respect of asbestos-related claims, existing insurance policies, and the advice of counsel, that substantial recoveries from the insurance carriers are probable. Accordingly, an estimated aggregate insurance recovery of \$120.6, determined on the same basis as the asbestos-related cost accrual, is recorded primarily in Other assets at June 30, 1995.

While uncertainties are inherent in the final outcome of these asbestos matters and it is presently impossible to determine the actual costs that ultimately may be incurred and the insurance recoveries that will be received, management currently believes that, based on the factors discussed in the preceding paragraphs, the resolution of the asbestos-related uncertainties and the incurrence of asbestos-related costs net of related insurance recoveries should not have a material adverse effect on the Company's consolidated financial position or results of operations.

Other Contingencies - The Company and KACC are involved in various other claims, lawsuits, and other proceedings relating to a wide variety of matters. While uncertainties are inherent in the final outcome of such matters, and it is presently impossible to determine the actual costs that ultimately may be incurred, management currently believes that the resolution of such uncertainties and the incurrence of such costs should not have a material adverse effect on the Company's consolidated financial position or results of operations.

5. Derivative Financial Instruments and Related Hedging Programs

KACC enters into primary metal hedging transactions with off-balance sheet risk in the normal course of business. The prices realized by the Company under certain sales contracts for alumina, primary aluminum, and fabricated aluminum products as well as the costs incurred by the Company on certain items, such as aluminum scrap, rolling ingot, power, and bauxite, fluctuate with the market price of primary aluminum, together resulting in a "net exposure" of earnings. The primary metal hedging transactions are designed to mitigate the net exposure of earnings to declines in the market price of primary aluminum, while retaining the ability to participate in favorable environments that may materialize. KACC has developed strategies which include forward sales of primary aluminum at fixed prices and the purchase or sale of options for primary aluminum. In this regard, in respect of its remaining 1995 anticipated net exposure, at June 30, 1995, KACC had net forward sales contracts for 157,725 tons* of primary aluminum at fixed prices, purchased call options in respect of 34,500 tons of primary aluminum, purchased put options to establish a minimum price for 96,750 tons of primary aluminum, and entered into option contracts that established a price range for 45,000 tons of primary aluminum. In respect of its 1996 anticipated net exposure, at June 30, 1995, the Company had sold forward 15,000 tons of primary aluminum at fixed prices.

KACC also enters into hedging transactions in the normal course of business that are designed to reduce its exposure to fluctuations in foreign exchange rates. At June 30, 1995, KACC had net forward foreign exchange contracts totaling approximately \$149.9 for the purchase of 207.0 Australian dollars through April 1997.

At June 30, 1995, the net unrealized loss on KACC's position in aluminum forward sales and option contracts (based on a market price of \$1,808 per ton of primary aluminum) and forward foreign exchange contracts was \$3.8.

KACC has established margin accounts with its counterparties related to aluminum forward sales and option contracts. KACC is entitled to receive advances from counterparties related to unrealized gains and, in turn, is required to make margin deposits with counterparties to cover unrealized losses related to these contracts.

* All references to tons in this report refer to metric
tons of 2,204.6 pounds.

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

At June 30, 1995, KACC had \$4.0, compared with \$50.5 at December 31, 1994, on deposit with various counterparties in respect of such unrealized losses. These amounts are recorded in Prepaid expenses and other current assets.

See Note 10 of the Notes to Consolidated Financial Statements for the year ended December 31, 1994.

6. Subsequent Event

On July 21, 1995, the Company announced that it is calling for redemption of all 1,938,295 of its Series A Shares on September 19, 1995. Redemption of the Series A Shares will result in the simultaneous redemption of all 19,382,950 Depositary Shares in exchange for (i) 13,126,521 shares of the Company's common stock determined by dividing the Call Price (as defined) in effect on the redemption date (\$110.218 per Series A Share) by the Current Market Price (as defined) per share of common stock (\$16.275) determined as of July 19, 1995, pursuant to the Certificate of Designations of the Series A Shares, (ii) an amount in cash equal to all accrued and unpaid dividends to and including the day immediately prior to redemption date, and (iii) cash in lieu of any fractional shares of common stock that would otherwise be issuable.

The primary earnings per share for the quarter and six months ended June 30, 1995, would have been \$.30 and \$.32, respectively, if the redemption of Series A Shares had taken place at the beginning of each period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION ----- AND RESULTS OF OPERATIONS

(In millions of dollars, except shipments, prices, and per
share amounts)

The following should be read in conjunction with the response to Item 1, Part I, of this Report.

Results of Operations

The Company's operating results are sensitive to changes in prices of alumina, primary aluminum, and fabricated aluminum products, and also depend to a significant degree on the volume and mix of all products sold and on KACC's hedging strategies. See Note 5 of Notes to Interim Consolidated Financial Statements for an explanation of KACC's hedging strategies. The table on the following page provides selected operational and financial information on a consolidated basis with respect to the Company for the quarter and six months ended June 30, 1995 and 1994. As an integrated aluminum producer, the Company uses a portion of its bauxite, alumina, and primary aluminum production for additional processing at certain of its other facilities. Intracompany shipments and sales are excluded from the information set forth on the following page.

