

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of
1934 For the fiscal year ended December 31, 2000 Commission file number 1-9447

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

DELAWARE
(State of Incorporation)
94-3030279
(I.R.S. Employer Identification No.)

5847 SAN FELIPE, SUITE 2600, HOUSTON, TEXAS 77057-3010
(Address of principal executive offices) (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, \$.01 par value	New York Stock Exchange

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, and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ____

As of February 28, 2001, there were 79,622,495 shares of the Common Stock of the registrant outstanding. Based upon the New York Stock Exchange closing price on February 28, 2001, the aggregate market value of the registrant's Common Stock held by non-affiliates was \$103.2 million.

Certain portions of the registrant's definitive proxy statement to be filed not later than 120 days after the close of the registrant's fiscal year are incorporated by reference into Part III of this Report on Form 10-K.

NOTE

Kaiser Aluminum Corporation's Report on Form 10-K filed with the Securities and Exchange Commission includes all exhibits required to be filed with the Report. Copies of this Report on Form 10-K, including only Exhibit 21 of the exhibits listed on pages 71 -79 of this Report, are available without charge upon written request. The registrant will furnish copies of the other exhibits to this Report on Form 10-K upon payment of a fee of 25 cents per page. Please contact the office set forth below to request copies of this Report on Form 10-K and for information as to the number of pages contained in each of the exhibits and to request copies of such exhibits:

Corporate Secretary
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PART I

ITEM 1. BUSINESS

This Annual Report on Form 10-K (the "Report") contains statements which constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this Report (see, for example, Item 1. "Business - Business Operations," " - Competition," " - Environmental Matters," and " - Factors Affecting Future Performance," Item 3. "Legal Proceedings," and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations"). Such statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "estimates," "will," "should," "plans" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements as a result of various factors. These factors include the effectiveness of management's strategies and decisions, general economic and business conditions, developments in technology, new or modified statutory or regulatory requirements, and changing prices and market conditions. Certain sections of this Report identify other factors that could cause differences between such forward-looking statements and actual results. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements.

GENERAL

Kaiser Aluminum Corporation (the "Company"), a Delaware corporation organized in 1987, is a subsidiary of MAXXAM Inc. ("MAXXAM"). MAXXAM and one of its wholly-owned subsidiaries together own approximately 63% of the Company's Common Stock, with the remaining approximately 37% publicly held. The Company, through its wholly-owned subsidiary, Kaiser Aluminum & Chemical Corporation ("KACC"), operates in all principal aspects of the aluminum industry - the mining of bauxite, the refining of bauxite into alumina, the production of primary aluminum from alumina, and the manufacture of fabricated (including semi-fabricated) aluminum products. See Note 14 of Notes to Consolidated Financial Statements for segment and geographical financial information. In addition to the production utilized by KACC in its operations, KACC sells significant amounts of alumina and primary aluminum in domestic and international markets. The Company's operations are conducted through KACC's business units. The following table sets forth production and third party purchases of bauxite, alumina and primary aluminum and third party shipments and intersegment transfers of bauxite, alumina, primary aluminum and fabricated products for the years ended December 31, 2000, 1999 and 1998:

	Sources(2)		Uses(2)	
	Production	Third Party Purchases	Third Party Shipments	Intersegment Transfers
	(in thousands of tons*)			
Bauxite -				
2000	4,305.0	-	2,007.0	2,342.0
1999	5,261.0	-	1,497.0	3,515.0
1998	6,656.0	-	1,659.0	4,639.0
Alumina -				
2000	2,042.9	322.0	1,927.1	751.9
1999	2,524.0	395.0	2,093.9	757.3
1998	2,964.0	-	2,250.0	750.7
Primary Aluminum -				
2000	411.4	206.5	672.4(1)	-
1999	426.4	260.1	684.6(1)	-
1998	387.0	251.3	668.2(1)	-

(1) Includes both primary aluminum shipments and pounds of aluminum contained in fabricated aluminum product shipments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Selected Operational and Financial Information" for an allocation of shipments between primary aluminum and pounds of aluminum in fabricated aluminum products.

(2) Sources and uses will not equal due to the impact of inventory changes and alumina and metal swaps.

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

SIGNIFICANT CURRENT ITEMS

This section briefly summarizes the major issues the Company dealt with during 2000 and/or is dealing with currently and provides a cross-reference to the applicable section for a more complete discussion of the issue.

Liquidity and Capital Resources - KACC's \$300.0 million credit agreement, as amended (the "Credit Agreement") expires in August 2001. It is the Company's and KACC's intention to extend or replace the Credit Agreement prior to its expiration. However, in order for the Credit Agreement to be extended, on a short-term basis, beyond August 2001, KACC will have to have a plan to mitigate the \$225.0 million of 97/8% Senior Notes, due February 2002 (the "97/8% Senior Notes"). For the Credit Agreement to be extended past February 2003, both the 97/8% Senior Notes and the \$400.0 million of 12 3/4% Senior Subordinated Notes, due February 2003 (the "Senior Subordinated Notes"), will have to be retired and/or refinanced. As of February 28, 2001, KACC had received approval from the Credit Agreement lenders to purchase up to \$50.0 million of the 97/8% Senior Notes. As of February 28, 2001, KACC has purchased approximately \$1.0 million of 97/8% Senior Notes. As of February 28, 2001, there were \$94.0 million of borrowings outstanding under the Credit Agreement and remaining availability of approximately \$120.0 million. However, proceeds of approximately \$130.0 million related to 2001 power sales are expected to be received at or near March 30, 2001, and an additional \$130.0 million of power proceeds will be received periodically through October 2001 with respect to other power sales made during the first quarter of 2001.

Consistent with its previously disclosed strategy, KACC is considering the

possible sale of part or all of its interests in certain operating assets. The contemplated transactions are in various stages of development. KACC expects that at least one operating asset will be sold. KACC has multiple transactions under way. It is unlikely, however, that KACC would consummate all of the transactions under consideration. Further, there can be no assurance as to the likelihood, timing, or terms of such sales. The Company would expect to use the proceeds from any such sales for debt reduction, capital spending or some combination thereof. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview, Strategic Initiatives" for additional discussion.

Incident at Gramercy Facility - In July 1999, KACC's Gramercy, Louisiana alumina refinery was extensively damaged by an explosion. A number of employees were injured in the incident, several of them severely. As a result of the incident, alumina production at the facility was completely curtailed until the middle of December 2000 when partial production commenced. The plant is expected to increase production progressively to approximately 75% of its newly rated estimated annual capacity of 1,250,000 tons by the end of March 2001. At February 28, 2001, the plant was operating at 70% of capacity. Based on current estimates, construction at the facility is expected to be completed during the third quarter of 2001. Through February 28, 2001, KACC had recorded \$289.3 million of estimated insurance recoveries related to the Gramercy incident and had collected \$262.6 million of such amounts. An additional \$7.0 million is expected in March 2001. The remaining balance of approximately \$20.0 million and any additional amounts possibly due to KACC will likely not be recovered until KACC and the insurers resolve certain outstanding issues. The insurers have asserted that no additional business interruption amounts are due after November 30, 2000. KACC and the insurers are currently negotiating an arbitration agreement as a means of resolving their differences. The Company anticipates that the remaining issues will not be resolved until late 2001 or early 2002. KACC and the Company continue to believe that a minimum of at least \$290.0 million of insurance recoveries are probable, that additional amounts are owed to KACC by the insurers, and that the likelihood of any refund by KACC of amounts previously received from the insurers is remote. See Note 2 of Notes to Consolidated Financial Statements for more detailed information regarding the impact of the Gramercy incident.

Labor Matters - Prior to September 2000, when the labor dispute was settled, KACC was operating five of its U.S. facilities with salaried employees and other employees as a result of the September 1998 strike by the United Steelworkers of America ("USWA") and the subsequent "lock-out" by KACC in January 1999. Under the terms of the settlement, USWA members generally returned to the affected plants during October 2000. The new labor contract, which expires in September 2005, provides for a 2.6% average annual increase in the overall wage and benefit package and results in the reduction of at least 540 hourly jobs at the five facilities (from approximately 2,800 in September 1998). See Note 5 of Notes to Consolidated Financial Statements for a discussion of the labor dispute and settlement. Although the USWA dispute has been settled and the workers have returned to the facilities, two allegations of unfair labor practices ("ULPs") remain in connection with the USWA strike and subsequent lock-out by KACC. The Company believes that the remaining charges made against KACC by the USWA are without merit. See Note 12 of Notes to Consolidated Financial Statements, "-Labor Matters" for a discussion of the ULP charges.

Asbestos-Related Liability and Expected Recoveries - KACC is a defendant in a number of lawsuits that generally relate to products KACC has not sold for more than 20 years. The Company believes that KACC has insurance coverage available to recover a substantial portion of its asbestos-related costs. For the year ended December 31, 2000, a total of approximately \$99.5 million of asbestos-related settlements and defense costs were paid and partial insurance reimbursements for asbestos-related matters totaling approximately \$62.8 million were received. See Note 12 of Notes to Consolidated Financial Statements for additional information.

Pacific Northwest Power Sales and Operating Level - In response to the unprecedented high market prices for power in the Pacific Northwest, KACC temporarily curtailed primary aluminum production at the Tacoma and Mead, Washington, smelters during the second half of 2000 and sold a portion of the power that it had under contract through September 30, 2001. As a result of the curtailments, KACC avoided the need to purchase power on a variable market price basis and will receive cash proceeds sufficient to more than offset the cash impact of the potline curtailments over the period for which the power was sold. KACC has made additional power sales in 2001. Also, during October 2000, KACC signed a new power contract with the Bonneville Power Administration ("BPA") under which the BPA will provide KACC's operations in the State of Washington with sufficient power to operate KACC's Trentwood facility as well as approximately 40% of the combined capacity of KACC's Mead and Tacoma aluminum smelting operations during the period from October 2001 through September 2006. Power costs under the new contract are expected to exceed the cost of power under KACC's current BPA contract by between 20% to 60% and, perhaps, by as much as 100% in certain periods, and other contract terms are less favorable than KACC's current BPA contract. KACC does not have any remarketing rights under the new BPA contract. See Note 7 of Notes to Consolidated Financial Statements for additional information on these matters.

BUSINESS OPERATIONS

KACC conducts its business through its five main business units (Bauxite and alumina, Primary aluminum, Commodities marketing, Flat-rolled products and Engineered products), each of which is discussed below.

- - Bauxite and Alumina Business Unit

The following table lists KACC's bauxite mining and alumina refining facilities as of December 31, 2000:

Activity	Facility	Location	Company Ownership	Production Capacity Available to the Company	Annual Total Annual Production Capacity
				(tons)	(tons)
Bauxite Mining	KJBC	Jamaica	49.0%	4,500,000	4,500,000
	Alpart(1)	Jamaica	65.0%	2,275,000	3,500,000
				6,775,000	8,000,000
Alumina Refining	Gramercy(2)	Louisiana	100.0%	1,250,000	1,250,000
	Alpart	Jamaica	65.0%	942,500	1,450,000
	QAL	Australia	28.3%	1,032,950	3,650,000
				3,225,450	6,350,000

(1) Alumina Partners of Jamaica ("Alpart") bauxite is refined into alumina at the Alpart refinery.

(2) Production was completely curtailed from July 1999 until the middle of December 2000. See discussion below.

KACC is a major producer of alumina and sells significant amounts of its alumina production in domestic and international markets. KACC's strategy is to sell a substantial portion of the alumina available to it in excess of its internal smelting requirements under multi-year sales contracts with prices linked to the price of primary aluminum. See " - Competition" and " - Commodity Marketing" in this Report. During 2000, KACC sold alumina to approximately 14 customers, the largest and top five of which accounted for approximately 27% and 80%, respectively, of the business unit's third-party net sales. All of KACC's third-party sales of bauxite in 2000 were made to two customers, which sales represent approximately 9% of the business unit's third-party net sales. KACC's principal customers for bauxite and alumina consist of other aluminum producers, trading intermediaries who resell raw materials to end-users, and users of chemical grade alumina.

KJBC. The Government of Jamaica has granted KACC a mining lease for the mining of bauxite which will, at a minimum, satisfy the bauxite requirements of KACC's Gramercy, Louisiana, alumina refinery so that it will be able to produce at its current rated capacity until 2020. Kaiser Jamaica Bauxite Company ("KJBC") mines bauxite from the land which is subject to the mining lease as an agent for KACC. Although KACC owns 49% of KJBC, it is entitled to, and generally takes, all of its bauxite output. A substantial majority of the bauxite mined by KJBC is refined into alumina at the Gramercy facility and the remainder is sold to two third-party customers. KJBC's operations have been impacted by the Gramercy incident. The Government of Jamaica has agreed to grant KACC an additional bauxite mining lease. The new mining lease will be effective upon the expiration of the current lease in 2020 and will enable the Gramercy facility to produce at its rated capacity for an additional ten year period. See Note 2 of Notes to Consolidated Financial Statements for a detailed discussion of the Gramercy incident.

Gramercy. Alumina produced by the Gramercy refinery is primarily sold to third parties. The Gramercy refinery produces two products: smelter grade alumina and chemical grade alumina (e.g. hydrate). Smelter grade alumina is sold under long-term contracts typically linked to London Metal Exchange prices ("LME prices"). Chemical grade alumina is sold at a premium price over smelter grade alumina. Production at the Gramercy refinery was completely curtailed in July 1999 when it was extensively damaged by an explosion in the digestion area of the plant. Production at the plant remained curtailed until the middle of December 2000 at which time partial production commenced. The plant is expected to increase production progressively to approximately 75% of its newly rated estimated annual capacity of 1,250,000 tons by the end of March 2001. At February 28, 2001, the plant was operating at 70% of capacity. Based on current estimates, construction at the facility is expected to be completed during the third quarter of 2001. While production was curtailed, KACC purchased alumina from third parties, in excess of the amounts of alumina available from other KACC-owned facilities, to supply major customers' needs as well as to meet intersegment requirements. See Note 2 of Notes to Consolidated Financial Statements for additional information regarding the impact of the Gramercy incident.

Alpart. Alpart holds bauxite reserves and owns a 1,450,000 ton per year alumina plant located in Jamaica. KACC owns a 65% interest in Alpart, and Hydro Aluminium a.s ("Hydro") owns the remaining 35% interest. KACC has management responsibility for the facility on a fee basis. KACC and Hydro have agreed to be responsible for their proportionate shares of Alpart's costs and expenses. The Government of Jamaica has granted Alpart a mining lease and has entered into other agreements with Alpart designed to assure that sufficient reserves of bauxite will be available to Alpart to operate its refinery, as it may be expanded up to a capacity of 2,000,000 tons per year, through the year 2024. Beginning in the first half of 2000, Alpart and JAMALCO, a joint venture between affiliates of Alcoa Inc. and the Government of Jamaica, began operating a bauxite mining operation joint venture that consolidates their bauxite mining operations in Jamaica, the objective of which is to optimize mining operating and capital costs. The joint venture agreement also grants Alpart certain rights to acquire bauxite mined from JAMALCO's reserves.

QAL. KACC owns a 28.3% interest in Queensland Alumina Limited ("QAL"), which owns one of the largest and most competitive alumina refineries in the world, located in Queensland, Australia. QAL refines bauxite into alumina, essentially on a cost basis, for the account of its shareholders under long-term tolling contracts. The shareholders, including KACC, purchase bauxite from another QAL shareholder under long-term supply contracts. KACC has contracted with QAL to take approximately 868,000 tons per year of alumina or pay standby charges. KACC is unconditionally obligated to pay amounts calculated to service its share (\$101.5 million at December 31, 2000) of certain debt of QAL, as well as other QAL costs and expenses, including bauxite shipping costs.

- - Primary Aluminum Business Unit

The following table lists KACC's primary aluminum smelting facilities as of December 31, 2000:

Location	Facility	Company Ownership	Annual Rated Capacity Available to the Company (tons)	Total Annual Rated Capacity (tons)	2000 Average Operating Rate
United States					
Washington	Mead	100%	200,000	200,000	85%(1)
Washington	Tacoma	100%	73,000	73,000	41%(1)
Subtotal			273,000	273,000	
International					
Ghana	Valco	90%	180,000	200,000	78%
Wales, United Kingdom	Anglesey	49%	66,150	135,000	106%
Subtotal			246,150	335,000	
Total			519,150	608,000	

(1) 2000 operating rates were affected by the high market prices for electric power in the Pacific Northwest. Both smelters were curtailed as of December 31, 2000. For a discussion of these matters see "Availability of Affordable Electric Power" below.

KACC uses proprietary retrofit and control technology in all of its smelters. This technology - which includes the redesign of the cathodes, anodes and bus that conduct electricity through reduction cells, improved feed systems that add alumina to the cells, computerized process control and energy management systems, and furnace technology for baking of anode carbon - has significantly contributed to increased and more efficient production of primary aluminum and enhanced KACC's ability to compete more effectively with the industry's newer smelters.

KACC's principal primary aluminum customers consist of large trading intermediaries and metal brokers. In 2000, KACC sold its primary aluminum

production not utilized for internal purposes to approximately 46 customers, the largest and top five of which accounted for approximately 52% and 73%, respectively, of the business unit's third-party net sales. See "-Competition" in this Report. Marketing and sales efforts are conducted by personnel located in Houston, Texas; and Tacoma and Spokane, Washington.

Operations in the United States. The Mead facility uses pre-bake technology. Approximately 68% of Mead's 2000 production was used at KACC's Trentwood, Washington, rolling mill and other KACC-owned facilities, with the balance being sold to third parties. The Tacoma facility uses Soderberg technology and produces primary aluminum and high-grade, continuous-cast, redraw rod, which currently commands a premium price in excess of the price of primary aluminum. The business unit maintains specialized laboratories and a miniature carbon plant in the state of Washington which concentrate on the development of cost-effective technical innovations such as equipment and process improvements. As of December 31, 2000, both the Mead and Tacoma smelters were completely curtailed and are expected to remain curtailed at least through September 30, 2001. However, KACC has continued to operate the Tacoma rod-mill. See additional discussion below regarding electric power.

International Operations. KACC manages, and owns a 90% interest in, the Volta Aluminium Company Limited ("Valco") aluminum smelter in Ghana. The Valco smelter uses pre-bake technology and processes alumina supplied by KACC and the other participant into primary aluminum under tolling contracts which provide for proportionate payments by the participants. KACC's share of the primary aluminum is sold to third parties. Valco's operating level has been subject to fluctuations resulting from the amount of power it is allocated by the Volta River Authority ("VRA"). The operating level over the last five years has ranged from one to four out of a total of five potlines. During 2000 and 1999, Valco operated an average of four and three potlines, respectively.

KACC owns a 49% interest in the Anglesey Aluminium Limited ("Anglesey") aluminum smelter at Holyhead, Wales. The Anglesey smelter uses pre-bake technology. KACC supplies 49% of Anglesey's alumina requirements and purchases 49% of Anglesey's aluminum output. KACC sells its share of Anglesey's output to third parties.

Availability of Affordable Electric Power - Electric power represents an important production input for KACC at its aluminum smelters and its cost can significantly affect KACC's profitability.

United States. KACC purchases electric power for the Mead and Tacoma, Washington, smelters from the BPA, which has supplied approximately half of the electric power for the two plants over recent years, and from other suppliers. The power contract with the BPA expires in September 2001, and the power contracts with other suppliers have either expired or the underlying power has been sold. As a result of unprecedented high market prices for electric power in the Pacific Northwest, KACC temporarily curtailed all of the primary aluminum production at the Tacoma and Mead, Washington, smelters and commenced selling power that it had under contract through September 30, 2001. As a result of the curtailment, KACC will avoid the need to purchase power on a variable market basis and will receive cash proceeds sufficient to more than offset the cash impact of the potline curtailments over the period for which the power was sold. Both the Mead and Tacoma smelters are expected to remain curtailed through at least September 30, 2001. Under a new contract with the BPA, which will run from October 2001 through September 2006, the BPA will provide KACC with sufficient power to operate its Trentwood facility as well as approximately 40% of the combined capacity of its Mead and Tacoma aluminum smelting operations. Power costs under the new contract are expected to exceed the cost of power under KACC's current BPA contract by between 20% to 60% and, perhaps, as much as 100% in certain periods, and other contract terms are less favorable than KACC's current BPA contract. KACC does not have any remarketing rights under the new BPA contract.

International. Valco and the VRA have reached an agreement, which is subject to Parliamentary approval in 2001, that provides for sufficient power to operate at least four of Valco's five potlines in 2001 and at least three and one-half potlines thereafter. During early 2000, Anglesey entered into a new power agreement that provides sufficient power to sustain its operations at full capacity through September 2009.

- - Commodities Marketing Business Unit

The Company's operating results are sensitive to changes in the prices of alumina, primary aluminum, and fabricated aluminum products, and also depend to a significant degree upon the volume and mix of all products sold. Primary aluminum prices have historically been subject to significant cyclical fluctuations. Alumina prices, as well as fabricated aluminum product prices (which vary considerably among products), are significantly influenced by changes in the price of primary aluminum and generally lag behind primary aluminum prices by up to three months. From time to time in the ordinary course of business, KACC enters into hedging transactions to provide risk management in respect of its net exposure of earnings and cash flow related to primary aluminum price changes. Given the significance of primary aluminum hedging activities to the Company and KACC, the Company has begun (starting with the year ended December 31, 2000) reporting its primary aluminum-related hedging activities as a separate segment. Primary aluminum-related hedging activities are managed centrally on behalf of all of KACC's business segments to minimize transaction costs, to monitor consolidated net exposures and to allow for increased responsiveness to changes in market factors. See Note 1 of Notes to Consolidated Financial Statements, " - Derivative Financial Instruments," Note 13 of Notes to Consolidated Financial Statements and "Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding primary aluminum-related hedging activities.

Hedging activities conducted in respect of the Company's cost exposure to energy prices and foreign exchange rates are not considered a part of the Commodity marketing segment. Rather, such activities are included in the results of the business unit to which they relate.

- - Flat-Rolled Products Business Unit

The Flat-rolled products business unit operates the Trentwood, Washington, rolling mill. The business unit sells to the aerospace, transportation and industrial ("ATI") markets (producing heat-treat sheet and plate products and automotive brazing sheet) and the beverage container market (producing lid and tab stock), both directly and through distributors.

During 2000, KACC shifted the product mix of its Trentwood rolling mill toward higher value-added product lines, such as heat-treat sheet and plate, automotive brazing sheet and beverage can lid and tab stock, and away from beverage can body stock, wheel and common alloy tread products in an effort to enhance its profitability. See "Management's Discussion and Analysis of Financial Condition and Results of Operation--2000 as Compared to 1999--Flat-Rolled Products" for a discussion of the financial impact of this product mix shift. In 2000, the business unit sold to approximately 124 customers in the ATI markets, most of which represented heat-treat product shipments to distributors who sell to a variety of industrial end-users. The largest and top five customers in the ATI markets for flat-rolled products accounted for approximately 8% and 23%, respectively, of the business unit's third-party net sales.

KACC's flat-rolled products are also sold to beverage container manufacturing locations primarily in the western United States and Asian Pacific Rim countries. The largest and top five of such customers accounted for approximately 12% and 26%, respectively, of the business unit's third-party net

sales. See "- Competition" in this Report. Sales are made directly to end-use customers and distributors by KACC sales representatives located across the United States and England, and by independent sales agents in Asia. However, in addition to exiting can body stock production, beverage can lid and tab manufacturing is also being de-emphasized to further increase the business unit's focus on higher value-added heat-treat product lines described above.

- - Engineered Products Business Unit

The Engineered products business unit operates soft-alloy and hard-alloy extrusion facilities and engineered component (forgings) facilities in the United States and Canada. Major markets for extruded products are in the ground transportation industry, to which the business unit sells extruded shapes for automobiles, light-duty vehicles, heavy duty trucks and trailers, and shipping containers, and in the distribution, durable goods, defense, building and construction, ordnance and electrical markets.