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

SELECTED OPERATIONAL AND FINANCIAL INFORMATION

	Quarter Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
Shipments:<F1>				
Alumina	576.6	574.2	1,023.1	1,042.4
Aluminum products:				
Primary aluminum	63.8	63.1	111.5	127.4
Fabricated aluminum products	99.4	104.9	193.9	201.7
Total aluminum products	163.2	168.0	305.4	329.1
Average realized sales price:				
Alumina (per ton)	\$ 206	\$ 159	\$ 202	\$ 157
Primary aluminum (per pound)	.83	.55	.82	.55
Net sales:				
Bauxite and alumina:				
Alumina	\$118.7	\$ 91.3	\$ 206.6	\$ 163.8
Other <F2><F3>	23.9	20.4	43.0	40.8
Total bauxite and alumina	142.6	111.7	249.6	204.6
Aluminum processing:				
Primary aluminum	116.6	76.8	201.6	154.1
Fabricated aluminum products	319.8	267.4	636.0	508.9
Other <F3>	4.4	3.6	9.2	7.0
Total aluminum processing	440.8	347.8	846.8	670.0
Total net sales	\$583.4	\$459.5	\$1,096.4	\$ 874.6
Operating income (loss):				
Bauxite and alumina	\$ 20.2	\$ (.1)	21.6	\$ (2.5)
Aluminum processing	62.7	4.1	112.0	(1.9)
Corporate	(19.3)	(18.2)	(37.4)	(35.4)
Total operating income (loss)	\$ 63.6	\$ (14.2)	\$ 96.2	\$ (39.8)
Income (loss) before income taxes, minority interests, and extraordinary loss	\$ 38.5	\$ (35.2)	\$ 46.7	\$ (80.2)
Income (loss) before extraordinary loss	\$ 23.3	\$ (23.6)	\$ 26.8	\$ (52.9)
Extraordinary loss on early extinguishment of debt, net of tax benefit of \$2.9				(5.4)
Net income (loss)	\$ 23.3	\$ (23.6)	\$ 26.8	\$ (58.3)
Capital expenditures	\$ 13.4	\$ 12.1	\$ 27.1	\$ 21.7

<FN>

<F1> In thousands of tons.

<F2> Includes net sales of bauxite.

<F3> Includes the portion of net sales attributable to minority interests in consolidated subsidiaries.

</FN>

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

Net Sales

Bauxite and Alumina - Revenue from net sales to third parties for the bauxite and alumina segment was 28% higher in the second quarter of 1995 than in the second quarter of 1994, and was 22% higher in the first half of 1995 than in the first half of 1994. Revenue from alumina increased 30% in the second quarter of 1995 from the second quarter of 1994, and increased 26% in the first half of 1995 from the first half of 1994, due to higher average realized prices.

Aluminum Processing - Revenue from net sales to third parties for the aluminum processing segment was 27% higher in the second quarter of 1995 than in the second quarter of 1994, and was 26% higher in the first half of 1995 than in the first half of 1994. Revenue from primary aluminum increased 52% in the second quarter of 1995 from the second quarter of 1994, due to higher average realized prices, and increased 31% in the first half of 1995 from the first half of 1994, due to higher average realized prices partially offset by decreased shipments caused by the strike by the United Steelworkers of America ("USWA") discussed below. Shipments of primary aluminum to third parties were approximately 39% and 37% of total aluminum products shipments in the second quarter and first half of 1995, respectively, compared with approximately 38% and 39% in the second quarter and first half of 1994, respectively. Revenue from fabricated aluminum products increased 20% in the second quarter of 1995 from the second quarter of 1994, and increased 25% in the first half of 1995 from the first half of 1994, due to higher average realized prices partially offset by lower shipments for most of these products.

Operating Income (Loss)

Improved operating results in the first half of 1995 were partially offset by (i) an eight-day strike at five major domestic locations by the USWA, (ii) a six-day strike by the National Workers Union at the Company's 65%-owned Alpart alumina refinery in Jamaica, and (iii) a four-day disruption of alumina production at Alpart caused by a boiler failure. The combined impact of these events on the first half results was approximately \$17.0 in the aggregate (on a pre-tax basis) principally from lower production volume and other related costs.

Bauxite and Alumina - This segment had operating income in the second quarter and the first half of 1995, compared with an operating loss in the second quarter and the first half of 1994, principally due to higher revenue. First half results were partially offset by the effect of the strikes and boiler failure.

Aluminum Processing - This segment had significantly higher operating income in the second quarter of 1995 than in the second quarter of 1994, and had operating income in the first half of 1995, compared with an operating loss in the first half of 1994, principally due to higher revenue. First half results were partially offset by the effect of the strike by the USWA.

Corporate - Corporate operating expenses represented corporate general and administrative expenses which are not allocated to the

Company's segments.

Net Income (Loss)

The Company had net income of \$.31 and \$.28 per common and common equivalent share for the second quarter and the first half of 1995, respectively, compared with a net loss of \$.50 and \$1.17 per common and common equivalent share for the second quarter and first half of 1994, respectively. The principal reason for these changes was the improvement in operating income previously described.

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

Liquidity and Capital Resources

Operating Activities

At June 30, 1995, the Company had working capital of \$350.2, compared with working capital of \$259.7 at December 31, 1994. The increase in working capital was due to an increase in Receivables (as a result of an increase in net sales) and Inventories (as a result of lower shipments) and a decrease in Accounts payable and Other accrued liabilities. The increase in working capital is partially offset by a decrease in Prepaid expenses and other current assets (due to lower margin deposits). See Note 5 of the Notes to Interim Consolidated Financial Statements.

Investing Activities

Cash used for investing activities in the second quarter and the first half of 1995 primarily consisted of capital expenditures to improve production efficiency, reduce operating costs, and expand capacity at existing facilities.

Financing Activities

At June 30, 1995, the Company had long-term debt of \$792.0, compared with \$751.1 at December 31, 1994. In March 1995, the 1994 Credit Agreement (see Note 5 of the Notes to Consolidated Financial Statements for the year ended December 31, 1994) was amended by the Second Amendment to Credit Agreement (the "Second Amendment"). The Second Amendment provided, among other things, for an increase in the revolving line of credit from \$275.0 to \$325.0. At June 30, 1995, \$204.8 (of which \$57.2 could have been used for letters of credit) was available to KACC under the 1994 Credit Agreement. As of July 20, 1995, the 1994 Credit Agreement was amended by the Third Amendment to Credit Agreement in connection with the investment by Kaiser Yellow River Investment Limited, a subsidiary of KACC, in Yellow River Aluminum Industry Company, an aluminum smelter joint venture in the People's Republic of China.

Trends

On June 15, 1995, KACC announced that it had signed an agreement with The Washington Water Power Company (the "WWP") to purchase up to 50 megawatts of electrical energy to supply its Northwest facilities. The agreement is for a five-year term beginning October 1, 1995. Such power would displace a portion of KACC's interruptible power supply from the Bonneville Power Administration (the "BPA"), and could save KACC in excess of \$7.0 over the term of the agreement compared to current BPA rates, assuming that KACC would purchase 50 megawatts for the entire term of the agreement. KACC also announced that it had signed an electric power services agreement with the WWP for the WWP to represent KACC in discussions and solicitations with energy suppliers other than the BPA.