Soft-alloy extrusion facilities are located in Los Angeles, California; Sherman, Texas; Tulsa, Oklahoma; Richmond, Virginia; and London, Ontario, Canada. Products manufactured at these facilities include rod, bar, tube, shapes and billet. During 2000 and 2001, the Tulsa facility is being reconfigured as a focused production facility for standard soft-alloy extrusion products, having transferred its cathodic protection business to the Sherman facility. Hard-alloy extrusion facilities are located in Newark, Ohio; and Jackson, Tennessee, and produce rod, bar, screw machine stock, redraw rod, forging stock and billet. The business unit also extrudes seamless tubing in both hard- and soft-alloys at a facility in Richland, Washington and produces drawn tube in both hard- and soft-alloys at a facility in Chandler, Arizona, that it purchased in May 2000.

The business unit sells forged parts to customers in the automotive, heavy-duty truck, general aviation, rail, machinery and equipment, and ordnance markets. The high strength-to-weight properties of forged aluminum make it particularly well-suited for automotive applications. Forging facilities are located in Oxnard, California, and Greenwood, South Carolina. Through its sales and engineering office in Southfield, Michigan, the business unit staff works with automobile makers and other customers and plant personnel to create new automotive component designs and to improve existing products.

In 2000, the Engineered products business unit had approximately 400 customers, the largest and top five of which accounted for approximately 8% and 23%, respectively, of the business unit's third-party net sales. See "- Competition" below. Sales are made directly to end-use customers and distributors by KACC sales representatives located across the United States.

COMPETITION

KACC competes globally with producers of bauxite, alumina, primary aluminum, and fabricated aluminum products. Many of KACC's competitors have greater financial resources than KACC. Primary aluminum and, to some degree, alumina are commodities with generally standard qualities, and competition in the sale of these commodities is based primarily upon price, quality and availability. Aluminum competes in many markets with steel, copper, glass, plastic, and other materials. KACC competes with numerous domestic and international fabricators in the sale of fabricated aluminum products. KACC manufactures and markets fabricated aluminum products for the transportation, packaging, construction, and consumer durables markets in the United States and abroad. Sales in these markets are made directly and through distributors to a large number of customers. Competition in the sale of fabricated products is based upon quality, availability, price and service, including delivery performance. KACC concentrates its fabricating operations on selected products in which it believes it has production expertise, high-quality capability, and geographic and other competitive advantages. The Company believes that, assuming the current relationship between worldwide supply and demand for alumina and primary aluminum does not change materially, the loss of any one of KACC's customers, including intermediaries, would not have a material adverse effect on the Company's financial condition or results of operations.

RESEARCH AND DEVELOPMENT

Net expenditures for research and development activities were \$5.6 million in 2000, \$11.0 million in 1999, and \$13.7 million in 1998. KACC estimates that research and development net expenditures will be in the range of \$3.0 million to \$5.0 million in 2001.

EMPLOYEES

During 2000, KACC employed an average of approximately 7,800 persons, compared with an average of approximately 8,600 persons in 1999 and approximately 9,200 persons in 1998. At December 31, 2000, KACC employed approximately 7,300 persons. The foregoing employee counts for 2000, 1999 and 1998 include the USWA workers who were subject to the lockout imposed by KACC as a result of the labor dispute that was settled in September 2000. During the labor dispute, KACC operated the five affected facilities with temporary workers who were not included in the employee counts for 2000, 1999 and 1998.

The labor agreements with employees at the Valco smelter in Ghana, the Alpart refinery in Jamaica and the Engineered products business unit's plants at Los Angeles, California, and Richmond, Virginia, are scheduled to expire in 2001.

ENVIRONMENTAL MATTERS

The Company and KACC are subject to a wide variety of international, federal, state and local environmental laws and regulations. For a discussion of this subject, see "Factors Affecting Future Performance - KACC's current or past operations subject it to environmental compliance, clean-up and damage claims that may be costly" below.

FACTORS AFFECTING FUTURE PERFORMANCE

This section discusses certain factors that could cause actual results to vary, perhaps materially, from the results described in forward-looking statements made in this Report. Forward-looking statements in this Report are not guarantees of future performance and involve significant risks and uncertainties. In addition to the factors identified below, actual results may vary materially from those in such forward-looking statements as a result of a variety of other factors including the effectiveness of management's strategies and decisions, general economic and business conditions, developments in technology, new or modified statutory or regulatory requirements, and changing prices and market conditions. This Report also identifies other factors that could cause such differences. No assurance can be given that these factors are all of the factors that could cause actual results to vary materially from the forward-looking statements.

- - Our earnings are sensitive to a number of variables

Our operating earnings are sensitive to a number of variables over which we have no direct control. Two key variables in this regard are prices for primary aluminum and general economic conditions.

The price of primary aluminum significantly affects our financial results. Primary aluminum prices historically have been subject to significant cyclical price fluctuations. The Company believes the timing of changes in the market price of aluminum are largely unpredictable. Since 1993, the Average Midwest United States transaction price (the "AMT price") has ranged from approximately

\$.50 to \$1.00 per pound.

Changes in global, regional, or country-specific economic conditions can have a significant impact on overall demand for aluminum-intensive fabricated products in the transportation, distribution, and packaging markets. Such changes in demand can directly affect our earnings by impacting the overall volume and mix of such products sold. To the extent that these end-use markets weaken, demand can also diminish for alumina and primary aluminum.

- - KACC's near-term significant debt maturities could adversely affect us KACC has significant near-term debt maturities. KACC's Credit Agreement expires in August 2001. It is the Company's and KACC's intention to extend or replace the Credit Agreement prior to its expiration. However, in order for the Credit Agreement to be extended, on a short-term basis, beyond August 2001, KACC will have to have a plan to mitigate the \$225.0 million of 97/8% Senior Notes. For the Credit Agreement to be extended past February 2003, both the 97/8% Senior Notes and the \$400.0 million of Senior Subordinated Notes will have to be retired and/or refinanced. As of February 28, 2001, KACC had received approval from the Credit Agreement lenders to purchase up to \$50.0 million of the 97/8% Senior Notes. As of February 28, 2001, KACC had purchased approximately \$1.0 million of 97/8% Senior Notes. As of February 28, 2001, there were \$94.0 million of borrowings outstanding under the Credit Agreement and remaining availability of approximately \$120.0 million. However, proceeds of approximately \$130.0 million related to 2001 power sales are expected to be received at or near March 30, 2001, and an additional \$130.0 million of power proceeds will be received periodically through October 2001 with respect to other power sales made during the first quarter of 2001. KACC is also considering the possible sale of part or all of its interests in certain assets. The contemplated transactions are in various stages of development. KACC expects that at least one operating asset will be sold. KACC has multiple transactions under way. It is unlikely, however, that it would consummate all of the transactions under consideration. Further, there can be no assurance as to the likelihood, timing or terms of such sales. The Company expects to use the proceeds from any such sales for debt reduction, capital spending or some combination thereof.

KACC's ability to refinance its debt depends primarily on its ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative and other factors beyond KACC's control.

- - KACC's high leverage and debt service requirements could adversely affect us KACC is highly leveraged and has significant debt service requirements. As of December 31, 2000, KACC's total debt was approximately \$989.4 million. KACC's high level of debt affects our operations in several important ways:

- - a large portion of the cash KACC generates is used to pay interest. Accordingly, our financial results are more vulnerable in the event of a downturn in our business, the aluminum industry or general economic conditions;
- - the agreements governing such debt limit KACC's and our flexibility in planning for and reacting to changes in our business conditions. For example, some or all of the agreements governing such debt limit KACC's and/or our ability to make capital expenditures, to borrow additional money and to consolidate or merge with other companies;
- - KACC may experience a competitive disadvantage because it is more highly leveraged than some of its competitors; and
- - the agreements governing such debt permit KACC's and our creditors to accelerate payments if KACC or we default or experience a change in the control of our ownership as set forth in such agreements.

KACC's ability to make payments on its debt depends on its ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors beyond KACC's control.

- - The asbestos-related lawsuits against KACC could continue to increase and could adversely impact our financial position KACC is a defendant in numerous lawsuits in which the plaintiffs allege that they have injuries caused by 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 sold more than 20 years ago.

Our December 31, 2000, balance sheet includes a liability for estimated asbestos-related costs of \$492.4 million. We cannot assure you that this liability will not increase in the future. In determining the amount of the liability, we have only included estimates for the cost of claims for a ten year period through 2010 because we do not have a reasonable basis for estimating costs beyond that period. However, we expect that these costs may continue beyond 2010 and that they could be substantial.

We believe KACC has insurance coverage for a substantial portion of such asbestos-related costs. Accordingly, our December 31, 2000, balance sheet includes a long-term receivable for estimated insurance recoveries of \$406.3 million. We believe that KACC will recover a substantial portion of these payments from insurance, but cannot assure you that KACC will receive substantial insurance payments or that the timing of such payments will occur in the year KACC is required to make the payments. Delays in receiving future insurance repayments would have an adverse impact on KACC's liquidity.

Prior to insurance recoveries, we estimate that KACC's annual cash payments for asbestos-related costs will be approximately \$110.0 - \$135.0 million in the years 2001 and 2002, approximately \$45.0 - \$50.0 million in the years 2003 and 2004, approximately \$25.0 million in the year 2005 and a total of \$125.0 million beyond 2005.

See Note 12 of Notes to Consolidated Financial Statements for additional discussion of this matter.

- - Power availability for smelting operations Electric power represents an important production input for KACC at its aluminum smelters and its cost can significantly affect KACC's profitability. Power contracts for KACC's smelters have varying contractual terms. See "Business - Primary Aluminum Business Unit - Availability of Affordable Electric Power" in this Report. We cannot provide assurance that electric power will be available in the future, at affordable prices, for KACC's smelters. Under the new contract with the BPA, KACC's Pacific Northwest operations will not receive sufficient power to run its smelting operations at full capacity and may have to pay as much as 100% more than the power rate under the current contract. Depending on the ultimate price for such power or the availability of an alternate power supply at an acceptable price, KACC may be unable to operate the smelters in the near or long-term. Under KACC's contract with the USWA, KACC is liable for certain severance and supplemental unemployment benefits for laid-off workers. Such costs related to the period from January 1, 2001 to September 30, 2001 have been accrued to the extent that the costs are fixed and determinable. However, the Company may become liable for additional costs. In particular, KACC would become liable for certain early retirement benefits for USWA workers at the Mead and Tacoma, Washington, facilities if such facilities are not restarted prior to late 2002 or early 2003. Such costs could be significant and would adversely

impact KACC's and our operating results and liquidity.

- - The Gramercy incident could result in adverse consequences to us. In July 1999, KACC's Gramercy, Louisiana, alumina refinery was extensively damaged by an explosion in the digestion area of the plant. A number of employees were injured in the incident, several of them severely. KACC may be liable for claims relating to the injured employees. The incident has also resulted in more than ninety lawsuits being filed against KACC alleging, among other things, property damage, business interruption loss by other businesses and personal injury. The aggregate amount of damages sought in the lawsuits and other claims cannot be determined at this time. We currently believe KACC's insurance will cover the majority of the costs of these lawsuits and claims relating to the injured employees.

Through February 28, 2001, KACC had recorded \$289.3 million of estimated insurance recoveries related to the Gramercy incident and had collected \$262.6 million of such amounts. An additional \$7.0 million is expected in March 2001. The remaining balance of approximately \$20.0 million and any additional amounts possibly due to KACC will likely not be recovered until KACC and the insurers resolve certain outstanding issues. The insurers have asserted that no additional business interruption amounts are due after November 30, 2000. KACC and the insurers are currently negotiating an arbitration agreement as a means of resolving their differences. We anticipate that the remaining issues will not be resolved until late 2001 or early 2002. We continue to believe that a minimum of approximately \$290.0 million of insurance recoveries are probable, that additional amounts are owed to KACC by the insurers, and that the likelihood of any refund by KACC of amounts previously received from the insurers is remote. However, because this matter is subject to significant uncertainties, no assurances can be given as to the ultimate outcome of this matter or its impact on KACC's and our near-term liquidity and results of operations.

- - Our profits and cash flows may be adversely impacted by the results of KACC's hedging programs. KACC enters into hedging transactions to limit its exposure resulting from (1) its anticipated sales of alumina, primary aluminum, and fabricated aluminum products, net of expected purchase costs for items that fluctuate with primary aluminum prices, (2) energy price risk from fluctuating prices for natural gas, fuel oil and diesel oil used in its production process, and (3) foreign currency requirements with respect to its cash commitments with foreign subsidiaries and affiliates. To the extent that the prices for primary aluminum exceed the fixed or ceiling prices established by KACC's hedging transactions or that energy costs or foreign exchange rates are below the fixed or floor prices, our profits and cash flow would be lower than they otherwise would have been.

Hedging activities can also have a temporary impact on our and KACC's liquidity. KACC has established credit limits with certain counterparties related to open forward sales and option contracts. When unrealized gains or losses on open positions are in excess of such credit lines, KACC is entitled to receive margin advances from the counterparties or is required to make margin advances to counterparties, as the case may be. At December 31, 2000, the impact of margin arrangements on KACC's and our liquidity was insignificant. However, future increases in primary aluminum prices or decreases in foreign exchange rates could result in KACC having to make margin advances or post additional letters of credit and such amounts could be significant and could adversely impact KACC's and our liquidity.

Information regarding KACC's sensitivity to certain price amounts from both an earnings and liquidity perspective is provided in "Quantitative and Qualitative Disclosures About Market Risk."

- - KACC's current or past operations subject it to environmental compliance, clean-up and damage claims that may be costly. The operations of KACC's facilities are regulated by a wide variety of international, federal, state and local environmental laws. These environmental laws regulate, among other things, air and water emissions and discharges; the generation, storage, treatment, transportation and disposal of solid and hazardous waste; and the release of hazardous or toxic substances, pollutants and contaminants into the environment. Compliance with these environmental laws is costly. While legislative, regulatory and economic uncertainties make it difficult for us to project future spending for these purposes, we currently anticipate that in the 2001 - 2002 period, KACC's environmental capital spending will be approximately \$6.0 million per year and that KACC's operating costs will include pollution control costs totaling approximately \$27.0 million per year. However, subsequent changes in environmental laws may change the way KACC must operate and may force KACC to spend more than we currently project.

Additionally, KACC's current and former operations can subject it to fines or penalties for alleged breaches of environmental laws and to other actions seeking clean-up or other remedies under these environmental laws. KACC also may be subject to damages related to alleged injuries to health or to the environment, including claims with respect to certain waste disposal sites and the clean-up of sites currently or formerly used by KACC.

Currently, KACC is subject to certain lawsuits under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"). KACC, along with certain other companies, has been named as a Potentially Responsible Party for clean-up costs at certain third-party sites listed on the National Priorities List under CERCLA. As a result, KACC may be exposed not only to its assessed share of clean-up but also to the costs of others if they are unable to pay. Additionally, KACC's Mead, Washington, facility has been listed on the National Priorities List under CERCLA. KACC and the regulatory authorities agreed to a plan of remediation in January 2000.

In response to environmental concerns, we have established environmental accruals representing our estimate of the costs we reasonably expect KACC to incur in connection with these matters. At December 31, 2000, the balance of our accruals, which are primarily included in our long-term liabilities, was \$46.1 million. We estimate that the annual costs charged to these environmental accruals will be approximately \$3.0 million to \$12.0 million per year for the years 2001 through 2005 and an aggregate of approximately \$21.0 million thereafter. However, we cannot assure you that KACC's actual costs will not exceed our current estimates. We believe 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 an estimated \$35.0 million. See Note 12 of Notes to Consolidated Financial Statements for additional information.

- - The remaining allegations of Unfair Labor Practices ("ULPs") filed by the USWA could adversely affect us in connection with the USWA strike and subsequent lock-out by KACC, the USWA filed twenty-four allegations of ULPs. Twenty-two of the allegations were dismissed. A trial before an administrative law judge for the two remaining allegations commenced in November 2000 and is continuing. If the outcome of either of these two allegations eventually results in a final ruling against KACC, it could be obligated to provide back pay to the USWA members and such amount could be significant. However, any outcome from the trial before the administrative law judge would be subject to additional appeals by the general counsel of the National Labor Relations Board (the "NLRB"), the USWA or KACC. This process could take months or years.

- - Ability to operate profitably in the future. We reported net income of \$16.8 million for the year ended December 31, 2000 which included material non-recurring gains and losses. If such non-recurring

gains and losses were excluded from the 2000 results (see "Management's Discussion and Analysis of Financial Condition and Results of Operation - Summary" for a summary of non-recurring gains and losses), net income for the year ended December 31, 2000 would have been only slightly above break-even. While we expect that 2001 will be profitable as a result of net gains from power sales, there can be no assurance that we will generate a profit from recurring operations or that we will operate profitably in future periods.

- - We operate in a highly competitive industry. The production of alumina, primary and fabricated aluminum products is highly competitive. There are numerous companies who operate in the aluminum industry. Certain of our competitors are substantially larger, have greater financial resources than we do and may have other strategic advantages.

- - KACC is subject to political and regulatory risks in a number of countries. KACC operates facilities in the United States and in a number of other countries, including Australia, Canada, Ghana, Jamaica, and the United Kingdom. While we believe KACC's relationships in the countries in which it operates are generally satisfactory, we cannot assure you that future country developments or governmental actions will not adversely affect KACC's operations particularly or the aluminum industry generally. Among the risks inherent in KACC's operations are unexpected changes in regulatory requirements, unfavorable legal rulings, new or increased taxes and levies, and new or increased import or export restrictions. KACC's operations outside of the United States are subject to a number of additional risks, including but not limited to currency exchange rate fluctuations, currency restrictions, and nationalization of assets.

ITEM 2. PROPERTIES

The locations and general character of the principal plants, mines, and other materially important physical properties relating to KACC's operations are described in Item 1 "- Business Operations" and those descriptions are incorporated herein by reference. KACC owns in fee or leases all the real estate and facilities used in connection with its business. Plants and equipment and other facilities are generally in good condition and suitable for their intended uses, subject to changing environmental requirements. Although KACC's domestic aluminum smelters were initially designed early in KACC's history, they have been modified frequently over the years to incorporate technological advances in order to improve efficiency, increase capacity, and achieve energy savings. The Company believes that KACC's plants are cost competitive on an international basis. However, the long-term viability of KACC's Pacific Northwest smelters may be adversely impacted if an adequate supply of power at reasonable prices is not ultimately available.

KACC's obligations under the Credit Agreement are secured by, among other things, mortgages on KACC's major domestic plants (other than the Gramercy alumina refinery). See Note 8 of Notes to Consolidated Financial Statements for further discussion.

ITEM 3. LEGAL PROCEEDINGS

This section contains statements which constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. See Item 1 of this Report for cautionary information with respect to such forward-looking statements.

GRAMERCY LITIGATION

On July 5, 1999, KACC's Gramercy, Louisiana, alumina refinery was extensively damaged by an explosion in the digestion area of the plant. A number of employees were injured in the incident, several of them severely. KACC may be liable for claims relating to the injured employees. The incident has resulted in more than ninety lawsuits, many of which were styled as class action suits, being filed against KACC and others since July 1999 on behalf of more than 16,000 claimants. Such lawsuits allege, among other things, property damage, business interruption loss by other businesses and personal injury. All such lawsuits previously pending in state court are now consolidated into one action pending in the Twenty-Third Judicial District Court for the Parish of St. James, State of Louisiana. One lawsuit remains pending in the United States District Court, Eastern District of Louisiana. Discovery has begun in the cases. The aggregate amount of damages sought in the lawsuits cannot be determined at this time. See Note 2 of Notes to Consolidated Financial Statements.

In connection with the settlement of the U.S. Mine Safety and Health Administration's ("MSHA") investigation of the incident, KACC is paying a fine of \$.5 million but denied the alleged violations.

ASBESTOS-RELATED LITIGATION

KACC is a defendant in a number of lawsuits, some of which involve claims of multiple persons, 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 more than 20 years. The portion of Note 12 of Notes to Consolidated Financial Statements under the heading "Asbestos Contingencies" is incorporated herein by reference.

LABOR MATTERS

In connection with the USWA strike and subsequent lock-out by KACC, certain allegations of ULPs were filed by the USWA with the NLRB. Twenty-two of the twenty-four allegations of ULPs brought against KACC by the USWA have been dismissed. A trial on the remaining two allegations before an administrative law judge commenced in November 2000 and is continuing. The Company is unable to estimate when the trial will be completed. If the outcome of either of these two allegations eventually results in a final ruling against KACC, it could be obligated to provide back pay to the USWA members and such amount could be significant. Any outcome from the trial would be subject to additional appeals by the general counsel of the NLRB, the USWA or KACC. This process could take months or years. The portion of Note 12 of Notes to Consolidated Financial Statements under the heading "Labor Matters" is incorporated herein by reference.

OTHER MATTERS

Various other lawsuits and claims are pending against KACC. 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 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, results of operations, or liquidity. See Note 12 of Notes to Consolidated Financial Statements.

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

No matter was submitted to a vote of security holders of the Company during the fourth quarter of 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

MATTERS

The Company's Common Stock is traded on the New York Stock Exchange under the symbol "KLU." The number of record holders of the Company's Common Stock at February 28, 2001, was 347. The Company has not paid any dividends on its Common Stock during the two most recent fiscal years. The high and low sales prices for the Company's Common Stock for each quarterly period of 2000, 1999 and 1998, as reported on the New York Stock Exchange is set forth in the Quarterly Financial Data on page 60 in this Report and is incorporated herein by reference.

The Credit Agreement contains restrictions on the ability of the Company to pay dividends on or make distributions on account of the Company's Common Stock, and the Credit Agreement and the indentures governing KACC's public debt contain restrictions on the ability of the Company's subsidiaries to transfer funds to the Company in the form of cash dividends, loans or advances.

See Note 8 of Notes to Consolidated Financial Statements under the heading "Debt Covenants and Restrictions" and the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Capital Structure" for additional information which are incorporated herein.

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for the Company is incorporated herein by reference to the table at page 1 of this Report, to the table at pages 14 - 15 of Management's Discussion and Analysis of Financial Condition and Results of Operations, to Note 1 of Notes to Consolidated Financial Statements, and to the Five-Year Financial Data on pages 61 - 62 in this Report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Kaiser Aluminum Corporation ("Kaiser" or the "Company"), through its wholly owned subsidiary, Kaiser Aluminum & Chemical Corporation ("KACC"), operates in the following business segments: Bauxite and alumina, Primary aluminum, Flat-rolled products, Engineered products and Commodities marketing. The Company uses a portion of its bauxite, alumina, and primary aluminum production for additional processing at certain of its downstream facilities. Intersegment transfers are valued at estimated market prices. The table below provides selected operational and financial information on a consolidated basis with respect to the Company for the years ended December 31, 2000, 1999 and 1998. The following data should be read in conjunction with the Company's consolidated financial statements and the notes thereto, contained elsewhere herein. See Note 14 of Notes to Consolidated Financial Statements for further information regarding segments. (All references to tons refer to metric tons of 2,204.6 pounds.)

(In millions of dollars, except shipments and prices)	Year Ended December 31,		
	2000	1999	1998
Shipments: (000 tons)			
Alumina(1)			
Third Party	1,927.1	2,093.9	2,250.0
Intersegment	751.9	757.3	750.7
Total Alumina	2,679.0	2,851.2	3,000.7
Primary Aluminum(2)			
Third Party	345.5	295.6	263.2
Intersegment	148.9	171.2	162.8
Total Primary Aluminum	494.4	466.8	426.0
Flat-Rolled Products	162.3	217.9	235.6
Engineered Products	164.6	171.1	169.4
Average Realized Third Party Sales Price:(3)(4)			
Alumina (per ton)	\$ 209	\$ 176	\$ 184
Primary Aluminum (per pound)	\$.74	\$.66	\$.67
Net Sales:(3)			
Bauxite and Alumina(1)(4)			
Third Party (includes net sales of bauxite)	\$ 442.2	\$ 395.8	\$ 445.2
Intersegment	148.3	129.0	135.8
Total Bauxite & Alumina	590.5	524.8	581.0
Primary Aluminum(2)(4)			
Third Party	563.7	432.9	390.7
Intersegment	242.3	240.6	233.5
Total Primary Aluminum	806.0	673.5	624.2
Flat-Rolled Products	521.0	591.3	732.7
Engineered Products	564.9	556.8	595.3
Commodities Marketing(4)	(25.4)	18.3	60.5
Minority Interests	103.4	88.5	78.0
Eliminations	(390.6)	(369.6)	(369.3)
Total Net Sales	\$2,169.8	\$ 2,083.6	\$ 2,302.4
Operating Income (Loss): (7)(8)			
Bauxite & Alumina (4)(5)	\$ 57.2	\$ (10.5)	\$ 5.5
Primary Aluminum (4)(6)	100.1	(4.8)	28.3
Flat-Rolled Products	16.6	17.1	86.8
Engineered Products	34.1	38.6	51.5
Commodities Marketing(4)	(48.7)	21.3	98.1
Micromill	(.6)	(11.6)	(18.4)
Eliminations	.1	6.9	8.9
Corporate and Other	(61.4)	(61.8)	(65.1)
Labor Settlement Charge	(38.5)	-	-
Other Non-Recurring Operating Items, Net	80.4	(24.1)	(105.0)
Total Operating Income (Loss)	\$ 139.3	\$ (28.9)	\$ 90.6
Net Income (Loss)	\$ 16.8	\$ (54.1)	\$.6
Capital Expenditures	\$ 296.5	\$ 68.4	\$ 77.6

(1) Net sales for 2000 and 1999 included approximately 267,000 tons and 264,000 tons, respectively, of alumina purchased from third parties and resold to certain unaffiliated customers and 55,000 tons and 131,000 tons, respectively, of alumina purchased from third parties and transferred to the Company's primary aluminum business unit.

(2) Net sales for 2000, 1999 and 1998 included approximately 206,500 tons, 260,100 tons and 251,300 tons, respectively, of primary aluminum purchased from third parties to meet third-party and internal commitments.

(3) Net sales for 1999 and 1998 for all segments have been restated to conform to a new accounting requirement which states that freight charges should be included in cost of products sold rather than netted against net sales

as was the Company's prior policy. Average realized prices for the Company's Flat-rolled products and Engineered products segments are not presented as such prices are subject to fluctuations due to changes in product mix.

- (4) Average realized third-party sales prices, net sales and operating income (loss) for Bauxite and alumina and Primary aluminum segments for 1999 and 1998 have been restated to reflect a change in the Company's segment reporting. The results of KACC's metal hedging activities are now set out separately in the Commodities marketing segment rather than being allocated between the two commodity business units.
- (5) Operating income (loss) for 2000 and 1999 included estimated business interruption insurance recoveries totaling \$110.0 and \$41.0, respectively. Additionally, depreciation was suspended for the Gramercy facility for the period from July 1999 to December 2000 as a result of the July 1999 incident. Depreciation expense for the Gramercy facility for the six months ended June 30, 1999, was approximately \$6.0. See Note 2 of Notes to Consolidated Financial Statements for additional information.
- (6) Operating income (loss) for the year ended December 31, 1999, included potline preparation and restart costs of \$12.8.
- (7) The allocation of the labor settlement charges to the Company's business units for the year ended December 31, 2000 is as follows: Bauxite and Alumina - \$2.1, Primary aluminum - \$15.9, Flat-rolled products - \$18.2 and Engineered products - \$2.3.
- (8) See Note 6 of Notes to Consolidated Financial Statements for a detailed summary of the components of non-recurring operating items, net (other than the labor settlement charges) and the business segment to which the items relate.

This section contains statements which constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this section (see "Overview," "Results of Operations," "Liquidity and Capital Resources" and "Other Matters"). Such statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "estimates," "will," "should," "plans" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements as a result of various factors. These factors include the effectiveness of management's strategies and decisions, general economic and business conditions, developments in technology, new or modified statutory or regulatory requirements and changing prices and market conditions. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements.

OVERVIEW

Market-related Factors. The Company's operating results are sensitive to changes in the 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. Primary aluminum prices have historically been subject to significant cyclical price fluctuations. See Notes 1 and 13 of Notes to Consolidated Financial Statements for a discussion of KACC's hedging activities.

Changes in global, regional, or country-specific economic conditions can have a significant impact on overall demand for aluminum-intensive fabricated products in the transportation, distribution, and packaging markets. Such changes in demand can directly affect the Company's earnings by impacting the overall volume and mix of such products sold. To the extent that these end-use markets weaken, demand can also diminish for what the Company sometimes refers to as the "upstream" products: alumina and primary aluminum.

During 2000, the Average Midwest United States transaction price ("AMT price") per pound of primary aluminum was \$.75 per pound. During 1999, the AMT price declined to a low of approximately \$.57 per pound in February 1999 and then began a steady increase ending 1999 at \$.79 per pound. During 1998, the AMT price experienced a steady decline during the year, beginning the year in the \$.70 to \$.75 range and ending the year in the low \$.60 range. At January 31, 2001, the AMT price was approximately \$.81 per pound.

Liquidity/Cash Resources. KACC has significant near-term debt maturities. KACC's ability to make payments on and refinance its debt depends on its ability to generate cash in the future. In addition to being impacted by power sales and normal operating items, the Company's and KACC's near-term liquidity and cash flows will also be affected by the Gramercy incident, net payments for asbestos-related liabilities and possible proceeds from asset dispositions. See "Liquidity and Capital Resources - Financing Activities and Liquidity" for a discussion of these matters.

Incident at Gramercy Facility. In July 1999, KACC's Gramercy, Louisiana alumina refinery was extensively damaged by an explosion in the digestion area of the plant. Construction on the damaged part of the facility began during the first quarter of 2000. Initial production at the plant commenced during the middle of December 2000. The plant is expected to increase production progressively to approximately 75% of its newly rated estimated annual capacity of 1,250,000 tons by the end of March 2001. At February 28, 2001, the plant was operating at 70% of capacity. Based on current estimates, construction at the facility is expected to be completed during the third quarter of 2001.

Through February 28, 2001, KACC had recorded \$289.3 million of estimated insurance recoveries related to the Gramercy incident and had collected \$262.6 million of such amounts. An additional \$7.0 million is expected in March 2001. The remaining balance of approximately \$20.0 million and any additional amounts possibly due to KACC will likely not be recovered until KACC and the insurers resolve certain outstanding issues. KACC and the insurers are currently negotiating an arbitration agreement as a means of resolving their differences. The Company anticipates that the remaining issues will not be resolved until late 2001 or early 2002. KACC and the Company continue to believe that a minimum of approximately \$290.0 million of insurance recoveries are probable, that additional amounts are owed to KACC by the insurers, and that the likelihood of any refund by KACC of amounts previously received from the insurers is remote.

See Note 2 of Notes to Consolidated Financial Statements for a full discussion regarding the incident at the Gramercy facility.

Labor Matters. As previously reported, prior to the settlement of the labor dispute, KACC was operating five of its U.S. facilities with salaried employees and other employees as a result of the September 1998 strike by the United Steelworkers of America ("USWA") and the subsequent "lockout" by KACC in January 1999. The labor dispute was settled in September 2000. In September 2000, the Company recorded a one-time pre-tax labor settlement charge of \$38.5 million to reflect the incremental, non-recurring impacts of the labor settlement, including severance and other contractual obligations for non-returning workers. See Note 5 of Notes to Consolidated Financial Statements for additional discussions on the labor settlement.

Although the USWA dispute has been settled and the workers have returned to the facilities, two allegations of unfair labor practices ("ULPs") in connection with the USWA strike and subsequent lock-out by KACC remain to be settled. The Company believes that the remaining charges made against KACC by the USWA are

without merit. See Note 12 of Notes to Consolidated Financial Statements for additional discussion on the ULP charges.

Strategic Initiatives. KACC's strategy is to improve its financial results by: increasing the competitiveness of its existing plants; continuing its cost reduction initiatives; adding assets to businesses it expects to grow; pursuing divestitures of its non-core businesses; and strengthening its financial position by divesting of part or all of its interests in certain operating assets.

In addition to working to improve the performance of the Company's existing assets, the Company has devoted significant efforts analyzing its existing asset portfolio. The Company intends to focus its efforts and capital in sectors of the industry that are considered most attractive, and in which the Company believes it is well positioned to capture value. During 2000, KACC sold certain non-operating properties, its Micromill assets and technology and its Pleasanton, California, office complex and purchased the assets of a drawn tube aluminum fabricating operation. The dispositions were part of the Company's initiative to monetize non-strategic or underperforming assets. The acquisition was part of the Company's continued focus on growing its Engineered products operations.

KACC is considering the possible sale of part or all of its interests in certain operating assets. The contemplated transactions are in various stages of development. KACC expects that at least one operating asset will be sold. KACC has multiple transactions under way. It is unlikely, however, that it would consummate all of the transactions under consideration. Further, there can be no assurance as to the likelihood, timing, or terms of such sales. The consummation of any such sales would be dependent upon a number of factors, such as negotiation of definitive documentation, due-diligence investigations, certain lender approvals and/or anti-trust clearances. The Company would expect to use the proceeds from any such sales for debt reduction, capital spending or some combination thereof.

Another area of emphasis has been a continuing focus on managing the Company's legacy liabilities. The Company believes that KACC has insurance coverage available to recover a substantial portion of its asbestos-related costs and is actively pursuing recoveries in this regard. For the period from inception through December 31, 2000, the Company has paid approximately \$220.5 million for asbestos-related settlements and associated defense costs and has received partial insurance reimbursements during this same period totaling \$131.3 million. The timing and amount of future recoveries of asbestos-related claims from insurance carriers remain a major priority of the Company, but will depend on the pace of claims review and processing by such carriers and the resolution of any disputes regarding coverage under the insurance policies.

Additional portfolio analysis and initiatives are continuing.

Pacific Northwest Power Sales and Operating Level. In response to the unprecedented high market prices for power in the Pacific Northwest, the Company temporarily curtailed the primary aluminum production at the Tacoma and Mead, Washington, smelters during the second half of 2000 and sold a portion of the power that it had under contract through September 30, 2001. As a result of the curtailments, KACC avoided the need to purchase power on a variable market price basis and will receive cash proceeds sufficient to more than offset the cash impact of the potline curtailments over the period for which the power was sold. KACC has made additional power sales in 2001.

During October 2000, KACC signed a new power contract with the Bonneville Power Administration ("BPA") under which the BPA will provide KACC's operations in the State of Washington with power during the period October 2001 through September 2006. The contract will provide sufficient power to operate KACC's Trentwood facility as well as approximately 40% of the combined capacity of KACC's Mead and Tacoma aluminum smelting operations. Power costs under the new contract are expected to exceed the cost of power under KACC's current BPA contract by between 20% to 60% and, perhaps, by as much as 100% in certain periods. There are other terms of the new BPA contract which are also less favorable than the current BPA contract. KACC does not have any remarketing rights under the new BPA contract.

See Note 7 of Notes to Consolidated Financial Statements for additional information on the power sales and the new BPA contract.

RESULTS OF OPERATIONS

Summary. The Company reported net income of \$16.8 million, or \$.21 of basic income per common share, for 2000 compared to a net loss of \$54.1 million, or \$.68 of basic loss per common share, for 1999 and net income of \$.6 million, or \$.01 of basic income per common share, for 1998. However, results for 2000, 1999 and 1998 included material non-recurring gains and losses as summarized below:

	Year Ended December 31,		
	2000	1999	1998
As reported, income (loss) per common share	\$.21	\$ (.68)	\$.01
Less material non-recurring (gains) losses:			
Labor settlement charge in 2000; strike-related costs in 1998	.30	-	.50
Asbestos-related charges	.33	.44	.11
Impairment loss - U.S. smelters in 2000; Micromill in 1999 and 1998	.25	.16	.38
Net gains from power sales	(1.22)	-	-
Operating profit foregone as a result of power sales	.20	-	-
Gains - real estate transactions in 2000; AKW L.P. interests in 1999	(.30)	(.42)	-
Other non-recurring operating charges	.21	-	-
Gramercy-related items:			
Gain on involuntary conversion	-	(.71)	-
Incremental maintenance spending	.09	-	-
Charge for insurance deductibles	-	.04	-
LIFO inventory charge	.05	-	-
Mark-to-market (gains) losses	(.08)	.27	-
	<u>\$.04</u>	<u>\$ (.90)</u>	<u>\$ 1.00</u>

Net sales in 2000 totaled \$2,169.8 million compared to \$2,083.6 million in 1999 and \$2,302.4 million in 1998.

2000 AS COMPARED TO 1999

Bauxite and Alumina. Third party net sales of alumina were up 12% in 2000 as compared to 1999 as a 19% increase in third party average realized price was partially offset by an 8% decrease in third party shipments. The increase in average realized price was because the sales prices for alumina under the Company's third-party alumina sales contracts are linked to primary aluminum prices and primary aluminum prices increased year over year. The decrease in year-over-year shipments resulted primarily from differences in the timing of shipments and, to a lesser extent, the net effect of the Gramercy incident, after considering the 267,000 tons of alumina purchased by KACC in 2000 from third parties to fulfill third party sales contracts.

Intersegment net sales for 2000 increased 15% as compared to 1999. The increase

was primarily due to a 16% increase in the intersegment average realized price resulting from increases in primary aluminum prices from period to period as intersegment transfers are made on the basis of primary aluminum market prices on a lagged basis of one month. Intersegment shipments were essentially flat. The favorable impact on intersegment alumina shipments of operating more potlines at the Company's smelters during the first half of 2000 as compared to the same period in 1999 was offset by the unfavorable impact of the potline curtailments at the Company's Washington smelters in the last half of 2000. Intersegment shipments for 2000 included approximately 55,000 tons of alumina purchased by KACC from third-parties and transferred to the Primary aluminum business unit.

Segment operating income (before non-recurring items) for 2000 was up significantly as compared to 1999 primarily as a result of the factors discussed above. Segment operating income for 2000 excludes non-recurring labor settlement charges of \$2.1 million and three Gramercy-related items; a \$7.0 million non-cash LIFO inventory charge, incremental maintenance spending of \$11.5 million and an \$8.8 million non-cash restructuring charge. Segment operating income for 1999 excludes the segment's allocated share of the expense of insurance deductibles related to the Gramercy incident of \$4.0 million.

See Note 2 of Notes to Consolidated Financial Statements for additional discussion of the effect of the Gramercy incident on the Bauxite and Alumina business unit's operations.

Primary Aluminum. Third party net sales of primary aluminum were up 30% for 2000 as compared to 1999 as a result of a 17% increase in third party shipments and a 12% increase in third party averaged realized prices. The increase in shipments was primarily due to the favorable impact of the increased operating rate at the Company's 90%-owned Volta Aluminium Company Limited ("Valco") throughout 2000 and the Washington smelters (during the first six months of 2000). These shipment increases were offset, in part, by curtailments of the potlines at the Washington smelters during the second half of 2000, net of approximately 206,500 tons of primary aluminum purchased from third-parties to meet third-party and internal commitments. The increase in the average realized prices reflects the 14% increase in primary aluminum market prices. Intersegment net sales for 2000 were up modestly when compared to 1999. A 16% increase in intersegment average realized prices was offset by a 13% decrease in intersegment shipments. The increase in the intersegment average realized price was due to higher market prices for primary aluminum as intersegment transfers are made on the basis of market prices. The decrease in shipments was primarily due to the potline curtailments at the Washington smelters, the reduced requirements of the Flat-rolled products segment due to the can body stock exit and the reduced requirements of the Engineered products segment due to the softening of the ground transportation and distribution markets.

Segment operating income (before non-recurring items) for 2000 was up significantly from 1999. The primary reason for the increase was the improvements in average realized prices and net shipments discussed above. However, segment operating income for 2000 was adversely affected by increased alumina prices, higher electric power costs and reduced profitability resulting from metal purchased and resold to the Flat-rolled products and Engineered products business units. The increase in alumina costs is the result of higher primary aluminum prices in 2000 because transfers of alumina from KACC's alumina business unit are made on a metal-linked basis. Power costs have generally increased, even after excluding the higher than normal power costs experienced by the Company in the Pacific Northwest. As previously reported, new agreements entered into in both Ghana and Wales provide for increased power stability but at increased costs. The reduced profitability on sales to the Flat-rolled products and Engineered products segments is due to the lack of a profit margin on metal that was purchased and resold at cost to the segments versus the profit margin that would have existed had the metal been produced.

Segment operating income for 2000, discussed above, excludes non-recurring net power sales gains of \$159.5 million. Segment operating income for 2000 also excludes a non-cash smelter impairment charge of \$33.0 million, the segment's share of the non-recurring labor settlement charge of \$15.9 million and costs related to staff reduction initiatives of \$3.1 million. Operating income in 1999 included costs of approximately \$12.8 million associated with preparing and restarting potlines at Valco and the Washington smelters.

Flat-Rolled Products. Net sales of flat-rolled products decreased by 12% in 2000 as compared to 1999 as a 26% decrease in shipments was only partially offset by a 14% increase in average realized prices. The decrease in shipments was primarily due to reduced shipments of can body stock as a part of the Company's planned exit from this product line. Offsetting the reduced can body stock shipments was a modest year over year improvement in shipments of heat-treat products. The increase in average realized prices primarily reflects the change in product mix (resulting from the can body stock exit) as well as the pass through to customers of increased market prices for primary aluminum.

Segment operating income (before non-recurring items) for 2000 was essentially flat when compared to 1999 as the increase in price and volume for heat-treat products offset the impacts of the can body stock exit. Segment operating income for 2000, discussed above, excludes the segment's share of the non-recurring labor settlement charge of \$18.2 million. Segment operating income also excludes a \$7.5 million non-cash LIFO inventory charge and \$5.1 million of non-cash impairment charges associated with KACC's exit from the can body stock product line.

Results for 2000 for the Flat-rolled products segment were also adversely affected late in the year by the Washington smelter curtailments as the business unit no longer had a supply of hot metal. While the impact of this change was modest in 2000, the business unit will be adversely affected by this situation in 2001. The amount of the impact will depend on the cost of acquiring the necessary metal units and the energy costs incurred to melt the purchased metal.

Engineered Products. Net sales of engineered products for 2000 were essentially flat as compared to 1999 as a 5% increase in average realized prices was offset by a 4% decrease in product shipments. The increase in average realized prices reflects increased prices for soft alloy extrusions, offset, in part, by a shift in product mix. The decrease in product shipments in 2000 over 1999 reflects a substantial weakening in ground transportation and distribution markets in the last half of 2000.

The changes in segment operating income (before non-recurring items) for 2000 as compared to 1999 were primarily attributable to increased energy costs. Segment operating income for 2000 excludes a non-recurring non-cash impairment charge associated with product line exit of \$5.6 million and labor settlement charges of \$2.3 million. Segment operating income for 1999 included equity in earnings of \$2.5 million from the Company's 50% interest in AKW L.P., which was sold in April 1999.

Commodities Marketing. Commodities marketing includes the results of KACC's aluminum hedging activities. Its hedging activities include: (1) metal hedging on behalf of the Bauxite and alumina and Primary aluminum business segments with third-party brokers (other than mark-to-market charges on certain non-qualifying hedges which are reflected in Other income (expense) - see Notes 1 and 13 of Notes to Consolidated Financial Statements) and (2) internal hedging with Flat-rolled products and Engineered products business segments so as to eliminate the commodity price risk on the underlying aluminum whenever these segments enter into a fixed price contract with a third-party customer.

Net sales for this segment represent net settlements with third-party brokers for derivative positions. Operating income represents the combined effect of such net settlements, any net premium costs associated with the purchase or sale of options, as well as net results of internal hedging activities with KACC's fabricated products segments. The decrease in net sales as well as a decrease in operating income in 2000 as compared to 1999 results from the 2000 hedging positions having lower ceilings than the positions in 1999. This is primarily the result of the timing of when the hedging position activities were completed.

Eliminations. Eliminations of intersegment profit vary from period to period depending on fluctuations in market prices as well as the amount and timing of the affected segments' production and sales.

Corporate and Other. Corporate operating expenses (excluding non-recurring items) represent corporate general and administrative expenses which are not allocated to the Company's business segments. Corporate operating results for 2000 exclude costs related to staff reduction and efficiency initiatives of \$5.5 million. Corporate operating results for 1999 exclude the expense of insurance deductibles related to the Gramercy incident allocated to the Corporate segment of \$1.0 million.

1999 AS COMPARED TO 1998

Bauxite and Alumina. Third party net sales were down 11% in 1999 as compared to 1998 as a result of a 4% decline in third party average realized prices and a 7% decrease in third party alumina shipments. The decline in the average realized prices in 1999 as compared to 1998 was primarily attributable to lower realizations under KACC's primary aluminum linked alumina sales contracts caused by lower primary aluminum market prices. The decrease in year-over-year shipments was primarily the net effect of the Gramercy incident after considering the 264,000 tons of alumina purchased by KACC from third parties to fulfill third party sales contract.

Intersegment net sales for 1999 declined 5% as compared to 1998. The decline was primarily due to a 6% decline in the intersegment average realized price, offset in part by a 1% increase in intersegment shipments, resulting from potline restarts at Valco and at the Company's Washington smelters. Intersegment net sales include approximately 131,000 tons of alumina purchased from third-parties and transferred to the primary aluminum business unit.

Segment operating income (before non-recurring items) for 1999 was down as compared to 1998 primarily as a result of the price and volume factors discussed above. Segment operating income for 1999 was favorably impacted by the fact that depreciation on the Gramercy facility was suspended in July 1999.

Segment operating income for 1999, discussed above, excludes the segment's allocated share of the expense of insurance deductibles related to the Gramercy incident of \$4.0 million. Segment operating income for 1998 excludes the adverse impact of approximately \$11.0 million of incremental strike-related costs.

Primary Aluminum. Third party net sales of primary aluminum were up 11% as compared to 1998 as a result of a 12% increase in third party shipments offset by a 1% decrease in the average realized third party sales prices. The increase in shipments was primarily due to the favorable impact of Valco operating three potlines in 1999 as compared to one potline in 1998.

Intersegment net sales for 1999 were up 3% as compared to 1998. Intersegment shipments increased 5% due to the timing of shipments to the Company's fabricated business units while intersegment average realized prices were down 2%.

Segment operating income (before non-recurring items) for 1999 was down compared to 1998. The most significant component of this decline was the reduction in the average realized prices discussed above. Results for 1999 were also adversely impacted by costs of approximately \$12.8 million associated with preparing and restarting potlines at Valco and the Washington smelters. The favorable impact of Valco operating at a higher rate in 1999 (as compared to 1998) was substantially offset by the fact that Valco earned mitigating compensation of approximately \$29.0 million in 1998 for two of its curtailed potlines.

Segment operating income for 1998, discussed above, excludes the adverse impact of approximately \$29.0 of incremental strike-related costs.

Flat-Rolled Products. Net sales of flat-rolled products for 1999 declined by 19% compared to 1998 as a result of a 13% decline in average realized prices and an 8% decline in product shipments. The decline in average realized prices resulted primarily from a shift in product mix (from aerospace products, which have a higher price and operating margin, to other products) and a reduction in prices resulting from reduced demand for heat treat products. The reduction in shipments was primarily due to reduced demand in 1999 for aerospace heat-treat products offset, in small part, by increased shipments of general engineered products.

The decline in 1999 prices and shipments as compared to 1998 was responsible for the decline in segment operating income for 1999. Segment operating income for 1998 excluded the adverse impact of approximately \$16.0 million of incremental strike-related costs.