The BPA has formally announced its proposed rate of 22.6 mills for power to be sold to its direct service industrial customers (the "DSIs"), which includes KACC, beginning October 1, 1996, for a term of either two years or five years, at the election of each of the DSIs. Such a rate, if implemented, would represent a rate reduction of approximately 15% from the BPA rates currently in effect, and would reduce production costs at KACC's Mead and Tacoma, Washington, smelters by approximately \$12.0 per year based on the current operating rate of those smelters. However, final adoption of the BPA rate for the period beginning October 1, 1996, is subject to completion of the public rate setting process, and there is no certainty that the proposed rate decrease, or any rate decrease, will become effective as of October 1, 1996, or at any other time.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As reported and more fully described in "Item 3. LEGAL PROCEEDINGS - Catellus Development Corporation v. Kaiser Aluminum & Chemical Corporation and James L. Ferry & Son, Inc." in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 (the "10-K"), the trial involving this case commenced in March 1995. During the trial, Plaintiffs (as defined in the 10-K) settled their claims against Catellus Development Corporation ("Catellus") in exchange for payment of approximately \$3.25 million. Subsequently, on June 2, 1995, the United States District Court for the Northern District of California issued an Order on the remaining claims finding, among other things, that KACC is liable for various costs aggregating approximately \$1.34 million, as well as interest, fifty percent (50%) of future costs of cleaning up certain parts of the Property (as defined in the 10-K), and certain fees and costs associated specifically with the claim by Catellus against KACC. KACC has estimated the aggregate interest payable to be approximately \$.53 million. Entry of judgment is pending.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of stockholders of the Company was held on May 17, 1995, at which meeting the stockholders voted to elect management's slate of nominees as directors of the Company, and voted upon a proposal to approve the Kaiser 1995 Executive Incentive Compensation Program.

Nominees for Director

The nominees for election as directors of the Company are listed below, together with the number of votes cast for, against, and withheld with respect to each such nominee, as well as the number of abstentions and broker nonvotes with respect to each such nominee:

Robert J. Cruikshank	
Votes For:	59,767,000
Votes Against:	
Votes Withheld:	33,760
Abstentions:	
Broker Nonvotes:	
George T. Haymaker, Jr.	
Votes For:	59,768,427
Votes Against:	

Votes Withheld: 32,332
Abstentions:
Broker Nonvotes:

Charles E. Hurwitz
Votes For: 59,764,385
Votes Against:
Votes Withheld: 36,375
Abstentions:
Broker Nonvotes:

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KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

Ezra G. Levin
Votes For: 59,763,905
Votes Against:
Votes Withheld: 36,855
Abstentions:
Broker Nonvotes:

Robert Marcus
Votes For: 59,770,095
Votes Against:
Votes Withheld: 30,664
Abstentions:
Broker Nonvotes:

Robert J. Petris
Votes For: 59,767,231
Votes Against:
Votes Withheld: 33,528
Abstentions:
Broker Nonvotes:

Kaiser 1995 Executive Compensation Program

The vote with respect to the proposal to approve the Kaiser 1995 Executive Incentive Compensation Program was as follows:

Votes For: 59,520,221
Votes Against: 200,783
Votes Withheld:
Abstentions: 63,755
Broker Nonvotes: 16,000

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

Exhibit No. Exhibit
----- -----

4.1 Third Amendment to Credit Agreement, dated as of July 20, 1995, amending the Credit Agreement, dated as of February 17, 1994, as amended, among the Company, KACC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent.

27 Financial Data Schedule.

(b) Reports on Form 8-K.

No report on Form 8-K was filed by the Company during the quarter ended June 30, 1995.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, who has signed this report on behalf of the registrant and as the principal financial officer of the registrant.

KAISER ALUMINUM CORPORATION

/s/ John T. La Duc
By:-----
John T. La Duc
Vice President and
Chief Financial Officer

Dated: August 9, 1995

EXECUTION COPY

THIRD AMENDMENT TO CREDIT AGREEMENT AND ACKNOWLEDGEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT AND
ACKNOWLEDGEMENT (this "Amendment"), dated as of July 20, 1995, is

by and between KAISER ALUMINUM & CHEMICAL CORPORATION, a Delaware
corporation (the "Company"), KAISER ALUMINUM CORPORATION, a

Delaware corporation (the "Parent Guarantor"), the various

financial institutions that are or may from time to time become
parties to the Credit Agreement referred to below (collectively,
the "Lenders" and, individually, a "Lender"), and BANKAMERICA

BUSINESS CREDIT, INC., a Delaware corporation, as agent (in such
capacity, together with its successors and assigns in such
capacity, the "Agent") for the Lenders. Capitalized terms used,

but not defined, herein shall have the meanings given to such
terms in the Credit Agreement, as amended hereby.

W I T N E S S E T H:

WHEREAS, the Company, the Parent Guarantor, the Lenders
and the Agent are parties to the Credit Agreement, dated as of
February 15, 1994, as amended by the First Amendment to Credit
Agreement, dated as of July 21, 1994, and the Second Amendment to
Credit Agreement, dated as of March 10, 1995 (the "Credit

Agreement"); and

WHEREAS, the parties hereto have agreed to amend the
Credit Agreement as herein provided;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Amendments to Credit Agreement.

1.1 Amendment to Article I: Definitions.

A. The definition of "Joint Venture Affiliate"
contained in Section 1.1 of the Credit Agreement is hereby

amended by inserting the phrase "Yellow River Aluminum, Yellow
River Investment Company (but only at such time as Yellow River
Investment Company is not a Subsidiary of the Company and is an
Affiliate of the Company)" after the term "Furukawa," in the
second line thereof.

B. The following definitions are hereby added to
Section 1.1 of the Credit Agreement in the appropriate

alphabetical order:

"Yellow River Aluminum" means Yellow River Aluminum

Industry Company, a corporation organized under the laws of the
People's Republic of China.

"Yellow River Investment Company" means Kaiser Yellow

River Investment Limited, a corporation organized under the laws
of Bermuda.