Engineered Products. Net sales of engineered products for 1999 decreased 7% compared to 1998 primarily due to an 8% decline in average realized prices. Product shipments were essentially flat. The decline in the average sales realized prices in 1999 was attributable to a change in product mix (higher ground transportation products offset by lower aerospace shipments). While there was a strong increase in 1999 in the demand for ground transportation products it was offset by a reduced demand for aerospace products.

Segment operating income for 1999 decreased compared to 1998 as a result of the factors discussed above as well as the reduced equity in earnings from AKW (which partnership interests were sold in April 1999). Segment operating income for 1998 excluded the adverse impact of approximately \$4.0 million of incremental strike-related costs.

Commodities Marketing. Net sales for this segment represent net settlements with third-party brokers for derivative positions. Operating income represents the combined effect of such net settlements, any net premium costs associated with the purchase or sale of options, as well as net results of internal hedging activities with KACC's fabricated products segments. The decrease in net sales as well as a decrease in operating income in 1999 as compared to 1998 results primarily from the 1999 hedging positions having lower floors than the positions in 1998. This is primarily the result of the timing of when the hedging position activities were completed.

Eliminations. Eliminations of intersegment profits vary from period to period depending on fluctuations in market prices as well as the amount and timing of the affected segments' production and sales.

Corporate and Other. Corporate operating expenses (before non-recurring items) represent corporate general and administrative expenses which are not allocated to the Company's business segments. Corporate operating expenses for 1999 were lower than 1998 primarily due to reduced incentive compensation expense resulting from the decline in operating results. Corporate operating results for

1999 exclude the expense of insurance deductibles related to the Gramercy incident allocated to the Corporate segment of \$1.0 million.

LIQUIDITY AND CAPITAL RESOURCES

See Note 8 of Notes to Consolidated Financial Statements for a listing of the Company's indebtedness and information concerning certain restrictive debt covenants. See Note 12 of Notes to Consolidated Financial Statements for a discussion of the material commitments and contingencies affecting the Company's liquidity and capital resources.

Operating Activities. In 2000, operating activities provided \$84.6 million of cash. This amount compares with 1999 when operating activities used cash of \$89.3 million and 1998 when operating activities provided cash of \$170.7 million. The increase in cash flows from operating activities between 2000 and 1999 resulted primarily from the impact of the improved 2000 operating results, driven primarily by the net proceeds received from power sales of approximately \$119.8 million, and a decline in inventories of approximately \$125.8 million, offset in part by an increase in receivables of approximately \$168.8 million. The decrease in inventories was primarily due to improved inventory management and the exit from the can body product line at the Flat-rolled products business unit. The increase in receivables was primarily due to power sale proceeds that were received in the first quarter of 2001 and Gramercy-related items. The decrease in cash flows from operating activities between 1999 and 1998 was due primarily to the impact of 1999 results, excluding non-cash charges, and an increased investment in working capital (excluding cash).

Investing Activities. Total consolidated capital expenditures were \$296.5, \$68.4 and \$77.6 million in 2000, 1999 and 1998, respectively (of which \$5.4, \$4.8 and \$7.2 million were funded by the minority partners in certain foreign joint ventures). The \$296.5 million capital expenditures in 2000 included \$239.1 million spent with respect to rebuilding the Gramercy facility and \$13.3 million spent with respect to the purchase of the non-working capital assets of the Chandler, Arizona drawn tube aluminum fabricating operation. The remaining capital expenditures in 2000 and the capital expenditures in 1999 and 1998 were made primarily to improve production efficiency, reduce operating costs and expand capacity at existing facilities. Total consolidated capital expenditures, excluding the expenditures in 2001 to finish rebuilding the Gramercy, Louisiana facility, are currently expected to be between \$60.0 and \$80.0 million per year in each of 2001 and 2002 (of which approximately 15% is expected to be funded by the Company's minority partners in certain foreign joint ventures). See " - Financing Activities and Liquidity" below for a discussion of Gramercy related capital spending. Management continues to evaluate numerous projects, all of which would require substantial capital, both in the United States and overseas. The level of capital expenditures may be adjusted from time to time depending on the Company's price outlook for primary aluminum and other products, KACC's ability to assure future cash flows through hedging or other means, the Company's financial position and other factors.

Financing Activities and Liquidity: Short-Term. KACC uses its credit agreement, as amended (the "Credit Agreement") to provide short-term liquidity requirements and for letters of credit to support operations. During 2000, month-end borrowing amounts outstanding under the Credit Agreement have been as high as approximately \$53.4 million, which occurred in August 2000, primarily as a result of costs incurred and capital spending related to the Gramercy rebuild, net of insurance reimbursements. The average amount of borrowings outstanding under the Credit Agreement during 2000 was approximately \$25.6 million. The average interest rate on loans outstanding under the Credit Agreement during 2000, was approximately 10.3% per annum. Outstanding letters of credit monthly balances have primarily been in the range of \$55.0 to \$65.0 million. As of February 28, 2001, there were \$94.0 million of borrowings outstanding under the Credit Agreement and remaining availability of approximately \$120.0 million. However, proceeds of approximately \$130.0 million related to 2001 power sales are expected to be received at or near March 30, 2001, and an additional \$130.0 million of power proceeds will be received periodically through October 2001 with respect to other power sales made during the first quarter of 2001.

The Credit Agreement expires in August 2001. It is the Company's and KACC's intention to extend or replace the Credit Agreement prior to its expiration. However, in order for the Credit Agreement to be extended, on a short-term basis, beyond August 2001, KACC will have to have a plan to mitigate the \$225.0 million of 97/8% Senior Notes, due February 2002 (the "97/8% Senior Notes"). For the Credit Agreement to be extended past February 2003, both the 97/8% Senior Notes and the \$400.0 million of 12 3/4% Senior Subordinated Notes, due February 2003, will have to be retired and/or refinanced. As of February 28, 2001, KACC had received approval from the Credit Agreement lenders to purchase up to \$50.0 million of the 97/8% Senior Notes. As of February 28, 2001, KACC had purchased approximately \$1.0 million of 97/8% Senior Notes.

In addition to being impacted by power sales and normal operating variables, the Company's and KACC's near-term liquidity will also, as more fully discussed below, be affected by, among other things, three significant items: the Gramercy incident, the amount of net payments for asbestos liabilities and possible proceeds from asset dispositions.

KACC will continue to incur business interruption costs and capital spending until all construction activity at the Gramercy facility is completed and full production is restored. As more fully discussed in Note 2 of Notes to Consolidated Financial Statements, unless KACC is successful in its arbitration process against its insurers, it will have to fund all of the remaining Gramercy-related capital expenditures as well as any incremental costs or losses incurred at Gramercy. It is believed that such amounts will total between \$100.0 and \$150.0 million depending on, among other things, the ultimate cost of the rebuild, the elapsed time of the rebuild and the amount of start-up costs/inefficiencies. The Company now believes that the total cost of the rebuild will be between \$300.0 and \$325.0 million. As previously announced, however, the plant will include several additional enhancements from its original design including the installation of additional safety features in the digestion unit and enhancements to increase the annual production capacity of the plant from 1,125,000 tons to 1,250,000 tons on an extremely favorable cost-per-ton basis.

During 2000, KACC paid \$99.5 million of asbestos-related settlement and defense costs and received insurance reimbursement of \$62.8 million for asbestos-related matters. KACC's 2001 and 2002 cash payments, prior to insurance recoveries, for asbestos-related costs are estimated to be between \$110.0 million and \$135.0 million per year. The Company believes that KACC will recover a substantial portion of asbestos payments from insurance. However, insurance reimbursements have historically lagged KACC's payments. Delays in receiving future insurance repayments would have an adverse impact on KACC's liquidity. During 2000, KACC filed suit against a group of its insurers, after negotiations with certain of the insurers regarding an agreement covering both reimbursement amounts and the timing of reimbursement payments were unsuccessful. The litigation is intended, among other things, to: (1) ensure that the insurers provide KACC with timely and appropriate reimbursement payments for asbestos-related settlements and related legal costs incurred; and (2) to resolve certain issues between the parties with respect to how specific provisions of the applicable insurance policies are to be applied. Given the significance of expected asbestos-related payments in 2001 and 2002 based on settlement agreements in place at December 31, 2000, the receipt of timely and appropriate reimbursements from such insurers is critical to KACC's liquidity. The court is not expected to try the case until late 2001 or 2002. KACC is continuing to receive cash payments from

the insurers.

KACC is considering the possible sale of part or all of its interests in certain operating assets. The contemplated transactions are in various stages of development. KACC expects that at least one operating asset will be sold. KACC has multiple transactions under way. It is unlikely, however, that it will consummate all of the transactions under consideration. Further, there can be no assurance as to the likelihood, timing or terms of such sales. The Company would expect to use the proceeds from any such sales for debt reduction, capital spending or a combination thereof.

Management believes that the Company's existing cash resources, together with cash flows from operations, power sales and anticipated asset dispositions, as well as borrowings under the Credit Agreement, will be sufficient to satisfy its working capital and capital expenditure requirements for the next year. However, no assurance can be given that existing cash sources will be sufficient to meet the Company's short-term liquidity requirements or that additional sources of cash will not be required.

Long-Term. As of December 31, 2000, the Company's total consolidated indebtedness was \$989.4 million, including \$30.4 million outstanding under the Credit Agreement, which amount is included in current liabilities. KACC's ability to make payments on and to refinance its debt on a long-term basis depends on its ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors beyond KACC's control. With respect to long-term liquidity, management believes that operating cash flow, together with the ability to obtain both short and long-term financing, should provide sufficient funds to meet KACC's and the Company's working capital, financing and capital expenditure requirements. However, no assurance can be given that KACC will be able to refinance its debt on acceptable terms.

Capital Structure. MAXXAM Inc. ("MAXXAM") and one of its wholly owned subsidiaries collectively own approximately 63% of the Company's Common Stock, with the remaining approximately 37% of the Company's Common Stock being publicly held. Certain of the shares of the Company's Common Stock beneficially owned by MAXXAM are subject to certain pledge agreements. See Note 11 of Notes to Consolidated Financial Statements for a further description of the pledge agreements.

The Company has an effective "shelf" registration statement covering the offering from time to time of up to \$150.0 million of equity securities. Any such offering will only be made by means of a prospectus. The Company also has an effective "shelf" registration statement covering the offering of up to 10,000,000 shares of the Company's Common Stock that are owned by MAXXAM. The Company will not receive any of the net proceeds from any transaction initiated by MAXXAM pursuant to this registration statement.

Commitments and Contingencies. The Company and KACC are subject to a number of environmental laws, to fines or penalties assessed for alleged breaches of the environmental laws, and to claims and litigation based upon such laws. Based on the Company's evaluation of these and other environmental matters, the Company has established environmental accruals of \$46.1 million at December 31, 2000. However, the Company believes that it is reasonably possible that changes in various factors could cause costs associated with these environmental matters to exceed current accruals by amounts that could range, in the aggregate, up to an estimated \$35.0 million.

KACC is also a defendant in a number of asbestos-related lawsuits that generally relate to products KACC has not sold for more than 20 years. Based on past experience and reasonably anticipated future activity, the Company has established a \$492.4 million accrual at December 31, 2000, for estimated asbestos-related costs for claims filed and estimated to be filed through 2010, before consideration of insurance recoveries. However, the Company believes that substantial recoveries from insurance carriers are probable. The Company reached this conclusion based on prior insurance-related recoveries in respect of asbestos-related claims, existing insurance policies and the advice of outside counsel with respect to applicable insurance coverage law relating to the terms and conditions of these policies. Accordingly, the Company has recorded an estimated aggregate insurance recovery of \$406.3 million (determined on the same basis as the asbestos-related cost accrual) at December 31, 2000. Although the Company has settled asbestos-related coverage matters with certain of its insurance carriers, other carriers have not yet agreed to settlements and disputes with certain carriers exist. The timing and amount of future recoveries from these carriers will depend on the pace of claims review and processing by such carriers and on the resolution of any disputes regarding coverage under such policies that may arise.

In connection with the USWA strike and subsequent lock-out by KACC which was settled in September 2000, certain allegations of unfair labor practices ("ULPs") have been filed with the National Labor Relations Board ("NLRB") by the USWA. KACC believes that all such allegations are without merit. Twenty-two of twenty-four allegations of ULPs previously brought against it by the USWA have been dismissed. A trial before an administrative law judge for the two remaining allegations commenced in November 2000 and is continuing. The Company is unable to estimate when the trial will be completed. Any outcome from the trial would be subject to additional appeals by the general counsel of the NLRB, the USWA or KACC. This process could take months or years. If these proceedings eventually resulted in a final ruling against KACC with respect to either allegation, it could be obligated to provide back pay to USWA members at the five plants and such amount could be significant.

While uncertainties are inherent in the final outcome of these matters and it is presently impossible to determine the actual costs that ultimately may be incurred and insurance recoveries that ultimately may be received, management currently believes that the resolution of these uncertainties and the incurrence of related costs, net of any related insurance recoveries, should not have a material adverse effect on the Company's consolidated financial position or liquidity. However, amounts paid, if any, in satisfaction of these matters could be significant to the results of the period in which they are recorded. See Note 12 of Notes to Consolidated Financial Statements for a more detailed discussion of these contingencies and the factors affecting management's beliefs.

OTHER MATTERS

Income Tax Matters. The Company's net deferred income tax assets as of December 31, 2000, were \$464.2 million, net of valuation allowances of \$122.3 million. The Company believes a long-term view of profitability is appropriate and has concluded that these net deferred income tax assets will more likely than not be realized. See Note 9 of Notes to Consolidated Financial Statements for a discussion of these and other income tax matters.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This section contains forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those projected in these forward-looking statements. The following disclosures are before consideration of any impacts resulting from the application of Statement of Financial Accounting Standards ("SFAS") No. 133 beginning January 1, 2001. See Note 1 of Notes to Consolidated Financial Statements for a discussion of the impacts of SFAS No. 133.

The Company's operating results are sensitive to changes in the prices of alumina, primary aluminum, and fabricated aluminum products, and also depend to a significant degree upon the volume and mix of all products sold. As discussed more fully in Notes 1 and 13 of Notes to Consolidated Financial Statements, KACC utilizes hedging transactions to lock- in a specified price or range of prices for certain products which it sells or consumes in its production process and to mitigate KACC's exposure to changes in foreign currency exchange rates. The following sets forth the impact on future earnings of adverse market changes related to KACC's hedging positions with respect to commodity, foreign exchange and energy contracts described more fully in Note 13 of Notes to Consolidated Financial Statements.

Alumina and Primary Aluminum. Alumina and primary aluminum production in excess of internal requirements is sold in domestic and international markets, exposing the Company to commodity price opportunities and risks. KACC's hedging transactions are intended to provide price risk management in respect of the net exposure of earnings resulting from (i) anticipated sales of alumina, primary aluminum and fabricated aluminum products, less (ii) expected purchases of certain items, such as aluminum scrap, rolling ingot, and bauxite, whose prices fluctuate with the price of primary aluminum. On average, before consideration of hedging activities, any fixed price contracts with fabricated aluminum products customers, variations in production and shipment levels, and timing issues related to price changes, the Company estimates that each \$.01 increase (decrease) in the market price per price-equivalent pound of primary aluminum increases (decreases) the Company's annual pre-tax earnings by approximately \$10.0 - \$15.0 million, based on recent fluctuations in operating levels.

Based on the average December 2000 London Metal Exchange ("LME") cash price for primary aluminum of approximately \$.71 per pound, the Company estimates that there would be no material net aggregate pre-tax impact on operating income from its hedging positions and fixed price customer contracts during the period 2001 through 2003. The Company estimates that a hypothetical \$.10 increase from the above stated December 2000 price would result in a net aggregate pre-tax decrease in operating income of approximately \$75.0 million being realized during the period 2001 through 2003 from KACC's hedging positions and fixed price customer contracts. Conversely, the Company estimates that a hypothetical \$.10 decrease from the above stated December 2000 price level would result in an aggregate pre-tax increase in operating income of approximately \$130.0 million being realized during the period 2001 through 2003 from KACC's hedging positions and fixed price customer contracts. Both of the foregoing hypothetical amounts are versus what the Company's results would have been without the derivative commodity contracts and fixed price customer contracts discussed above. It should be noted, however, that, since the hedging positions and fixed price customer contracts lock-in a specified price or range of prices, increases or decreases in earnings attributable to KACC's hedging positions or fixed price customer contracts are significantly offset by a decrease or increase in the proceeds to be realized on the underlying physical transactions.

As stated in Note 13 of Notes to the Consolidated Financial Statements, KACC has certain hedging positions which do not qualify for treatment as a "hedge" under current accounting guidelines and thus must be marked-to-market each period. Fluctuations in forward market prices for primary aluminum would likely result in additional earnings volatility as a result of these positions. The Company estimates that a hypothetical \$.10 change in spot market prices from the December 31, 2000, LME cash price of \$.71 per pound would, depending on the shape of the forward curve, result in additional aggregate mark-to-market impacts of between \$10.0-\$30.0 million during any period through 2003.

In addition to having an impact on the Company's earnings, a hypothetical \$.10-per-pound change in primary aluminum prices would also impact the Company's cash flows and liquidity through changes in possible margin advance requirements. At December 31, 2000, KACC had made margin advances of \$5.1 million and had posted letters of credit totaling \$5.0 million in lieu of paying margin advances. Increases in primary aluminum prices subsequent to December 31, 2000, could result in KACC having to make additional margin advances or post additional letters of credit and such amounts could be significant. If primary aluminum prices increased by \$.10 per pound (from the year-end 2000 price) by March 31, 2001 and the forward curve were as described above, it is estimated that KACC could be required to make additional margin advances in the range of \$50.0 to \$100.0 million.

Foreign Currency. KACC enters into forward exchange contracts to hedge material cash commitments for foreign currencies. KACC's primary foreign exchange exposure is related to KACC's Australian Dollar (A\$) commitments in respect of activities associated with its 28.3%-owned affiliate, Queensland Alumina Limited. The Company estimates that, before consideration of any hedging activities, a US \$.01 increase (decrease) in the value of the A\$ results in an approximate \$2 million (decrease) increase in the Company's annual pre-tax operating income.

KACC's foreign currency hedges would have no net aggregate pre-tax impact on the Company's operating results for the period 2001 through 2005 at the December 31, 2000 US\$ to A\$ exchange rate of \$.55. The Company estimates that a hypothetical 10% reduction in the A\$ exchange rate would result in the Company recognizing a net aggregate pre-tax cost of approximately \$10.0 million for the period 2001 through 2005 from KACC's foreign currency hedging positions. Conversely, the Company estimates that a hypothetical 10% increase in the A\$ exchange rate (from \$.55) would result in the Company realizing a net pre-tax aggregate benefit of approximately \$20.0 million. These hypothetical impacts are versus what the Company's results would have been without the Company's derivative foreign currency contracts. It should be noted, however, that, since the hedging positions lock-in specified rates, increases or decreases in earnings attributable to currency hedging instruments would be offset by a corresponding decrease or increase in the value of the hedged commitments.

Energy. KACC is exposed to energy price risk from fluctuating prices for fuel oil, diesel oil and natural gas consumed in the production process. The Company estimates that each \$1.00 change in natural gas prices (per mcf) impacts the Company's pre-tax operating results by approximately \$20.0 million. Further, the Company estimates that each \$1.00 change in fuel oil prices (per barrel) impacts the Company's pre-tax operating results by approximately \$3.0 million.

KACC from time to time in the ordinary course of business enters into hedging transactions with major suppliers of energy and energy related financial instruments. As of December 31, 2000, KACC held option and swap contracts hedging a substantial majority of its first quarter 2001 natural gas requirements. The Company expects to realize a pre- tax benefit of approximately \$10.0 million in the first quarter of 2001 associated with these hedging positions. However, it should be noted that these benefits will be offset by the higher than normal gas prices on the physical gas deliveries received during the first quarter of 2001.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Public Accountants

Consolidated Balance Sheets

Statements of Consolidated Income (Loss)

Statements of Consolidated Stockholders' Equity and Comprehensive Income (Loss)

Statements of Consolidated Cash Flows

Notes to Consolidated Financial Statements

Quarterly Financial Data (Unaudited)

Five-Year Financial Data

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and the Board of Directors of Kaiser Aluminum Corporation:

We have audited the accompanying consolidated balance sheets of Kaiser Aluminum Corporation (a Delaware corporation) and subsidiaries as of December 31, 2000 and 1999, and the related statements of consolidated income (loss), stockholders' equity and comprehensive income (loss) and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kaiser Aluminum Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas

March 27, 2001

CONSOLIDATED BALANCE SHEETS

	December 31,	
(In millions of dollars, except share amounts)	2000	1999
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23.4	\$ 21.2
Receivables:		
Trade, less allowance for doubtful receivables of \$5.8 and \$5.9	188.7	154.1
Other	241.1	106.9
Inventories	396.2	546.1
Prepaid expenses and other current assets	162.7	145.6
Total current assets	1,012.1	973.9
Investments in and advances to unconsolidated affiliates	77.8	96.9
Property, plant, and equipment - net	1,176.1	1,053.7
Deferred income taxes	454.2	440.0
Other assets	622.9	634.3
Total	\$ 3,343.1	\$ 3,198.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 236.8	\$ 231.7
Accrued interest	37.5	37.7
Accrued salaries, wages, and related expenses	110.3	62.1
Accrued postretirement medical benefit obligation - current portion	58.0	51.5
Other accrued liabilities	288.9	168.8
Payable to affiliates	78.3	85.8
Long-term debt - current portion	31.6	.3
Total current liabilities	841.4	637.9
Long-term liabilities	703.7	727.1
Accrued postretirement medical benefit obligation	656.9	678.3
Long-term debt	957.8	972.5
Minority interests	101.1	117.7
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$.01, authorized 125,000,000 shares; issued and outstanding 79,599,557 and 79,405,333 shares	.8	.8
Additional capital	537.5	536.8
Accumulated deficit	(454.3)	(471.1)
Accumulated other comprehensive income (loss)	(1.8)	(1.2)
Total stockholders' equity	82.2	65.3
Total	\$ 3,343.1	\$ 3,198.8

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

STATEMENTS OF CONSOLIDATED INCOME (LOSS)

	Year Ended December 31,		
(In millions of dollars, except share amounts)	2000	1999	1998
Net sales	\$ 2,169.8	\$ 2,083.6	\$ 2,302.4
Costs and expenses:			
Cost of products sold	1,891.4	1,893.5	1,892.2
Depreciation and amortization	76.9	89.5	99.1

Selling, administrative, research and development, and general	104.1	105.4	115.5
Labor settlement charge	38.5	-	-
Other non-recurring operating items, net	(80.4)	24.1	105.0
Total costs and expenses	2,030.5	2,112.5	2,211.8
Operating income (loss)	139.3	(28.9)	90.6
Other income (expense):			
Interest expense	(109.6)	(110.1)	(110.0)
Gain on involuntary conversion at Gramercy facility	-	85.0	-
Other - net	(4.3)	(35.9)	3.5
Income (loss) before income taxes and minority interests	25.4	(89.9)	(15.9)
(Provision) benefit for income taxes	(11.6)	32.7	16.4
Minority interests	3.0	3.1	.1
Net income (loss)	\$ 16.8	\$ (54.1)	\$.6
Earnings (loss) per share:			
Basic/Diluted	\$.21	\$ (.68)	\$.01
Weighted average shares outstanding (000):			
Basic	79,520	79,336	79,115
Diluted	79,523	79,336	79,156

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

STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

(In millions of dollars)

	Common Stock	Additional Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE, DECEMBER 31, 1997	\$.8	\$ 533.8	\$ (417.6)	\$ -	\$ 117.0
Net income/Comprehensive income	-	-	.6	-	.6
Stock options exercised	-	.1	-	-	.1
Incentive plan accretion	-	1.5	-	-	1.5
BALANCE, DECEMBER 31, 1998	.8	535.4	(417.0)	-	119.2
Net income (loss)	-	-	(54.1)	-	(54.1)
Minimum pension liability adjustment, net of tax	-	-	-	(1.2)	(1.2)
Comprehensive income (loss)	-	-	-	-	(55.3)
Stock options exercised	-	.1	-	-	.1
Incentive plan accretion	-	1.3	-	-	1.3
BALANCE, DECEMBER 31, 1999	.8	536.8	(471.1)	(1.2)	65.3
Net income	-	-	16.8	-	16.8
Minimum pension liability adjustment, net of tax	-	-	-	(.6)	(.6)
Comprehensive income	-	-	-	-	16.2
Incentive plan accretion	-	.7	-	-	.7
BALANCE, DECEMBER 31, 2000	\$.8	\$ 537.5	\$ (454.3)	\$ (1.8)	\$ 82.2

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

STATEMENTS OF CONSOLIDATED CASH FLOWS

	Year Ended December 31,		
	2000	1999	1998
(In millions of dollars)			
Cash flows from operating activities:			
Net income (loss)	\$ 16.8	\$ (54.1)	\$.6
Adjustments to reconcile net income to net cash (used) provided by operating activities:			
Depreciation and amortization (including deferred financing costs of \$4.4, \$4.3 and \$3.9)	81.3	93.8	103.0
Non-cash impairment charges (Notes 1 and 6)	63.3	19.1	45.0
Gain on involuntary conversion at Gramercy facility	-	(85.0)	-
Gains - real estate related (2000); sale of interests in AKW L.P. (1999)	(39.0)	(50.5)	-
Non-cash benefit for income taxes	-	-	(8.3)
Equity in loss (income) of unconsolidated affiliates, net of distributions	13.1	(4.9)	.1
Minority interests	(3.0)	(3.1)	(.1)
(Increase) decrease in trade and other receivables	(168.8)	21.7	61.5
Decrease (increase) in inventories	125.8	(2.6)	24.8
Decrease (increase) in prepaid expenses and other current assets	20.8	(66.9)	30.1
(Decrease) increase in accounts payable (associated with operating activities) and accrued interest	(29.7)	58.8	(3.2)
Increase (decrease) in payable to affiliates and other accrued liabilities	68.9	19.6	(45.3)
Decrease in accrued and deferred income taxes	(10.2)	(55.2)	(26.2)
Net (used) provided by long-term assets and liabilities	(69.4)	15.7	(23.9)
Other	14.7	4.3	12.6
Net cash provided (used) by operating activities	84.6	(89.3)	170.7
Cash flows from investing activities:			
Capital expenditures, net of accounts payable of \$34.6 in 2000	(261.9)	(68.4)	(77.6)
Gramercy-related property damage insurance recoveries	100.0	-	-
Net proceeds from disposition of property and investments	66.9	74.8	6.7
Other	.2	(3.3)	(3.5)

Net cash (used) provided by investing activities	(94.8)	3.1	(74.4)

Cash flows from financing activities:			
Borrowings under credit agreement, net	20.0	10.4	-
Repayments of long-term debt	(4.4)	(.6)	(8.9)
Redemption of minority interests' preference stocks	(2.8)	(1.6)	(8.7)
Incurrence of financing costs	(.4)	-	(.6)
Capital stock issued	-	.1	.1
Decrease in restricted cash, net	-	.8	4.3

Net cash provided (used) by financing activities	12.4	9.1	(13.8)

Net increase (decrease) in Cash and cash equivalents during the year	2.2	(77.1)	82.5
Cash and cash equivalents at beginning of year	21.2	98.3	15.8

Cash and cash equivalents at end of year	\$ 23.4	\$ 21.2	\$ 98.3
=====			
Supplemental disclosure of cash flow information:			
Interest paid, net of capitalized interest of \$6.5, \$3.4 and \$3.0	\$ 105.3	\$ 105.4	\$ 106.3
Income taxes paid	19.6	24.1	16.8

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation. The consolidated financial statements include the statements of Kaiser Aluminum Corporation ("Kaiser" or the "Company") and its majority owned subsidiaries. The Company is a subsidiary of MAXXAM Inc. ("MAXXAM") and conducts its operations through its wholly-owned subsidiary, Kaiser Aluminum & Chemical Corporation ("KACC"). KACC operates in all principal aspects of the aluminum industry-the mining of bauxite (the major aluminum bearing ore), the refining of bauxite into alumina (the intermediate material), the production of primary aluminum, and the manufacture of fabricated and semi-fabricated aluminum products. Kaiser's production levels of alumina, before consideration of the Gramercy incident (see Note 2), and primary aluminum exceed its internal processing needs, which allows it to be a major seller of alumina and primary aluminum to domestic and international third parties (see Note 14).

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties, with respect to such estimates and assumptions, are inherent in the preparation of the Company's consolidated financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of the Company's consolidated financial position and results of operation.

Investments in 50%-or-less-owned entities are accounted for primarily by the equity method. Intercompany balances and transactions are eliminated.

Net sales and cost of products sold for 1999 and 1998 have been restated to conform to a new accounting principle that requires freight charges (\$39.3 in 1999 and \$46.0 in 1998) to be included in cost of products sold.

Liquidity/Cash Resources. KACC has significant near-term debt maturities. KACC's ability to make payments on and refinance its debt depends on its ability to generate cash in the future. In addition to being impacted by power sales and normal operating items, the Company's and KACC's near-term liquidity and cash flows will also be affected by the Gramercy incident, net payments for asbestos-related liabilities and possible proceeds from asset dispositions. For discussions of these matters, see Notes 2, 7, 8 and 12.

Recognition of Sales. Sales are recognized when title, ownership and risk of loss pass to the buyer. No changes were required to the Company's revenue recognition policy as a result of Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements", which become effective during 2000.

Earnings per Share. Basic earnings per share is computed by dividing the weighted average number of common shares outstanding during the period, including the weighted average impact of the shares of common stock issued during the year from the date(s) of issuance.

Diluted earnings per share for the years ended December 31, 2000 and 1998 include the dilutive effect of outstanding stock options (3,000 shares and 41,000 shares, respectively). The impact of outstanding stock options was excluded from the computation of diluted loss per share for the year ended December 31, 1999, as its effect would have been antidilutive.

Cash and Cash Equivalents. The Company considers only those short-term, highly liquid investments with original maturities of 90 days or less to be cash equivalents.

Inventories. Substantially all product inventories are stated at last-in, first-out ("LIFO") cost, not in excess of market value. Replacement cost is not in excess of LIFO cost. Inventories at December 31, 2000, have been reduced by LIFO inventory charges totaling \$24.1 (\$.6 in cost of products sold and \$23.5 in non-recurring operating items, net). The non-recurring LIFO charges result primarily from the Washington smelters' curtailment (\$4.5), the exit from the can body stock product line (\$11.1) and the delayed restart of the Gramercy facility (\$7.0). Other inventories, principally operating supplies and repair and maintenance parts, are stated at the lower of average cost or market. Inventory costs consist of material, labor, and manufacturing overhead, including depreciation. Inventories consist of the following:

	December 31,	
	2000	1999

Finished fabricated products	\$ 54.6	\$ 118.5
Primary aluminum and work in process	126.9	189.4
Bauxite and alumina	88.6	124.1
Operating supplies and repair and maintenance parts	126.1	114.1

	\$ 396.2	\$ 546.1
=====		

Depreciation. Depreciation is computed principally by the straight-line method at rates based on the estimated useful lives of the various classes of assets. The principal estimated useful lives of land improvements, buildings, and machinery and equipment are 8 to 25 years, 15 to 45 years, and 10 to 22 years, respectively.

Stock-Based Compensation. The Company applies the intrinsic value method to account for a stock-based compensation plan whereby compensation cost is recognized only to the extent that the quoted market price of the stock at the measurement date exceeds the amount an employee must pay to acquire the stock. No compensation cost has been recognized for this plan as the exercise price of the stock options granted in 2000, 1999 and 1998 were at or above the market price. The pro forma after-tax effect of the estimated fair value of the grants would be to reduce net income in 2000 by \$2.2, increase the net loss in 1999 by \$1.8 and reduce net income in 1998 by \$1.5. The fair value of the 2000, 1999 and 1998 stock option grants were estimated using a Black-Scholes option pricing model.

Other Income (Expense). Amounts included in other income (expense) in 2000, 1999 and 1998, other than interest expense and gain on involuntary conversion at the Gramercy facility, included the following pre-tax gains (losses):

	Year Ended December 31,		
	2000	1999	1998
Asbestos-related charges (Note 12)	\$ (43.0)	\$ (53.2)	\$ (12.7)
Gain on sale of Pleasanton complex (Note 4)	22.0	-	-
Lease obligation adjustment (Note 12)	17.0	-	-
Mark-to-market gains (losses) (Note 13)	11.0	(32.8)	-
Gain on sale of interests in AKW L.P. (Note 3)	-	50.5	-
Environmental cost insurance recoveries (Note 12)	-	-	12.0
All other, net	(11.3)	(.4)	4.2
	\$ (4.3)	\$ (35.9)	\$ 3.5

Deferred Financing Costs. Costs incurred to obtain debt financing are deferred and amortized over the estimated term of the related borrowing. Such amortization is included in Interest expense.

Foreign Currency. The Company uses the United States dollar as the functional currency for its foreign operations.

Derivative Financial Instruments. Hedging transactions using derivative financial instruments are primarily designed to mitigate KACC's exposure to changes in prices for certain of the products which KACC sells and consumes and, to a lesser extent, to mitigate KACC's exposure to changes in foreign currency exchange rates. KACC does not utilize derivative financial instruments for trading or other speculative purposes. KACC's derivative activities are initiated within guidelines established by management and approved by KACC's and the Company's boards of directors. Hedging transactions are executed centrally on behalf of all of KACC's business segments to minimize transaction costs, monitor consolidated net exposures and allow for increased responsiveness to changes in market factors.

Most of KACC's hedging activities involve the use of option contracts (which establish a maximum and/or minimum amount to be paid or received) and forward sales contracts (which effectively fix or lock-in the amount KACC will pay or receive). Option contracts typically require the payment of an up-front premium in return for the right to lock-in a minimum or maximum price. Forward sales contracts do not require an up-front payment and are settled by the receipt or payment of the amount by which the price at the settlement date varies from the contract price. Consistent with accounting guidelines in place through December 31, 2000, any interim fluctuations in option prices prior to the settlement date were deferred until the settlement date of the underlying hedged transaction, at which time they were reflected in net sales or cost of products sold (as applicable) together with the related premium cost. No accounting recognition was accorded to interim fluctuations in prices of forward sales contracts. Hedge (deferral) accounting would have been terminated (resulting in the applicable derivative positions being marked-to-market) if the level of underlying physical transactions ever fell below the net exposure hedged. This did not occur in 1998, 1999 or 2000. Deferred gains or losses as of December 31, 2000, were included in Prepaid expenses and other current assets and Other accrued liabilities (see Note 13).

Beginning with the quarterly period ending March 31, 2001, the Company will begin reporting derivative activities consistent with Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133, which has been adopted as of January 1, 2001, requires companies to recognize all derivative instruments as assets or liabilities in the balance sheet and to measure those instruments at fair value. Under SFAS No. 133, the Company will be required to "mark-to-market" all of its hedging positions at each period-end. This contrasts with guidance under pre-2001 accounting principles which generally only required certain "non-qualifying" hedging positions to be marked-to-market. Changes in the market value of the Company's open hedging positions resulting from the mark-to-market process will represent unrealized gains or losses. Such unrealized gains or losses will change, based on prevailing market prices at each subsequent balance sheet date, until the transaction date occurs. Under SFAS No. 133, these changes will be reflected as an increase or reduction in stockholders' equity through either other comprehensive income or net income, depending on the nature of the hedging instrument used. To the extent that changes in market value of the Company's hedging positions are initially recorded in other comprehensive income, such changes will reverse out of other comprehensive income (net of any fluctuations in other "open" positions) and will be reflected in net income when the subsequent physical transactions occur. As of December 31, 2000, the amount of the Company's other comprehensive income adjustments were not significant so there was not a significant difference between net income and comprehensive income. However, differences between comprehensive income and net income may become significant in future periods as a result of SFAS No. 133. In general, SFAS No. 133 will result in material fluctuations in comprehensive income, net income and stockholders' equity in periods of price volatility, despite the fact that the Company's cash flow and earnings will be "fixed" to the extent hedged. This result is contrary to the intent of the Company's hedging program, which is to "lock-in" a price (or range of prices) for products sold/used so that earnings and cash flows are subject to reduced risk of volatility.

SFAS No. 133 requires that as of the date of the initial adoption, the difference between the market value of derivative instruments recorded on the Company's consolidated balance sheet and the previous carrying amount of those derivatives be reported in net income or other comprehensive income, as appropriate, as the cumulative effect of a change in accounting principle. As previously discussed, this impact will be reflected in the Company's first quarter 2001 financial statements. The adoption of SFAS No. 133 will result in a pre-tax benefit of \$21.2 to other comprehensive income and an essentially offsetting pre-tax charge of \$18.9 to earnings, such that the net effect of the adoption of SFAS No. 133 on stockholders' equity will be small. See Note 13 for additional discussions regarding the Company's derivatives.

Fair Value of Financial Instruments. The Company estimates the fair value of its outstanding indebtedness to be \$798.3 and \$970.5 as of December 31, 2000 and 1999, respectively, based on quoted market prices for KACC's 97/8% Senior Notes due 2002 (the "97/8% Notes"), 12 3/4% Senior Subordinated Notes due 2003 (the "12 3/4% Notes"), and 107/8% Senior Notes due 2006 (the "107/8% Notes"), and the

discounted future cash flows for all other indebtedness, using the current rate for debt of similar maturities and terms. The Company believes that the carrying amount of other financial instruments is a reasonable estimate of their fair value, unless otherwise noted.

2. INCIDENT AT GRAMERCY FACILITY

In July 1999, KACC's Gramercy, Louisiana alumina refinery was extensively damaged by an explosion in the digestion area of the plant. A number of employees were injured in the incident, several of them severely. In connection with the settlement of the U.S. Mine Safety and Health Administration's ("MSHA") investigation of the incident, KACC is paying a fine of \$.5 but denied the alleged violations. As a result of the incident, alumina production at the facility was completely curtailed. Construction on the damaged part of the facility began during the first quarter of 2000. Initial production at the plant commenced during the middle of December 2000. The plant is expected to increase production progressively to approximately 75% of its newly rated estimated annual capacity of 1,250,000 tons by the end of March 2001. At February 28, 2001, the plant was operating at 70% of capacity. Based on current estimates, construction at the facility is expected to be completed during the third quarter of 2001.

KACC has significant amounts of insurance coverage related to the Gramercy incident. Deductibles and self-retention provisions under the insurance coverage for the incident total \$5.0, which amounts were charged to Other non-recurring operating items, net in 1999 (Note 6). KACC's insurance coverage has five separate components: property damage, clean-up and site preparation, business interruption, liability and workers' compensation. The insurance coverage components are discussed below.

Property Damage. KACC's insurance policies provide that KACC will be reimbursed for the costs of repairing or rebuilding the damaged portion of the facility using new materials of like kind and quality with no deduction for depreciation. In 1999, based on discussions with the insurance carriers and their representatives and third party engineering reports, KACC recorded a pretax gain of \$85.0, representing the difference between the minimum expected property damage reimbursement amount of \$100.0 and the net carrying value of the damaged property of \$15.0. The reimbursement amount was classified as a receivable in Other assets at December 31, 1999. The full amount of the receivable was collected in 2000. Additional recoveries are possible. See "Timing and Amount of Additional Insurance Recoveries" below.

Clean-up and Site Preparation. The Gramercy facility incurred incremental costs for clean-up and other activities during 1999 and 2000. These clean-up and site preparation activities have been offset by accruals of approximately \$24.0, of which \$10.0 were accrued in 2000, for estimated insurance recoveries.

Business Interruption. KACC's insurance policies provide for the reimbursement of specified continuing expenses incurred during the interruption period plus lost profits (or less expected losses) plus other expenses incurred as a result of the incident. Operations at the Gramercy facility and a sister facility in Jamaica, which supplies bauxite to Gramercy, will continue to incur operating expenses until full production at the Gramercy facility is restored. Through December 2000, KACC purchased alumina from third parties, in excess of the amounts of alumina available from other KACC-owned facilities, to supply these customers' needs as well as to meet intersegment requirements. The excess cost of such open market purchases was substantially offset by insurance recoveries. However, the insurers have alleged that certain sublimits within KACC's insurance coverage have been reached, and, accordingly, any additional excess purchase costs incurred in 2001 will be substantially unreimbursed. However, as the facility is approaching 75% of its newly rated production capacity, any such unreimbursed costs will be limited. The insurers have also asserted that no additional business interruption amounts are due after November 30, 2000. After considering all of the foregoing items, KACC recorded expected business interruption insurance recoveries totaling \$151.0, of which \$110.0 was recorded in the year ended December 31, 2000, as a reduction of Cost of products sold, which amounts substantially offset actual expenses incurred during these periods. Such business interruption insurance amounts represent estimates of KACC's business interruption coverage based on discussions with the insurance carriers and their representatives and are therefore subject to change. See "Timing and Amount of Additional Insurance Recoveries" below.

Depreciation expense for the first six months of 1999 was approximately \$6.0. KACC suspended depreciation at the facility starting in July 1999 since production had been completely curtailed. However, in accordance with an agreement with KACC's insurers, during the second half of 2000, the Company recorded a depreciation charge of \$14.3, of which \$1.5 was recorded in the fourth quarter, representing the previously unrecorded depreciation related to the undamaged portion of the facility for the period from July 1999 through November 2000. However, this charge did not have any impact on the Company's operating results as the Company has reflected (as a reduction of depreciation expense) an equal and offsetting insurance receivable (incremental to the amounts discussed in the preceding paragraph) since the insurers have agreed to reimburse the Company this amount. Since production at the facility was partially restored during December 2000, normal depreciation has commenced. Such depreciation will exceed prior historical rates primarily due to the capital costs on the newly constructed assets.

Liability. The incident has also resulted in more than ninety individual and class action lawsuits being filed against KACC and others alleging, among other things, property damage, business interruption losses by other businesses and personal injury. The aggregate amount of damages sought in the lawsuits and other claims cannot be determined at this time; however, KACC does not currently believe the damages will exceed the amount of coverage under its liability policies.

Workers' Compensation. While it is presently impossible to determine the aggregate amount of claims that may be incurred, KACC currently believes that any amount in excess of the coverage limitations will not have a material effect on the Company's consolidated financial position or liquidity. However, it is possible that as additional facts become available, additional charges may be required and such charges could be material to the period in which they are recorded.

Timing and Amount of Additional Insurance Recoveries. Through December 31, 2000, the Company had recorded \$289.3 of estimated insurance recoveries related to the property damage, clean-up and site preparation and business interruption aspects of the Gramercy incident and had collected \$252.6 of such amounts. Through February 2001, an additional \$10.0 had been received with respect to the estimated recoveries at year-end 2000 and an additional \$7.0 is expected in March 2001. The remaining balance of approximately \$20.0 and any additional amounts possibly due to KACC are not expected to be recovered until KACC and the insurers resolve their differences. KACC and the insurers are currently negotiating an arbitration agreement as a means of resolving their differences. The Company anticipates that the remaining issues will not be resolved until late 2001 or early 2002. KACC and the Company continue to believe that a minimum of approximately \$290.0 of insurance recoveries are probable, that additional amounts are owed to KACC by the insurers, and that the likelihood of any refund by KACC of amounts previously received from the insurers is remote. However, no assurances can be given as to the ultimate outcome of this matter or its impact on the Company's and KACC's near-term liquidity and results of operations.

Neither KACC nor the Company intend to record any additional insurance-related recoveries in 2001 unless and until agreed to by the insurers or until the arbitration process is completed. As such, the Company's and KACC's future operating results will be adversely affected until all of the additional costs/lost profits related to the Gramercy plant's start-up and return to full production are eliminated or until any amounts related to 2001 ultimately determined to be due to KACC through negotiation with the insurers or as a part of the arbitration process are received.

Other. During the third quarter of 2000, KACC incurred approximately \$11.5 of normal recurring maintenance expenditures for the Gramercy facility (which amounts were reflected in Other non-recurring operating items, net - see Note 6) that otherwise would have been incurred in the ordinary course of business over the next one to three years. The Company chose to incur these expenditures now to avoid normal operational outages that otherwise would have occurred once the facility resumes production.

3. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES

Summary of combined financial information is provided below for unconsolidated aluminum investments, most of which supply and process raw materials. The investees are Queensland Alumina Limited ("QAL") (28.3% owned), Anglesey Aluminium Limited ("Anglesey") (49.0% owned) and Kaiser Jamaica Bauxite Company (49.0% owned). The equity in income (loss) before income taxes of such operations is treated as a reduction (increase) in Cost of products sold. At December 31, 2000 and 1999, KACC's net receivables from these affiliates were not material.

KACC was a founding partner (during 2000) in MetalSpectrum, LLC, an independent neutral online site to serve manufacturers, distributors and customers in the specialty metals business. Since KACC's interest in MetalSpectrum is less than 10%, it is being accounted for on the cost basis.

On April 1, 1999, KACC sold its 50% interest in AKW L.P. ("AKW") to its partner for \$70.4, which resulted in the Company recognizing a net pre-tax gain of \$50.5 (included in Other income (expense) - Note 1). The Company's equity in income of AKW was \$2.5 and \$7.8 for the years ended December 31, 1999 and 1998, respectively.

Summary of Combined Financial Position

	December 31,	
	2000	1999
Current assets	\$ 350.1	\$ 370.4
Long-term assets (primarily property, plant, and equipment, net)	327.3	344.1
Total assets	\$ 677.4	\$ 714.5
Current liabilities	\$ 144.1	\$ 120.4
Long-term liabilities (primarily long-term debt)	331.4	368.3
Stockholders' equity	201.9	225.8
Total liabilities and stockholders' equity	\$ 677.4	\$ 714.5

Summary of Combined Operations

	Year Ended December 31,		
	2000	1999	1998
Net sales	\$ 602.9	\$ 594.9	\$ 659.2
Costs and expenses	(617.1)	(582.9)	(651.7)
Benefit (provision) for income taxes	(4.5)	.8	(2.7)
Net income (loss)	\$ (18.7)	\$ 12.8	\$ 4.8
Company's equity in income (loss)	\$ (4.8)	\$ 4.9	\$ 5.4
Dividends received	\$ 8.3	\$ -	\$ 5.5

The Company's equity in income differs from the summary net income (loss) due to varying percentage ownerships in the entities and equity method accounting adjustments. Prior to December 31, 2000, KACC's investment in its unconsolidated affiliates exceeded its equity in their net assets and such excess was being amortized to Depreciation and amortization. At December 31, 2000, the excess investment had been fully amortized. Such amortization was approximately \$10.0 for each of the years ended December 31, 2000, 1999 and 1998.

The Company and its affiliates have interrelated operations. KACC provides some of its affiliates with services such as management and engineering. Significant activities with affiliates include the acquisition and processing of bauxite, alumina, and primary aluminum. Purchases from these affiliates were \$235.7, \$223.7 and \$235.1, in the years ended December 31, 2000, 1999 and 1998, respectively.