1.2 Amendments to Article IX: Covenants.

A. Clause (b) (ii) of Section 9.2.2 of the Credit

Agreement is hereby amended by (i) adding the phrase "or Yellow
River Investment Company" after the term "KAAC" in the first
parenthetical contained in clause (A) thereof; (ii) adding the

phrase "(other than Yellow River Investment Company)" after the
phrase "Subsidiary of the Company" contained in clause (B)

thereof; and (iii) adding the phrase "(other than Yellow River
Investment Company)" after the phrase "Subsidiary of the Company"
the first time it appears in clause (C) thereof.

B. Section 9.2.2 of the Credit Agreement is hereby

amended by adding the phrase "Yellow River Investment Company,"
after the term "AJI," in the parenthetical contained in clause

(b) (xvii) thereof.

C. Section 9.2.2 of the Credit Agreement is hereby

further amended by (i) deleting the word "and" at the end of
clause (b) (xvi) thereof; and (ii) adding the following as new

clause (b) (xviii) thereof:

"(xviii) Indebtedness of Yellow River Investment
Company to the Company in an aggregate principal amount not to
exceed \$2,000,000 outstanding at any one time; and"

D. Clause (e) of Section 9.2.5 of the Credit

Agreement is hereby amended by adding the phrase "and other than
Investments in Yellow River Investment Company" at the end of the
parenthetical contained therein.

E. Clause (n) of Section 9.2.5 of the Credit

Agreement is hereby amended by adding the phrase ", Yellow River
Investment Company or Yellow River Aluminum" after the term
"MAXXAM" at the end of the parenthetical contained therein.

F. Clause (o) of Section 9.2.5 of the Credit

Agreement is hereby amended by adding the phrase "(other than
Yellow River Investment Company and Yellow River Aluminum)" after
the term "Joint Venture Affiliates" the first time it appears
therein.

G. Section 9.2.5 of the Credit Agreement is hereby

amended by (i) deleting the word "and" at the end of clause (o)

thereof; (ii) deleting the period at the end of clause (p)

thereof and substituting the phrase "; and" therefor; and (iii)
adding the following as new clauses (q) and (r) thereof:

"(q) Investments by Company in Yellow River Investment
Company in an amount not to exceed \$32,000,000 (less any

Indebtedness outstanding under Section 9.2.2(b)(xviii)) in the

aggregate at any time outstanding and Investments by Yellow River
Investment Company in Yellow River Aluminum in an amount not to
exceed \$32,000,000 in the aggregate at any time outstanding.

"(r) Indebtedness which is an Investment permitted by
clause (b)(xviii) of Section 9.2.2."

H. Section 9.2.18 of the Credit Agreement is hereby

amended by amending clause (vi) thereof to read in its entirety

as follows:

"(vi) Investments permitted by Sections 9.2.5(f),

9.2.5(n), 9.2.5(o), 9.2.5(q) and 9.2.5(r); and"

Section 2. Amendments to Collateral Documents.

The parties agree that, as of the Third Amendment
Effective Date, the Company Pledge Agreement shall be amended as
set forth in Exhibit B hereto.

Section 3. Acknowledgement.

Subject to the terms and conditions set forth herein
and in reliance on the representations and warranties of Company
herein contained, Lenders hereby acknowledge that the agreement
by the Company and Yellow River Investment Company to invest up
to approximately \$61,000,000 in Yellow River Aluminum by making
installment payments in the form of (i) one or more cash payments
of up to approximately \$10,000,000 on or about July 21, 1995 and
(ii) one or more cash payments of up to approximately \$51,000,000
due on or about January 21, 1996 does not constitute
"Indebtedness" for purposes of the Credit Agreement.

Section 4. Conditions to Effectiveness.

This Amendment shall become effective as of the date
hereof (the "Third Amendment Effective Date") only when the

following conditions shall have been met and notice thereof shall
have been given by the Agent to the Parent Guarantor, the
Company, the Agent and each Lender:

A. The Agent shall have received for each Lender
counterparts hereof duly executed on behalf of the Parent
Guarantor, the Company, the Agent and the Required Lenders (or
notice of the approval of this Amendment by the Required Lenders
satisfactory to the Agent shall have been received by the Agent),
together with counterparts of the Second Amendment to Company
Pledge Agreement, dated as of July 20, 1995, between Company and
Agent and a Pledge Amendment to the Company Pledge Agreement with

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respect to a portion of the stock of Yellow River Investment
Company (collectively, the "Pledge Amendments") duly executed on

behalf of the Company and the Agent.

B. The Agent shall have received:

(1) Resolutions of the Board of Directors or of
the Executive Committee of the Company and the Parent Guarantor
approving and authorizing the execution, delivery and performance
of this Amendment and the Pledge Amendments, certified by its

corporate secretary or an assistant secretary as being in full force and effect without modification or amendment as of the date of execution hereof by the Company or the Parent Guarantor, as the case may be;

(2) A signature and incumbency certificate of the officers of the Company and the Parent Guarantor executing this Amendment and the Pledge Amendments;

(3) Certified copies of Yellow River Investment Company's Articles of Incorporation;

(4) Copies of Yellow River Investment Company's Bylaws, certified as of the date of delivery to Agent by its corporate secretary or an assistant secretary;

(5) For each Lender an opinion, addressed to the Agent and each Lender, from Kramer, Levin, Naftalis, Nessen, Kamin & Frankel, in substantially the form of Exhibit A attached hereto, with such changes therein as shall be satisfactory to the Agent; and

(6) Such other information approvals, opinions, documents, or instruments as the Agent may reasonably request.

Section 5. Conditions Subsequent.

On or prior to August 17, 1995, the Agent shall have received:

A. Stock certificates evidencing 65% of the issued and outstanding shares of capital stock of Yellow River Investment Company, accompanied by undated stock powers duly executed in blank, together with any other documents required to create an enforceable pledge of 65% of the shares of Yellow River Investment Company under the laws of Bermuda; and

B. For each Lender an opinion, addressed to the Agent and each Lender, from the Company's counsel in Bermuda, in form and substance satisfactory to Agent, with respect to the perfection of Lenders' security interest in 65% of the shares of Yellow River Investment Company.