4. PROPERTY, PLANT, AND EQUIPMENT

The major classes of property, plant, and equipment are as follows:

	December 31,	
	2000	1999
Land and improvements	\$ 130.7	\$ 166.1
Buildings	197.2	230.0
Machinery and equipment	1,702.8	1,519.7
Construction in progress	130.3	67.7
	2,161.0	1,983.5
Accumulated depreciation	(984.9)	(929.8)
Property, plant, and equipment, net	\$ 1,176.1	\$ 1,053.7

KACC evaluated the recoverability of the approximate \$200.0 carrying value of its Washington smelters, as a result of the change in the economic environment of the Pacific Northwest associated with the reduced power availability and higher power costs for KACC's Washington smelters under the terms of the new contract with the Bonneville Power Administration ("BPA") starting in October 2001 (see Note 7). The Company determined that the expected future discounted cash flows of the Washington smelters were below their carrying value. Accordingly, during the fourth quarter of 2000, KACC adjusted the carrying value of its Washington smelting assets to their estimated fair value, which resulted in a non-cash impairment charge of approximately \$33.0 (which amount was reflected in Other non-recurring operating items, net - see Note 6). The estimated fair value was based on anticipated future cash flows discounted at a rate commensurate with the risk involved.

During September 2000, KACC sold its Pleasanton, California, office complex because the complex had become surplus to the Company's needs. Net proceeds from the sale were approximately \$51.6 and resulted in a net pre-tax gain of \$22.0 (included in Other income (expense) - see Note 1).

In May 2000, KACC acquired the assets of a drawn tube aluminum fabricating operation in Chandler, Arizona. Total consideration for the acquisition was \$16.1, consisting of cash payments of \$15.1 and assumed current liabilities of \$1.0. The purchase price was allocated to the assets acquired based on their estimated fair values, of which approximately \$1.1 was allocated to property, plant and equipment and \$2.8 was allocated to receivables, inventory and prepaid expenses. The excess of the purchase price over the fair value of the assets acquired (goodwill) was approximately \$12.2 and is being amortized on a straight-line basis over 20 years. Total revenues for the Chandler facility were approximately \$13.8 for the year ended December 31, 1999 (unaudited).

During the quarter ended March 31, 2000, KACC, in the ordinary course of business, sold certain non-operating properties for total proceeds of approximately \$12.0. The sale did not have a material impact on the Company's operating results for the year ended December 31, 2000.

In February 2000, KACC completed the sale of the Micromill assets and technology for a nominal payment at closing and possible future payments based on subsequent performance and profitability of the Micromill technology. The sale did not have a material impact on the Company's 2000 operating results. As a result of the changes in strategic course in the further development and deployment of KACC's Micromill technology, the carrying value of the Micromill assets was reduced by recording impairment charges of \$19.1 and \$45.0 in 1999 and 1998, respectively (see Note 6).

5. LABOR DISPUTE, SETTLEMENT AND RELATED COSTS

As previously reported, prior to the settlement of the labor dispute discussed below, KACC was operating five of its U.S. facilities with salaried employees and other employees as a result of the September 30, 1998, strike by the United Steelworkers of America ("USWA") and the subsequent "lock-out" by KACC in January 1999. The labor dispute was settled in September 2000. A significant portion of the issues were settled through direct negotiations between KACC and the USWA and the remaining issues were settled pursuant to an agreed-upon arbitration process. Under the terms of the settlement, USWA members generally returned to the affected plants during October 2000. The new labor contract, which expires in September 2005, provides for a 2.6% average annual increase in the overall wage and benefit packages, results in the reduction of at least 540 hourly jobs at the five facilities (from approximately 2,800 on September 30, 1998), allows KACC greater flexibility in using outside contractors and provides for productivity gains by allowing KACC to utilize the knowledge obtained during the labor dispute without many of the work-rule restrictions that were a part of the previous labor contract. The Company has recorded a one-time pre-tax charge of \$38.5 in its results of operations for the year ended December 31, 2000, to reflect the incremental, non-recurring impacts of the labor settlement, including severance and other contractual obligations for non-returning workers. At December 31, 2000, the total remaining liability associated with the labor settlement charge was \$16.3. It is anticipated that substantially all remaining costs will be incurred during 2001 or early 2002. See Note 14 for the allocation of the labor settlement charge by business unit.

During the period of the strike and subsequent lock-out, the Company continued to accrue certain benefits (such as pension and other postretirement benefit costs/liabilities) for the USWA members, which accruals were based on the terms of the previous USWA contract. The difference between the amounts accrued for the returning workers and the amounts agreed to in the settlement with the USWA resulted in an approximate \$33.6 increase in KACC's accumulated pension obligation and an approximate \$33.4 decrease in KACC's accumulated other postretirement benefit obligations. In accordance with generally accepted accounting principles, these amounts will be amortized to expense over the employees' expected remaining years of service.

On March 1, 2001, in connection with the USWA settlement agreement, KACC redeemed all of its Cumulative (1985 Series A) and Cumulative (1985 Series B) Preference Stock. See Note 11.

6. NON-RECURRING OPERATING ITEMS, NET (OTHER THAN LABOR SETTLEMENT)

The income (loss) impact associated with non-recurring operating items, net, other than the labor settlement charge, for 2000, 1999 and 1998 was as follows:

	Business Segment	Year Ended December 31,		
		2000	1999	1998
Net gains from power sales (Note 7)	Primary Aluminum	\$ 159.5	\$ -	\$ -
Impairment charge - Washington smelters (Note 4)	Primary Aluminum	(33.0)	-	-
Gramercy related items:				
Incremental maintenance (Note 2)	Bauxite & Alumina	(11.5)	-	-
Insurance deductibles, etc. (Note 2)	Bauxite & Alumina	-	(4.0)	-
	Corporate	-	(1.0)	-
LIFO inventory charge (Note 1)	Bauxite & Alumina	(7.0)	-	-
Impairment charges associated with product line exits	Flat-Rolled Products	(12.6)	-	-
	Engineered Products	(5.6)	-	-
Restructuring charges	Bauxite & Alumina	(.8)	-	-
	Primary Aluminum	(3.1)	-	-
	Corporate	(5.5)	-	-
Micromill impairment (Note 4)	Micromill	-	(19.1)	(45.0)
Incremental strike-related costs	Bauxite & Alumina	-	-	(11.0)
	Primary Aluminum	-	-	(29.0)
	Flat-Rolled Products	-	-	(16.0)
	Engineered Products	-	-	(4.0)
		\$ 80.4	\$ (24.1)	\$ (105.0)

The \$12.6 impairment charge reflected by KACC's Flat-Rolled products segment in 2000 includes a \$11.1 LIFO inventory charge (see Note 1), of which \$3.6 was recorded in the fourth quarter of 2000, and a \$1.5 charge to reduce the carrying value of certain assets to their estimated net realizable value as a result of the segment's decision to exit the can body stock product line. The \$5.6 impairment charge recorded by KACC's Engineered products segment in 2000 includes a \$9 LIFO inventory charge (all in the fourth quarter of 2000) and a \$4.7 charge to reduce the carrying value of certain machining facilities and assets, which are no longer required as a result of the segment's decision to exit a marginal product line, to their estimated net realizable value.

The restructuring charges recorded by KACC's Primary aluminum segment in 2000 represent employee benefit and other costs for approximately 50 job eliminations reflecting a reduced emphasis on technology sales and reduced salaried employee requirements at KACC's Tacoma facility, given its current curtailment. The Corporate portion of the restructuring charges in 2000 represent employee benefit and other costs associated with the consolidation or elimination of

certain corporate staff functions. The Corporate restructuring initiatives in 2000 involve a group of approximately 50 employees. As of December 31, 2000, the total remaining liability associated with both restructuring efforts was \$2.8. It is anticipated that all remaining costs will be incurred during 2001.

The incremental strike-related costs in 1998 reflect the adverse impact on the Company's profitability due to the USWA strike in September 1998.

7. PACIFIC NORTHWEST POWER SALES AND OPERATING LEVEL

Power Sales. In response to the unprecedented high market prices for power in the Pacific Northwest, KACC temporarily curtailed the primary aluminum production at the Tacoma and Mead, Washington smelters during the second half of 2000 and sold a portion of the power that it had under contract through September 30, 2001. As a result of the curtailments, KACC avoided the need to purchase power on a variable market price basis and will receive cash proceeds sufficient to more than offset the cash impact of the potline curtailments over the period for which the power was sold. To implement the curtailment, KACC temporarily curtailed the two and one-half operating potlines at its Tacoma smelter and two and one-half out of a total of eight potlines at its Mead smelter in June 2000 and temporarily curtailed the remaining Mead potlines during the fourth quarter of 2000. One-half of a potline at the Tacoma smelter was already curtailed. The Company recorded net pre-tax gains of approximately \$159.5 in 2000, of which \$103.2 was recorded in the fourth quarter, as a result of these power sales. The net gain amounts were composed of gross proceeds of \$207.8, of which \$88.0 (included in Receivables - other at December 31, 2000) was received through February 28, 2001. The gross proceeds were offset by employee-related expenses, incremental excess power costs, a non-cash LIFO inventory charge and other fixed commitments, which amounts are expected to be paid through September 2001. The resulting net gains have been reflected in Other non-recurring operating items, net (see Note 6).

As previously announced, in a series of transactions completed during the first quarter of 2001, KACC agreed to sell a substantial majority of the remaining power that it had under contract through September 2001. These power sales, before consideration of any applicable non-energy costs (which have yet to be determined), are expected to result in pre-tax gains of approximately \$260.0 in the first quarter of 2001. Approximately one-half of the net proceeds are expected to be received in late March 2001, with the balance being received periodically through October 2001. Based on the forward price for power experienced during the first quarter of 2001, the value of the remaining power that KACC has under contract that can be sold is estimated to be between \$20.0 and \$40.0.

Future Power Supply. During October 2000, KACC signed a new power contract with the BPA under which the BPA will provide KACC's operations in the State of Washington with power during the period October 2001 through September 2006. The contract will provide KACC with sufficient power to fully operate KACC's Trentwood facility as well as approximately 40% of the combined capacity of KACC's Mead and Tacoma aluminum smelting operations. Power costs under the new contract are expected to exceed the cost of power under KACC's current BPA contract by between 20% to 60% and, perhaps, by as much as 100% in certain periods. Additional provisions of the new BPA contract include a take-or-pay requirement, an additional cost recovery mechanism under which KACC's base power rate could be increased and clauses under which KACC's power allocation could be curtailed, or its costs increased, in certain instances. KACC does not have any remarketing rights under the new BPA contract. KACC has the right to terminate the contract until certain pricing and other provisions of the BPA contract are finalized, which is expected to be mid-2001.

Depending on the ultimate price for power under the terms of the new BPA contract or the availability of an alternate power supply at an acceptable price, KACC may be unable to operate the Mead and Tacoma smelters in the near or long-term. Under KACC's contract with the USWA, KACC is liable for certain severance and supplemental unemployment benefits for laid-off workers. Costs related to the period from January 1, 2001 to September 30, 2001 have been accrued to the extent the costs were fixed and determinable. However, the Company may become liable for additional costs. In particular, the Company would become liable for certain early retirement benefits for USWA workers at the Mead and Tacoma facilities if such facilities are not restarted prior to late 2002 or early 2003. Such costs could be significant and would adversely impact the Company's operating results and liquidity.

8. LONG-TERM DEBT

Long-term debt and its maturity schedule are as follows:

	December 31,								
	2001	2002	2003	2004	2005	2006 and After	2000 Total	1999 Total	
Credit Agreement	\$ 30.4						\$ 30.4	\$ 10.4	
97/8% Senior Notes due 2002, net		\$ 224.8					224.8	224.6	
107/8% Senior Notes due 2006, net						\$ 225.5	225.5	225.6	
12 3/4% Senior Subordinated Notes due 2003			\$ 400.0				400.0	400.0	
Alpart CARIFA Loans - (fixed and variable rates) due 2007, 2008						56.0	56.0	60.0	
Other borrowings (fixed and variable rates)	1.2	.2	.2	\$.2	\$.2	50.7	52.7	52.2	
Total	\$ 31.6	\$ 225.0	\$ 400.2	\$.2	\$.2	\$ 332.2	989.4	972.8	
Less current portion							31.6	.3	
Long-term debt							\$ 957.8	\$ 972.5	

Credit Agreement and Liquidity. The Company and KACC have a credit agreement, as amended, (the "Credit Agreement") which provides a secured, revolving line of credit through August 15, 2001. KACC is able to borrow under the facility by means of revolving credit advances and letters of credit (up to \$125.0) in an aggregate amount equal to the lesser of \$300.0 (reduced from \$325.0 in December 2000) or a borrowing base relating to eligible accounts receivable and eligible inventory. As of December 31, 2000, \$155.3 (of which \$69.3 could have been used for letters of credit) was available to KACC under the Credit Agreement. The Credit Agreement is unconditionally guaranteed by the Company and by certain significant subsidiaries of KACC. Interest on any outstanding balances will bear a spread (which varies based on the results of a financial test) over either a base rate or LIBOR, at KACC's option. The interest rate at December 31, 2000 was 11.0%. As of February 28, 2001, there were \$94.0 of borrowings outstanding under the Credit Agreement and remaining availability of approximately \$120.0. However, proceeds of approximately \$130.0 related to 2001 power sales are expected to be received at or near March 30, 2001, and an additional \$130.0 of power proceeds will be received periodically through October 2001 with respect to other power sales made during the first quarter of 2001.

It is the Company's and KACC's intention to extend or replace the Credit Agreement prior to its expiration. However, in order for the Credit Agreement to be extended, on a short-term basis, beyond August 2001, KACC will have to have a plan to mitigate the \$225.0 million of 97/8% Notes, due February 2002. For the

Credit Agreement to be extended past February 2003, both the 97/8% Notes and the 12 3/4% Notes, due February 2003, will have to be retired and/or refinanced. As of February 28, 2001, KACC had received approval from the Credit Agreement lenders to purchase up to \$50.0 of the 97/8% Notes. As of February 28, 2001, KACC has purchased approximately \$1.0 of 97/8% Notes.

As previously disclosed, KACC is considering the possible sale of part or all of its interests in certain operating assets. The contemplated transactions are in various stages of development. KACC expects that at least one operating asset will be sold.

KACC has multiple transactions under way. It is unlikely, however, that it would consummate all of the transactions under consideration. Further, there can be no assurance as to the likelihood, timing or terms of such sales. The Company would expect to use the proceeds from any such sales for debt reduction, capital spending or some combination thereof.

Alpart CARIFA Loans. In December 1991, Alumina Partners of Jamaica ("Alpart") entered into a loan agreement with the Caribbean Basin Projects Financing Authority ("CARIFA"). As of December 31, 2000, Alpart's obligations under the loan agreement were secured by two letters of credit aggregating \$59.7. KACC was a party to one of the two letters of credit in the amount of \$38.8 in respect of its ownership interest in Alpart. Alpart has also agreed to indemnify bondholders of CARIFA for certain tax payments that could result from events, as defined, that adversely affect the tax treatment of the interest income on the bonds.

During March 2000, Alpart redeemed \$4.0 principal amount of the CARIFA loans. During March 2001, Alpart redeemed an additional \$34.0 principal amount of the CARIFA loans and, accordingly, KACC's letter of credit securing the loans was reduced to \$15.3. The March 2001 redemption had a modest beneficial effect on the unused availability remaining under the Credit Agreement as the additional Credit Agreement borrowings of \$22.1 required for KACC's share of the redemption were more than offset by a reduction in the amount of letters of credit outstanding.

Debt Covenants and Restrictions. The Credit Agreement requires KACC to comply with certain financial covenants and places restrictions on the Company's and KACC's ability to, among other things, incur debt and liens, make investments, pay dividends, undertake transactions with affiliates, make capital expenditures, and enter into unrelated lines of business. The Credit Agreement is secured by, among other things, (i) mortgages on KACC's major domestic plants (excluding KACC's Gramercy alumina plant); (ii) subject to certain exceptions, liens on the accounts receivable, inventory, equipment, domestic patents and trademarks, and substantially all other personal property of KACC and certain of its subsidiaries; (iii) a pledge of all the stock of KACC owned by Kaiser; and (iv) pledges of all of the stock of a number of KACC's wholly owned domestic subsidiaries, pledges of a portion of the stock of certain foreign subsidiaries, and pledges of a portion of the stock of certain partially owned foreign affiliates.

The obligations of KACC with respect to its 97/8% Notes, its 107/8% Notes and its 12 3/4% Notes are guaranteed, jointly and severally, by certain subsidiaries of KACC. The indentures governing the 97/8% Notes, the 107/8% Notes and the 12 3/4% Notes (collectively, the "Indentures") restrict, among other things, KACC's ability to incur debt, undertake transactions with affiliates, and pay dividends. Further, the Indentures provide that KACC must offer to purchase the 97/8% Notes, the 107/8% Notes and the 12 3/4% Notes, respectively, upon the occurrence of a Change of Control (as defined therein), and the Credit Agreement provides that the occurrence of a Change in Control (as defined therein) shall constitute an Event of Default thereunder.

The Credit Agreement does not permit the Company, and significantly restricts KACC's ability, to pay dividends on their common stock.

Restricted Net Assets of Subsidiaries. Certain debt instruments restrict the ability of KACC to transfer assets, make loans and advances, and pay dividends to the Company. The restricted net assets of KACC totaled \$87.0 and \$70.7 at December 31, 2000 and 1999, respectively.

9. INCOME TAXES

Income (loss) before income taxes and minority interests by geographic area is as follows:

	Year Ended December 31,		
	2000	1999	1998
Domestic	\$ (96.6)	\$ (81.8)	\$ (93.6)
Foreign	122.0	(8.1)	77.7
Total	\$ 25.4	\$ (89.9)	\$ (15.9)

Income taxes are classified as either domestic or foreign, based on whether payment is made or due to the United States or a foreign country. Certain income classified as foreign is also subject to domestic income taxes.

The (provision) benefit for income taxes on income (loss) before income taxes and minority interests consists of:

		Year Ended December 31,			Total
		Federal	Foreign	State	
2000	Current	\$ (1.9)	\$ (35.3)	\$ (.3)	\$ (37.5)
	Deferred	35.5	(8.9)	(.7)	25.9
	Total	\$ 33.6	\$ (44.2)	\$ (1.0)	\$ (11.6)
1999	Current	\$ (.5)	\$ (23.1)	\$ (.3)	\$ (23.9)
	Deferred	43.8	7.1	5.7	56.6
	Total	\$ 43.3	\$ (16.0)	\$ 5.4	\$ 32.7
1998	Current	\$ (1.8)	\$ (16.5)	\$ (.2)	\$ (18.5)
	Deferred	44.4	(12.5)	3.0	34.9
	Total	\$ 42.6	\$ (29.0)	\$ 2.8	\$ 16.4

A reconciliation between the (provision) benefit for income taxes and the amount computed by applying the federal statutory income tax rate to income (loss) before income taxes and minority interests is as follows:

Year Ended December 31,		
2000	1999	1998

Amount of federal income tax (provision) benefit based on the statutory rate	\$ (8.9)	\$ 31.2	\$ 5.6
Revision of prior years' tax estimates and other changes in valuation allowances	(1.8)	1.1	8.3
Percentage depletion	3.0	2.8	3.2
Foreign taxes, net of federal tax benefit	(3.2)	(3.2)	(1.9)
Other	(.7)	.8	1.2
	-----	-----	-----
(Provision) benefit for income taxes	\$ (11.6)	\$ 32.7	\$ 16.4
	=====	=====	=====

The components of the Company's net deferred income tax assets are as follows:

	December 31,	
	2000	1999
Deferred income tax assets:		
Postretirement benefits other than pensions	\$ 267.4	\$ 274.7
Loss and credit carryforwards	125.2	119.3
Other liabilities	143.7	146.3
Other	181.5	193.9
Valuation allowances	(122.3)	(125.6)
	-----	-----
Total deferred income tax assets-net	595.5	608.6
Deferred income tax liabilities:		
Property, plant, and equipment	(105.1)	(101.6)
Other	(26.2)	(69.6)
	-----	-----
Total deferred income tax liabilities	(131.3)	(171.2)
	-----	-----
Net deferred income tax assets	\$ 464.2	\$ 437.4
	=====	=====

The principal component of the Company's net deferred income tax assets is the tax benefit, net of certain valuation allowances, associated with the accrued liability for postretirement benefits other than pensions. The future tax deductions with respect to the turnaround of this accrual will occur over a 30-to-40-year period. If such deductions create or increase a net operating loss, the Company has the ability to carry forward such loss for 20 taxable years. Accordingly, the Company believes that a long-term view of profitability is appropriate and has concluded that this net deferred income tax asset will more likely than not be realized.

A substantial portion of the valuation allowances provided by the Company relates to loss and credit carryforwards. To determine the proper amount of valuation allowances with respect to these carryforwards, the Company evaluated all appropriate factors, including any limitations concerning their use and the year the carryforwards expire, as well as the levels of taxable income necessary for utilization. With regard to future levels of income, the Company believes, based on the cyclical nature of its business, its history of operating earnings, and its expectations for future years, that it will more likely than not generate sufficient taxable income to realize the benefit attributable to the loss and credit carryforwards for which valuation allowances were not provided.

As of December 31, 2000 and 1999, \$56.0 and \$39.1, respectively, of the net deferred income tax assets listed above are included in the Consolidated Balance Sheets in the caption entitled Prepaid expenses and other current assets. Certain other portions of the deferred income tax liabilities listed above are included in the Consolidated Balance Sheets in the captions entitled Other accrued liabilities and Long-term liabilities.

The Company and its domestic subsidiaries file consolidated federal income tax returns. During the period from October 28, 1988, through June 30, 1993, the Company and its domestic subsidiaries were included in the consolidated federal income tax returns of MAXXAM. The tax allocation agreements of the Company and KACC with MAXXAM terminated pursuant to their terms, effective for taxable periods beginning after June 30, 1993. However, payments or refunds for periods prior to July 1, 1993 related to certain jurisdictions could still be required pursuant to the Company's and KACC's respective tax allocation agreements with MAXXAM. In accordance with the Credit Agreement, any such payments to MAXXAM by KACC would require lender approval, except in certain specific circumstances.

At December 31, 2000, the Company had certain tax attributes available to offset regular federal income tax requirements, subject to certain limitations, including net operating loss and general business credit carryforwards of \$84.9 and \$1.0, respectively, which expire periodically through 2019 and 2011, respectively, foreign tax credit ("FTC") carryforwards of \$67.1, which expire primarily in 2004 and 2005, and alternative minimum tax ("AMT") credit carryforwards of \$25.8, which have an indefinite life. The Company also has AMT net operating loss and FTC carryforwards of \$45.3 and \$89.8, respectively, available, subject to certain limitations, to offset future alternative minimum taxable income, which expire periodically through 2019 and 2005, respectively.

10. EMPLOYEE BENEFIT AND INCENTIVE PLANS

Pension and Other Postretirement Benefit Plans. Retirement plans are non-contributory for salaried and hourly employees and generally provide for benefits based on formulas which consider such items as length of service and earnings during years of service. The Company's funding policies meet or exceed all regulatory requirements.

The Company and its subsidiaries provide postretirement health care and life insurance benefits to eligible retired employees and their dependents. Substantially all employees may become eligible for those benefits if they reach retirement age while still working for the Company or its subsidiaries. The Company has not funded the liability for these benefits, which are expected to be paid out of cash generated by operations. The Company reserves the right, subject to applicable collective bargaining agreements, to amend or terminate these benefits. Assumptions used to value obligations at year-end and to determine the net periodic benefit cost in the subsequent year are:

	Pension Benefits			Medical/Life Benefits		
	2000	1999	1998	2000	1999	1998
Weighted-average assumptions as of December 31,						
Discount rate	7.75%	7.75%	7.00%	7.75%	7.75%	7.00%
Expected return on plan assets	9.50%	9.50%	9.50%	-	-	-
Rate of compensation increase	4.00%	4.00%	5.00%	4.00%	4.00%	4.00%

In 2000, the average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 8.0% for all participants. The assumed rate of increase is assumed to decline gradually to 5.0% in 2009 for all participants and remain at that level thereafter.