Section 6. Company's Representations and Warranties.

In order to induce the Lenders and the Agent to enter into this Amendment and to amend the Credit Agreement and the other Loan Documents in the manner provided herein, the Parent Guarantor and the Company represent and warrant to each Lender and the Agent that, as of the Third Amendment Effective Date after giving effect to the effectiveness of this Amendment, the following statements are true and correct in all material respects:

A. Authorization of Agreements. The execution and

delivery of this Amendment by the Company and the Parent Guarantor and the performance of the Credit Agreement as amended by this Amendment (the "Amended Agreement") by the Company and

the Parent Guarantor are within such Obligor's corporate powers and have been duly authorized by all necessary corporate action on the part of the Company and the Parent Guarantor, as the case may be.

B. No Conflict. The execution and delivery by the

Company and the Parent Guarantor of this Amendment and the performance by the Company and the Parent Guarantor of the Amended Agreement do not:

(1) contravene such Obligor's Organic Documents;

(2) contravene the Indenture dated as of February 1, 1993, as amended by the First Supplemental Indenture dated May 1, 1993, between the Company, and Kaiser Finance Corporation, Kaiser Alumina Australia Corporation, Alpart Jamaica Inc. and Kaiser Jamaica Corporation, as Subsidiary Guarantors, and The First National Bank of Boston, as Trustee, or the Indenture dated as of February 17, 1994, between the Company, and Kaiser Finance Corporation, Kaiser Alumina Australia Corporation, Alpart Jamaica Inc. and Kaiser Jamaica Corporation, as Subsidiary Guarantors, and First Trust National Association, as Trustee, or contravene any other contractual restriction where such a contravention has a reasonable possibility of having a Materially Adverse Effect or contravene any law or governmental regulation or court decree or order binding on or affecting such Obligor or any of its Subsidiaries; or

(3) result in, or require the creation or imposition of, any Lien on any of such Obligor's properties or any of the properties of any Subsidiary of such Obligor, other than pursuant to the Loan Documents.

C. Binding Obligation. This Amendment has been duly

executed and delivered by the Company and the Parent Guarantor and this Amendment and the Amended Agreement constitute the

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legal, valid and binding obligations of the Company and the Parent Guarantor, enforceable against the Company and the Parent Guarantor in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally and by general principles of equity.

D. Governmental Approval, Regulation, etc. No

authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other Person is required for the due execution, delivery or performance of this Amendment by the Company or the Parent Guarantor other than such actions as may be required under the laws of Bermuda.

E. Incorporation of Representations and Warranties

from Credit Agreement. Each of the statements set forth in

Section 7.2.1 of the Credit Agreement is true and correct.

Section 7. Acknowledgement and Consent.

The Company is a party to the Company Collateral Documents, in each case as amended through the Third Amendment Effective Date, pursuant to which the Company has created Liens in favor of the Agent on certain Collateral to secure the Obligations. The Parent Guarantor is a party to the Parent Collateral Documents, in each case as amended through the Third Amendment Effective Date, pursuant to which the Parent Guarantor has created Liens in favor of the Agent on certain Collateral and pledged certain Collateral to the Agent to secure the Obligations of the Parent Guarantor. Certain Subsidiaries of the Company are parties to the Subsidiary Guaranty and/or one or more of the Subsidiary Collateral Documents, in each case as amended through the Third Amendment Effective Date, pursuant to which such Subsidiaries have (i) guaranteed the Obligations and/or (ii) created Liens in favor of the Agent on certain Collateral. The Company, the Parent Guarantor and such Subsidiaries are collectively referred to herein as the "Credit Support Parties",

and the Company Collateral Documents, the Parent Collateral Documents, the Subsidiary Guaranty and the Subsidiary Collateral Documents are collectively referred to herein as the "Credit Support Documents".

Each Credit Support Party hereby acknowledges that it has reviewed the terms and provisions of the Credit Agreement as amended by this Amendment and consents to the amendment of the Credit Agreement effected as of the date hereof pursuant to this Amendment and the amendment of the other Loan Documents effected as of the date hereof.

Each Credit Support Party acknowledges and agrees that any of the Credit Support Documents to which it is a party or

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otherwise bound shall continue in full force and effect. Each Credit Support Party hereby confirms that each Credit Support Document to which it is a party or otherwise bound and all Collateral encumbered thereby will continue to guaranty or secure, as the case may be, the payment and performance of all obligations guaranteed or secured thereby, as the case may be.

Each Credit Support Party (other than the Company and the Parent Guarantor) acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Credit Support Party is not required by the terms of the Credit Agreement or any other Loan Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Credit Support Party to any future amendments to the Credit Agreement.

Section 8. Miscellaneous.

A. Reference to and Effect on the Credit Agreement

and the Other Loan Documents.

(1) On and after the Third Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Amended Agreement.

(2) The acknowledgement set forth above shall be limited precisely as written and relates solely to the interpretation of the definition of "Indebtedness" contained in the Credit Agreement in connection with the proposed Investment by Company and shall not be deemed to:

(a) constitute a waiver of compliance by Company with respect to (i) any Section of the Credit Agreement in this or in any other instance or (ii) any other term, provision or condition of the Credit Agreement or any other instrument or agreement referred to therein (whether in connection with the proposed Investment or otherwise); or

(b) prejudice any right or remedy that Agent or any Lender may now have or may have in the future under or in connection with the Credit Agreement or any other instrument or agreement referred to therein.

(3) Except as specifically amended by this

Amendment and the amendments to the other Loan Documents executed as of the date hereof, the Credit Agreement and the other Loan

Documents shall remain in full force and effect and are hereby ratified and confirmed.

B. Applicable Law. THIS AMENDMENT SHALL BE DEEMED TO

BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO SUCH LAWS RELATING TO CONFLICTS OF LAWS.

C. Headings. The various headings of this Amendment

are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or any provision hereof.

D. Counterparts. This Amendment may be executed by

the parties hereto in several counterparts and by the different parties on separate counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

E. Severability. Any provision of this Amendment

which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provisions in any other jurisdiction.

F. Approval of Amendments to Loan Documents. The

Required Lenders hereby approve the form of the amendment attached as an Exhibit to this Amendment and hereby authorize the Agent on their behalf to accept from the Company, and authorize the Agent to execute and deliver as Agent, the amendment to the Company Pledge Agreement in substantially the form of such Exhibit, with such changes, additions or deletions as the Agent, in its sole and absolute discretion, may approve.

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered as of the day and year first above written.

KAISER ALUMINUM CORPORATION

KAISER ALUMINUM & CHEMICAL CORPORATION

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

BANKAMERICA BUSINESS CREDIT,
INC., as Agent

BANKAMERICA BUSINESS CREDIT,
INC.

By: _____
Name: Michael J. Jasaitis
Its: Vice President

By: _____
Name: Michael J. Jasaitis
Its: Vice President

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By: _____
Name Printed: _____
Its: _____

THE CIT GROUP/BUSINESS CREDIT,
INC.

By: _____
Name Printed: _____
Its: _____

CONGRESS FINANCIAL CORPORATION
(WESTERN)

By: _____
Name Printed: _____
Its: _____

HELLER FINANCIAL, INC.

By: _____
Name Printed: _____
Its: _____

LA SALLE NATIONAL BANK

By: _____
Name Printed: _____
Its: _____

NATIONAL WESTMINSTER BANK PLC

By: _____
Name Printed: _____
Its: _____

TRANSAMERICA BUSINESS CREDIT
CORPORATION

By: _____
Name Printed: _____
Its: _____

ABN AMRO BANK N.V.

By: _____
Name Printed: _____
Its: _____

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ACKNOWLEDGED AND AGREED TO:

AKRON HOLDING CORPORATION

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

KAISER ALUMINUM & CHEMICAL
INVESTMENT, INC.

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

KAISER ALUMINUM PROPERTIES,
INC.

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

KAISER ALUMINUM TECHNICAL
SERVICES, INC.

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

OXNARD FORGE DIE COMPANY, INC.

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

KAISER ALUMINIUM
INTERNATIONAL, INC.

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer & Treasurer

KAISER ALUMINA AUSTRALIA
CORPORATION

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

KAISER FINANCE CORPORATION

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer & Treasurer

ALPART JAMAICA INC.

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief

KAISER JAMAICA CORPORATION

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief

Financial Officer &
Treasurer

Financial Officer & Treasurer

KAISER BAUXITE COMPANY

KAISER EXPORT COMPANY

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer & Treasurer

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EXHIBIT A

July 20, 1995

BankAmerica Business Credit, Inc.,
as Agent
Two North Lake Avenue, Suite 400
Pasadena, California 91101

and

The Lenders Listed on Schedule A Hereto

Re: Third Amendment to Credit Agreement (the "Third
Amendment"), dated as of July 20, 1995, among
Kaiser Aluminum & Chemical Corporation, Kaiser
Aluminum Corporation, certain financial institutions,
and BankAmerica Business Credit, Inc., as Agent (the
"Agent")

Ladies and Gentlemen:

We have acted as special counsel to Kaiser Aluminum &
Chemical Corporation, a Delaware corporation (the "Company"), and
Kaiser Aluminum Corporation, a Delaware corporation (the "Parent
Guarantor"), in connection with the Third Amendment and in connection
with the Second Amendment to Company Pledge Agreement, dated as of
July 20, 1995 (the "Second Pledge Amendment"), between the Company and
the Agent and the Pledge Amendment, dated as of July 20, 1995, by the
Company (the "Pledge Amendment" and, together with the Second Pledge
Amendment, the "Pledge Amendments"). Capitalized terms used but not
defined herein have the meanings assigned thereto in the Credit
Agreement, as amended by the Third Amendment. As used herein, "Credit
Agreement" has the meaning ascribed thereto in the first recital of
the Third Amendment.

BankAmerica Business Credit, Inc.,
as Agent

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and

The Lenders Listed on Schedule A Hereto

In rendering the opinion set forth herein, we have reviewed
the Credit Agreement, the Third Amendment and the Pledge Amendments,
and have examined originals or copies, certified or otherwise
identified to our satisfaction, of (a) the Certificate of
Incorporation and By-laws of the Company and the Parent Guarantor as
in effect on the date hereof, and (b) such other documents, records,
certificates and instruments (collectively, "Documents") as in our
judgment are necessary or appropriate as the basis for the opinion
expressed below.

In our examination we have assumed the genuineness of all
signatures, the authenticity of all Documents submitted to us as

originals, the conformity to original documents of all Documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies. As to any facts material to this opinion which we did not independently establish or verify, we have relied upon statements and representations of officers and other representatives of the Company and the Parent Guarantor and certificates of public officials. We also have assumed (i) the valid authorization, execution and delivery of the Third Amendment and the Pledge Amendments by the parties thereto (other than the Company and the Parent Guarantor), (ii) that each such other party has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its organization with the corporate or other organizational power to perform its obligations thereunder, and (iii) that the Third Amendment and the Pledge Amendments constitute the legal, valid and binding obligations of each such other party, enforceable against each such other party in accordance with their respective terms (subject to qualifications and limitations similar to those set forth in clauses (a) and (b) on pages 3 and 4 of this opinion).

Based upon the foregoing, and subject to the qualifications set forth herein, we are of the opinion that:

1. The execution, delivery and performance by each of the Company and the Parent Guarantor of the Third Amendment and by the Company of the Pledge Amendments, and the performance by the Company and the Parent Guarantor of the Credit Agreement, as amended by the Third Amendment, and the performance by the Company of the Company Pledge Agreement (as such term is defined

BankAmerica Business Credit, Inc.,
as Agent

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and

The Lenders Listed on Schedule A Hereto

in the third recital of the Second Pledge Amendment), as amended by the Pledge Amendments, are within their respective corporate powers, have been duly authorized by all necessary corporation action on the part of the Company and the Parent Guarantor, and do not:

- (a) violate the Organic Documents of the Company or the Parent Guarantor; or
- (b) violate any court decree or order of any governmental authority which, after our due inquiry, has been specifically disclosed to us by the Company or the Parent Guarantor.