The following table presents the funded status of the Company's pension and other postretirement benefit plans as of December 31, 2000 and 1999, and the corresponding amounts that are included in the Company's Consolidated Balance Sheets:

Pension Benefits

Medical/Life Benefits

	2000	1999	2000	1999
Change in Benefit Obligation:				
Obligation at beginning of year	\$ 806.0	\$ 872.5	\$ 615.4	\$ 616.8
Service cost	19.0	14.6	5.3	5.2
Interest cost	60.5	59.7	45.0	41.5
Currency exchange rate change	-	(5.7)	-	-
Curtailements, settlements and amendments	33.7	.4	(33.4)	-
Actuarial (gain) loss	9.1	(44.5)	79.5	.1
Benefits paid	(92.5)	(91.0)	(53.6)	(48.2)
Obligation at end of year	835.8	806.0	658.2	615.4
Change in Plan Assets:				
FMV of plan assets at beginning of year	857.8	801.8	-	-
Actual return on assets	(18.0)	133.0	-	-
Employer contributions	10.7	14.0	53.6	48.2
Benefits paid	(92.5)	(91.0)	(53.6)	(48.2)
FMV of plan assets at end of year	758.0	857.8	-	-
Obligation in excess of (less than) plan assets	77.8	(51.8)	658.2	615.4
Unrecognized net actuarial gain (loss)	25.1	131.9	(21.6)	56.7
Unrecognized prior service costs	(45.1)	(15.2)	78.3	57.7
Adjustment required to recognize minimum liability	1.8	1.2	-	-
Intangible asset and other	3.0	2.6	-	-
Accrued benefit liability	\$ 62.6	\$ 68.7	\$ 714.9	\$ 729.8

The aggregate accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligation in excess of plan assets were \$789.3 and \$748.5, respectively, as of December 31, 2000, and \$92.4 and \$79.7, respectively, as of December 31, 1999.

	Pension Benefits			Medical/Life Benefits		
	2000	1999	1998	2000	1999	1998
Components of Net Periodic Benefit Costs:						
Service cost	\$ 19.0	\$ 14.6	\$ 14.2	\$ 5.3	\$ 5.2	\$ 4.2
Interest cost	60.5	59.7	59.7	45.0	41.5	37.5
Expected return on assets	(77.9)	(72.9)	(69.4)	-	-	-
Amortization of prior service cost	3.9	3.3	3.2	(12.8)	(12.1)	(12.4)
Recognized net actuarial (gain) loss	(1.9)	.7	1.4	-	-	(7.1)
Net periodic benefit cost	3.6	5.4	9.1	37.5	34.6	22.2
Curtailements, settlements, etc.	.1	.4	3.2	-	-	-
Adjusted net periodic benefit costs	\$ 3.7	\$ 5.8	\$ 12.3	\$ 37.5	\$ 34.6	\$ 22.2

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
Increase (decrease) to total of service and interest cost	\$ 6.8	\$ (5.0)
Increase (decrease) to the postretirement benefit obligation	\$ 68.3	\$ (48.0)

Postemployment Benefits. The Company provides certain benefits to former or inactive employees after employment but before retirement.

Incentive Plans. The Company has an unfunded incentive compensation program, which provides incentive compensation based on performance against annual plans and over rolling three-year periods. In addition, the Company has a "nonqualified" stock option plan and KACC has a defined contribution plan for salaried employees. The Company's expense for all of these plans was \$5.7, \$6.0 and \$7.5 for the years ended December 31, 2000, 1999 and 1998, respectively.

Up to 8,000,000 shares of the Company's Common Stock were reserved for issuance under its stock incentive compensation plans. At December 31, 2000, 1,861,752 shares of Common Stock remained available for issuance under those plans. Stock options granted pursuant to the Company's nonqualified stock option program are granted at or above the prevailing market price, generally vest at a rate of 20 - 33% per year, and have a five or ten year term. Information concerning nonqualified stock option plan activity is shown below. The weighted average price per share for each year is shown parenthetically.

	2000	1999	1998
Outstanding at beginning of year (\$10.24, \$9.98 and \$10.45)	4,239,210	3,049,122	819,752
Granted (\$10.23, \$11.15 and \$9.79)	757,335	1,218,068	2,263,170
Exercised (\$7.25 in both years)	-	(7,920)	(10,640)
Expired or forfeited (\$11.08, \$11.02 and \$9.60)	(620,598)	(20,060)	(23,160)
Outstanding at end of year (\$10.24, \$10.24 and \$9.98)	4,375,947	4,239,210	3,049,122
Exercisable at end of year (\$10.18, \$10.17 and \$10.09)	2,380,491	1,763,852	1,261,262

Options exercisable at December 31, 2000 had exercisable prices ranging from \$6.13 to \$12.75 and a weighted average remaining contractual life of 3.4 years.

11. MINORITY INTERESTS AND PLEDGED SHARES OF COMMON STOCK

Minority Interests. The Company owns a 90% interest in Volta Aluminium Company Limited ("Valco") and a 65% interest in Alumina Partners of Jamaica ("Alpart"). These companies' financial statements are fully consolidated into the Company's consolidated financial statements because they are majority-owned. Interests of Alpart's and Valco's minority shareholders' (included in "Other" in the table below) are included in minority interests together with KACC's Redeemable Preference Stock and KACC's Preference Stock discussed below. Changes in minority interest were:

	2000		1999		1998	
	Redeemable Preference Stock	Other	Redeemable Preference Stock	Other	Redeemable Preference Stock	Other
Beginning of period balance	\$ 19.5	\$ 98.2	\$ 20.1	\$ 103.4	\$ 27.7	\$ 100.0
Redeemable preference stock -						
Accretion	-	-	1.0	-	1.1	-
Stock redemption	(2.0)	(.8)	(1.6)	-	(8.7)	-
Reclassification (see below)	(17.5)	-	-	-	-	-
Minority interests	-	3.7	-	(5.2)	-	3.4

End of period balance	\$ -	\$ 101.1	\$ 19.5	\$ 98.2	\$ 20.1	\$ 103.4
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In 1985, KACC issued its Cumulative (1985 Series A) Preference Stock and its Cumulative (1985 Series B) Preference Stock (together, the "Redeemable Preference Stock") each of which has a par value of \$1 per share and a liquidation and redemption value of \$50 per share plus accrued dividends, if any. No additional Redeemable Preference Stock is expected to be issued. In connection with the USWA settlement agreement (see Note 5), during March 2001, KACC redeemed all of the Redeemable Preference Stock (350,872 shares outstanding at December 31, 2000). The amount applicable to the unredeemed shares at December 31, 2000 (\$17.5), was included in Other accrued liabilities. The net cash impact of the redemption on KACC was only approximately \$5.5 because approximately \$12.0 of the redemption amount had previously been funded into redemption funds (included in Prepaid expenses).

KACC has four series of \$100 par value Cumulative Convertible Preference Stock ("100 Preference Stock") outstanding with annual dividend requirements of between 4 1/8% and 4 3/4% (included in "Other" in the above table). KACC has the option to redeem the 100 Preference Stock at par value plus accrued dividends. KACC does not intend to issue any additional shares of the 100 Preference Stock. The 100 Preference Stock can be exchanged for per share cash amounts between \$69 - \$80. KACC records the 100 Preference Stock at their exchange amounts for financial statement presentation and the Company includes such amounts in minority interests. At December 31, 2000 and 1999, outstanding shares of 100 Preference Stock were 9,250 and 19,538, respectively.

Pledged Shares. From time to time MAXXAM or certain of its subsidiaries which own the Company's Common Stock may use such stock as collateral under various financing arrangements. At December 31, 2000, 26,737,443 shares of the Company's Common Stock beneficially owned by MAXXAM Group Holdings Inc. ("MGHI"), a wholly owned subsidiary of MAXXAM, were pledged as security for \$130.0 principal amount of 12% Senior Secured Notes due 2003 issued in December 1996 by MGHI. An additional 7,915,000 shares of the Company's Common Stock were pledged by MAXXAM under a separate agreement under which \$13.4 had been borrowed by MAXXAM at December 31, 2000.

12. COMMITMENTS AND CONTINGENCIES

Commitments. KACC has a variety of financial commitments, including purchase agreements, tolling arrangements, forward foreign exchange and forward sales contracts (see Note 13), letters of credit, and guarantees. Such purchase agreements and tolling arrangements include long-term agreements for the purchase and tolling of bauxite into alumina in Australia by QAL. These obligations are scheduled to expire in 2008. Under the agreements, KACC is unconditionally obligated to pay its proportional share of debt, operating costs, and certain other costs of QAL. KACC's share of the aggregate minimum amount of required future principal payments at December 31, 2000, is \$101.5 which matures as follows: \$14.1 in 2001, \$43.0 in 2002 and \$44.4 in 2003. KACC's share of payments, including operating costs and certain other expenses under the agreements, has ranged between \$92.0 - \$96.0 over the past three years. KACC also has agreements to supply alumina to and to purchase aluminum from Anglesey.

Minimum rental commitments under operating leases at December 31, 2000, are as follows: years ending December 31, 2001 - \$36.5; 2002 - \$32.3; 2003 - \$29.4; 2004 - \$26.9; 2005 - \$26.4; thereafter - \$78.0. The future minimum rentals receivable under noncancelable subleases was \$132.3 at December 31, 2000.

Rental expenses were \$42.5, \$41.1 and \$34.5, for the years ended December 31, 2000, 1999 and 1998, respectively.

KACC has a long-term liability, net of estimated subleases income (included in Long-term liabilities), on a building in which KACC has not maintained offices for a number of years, but for which it is responsible for lease payments as master tenant through 2008 under a sale-and-leaseback agreement. During 2000, KACC reduced its net lease obligation by \$17.0 (see Note 1) to reflect new third-party sublease agreements which resulted in occupancy and lease rates above those previously projected.

Environmental Contingencies. The Company and KACC are subject to a number of environmental laws, to fines or penalties assessed for alleged breaches of the environmental laws, and to claims and litigation based upon such laws. KACC currently is subject to a number of claims 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. The following table presents the changes in such accruals, which are primarily included in Long-term liabilities, for the years ended December 31, 2000, 1999 and 1998:

	2000	1999	1998
Balance at beginning of period	\$ 48.9	\$ 50.7	\$ 29.7
Additional accruals	2.6	1.6	24.5
Less expenditures	(5.4)	(3.4)	(3.5)
Balance at end of period	\$ 46.1	\$ 48.9	\$ 50.7

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 \$12.0 for the years 2001 through 2005 and an aggregate of approximately \$21.0 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 an estimated \$35.0. As the resolution of these matters is subject to further regulatory review and approval, no specific assurance can be given as to when the factors upon which a substantial portion of this estimate is based can be expected to be resolved. However, the Company is currently working to resolve certain of these matters.

The Company believes that KACC has insurance coverage available to recover certain incurred and future environmental costs and is pursuing claims in this regard. During December 1998, KACC received recoveries totaling approximately \$35.0 from certain of its insurers related to current and future claims. Based on the Company's analysis, a total of \$12.0 of such recoveries was allocable to

previously accrued (expensed) items and, therefore, was reflected in earnings during 1998 (see Note 1 - Other Income (Expense)). The remaining recoveries were offset against increases in the total amount of environmental reserves. No assurances can be given that the Company will be successful in other attempts to recover incurred or future costs from other insurers or that the amount of recoveries received will ultimately be adequate to cover costs incurred.

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, results of operations, or liquidity.

Asbestos Contingencies. KACC is a defendant in a number of lawsuits, some of which involve claims of multiple persons, 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 sold for more than 20 years.

The following table presents the changes in number of such claims pending for the years ended December 31, 2000, 1999 and 1998.

	2000	1999	1998
Number of claims at beginning of period	100,000	86,400	77,400
Claims received	30,600	29,300	22,900
Claims settled or dismissed	(19,800)	(15,700)	(13,900)
Number of claims at end of period	110,800	100,000	86,400
Number of claims at end of period (included above) covered by agreements under which KACC expects to settle over an extended period	66,900	31,900	30,000

The Company maintains a liability for estimated asbestos-related costs for claims filed to date and an estimate of claims to be filed over a 10 year period (i.e., through 2010). The Company's estimate is based on the Company's view, at each balance sheet date, of the current and anticipated number of asbestos-related claims, the timing and amounts of asbestos-related payments, the status of ongoing litigation and settlement initiatives, and the advice of Wharton Levin Ehrmantraut Klein & Nash, P.A., with respect to the current state of the law related to asbestos claims. However, there are inherent uncertainties involved in estimating asbestos-related costs and the Company's actual costs could exceed the Company's estimates due to changes in facts and circumstances after the date of each estimate. Further, while the Company does not presently believe there is a reasonable basis for estimating asbestos-related costs beyond 2010 and, accordingly, no accrual has been recorded for any costs which may be incurred beyond 2010, the Company expects that such costs are likely to continue beyond 2010, and that such costs could be substantial.

The Company believes that KACC has insurance coverage available to recover a substantial portion of its asbestos-related costs. Although the Company has settled asbestos-related coverage matters with certain of its insurance carriers, other carriers have not yet agreed to settlements and disputes with certain carriers exist. The timing and amount of future recoveries from these and other insurance carriers will depend on the pace of claims review and processing by such carriers and on the resolution of any disputes regarding coverage under such policies. The Company believes that substantial recoveries from the insurance carriers are probable. The Company reached this conclusion after considering its prior insurance-related recoveries in respect of asbestos-related claims, existing insurance policies, and the advice of Heller Ehrman White & McAuliffe LLP with respect to applicable insurance coverage law relating to the terms and conditions of those policies. During 2000, KACC filed suit against a group of its insurers, after negotiations with certain of the insurers regarding an agreement covering both reimbursement amounts and the timing of reimbursement payments were unsuccessful. The litigation is intended, among other things, to: (1) ensure that the insurers provide KACC with timely and appropriate reimbursement payments for asbestos-related settlements and related legal costs incurred; and (2) to resolve certain issues between the parties with respect to how specific provisions of the applicable insurance policies are to be applied. Given the significance of expected asbestos-related payments in 2001 and 2002 based on settlement agreements in place at December 31, 2000, the receipt of timely and appropriate reimbursements from such insurers is critical to KACC's liquidity. The court is not expected to try the case until late 2001 or 2002. KACC is continuing to receive cash payments from the insurers.

The following tables present historical information regarding KACC's asbestos-related balances and cash flows:

	December 31,	
	2000	1999
Liability (current portion of \$130.0 and \$53.0)	\$ 492.4	\$ 387.8
Receivable (included in Other assets)(1)	406.3	315.5
	\$ 86.1	\$ 72.3

(1) The asbestos-related receivable was determined on the same basis as the asbestos-related cost accrual. However, no assurances can be given that KACC will be able to project similar recovery percentages for future asbestos-related claims or that the amounts related to future asbestos-related claims will not exceed KACC's aggregate insurance coverage. As of December 31, 2000 and 1999, \$36.9 and \$25.0, respectively, of the receivable amounts relate to costs paid. The remaining receivable amounts relate to costs that are expected to be paid by KACC in the future.

	Year Ended December 31,			Inception To Date
	2000	1999	1998	
Payments made, including related legal costs.....	\$ 99.5	\$ 24.6	\$ 18.5	\$ 220.5
Insurance recoveries.....	62.8	6.6	19.9	131.3
	\$ 36.7	\$ 18.0	\$ (1.4)	\$ 89.2

	As of December 31, 2000		
	2001 and 2002	2003 to 2005	Thereafter
Expected annual payment amounts, before considering insurance recoveries.....	\$110.0 - \$135.0	\$25.0 - \$50.0	\$125.0

Management continues to monitor claims activity, the status of lawsuits

(including settlement initiatives), legislative developments, and costs incurred in order to ascertain whether an adjustment to the existing accruals should be made to the extent that historical experience may differ significantly from the Company's underlying assumptions. This process resulted in the Company reflecting charges of \$43.0, \$53.2 and \$12.7 (included in Other income(expense) - - see Note 1) in the years ended December 31, 2000, 1999 and 1998, respectively, for asbestos-related claims, net of expected insurance recoveries, based on recent cost and other trends experienced by KACC and other companies. 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 insurance recoveries that will be received, management currently believes that, based on the factors discussed in the preceding paragraphs, the resolution of 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 liquidity. However, as the Company's estimates are periodically re-evaluated, additional charges may be necessary and such charges could be material to the results of the period in which they are recorded.

Labor Matters. In connection with the USWA strike and subsequent lock-out by KACC, which was settled in September 2000, certain allegations of unfair labor practices ("ULPs") were filed with the National Labor Relations Board ("NLRB") by the USWA. As previously disclosed, KACC responded to all such allegations and believes that they were without merit. Twenty-two of twenty-four allegations of ULPs previously brought against KACC by the USWA have been dismissed. A trial before an administrative law judge for the two remaining allegations commenced in November 2000 and is continuing. The Company is unable to estimate when the trial will be completed. Any outcome from the trial before the administrative law judge would be subject to additional appeals by the general counsel of the NLRB, the USWA or KACC. This process could take months or years. If these proceedings eventually resulted in a final ruling against KACC with respect to either allegation, it could be obligated to provide back pay to USWA members at the five plants and such amount could be significant. The Company continues to believe that the charges are without merit. While uncertainties are inherent in matters such as this and it is presently impossible to determine the actual costs, if any, that may ultimately arise in connection with this matter, the Company does not believe that the ultimate outcome of this matter will have a material adverse impact on the Company's liquidity or financial position. However, amounts paid, if any, in satisfaction of this matter could be significant to the results of the period in which they are recorded.

Other Contingencies. The Company or KACC is involved in various other claims, lawsuits, and other proceedings relating to a wide variety of matters related to past or present operations. 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, results of operations, or liquidity.

13. DERIVATIVE FINANCIAL INSTRUMENTS AND RELATED HEDGING PROGRAMS

In conducting its business, KACC uses various instruments, including forward contracts and options, to manage the risks arising from fluctuations in aluminum prices, energy prices and exchange rates. KACC enters into hedging transactions to limit its exposure resulting from (1) its anticipated sales of alumina, primary aluminum, and fabricated aluminum products, net of expected purchase costs for items that fluctuate with aluminum prices, (2) the energy price risk from fluctuating prices for natural gas, fuel oil and diesel oil used in its production process, and (3) foreign currency requirements with respect to its cash commitments with foreign subsidiaries and affiliates.

As KACC's hedging activities are generally designed to lock-in a specified price or range of prices, gains or losses on the derivative contracts utilized in these hedging activities (except the impact of those contracts discussed below which have been marked to market) will generally offset at least a portion of any losses or gains, respectively, on the transactions being hedged. See Note 1 for a discussion of the effects of the new accounting requirements under SFAS No. 133, which will be used for reporting results beginning with the first quarter of 2001. The following table summarizes KACC's derivative hedging positions at December 31, 2000:

Commodity	Period	Notional Amount	Estimated % of Annual Sales/Purchases Hedged	Carrying Value	Market Value
Aluminum (in tons) -					
Option contracts	2001	362,000	82%(1)	\$ 18.2	\$ 3.1
Option contracts	2002	262,000	52%(1)	10.9	13.4
Option contracts	2003	42,000	9%(1)	1.8	1.7
Natural gas (in MMBtus per day) -					
Option contracts and swaps	1/01 to 6/01	27,900	24%	1.3	21.8
Australian dollars (A\$ per year) -					
Forwards and option contracts	2001	A\$ 160.0	80%	1.4	(5.2)
Option contracts	2002 to 2005	A\$ 90.0	56%	12.2	13.3

(1) As of February 28, 2001, the estimated percentages of annual sales of primary aluminum (equivalents) hedged for 2001, 2002 and 2003 were 82%, 63% and 14%, respectively.

During late 1999 and early 2000, KACC also entered into a series of transactions with a counterparty that provided KACC with a premium over the forward market prices at the date of the transaction for 2,000 tons of primary aluminum per month during the period January 2000 through June 2001. KACC also contracted with the counterparty to receive certain fixed prices (also above the forward market prices at the date of the transaction) on 4,000 tons of primary aluminum per month over a three year period commencing October 2001, unless market prices during certain periods decline below a stipulated "floor" price, in which case the fixed price sales portion of the transactions terminate. The price at which the October 2001 and after transactions terminate is well below current market prices. While the Company believes that the October 2001 and after transactions are consistent with its stated hedging objectives, these positions do not qualify for treatment as a "hedge" under both pre-2001 and post-2001 accounting guidelines. Accordingly, these positions are marked-to-market each period. See Note 1 for mark-to-market pre-tax gains (losses) associated with the transactions for the years ended December 31, 2000, 1999 and 1998.

As of December 31, 2000, KACC had sold forward approximately 100% and 80% of the alumina available to it in excess of its projected internal smelting requirements for 2001 and 2002, respectively, at prices indexed to future prices of primary aluminum.

14. SEGMENT AND GEOGRAPHICAL AREA INFORMATION

The Company's operations are located in many foreign countries, including Australia, Canada, Ghana, Jamaica, and the United Kingdom. Foreign operations in general may be more vulnerable than domestic operations due to a variety of political and other risks. Sales and transfers among geographic areas are made on a basis intended to reflect the market value of products.

The Company's operations are organized and managed by product type. The Company operations include four operating segments of the aluminum industry and its commodities marketing and corporate segments. The aluminum industry segments include: Alumina and bauxite, Primary aluminum, Flat-rolled products and Engineered products. The Alumina and bauxite business unit's principal products are smelter grade alumina and chemical grade alumina hydrate, a value-added product, for which the Company receives a premium over smelter grade market prices. The Primary aluminum business unit produces commodity grade products as well as value-added products such as rod and billet, for which the Company receives a premium over normal commodity market prices. The Flat-rolled products group sells value-added products such as heat treat aluminum sheet and plate which are used in the aerospace and general engineering markets as well as selling to the beverage container and specialty coil markets. The Engineered products business unit serves a wide range of industrial segments including the automotive, distribution, aerospace and general engineering markets. The Company uses a portion of its bauxite, alumina and primary aluminum production for additional processing at its downstream facilities. Transfers between business units are made at estimated market prices. The Commodities marketing segment includes the results of KACC's alumina and aluminum hedging activities (see Note 13). The accounting policies of the segments are the same as those described in Note 1. Business unit results are evaluated internally by management before any allocation of corporate overhead and without any charge for income taxes, interest expense or non-recurring charges.