2. The Third Amendment has been duly executed and delivered by each of the Company and the Parent Guarantor and the Pledge Amendments have been duly executed and delivered by the Company.

3. The Third Amendment constitutes the legal, valid, and binding obligation of each of the Company and the Parent Guarantor, enforceable against each of the Company and the Parent Guarantor in accordance with its terms. The Pledge Amendments constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

The opinions set forth in paragraph 3 above are subject to the following qualifications and limitations and the other opinions set forth above are subject to the following qualifications and limitations, other than those set forth in clauses (a), (b), (c) and (d) below:

(a) The enforceability of the Third Amendment and the Pledge Amendments may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance or transfer, moratorium, or other laws and court decisions now or hereafter in effect relating to or affecting the rights of creditors

generally;

(b) The enforceability of the Third Amendment and the Pledge Amendments is subject to the application of and may be

BankAmerica Business Credit, Inc.,
as Agent

Page 4

and

The Lenders Listed on Schedule A Hereto

limited by general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law). Such principles of equity are of general application and in applying such principles a court, among other things, might not allow a creditor to accelerate the maturity of a debt under certain circumstances, including, without limitation, upon the occurrence of a default deemed immaterial or might decline to order an obligor to perform covenants. Such principles applied by a court might include a requirement that a creditor act with reasonableness and in good faith. Thus, we express no opinion as to the validity or enforceability of (i) provisions restricting access to legal or equitable remedies, such as the specific performance of executory covenants, (ii) provisions that purport to establish evidentiary standards, (iii) provisions relating to waivers, severability, indemnity, submissions to jurisdiction, set off, delay or omission of enforcement of rights or remedies, and (iv) provisions purporting to convey rights to persons other than parties to the Credit Agreement. In addition, we express no opinion as to the enforceability of any provision purporting to provide indemnification or contribution relating to matters arising under Federal or State securities laws;

(c) We express no opinion as to the enforceability of the Pledge Amendments to the extent that such enforceability may be affected by the fact that, as of the date hereof, the Company (with the consent of the Required Lenders and the Agent) has not delivered to the Agent certificates for the shares referred to in the Pledge Amendment or as to the enforceability or perfection of any security interest granted pursuant to the Pledge Amendments;

(d) The remedy of specific performance and injunctive and other forms of equitable relief are subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought;

(e) We have not been requested to render, and with your permission we do not express, any opinion as to the applicability to any Loan Document or security interests of Section 548 of the Federal Bankruptcy Code, Article 10 of the New York Debtor & Creditor Law, or any other fraudulent conveyance, insolvency

BankAmerica Business Credit, Inc.,
as Agent

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and

The Lenders Listed on Schedule A Hereto

or transfer laws or any court decisions with respect to any of the foregoing;

(f) Our opinion expressed herein is limited to the laws of the State of New York, the General Corporation Law of the State of Delaware, and the Federal laws of the United States of America, and we do not express any opinion herein concerning any other laws. We express no opinion as to the effects (if any) of any laws of any jurisdiction (except the State of New York) in which any Lender is

located which limits the rate of interest that such Lender may charge or collect.

The opinion expressed herein is based upon the laws in effect on the date hereof, and we assume no obligation to review or supplement this opinion should any such law be changed by legislative action, judicial decision or otherwise.

Ezra G. Levin, a partner of our firm, is a director of the Company and the Parent Guarantor.

This opinion is being furnished only to the addressees named above pursuant to Section 4.B.(5) of the Third Amendment and is solely for the benefit of such Persons in connection with the execution, delivery and effectiveness of the Third Amendment and the Pledge Amendments. Accordingly, this opinion may not be used, quoted, or relied upon by any other person or entity or for any other purpose without, in each instance, our express prior written consent.

Very truly yours,

SCHEDULE A

BankAmerica Business Credit, Inc.

Bank of America National Trust
and Savings Association

The CIT Group/Business Credit, Inc.

Congress Financial Corporation (Western)

Heller Financial, Inc.

La Salle National Bank

National Westminster Bank PLC

Transamerica Business Credit Corporation

ABN Amro N.V.

EXHIBIT B

SECOND AMENDMENT TO COMPANY PLEDGE AGREEMENT

THIS SECOND AMENDMENT TO COMPANY PLEDGE AGREEMENT (this "Amendment"), dated as of July 20, 1995, is by and between Kaiser

Aluminum & Chemical Corporation, a Delaware corporation (the "Pledgor"), and BankAmerica Business Credit, Inc., a Delaware

corporation, as agent for the Secured Lenders (as defined in the Credit Agreement referred to below) (in such capacity, together with its successors and assigns in such capacity, the "Agent").

Capitalized terms used, but not defined, herein shall have the meanings given to such terms in the Credit Agreement.

W I T N E S S E T H:

WHEREAS, the Pledgor, Kaiser Aluminum Corporation, the various financial institutions that are or may from time to time become parties to the Credit Agreement (collectively, the "Lenders"

and, individually, a "Lender"), and the Agent are parties to the

Credit Agreement, dated as of February 15, 1994, as amended by the First Amendment to Credit Agreement dated as of July 21, 1994 and the

Second Amendment to Credit Agreement dated as of March 10, 1995 (the "Credit Agreement"); and

WHEREAS, as of the date hereof the Pledgor, the Parent Guarantor, the Lenders and the Agent are entering into a Third Amendment to Credit Agreement (the "Third Amendment"); and

WHEREAS, the Pledgor and the Agent are parties to the Company Pledge Agreement, dated as of February 15, 1994, as amended by the First Amendment to Company Pledge Agreement dated as of July 21, 1994 (the "Company Pledge Agreement"), and have agreed to amend the

Company Pledge Agreement as herein provided; and

WHEREAS, the Required Lenders have consented to the execution and delivery of this Amendment by the Agent;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Amendment to Company Pledge Agreement.

A. Section 2.1(b) of the Company Pledge Agreement is

hereby amended by adding the phrase "or, in the case of Yellow River Investment Company, the lesser of (i) 65% of the issued and outstanding shares of Yellow River Investment Company or (ii) the percentage of the shares of Yellow River Investment Company owned beneficially or of record by Pledgor" after the phrase "Schedule I to

the Credit Agreement" contained in the ninth line thereof.

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B. Section 4.1(b) of the Company Pledge Agreement is

hereby amended by (i) adding the phrase "(other than Yellow River Investment Company)" after the phrase "Issuer of Pledged Shares" in the first line of clause (i) thereof and (ii) adding the phrase

"; provided, however, that the Pledgor shall only be obligated to

pledge the lesser of (A) 65% of the issued and outstanding shares of capital stock of Yellow River Investment Company or (B) the percentage of the shares of capital stock of Yellow River Investment Company owned beneficially or of record by the Pledgor" at the end of clause

(iii) thereof.

Section 2. Pledgor's Representations and Warranties.

In order to induce the Agent to enter into this Amendment and to amend the Company Pledge Agreement in the manner provided herein, and to induce the Required Lenders to consent to such action by the Agent, the Pledgor represents and warrants to each Lender and the Agent that, as of the Third Amendment Effective Date (as defined in the Third Amendment) after giving effect to the effectiveness of this Amendment, the following statements are true and correct in all material respects:

A. Authorization of Agreements. The execution and

delivery of this Amendment by the Pledgor and the performance of the Company Pledge Agreement as amended by this Amendment (the "Amended

Agreement") by the Pledgor are within the Pledgor's corporate powers

and have been duly authorized by all necessary corporate action on the part of the Pledgor.

B. No Conflict. The execution and delivery by the Pledgor

of this Amendment and the performance by the Pledgor of the Amended Agreement do not:

(1) contravene the Pledgor's Organic Documents;

(2) contravene the Indenture dated as of February 1, 1993, as amended by the First Supplemental Indenture dated May 1, 1993, between the Pledgor, and Kaiser Finance Corporation, Kaiser Alumina Australia Corporation, Alpart Jamaica Inc. and Kaiser Jamaica Corporation, as Subsidiary Guarantors, and The First National Bank of Boston, as Trustee, or the Indenture dated as of February 17, 1994, between the Pledgor, and Kaiser Finance Corporation, Kaiser Alumina Australia Corporation, Alpart Jamaica Inc. and Kaiser Jamaica Corporation, as Subsidiary Guarantors, and First Trust National Association, as Trustee, or contravene any other contractual restriction where such a contravention has a reasonable possibility of having a Materially Adverse Effect or contravene any law or governmental regulation or court decree or order binding on or affecting the Pledgor or any of its Subsidiaries; or

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(3) result in, or require the creation or imposition of, any Lien on any of the Pledgor's properties, other than pursuant to the Loan Documents.

C. Binding Obligation. This Amendment has been duly

executed and delivered by the Pledgor and this Amendment and the Amended Agreement constitute the legal, valid and binding obligations of the Pledgor, enforceable against the Pledgor in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally and by general principles of equity.

D. Governmental Approval, Regulation, etc. No

authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance of this Amendment by the Pledgor other than such actions as may be required under the laws of Bermuda.

Section 3. Miscellaneous.

A. Reference to and Effect on the Company Pledge Agreement

and the Other Loan Documents.

(1) On and after the Third Amendment Effective Date, each reference in the Company Pledge Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Company Pledge Agreement, and each reference in the other Loan Documents to the "Company Pledge Agreement", "thereunder", "thereof" or words of like import referring to the Company Pledge Agreement shall mean and be a reference to the Amended Agreement.

(2) Except as specifically amended by this Amendment, the Company Pledge Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(3) The execution, delivery and performance of this Amendment shall not, except as expressly provided herein, constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of the Agent or any Lender under, the Company Pledge Agreement.

B. Applicable Law. THIS AMENDMENT SHALL BE DEEMED TO BE A

CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF
NEW YORK, WITHOUT GIVING EFFECT TO SUCH LAWS RELATING TO CONFLICTS OF
LAWS.

C. Headings. The various headings of this Amendment are

inserted for convenience only and shall not affect the meaning or
interpretation of this Amendment or any provision hereof.

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D. Counterparts. This Agreement may be executed by the

parties hereto in several counterparts and by the different parties on
separate counterparts, each of which shall be deemed to be an original
and all of which shall constitute together but one and the same
instrument; signature pages may be detached from multiple separate
counterparts and attached to a single counterpart so that all
signature pages are physically attached to the same document.

E. Severability. Any provision of this Amendment which is

prohibited or unenforceable in any jurisdiction shall, as to such
provision and such jurisdiction, be ineffective to the extent of such
prohibition or unenforceability without invalidating the remaining
provisions of this Amendment or affecting the validity or
enforceability of such provisions in any other jurisdiction.

IN WITNESS WHEREOF, this Amendment has been duly executed
and delivered as of the day and year first above written.

KAISER ALUMINUM & CHEMICAL
CORPORATION

BANKAMERICA BUSINESS CREDIT,
INC., as Agent

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief
Financial Officer &
Treasurer

By: _____
Name Printed: Michael J. Jasaitis
Its: Vice President

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PLEDGE AMENDMENT

This Pledge Amendment, dated July 20, 1995, is delivered
pursuant to Section 4.2(b) of the Company Pledge Agreement referred to

below. The undersigned hereby agrees that this Pledge Amendment may
be attached to the Company Pledge Agreement dated as of February 15,
1994, as amended through the date hereof, between the undersigned and
BankAmerica Business Credit, Inc., as the Agent (the "Pledge
Agreement," capitalized terms defined therein being used herein as
therein defined), and that the Pledged Shares listed on this Pledge
Amendment shall be deemed to be part of the Pledged Shares and shall
become part of the Collateral and shall secure all Secured
Obligations.

KAISER ALUMINUM & CHEMICAL CORPORATION

By: _____
Name Printed: John T. La Duc
Its: Vice President, Chief Financial
Officer & Treasurer

Issuer	Jurisdiction of Incorporation	Certificate No.(s)	Number of Shares	% of Class
Kaiser Yellow River Investment Limited	Bermuda	1	780,000	65%

Debt Issuer	Amount of Indebtedness
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<ARTICLE> 5

<LEGEND>

This schedule contains summary financial information extracted from the interim consolidated financial statements of the Company for the six months ended June 30, 1995, and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<CIK> 0000811596

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