Financial information by operating segment at December 31, 2000, 1999 and 1998 is as follows:

	Year Ended December 31,		
	2000	1999	1998

Net Sales:(3)			
Bauxite and Alumina:(1)(4)			
Net sales to unaffiliated customers	\$ 442.2	\$ 395.8	\$ 445.2
Intersegment sales	148.3	129.0	135.8
	-----	-----	-----
	590.5	524.8	581.0
	-----	-----	-----
Primary Aluminum:(2)(4)			
Net sales to unaffiliated customers	563.7	432.9	390.7
Intersegment sales	242.3	240.6	233.5
	-----	-----	-----
	806.0	673.5	624.2
	-----	-----	-----
Flat-Rolled Products	521.0	591.3	732.7
Engineered Products	564.9	556.8	595.3
Commodities Marketing(4)	(25.4)	18.3	60.5
Minority Interests	103.4	88.5	78.0
Eliminations	(390.6)	(369.6)	(369.3)
	-----	-----	-----
	\$ 2,169.8	\$ 2,083.6	\$ 2,302.4
	=====	=====	=====
Equity in income (loss) of unconsolidated affiliates:			
Bauxite and Alumina	\$ (8.4)	\$ 3.4	\$ (3.2)
Primary Aluminum	3.6	(1.0)	1.2
Engineered Products and Other	-	2.5	7.4
	-----	-----	-----
	\$ (4.8)	\$ 4.9	\$ 5.4
	=====	=====	=====
Operating income (loss):(4)(6)			
Bauxite and Alumina - Note 2	\$ 57.2	\$ (10.5)	\$ 5.5
Primary Aluminum (5)	100.1	(4.8)	28.3
Flat-Rolled Products	16.6	17.1	86.8
Engineered Products	34.1	38.6	51.5
Commodities Marketing(4)	(48.7)	21.3	98.1
Micromill	(.6)	(11.6)	(18.4)
Eliminations	.1	6.9	8.9
Corporate and Other	(61.4)	(61.8)	(65.1)
Labor Settlement and Other Non-Recurring Operating Items, Net - Notes 5 and 6	41.9	(24.1)	(105.0)
	-----	-----	-----
	\$ 139.3	\$ (28.9)	\$ 90.6
	=====	=====	=====

	Year Ended December 31,		
	2000	1999	1998

Depreciation and amortization:			
Bauxite and Alumina - Note 2	\$ 22.2	\$ 29.7	\$ 36.4
Primary Aluminum	24.8	27.8	29.9
Flat-Rolled Products	16.7	16.2	16.1
Engineered Products	11.5	10.7	10.8
Corporate and Other (includes Micromill in 1999 and 1998)	1.7	5.1	5.9
	-----	-----	-----
	\$ 76.9	\$ 89.5	\$ 99.1
	=====	=====	=====
Capital expenditures:			
Bauxite and Alumina - Note 2	\$ 254.6	\$ 30.4	\$ 26.9
Primary Aluminum	9.6	12.8	20.7
Flat-Rolled Products	7.6	16.6	20.4
Engineered Products - Note 4	23.6	7.8	8.4
Corporate and Other	1.1	.8	1.2
	-----	-----	-----
	\$ 296.5	\$ 68.4	\$ 77.6
	=====	=====	=====

- Net sales for 2000 and 1999, included approximately 267,000 tons and 264,000 tons, respectively of alumina purchased from third parties and resold to certain unaffiliated customers of the Gramercy facility and 55,000 tons and 131,000 tons, respectively, of alumina purchased from third parties and transferred to the Company's Primary aluminum business unit.
- Net sales for 2000, 1999 and 1998 included approximately 206,500 tons, 260,100 tons and 251,300 tons, respectively, of primary aluminum purchased from third parties to meet third-party and internal commitments.
- Net sales for 1999 and 1998 for all segments have been restated to conform to a new accounting requirement which states that freight charges should be included in cost of products sold rather than netted against net sales as was the Company's prior policy.
- Net sales and operating income (loss) for Bauxite and alumina and Primary aluminum segments for 1999 and 1998 have been restated to reflect a change in the Company's segment reporting. The results of the Company's metal hedging activities in the Commodities marketing segment are now set out separately rather than being allocated between the two commodity business units.
- Operating income (loss) for 1999 included potline preparation and restart costs of \$12.8.
- The allocation of the labor settlement charge to the Company's business units for the year ended December 31, 2000, is as follows: Bauxite and Alumina - \$2.1, Primary aluminum - \$15.9, Flat-rolled products - \$18.2 and

	December 31,	
	2000	1999
Investments in and advances to unconsolidated affiliates:		
Bauxite and Alumina	\$ 56.0	\$ 71.6
Primary Aluminum	19.0	25.3
Corporate and Other	2.8	-
	\$ 77.8	\$ 96.9

	December 31,	
	2000	1999
Segment assets:		
Bauxite and Alumina	\$ 957.0	\$ 777.7
Primary Aluminum	623.3	560.8
Flat-Rolled Products	337.7	423.2
Engineered Products	232.9	253.1
Commodities Marketing	62.1	99.0
Corporate and Other (includes Micromill in 1999)	1,130.1	1,085.0
	\$ 3,343.1	\$ 3,198.8

Geographical information for net sales, based on country of origin, and long-lived assets follows:

	Year Ended December 31,		
	2000	1999	1998
Net sales to unaffiliated customers:			
United States	\$ 1,350.1	\$ 1,439.6	\$ 1,744.0
Jamaica	298.5	233.1	237.0
Ghana	237.5	153.2	89.8
Other Foreign	283.7	257.7	231.6
	\$ 2,169.8	\$ 2,083.6	\$ 2,302.4

	December 31,	
	2000	1999
Long-lived assets: (1)		
United States	\$ 809.0	\$ 688.1
Jamaica	290.3	288.2
Ghana	80.8	84.1
Other Foreign	73.8	90.2
	\$ 1,253.9	\$ 1,150.6

(1) Long-lived assets include Property, plant, and equipment, net and Investments in and advances to unconsolidated affiliates.

The aggregate foreign currency gain included in determining net income was immaterial for the years ended December 31, 2000, 1999 and 1998. No single customer accounted for sales in excess of 10% of total revenue in 2000, 1999 and 1998. Export sales were less than 10% of total revenue during the years ended December 31, 2000, 1999 and 1998.

QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
(In millions of dollars, except share amounts)				
2000				
Net sales	\$ 575.7 (8)	\$ 552.8 (8)	\$ 545.2 (8)	\$ 496.1
Operating income	36.9	51.5	2.8	48.1
Net income (loss)	11.7 (1)	11.0 (2)	(16.8)(3)	10.9 (4)
Basic/Diluted Earnings (loss) per share	.15 (1)	.14 (2)	(.21)(3)	.14 (4)
Common stock market price:				
High	8.88	5.13	6.06	5.94
Low	4.13	2.94	3.50	3.50
1999				
Net sales	\$ 490.3 (8)	\$ 536.2 (8)	\$ 528.7 (8)	\$ 528.4 (8)
Operating income (loss)	(33.0)	.7	(12.1)	15.5
Net income (loss)	(38.2)	(15.7)	(39.2)(5)	39.0 (6)
Basic/Diluted Earnings (loss) per share	(.48)	(.20)	(.49)(5)	.49
Common stock market price:				
High	6.94	10.13	9.69	8.25
Low	4.75	5.00	6.63	6.00
1998				
Net sales	\$ 609.6 (8)	\$ 626.8(8)	\$ 552.9 (8)	\$ 513.1(8)
Operating income (loss)	44.8	55.3	30.8	(40.3)
Net income (loss)	12.0	16.7	10.8	(38.9)(7)
Basic/Diluted Earnings (loss) per share	.15	.21	.14	(.49)(7)
Common stock market price:				
High	11.00	11.63	9.63	7.75
Low	8.13	8.88	5.63	4.63

(1) Includes a pre-tax gain of \$14.4 to reflect a mark-to-market adjustment on certain primary aluminum hedging transactions. Excluding this item, basic income per share would have been approximately \$.04.

(2) Includes a pre-tax gain of \$15.8 from the sale of power offset by a pre-tax charge of \$6.0 to reflect a mark-to-market adjustment on certain primary aluminum hedging transactions and a pre-tax charge of \$2.0 for certain severance and relocation costs associated with Corporate restructuring initiatives and product line exit. Excluding these items, basic income per share would have been approximately \$.09.

(3) Includes a pre-tax labor settlement charge of \$38.5, a non-cash pre-tax charge of \$43.0 for asbestos-related claims, a pre-tax charge of \$11.5 for incremental maintenance spending and pre-tax charges of \$18.1 for non-recurring impairment and restructuring charges offset by a pre-tax gain of \$40.5 from the sale of power, pre-tax gains of \$39.0 related to real estate transactions and a pre-tax gain of \$.9 to reflect a mark-to-market adjustment on certain primary aluminum hedging transactions. Excluding these items, basic income per share would have been approximately \$.03.

(4) Includes a pre-tax gain of \$103.2 from the sale of power and a pre-tax gain of \$1.4 to reflect a mark-to-market adjustment on certain primary aluminum hedging transactions offset by a non-cash impairment loss of

approximately \$33.0, a LIFO inventory charge of \$7.0 and a pre-tax charge of \$5.3 for other non-recurring impairment and restructuring charges. Excluding these items, but giving effect to operating profit foregone as a result of these power sales, basic loss per share would have been approximately \$.19.

- (5) Includes a non-cash pre-tax charge of \$19.1 to reduce the carrying value of the Company's Micromill assets, a non-cash pre-tax charge of \$15.2 for asbestos-related claims and a pre-tax charge of \$5.9 to reflect a mark-to-market adjustment on certain primary aluminum hedging transactions. Excluding these items, basic loss per share would have been approximately \$.16.
- (6) Includes a pre-tax gain of \$85.0 on involuntary conversion at Gramercy facility. See Note 2. Excluding this item, basic loss per share would have been \$.22.
- (7) Includes an unfavorable pre-tax strike-related gross profit impact of approximately \$50.0, and a non-cash pre-tax charge of \$45.0 related to impairment of the Company's Micromill assets. Excluding these items, basic earnings per share would have been approximately \$.29.
- (8) Net sales for the quarterly periods prior to the quarter ended December 31, 2000 have been restated to conform to a new accounting principle that requires freight charges to be included in cost of products sold.

FIVE-YEAR FINANCIAL DATA
CONSOLIDATED BALANCE SHEETS

(In millions of dollars)	December 31,				
	2000	1999	1998	1997	1996
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 23.4	\$ 21.2	\$ 98.3	\$ 15.8	\$ 81.3
Receivables	429.8	261.0	282.7	340.2	252.4
Inventories	396.2	546.1	543.5	568.3	562.2
Prepaid expenses and other current assets	162.7	145.6	105.5	121.3	127.8
Total current assets	1,012.1	973.9	1,030.0	1,045.6	1,023.7
Investments in and advances to unconsolidated affiliates	77.8	96.9	128.3	148.6	168.4
Property, plant, and equipment - net	1,176.1	1,053.7	1,108.7	1,171.8	1,168.7
Deferred income taxes	454.2	440.0	377.9	330.6	264.5
Other assets	622.9	634.3	346.0	317.3	308.7
Total	\$ 3,343.1	\$ 3,198.8	\$ 2,990.9	\$ 3,013.9	\$ 2,934.0
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accruals	\$ 673.5	\$ 500.3	\$ 432.7	\$ 457.3	\$ 453.4
Accrued postretirement medical benefit obligation - current portion	58.0	51.5	48.2	45.3	50.1
Payable to affiliates	78.3	85.8	77.1	82.7	97.0
Long-term debt - current portion	31.6	.3	.4	8.8	8.9
Total current liabilities	841.4	637.9	558.4	594.1	609.4
Long-term liabilities	703.7	727.1	532.9	491.9	458.1
Accrued postretirement medical benefit obligation	656.9	678.3	694.3	720.3	722.5
Long-term debt	957.8	972.5	962.6	962.9	953.0
Minority interests	101.1	117.7	123.5	127.7	121.7
Stockholders' equity:					
Preferred stock	-	-	-	-	.4
Common stock	.8	.8	.8	.8	.7
Additional capital	537.5	536.8	535.4	533.8	531.1
Retained earnings (accumulated deficit)	(454.3)	(471.1)	(417.0)	(417.6)	(460.1)
Accumulated other comprehensive income (loss)	(1.8)	(1.2)	-	-	(2.8)
Total stockholders' equity	82.2	65.3	119.2	117.0	69.3
Total	\$ 3,343.1	\$ 3,198.8	\$ 2,990.9	\$ 3,013.9	\$ 2,934.0
Debt-to-capital ratio(1)	81.2	81.2	76.9	77.8	81.2

- (1) Total of long-term debt - current portion and long-term debt (collectively "total debt") as a ratio of total debt, deferred income tax liabilities, minority interests, and stockholders' equity.

FIVE-YEAR FINANCIAL DATA
STATEMENTS OF CONSOLIDATED INCOME (LOSS)

(In millions of dollars, except share amounts)	Year Ended December 31,				
	2000	1999	1998	1997	1996
Net sales	\$ 2,169.8	\$ 2,083.6 (1)	\$ 2,302.4 (1)	\$ 2,423.3 (1)	\$ 2,238.8 (1)
Costs and expenses:					
Cost of products sold	1,891.4	1,893.5 (1)	1,892.2 (1)	2,001.3 (1)	1,905.8 (1)
Depreciation and amortization	76.9	89.5	99.1	102.5	107.6
Selling, administrative, research and development, and general	104.1	105.4	115.5	131.8	127.6
Labor settlement charge	38.5	-	-	-	-
Other non-recurring operating items, net	(80.4)	24.1	105.0	19.7	-
Total costs and expenses	2,030.5	2,112.5	2,211.8	2,255.3	2,141.0
Operating income (loss)	139.3	(28.9)	90.6	168.0	97.8
Other income (expense):					
Interest expense	(109.6)	(110.1)	(110.0)	(110.7)	(93.4)
Gain on involuntary conversion at Gramercy facility	-	85.0	-	-	-
Other - net	(4.3)	(35.9)	3.5	3.0	(2.7)
Income (loss) before income taxes, minority interests	25.4	(89.9)	(15.9)	60.3	1.7
(Provision) benefit for income taxes	(11.6)	32.7	16.4	(8.8)	9.3
Minority interests	3.0	3.1	.1	(3.5)	(2.8)
Net income (loss)	16.8	(54.1)	.6	48.0	8.2

Preferred stock dividends	-	-	-	(5.5)	(8.4)
Net income (loss) available to common shareholders	\$ 16.8	\$ (54.1)	\$.6	\$ 42.5	\$ (.2)
Earnings (loss) per share:					
Basic/Diluted	\$.21	\$ (.68)	\$.01	\$.57	\$ -
Dividends per common share	\$ -	\$ -	\$ -	\$ -	\$ -
Weighted average shares outstanding (000):					
Basic	79,520	79,336	79,115	74,221	71,644
Diluted	79,523	79,336	79,156	74,382	71,644

(1) Net sales and cost of products sold for prior years have been restated to conform to a new accounting principle that requires freight charges (\$39.3 in 1999, \$46.0 in 1998, \$50.1 in 1997 and \$48.3 in 1996) to be included in cost of products sold.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Information required under PART III (Items 10, 11, 12 and 13) has been omitted from this Report since the Company intends to file with the Securities and Exchange Commission, not later than 120 days after the close of its fiscal year, a definitive proxy statement pursuant to Regulation 14A which involves the election of directors, and such information is incorporated by reference from such definitive proxy statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

1. Financial Statements

Report of Independent Public Accountants

Consolidated Balance Sheets

Statements of Consolidated Income (Loss)

Statements of Consolidated Stockholders' Equity and Comprehensive Income (Loss)

Statements of Consolidated Cash Flows

Notes to Consolidated Financial Statements

Quarterly Financial Data (Unaudited)

Five-Year Financial Data

2. Financial Statement Schedules

Report of Independent Public Accountants

Schedule I - Condensed Balance Sheets - Parent Company, Condensed Statements of Income - Parent Company, Condensed Statements of Cash Flows - Parent Company, and Notes to Consolidated Financial Statements - Parent Company

All other schedules are inapplicable or the required information is included in the Consolidated Financial Statements or the Notes thereto.

3. Exhibits

Reference is made to the Index of Exhibits immediately preceding the exhibits hereto (beginning on page 71), which index is incorporated herein by reference.

(b) REPORTS ON FORM 8-K

No Report on Form 8-K was filed by the Company during the last quarter of the period covered by this Report.

(c) EXHIBITS

Reference is made to the Index of Exhibits immediately preceding the exhibits hereto (beginning on page 71), which index is incorporated herein by reference.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

We have audited in accordance with auditing standards generally accepted in the United States, the financial statements included in Kaiser Aluminum Corporation and Subsidiary Companies' annual report to shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated March 27, 2001. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule I listed in the index at Item 14(a)2. above is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Houston, Texas
March 27, 2001

SCHEDULE I
CONDENSED BALANCE SHEETS - PARENT COMPANY
(In millions of dollars, except share amounts)

	December 31,	
	2000	1999
ASSETS		
Investment in KACC	\$ 2,122.2	\$ 1,978.2
Total	\$ 2,122.2	\$ 1,978.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ -	\$ -
Intercompany note payable to KACC, including accrued interest	2,040.0	1,912.9
Stockholders' equity:		
Common stock, par value \$.01, authorized 125,000,000 shares; issued and outstanding 79,599,557 and 79,405,333	.8	.8
Additional capital	537.5	536.8
Accumulated deficit	(454.3)	(471.1)
Accumulated other comprehensive income (loss)	(1.8)	(1.2)
Total stockholders' equity	82.2	65.3
Total	\$ 2,122.2	\$ 1,978.2

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

SCHEDULE I
CONDENSED STATEMENTS OF INCOME (LOSS) - PARENT COMPANY
(In millions of dollars)

	December 31,		
	2000	1999	1998
Equity in income of KACC	\$ 144.3	\$ 65.1	\$ 112.5
Administrative and general expense	(.4)	(.3)	(.4)
Interest expense	(127.1)	(118.9)	(111.5)
Net income (loss)	\$ 16.8	\$ (54.1)	\$.6

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

SCHEDULE I
CONDENSED STATEMENTS OF CASH FLOWS - PARENT COMPANY
(In millions of dollars)

	December 31,		
	2000	1999	1998
Cash flows from operating activities:			
Net income (loss)	\$ 16.8	\$ (54.1)	\$.6
Adjustments to reconcile net income to net cash used for operating activities:			
Equity in income of KACC	(144.3)	(65.1)	(112.5)
Accrued interest on intercompany note payable to KACC	127.1	118.9	111.5
Accrued taxes paid	-	-	(3.3)
Net cash used by operating activities	(.4)	(.3)	(3.7)
Cash flows from investing activities:			
Investment in KACC	-	(.1)	(.1)
Net cash used by investing activities	-	(.1)	(.1)
Cash flows from financing activities:			
Capital stock issued	-	.1	.1
Tax allocation payments from KACC	-	-	3.3
Operating cost advances from KACC	.4	.3	.4
Net cash provided by financing activities	.4	.4	3.8
Net (decrease) increase in cash and cash equivalents during the year	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -
Supplemental disclosure of non-cash investing activities:			
Non-cash (decrease) increase in investment in KACC	\$ -	\$ (.1)	\$ (1.7)

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

SCHEDULE I
NOTES TO CONDENSED FINANCIAL STATEMENTS - PARENT COMPANY

1. BASIS OF PRESENTATION

Kaiser Aluminum Corporation (the "Company") is a holding company and conducts its operations through its wholly owned subsidiary, Kaiser Aluminum & Chemical Corporation ("KACC"), which is reported herein using the equity method of accounting. The accompanying parent company condensed financial statements of the Company should be read in conjunction with the 2000 consolidated financial statements of Kaiser Aluminum Corporation and Subsidiary Companies ("Kaiser").

2. INTERCOMPANY NOTE PAYABLE

The Intercompany Note to KACC, as amended, provides for a fixed interest rate

of 65/8% and matures on December 21, 2020. Interest and principal payments are payable over a 15-year term pursuant to a predetermined schedule starting December 21, 2006.

3. RESTRICTED NET ASSETS

The investment in KACC is substantially unavailable to the Company pursuant to the terms of certain debt instruments. The obligations of KACC in respect of the credit facilities under the Credit Agreement are guaranteed by the Company and by certain significant subsidiaries of KACC. See Note 8 of Notes to Kaiser's Consolidated Financial Statements.

4. LIQUIDITY/CAPITAL RESOURCES

KACC has significant near-term debt maturities. KACC's ability to make payments on and refinance its debt depends on its ability to generate cash in the future. In addition to being impacted by power sales and normal operating items, the Company's and KACC's near-term liquidity and cash flows will also be affected by the Gramercy incident, net payments for asbestos-related liabilities and possible proceeds from asset dispositions. For discussions of these matters, see Notes 2, 7, 8 and 12 of Notes to Kaiser's Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

KAISER ALUMINUM CORPORATION

Date: March 27, 2001 By /S/ Raymond J. Milchovich

Raymond J. Milchovich
President, Chief Executive Officer
and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 27, 2001 /S/ Raymond J. Milchovich

Raymond J. Milchovich
President, Chief Executive Officer
and Director
(Principal Executive Officer)

Date: March 27, 2001 /S/ John T. La Duc

John T. La Duc
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: March 27, 2001 /S/ Daniel D. Maddox

Daniel D. Maddox
Vice President and Controller
(Principal Accounting Officer)

Date: March 27, 2001 /S/ George T. Haymaker, Jr.

George T. Haymaker, Jr.
Chairman of the Board

Date: March 27, 2001 /S/ Robert J. Cruikshank

Robert J. Cruikshank
Director

Date: March 27, 2001 /S/ James T. Hackett

James T. Hackett
Director

Date: March 27, 2001 /S/ Charles E. Hurwitz

Charles E. Hurwitz
Director

Date: March 27, 2001 /S/ Ezra G. Levin

Ezra G. Levin
Director

Date: March 27, 2001 /S/ James D. Woods

James D. Woods
Director

INDEX OF EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Kaiser Aluminum Corporation ("KAC"), dated February 18, 2000 (incorporated by reference to Exhibit 3.1 to the Report on Form 10-K for the period ended December 31, 1999, filed by KAC, File No. 1-9447).
3.2	Certificate of Retirement of KAC, dated October 24, 1995 (incorporated by reference to Exhibit 3.2 to the Report on Form 10-K for the period ended December 31, 1995, filed by KAC, File No. 1-9447).
3.3	Certificate of Retirement of KAC, dated February 12, 1998 (incorporated by reference to Exhibit 3.3 to the Report on Form 10-K for the period ended December 31, 1997, filed by KAC, File No. 1-9447).
3.4	Certificate of Elimination of KAC, dated July 1, 1998 (incorporated by reference to Exhibit 3.4 to the Report on Form 10-Q for the quarterly period ended June 30, 1999, filed by KAC, File No. 1-9447).

- 3.5 Certificate of Amendment of the Restated Certificate of Incorporation of KAC, dated January 10, 2000 (incorporated by reference to Exhibit 3.5 to the Report on Form 10-K for the period ended December 31, 1999, filed by KAC, File No. 1-9447).
- 3.6 Amended and Restated By-Laws of KAC, dated October 1, 1997 (incorporated by reference to Exhibit 3.3 to the Report on Form 10-Q for the quarterly period ended September 30, 1997, filed by KAC, File No. 1-9447).
- 4.1 Indenture, dated as of February 1, 1993, among Kaiser Aluminum & Chemical Corporation ("KACC"), as Issuer, Kaiser Alumina Australia Corporation, Alpart Jamaica Inc., and Kaiser Jamaica Corporation, as Subsidiary Guarantors, and The First National Bank of Boston, as Trustee, regarding KACC's 12 3/4% Senior Subordinated Notes Due 2003 (incorporated by reference to Exhibit 4.1 to Form 10-K for the period ended December 31, 1992, filed by KACC, File No. 1-3605).
- 4.2 First Supplemental Indenture, dated as of May 1, 1993, to the Indenture, dated as of February 1, 1993 (incorporated by reference to Exhibit 4.2 to the Report on Form 10-Q for the quarterly period ended June 30, 1993, filed by KACC, File No. 1-3605).
- 4.3 Second Supplemental Indenture, dated as of February 1, 1996, to the Indenture, dated as of February 1, 1993 (incorporated by reference to Exhibit 4.3 to the Report on Form 10-K for the period ended December 31, 1995, filed by KAC, File No. 1-9447).
- 4.4 Third Supplemental Indenture, dated as of July 15, 1997, to the Indenture, dated as of February 1, 1993 (incorporated by reference to Exhibit 4.1 to the Report on Form 10-Q for the quarterly period ended June 30, 1997, filed by KAC, File No. 1-9447).
- 4.5 Fourth Supplemental Indenture, dated as of March 31, 1999, to the Indenture, dated as of February 1, 1993, (incorporated by reference to Exhibit 4.1 to the Report on Form 10-Q for the quarterly period ended March 31, 1999, filed by KAC, File No. 1-9447).
- 4.6 Indenture, dated as of February 17, 1994, among KACC, as Issuer, Kaiser Alumina Australia Corporation, Alpart Jamaica Inc., Kaiser Jamaica Corporation, and Kaiser Finance Corporation, as Subsidiary Guarantors, and First Trust National Association, as Trustee, regarding KACC's 97/8% Senior Notes Due 2002 (incorporated by reference to Exhibit 4.3 to the Report on Form 10-K for the period ended December 31, 1993, filed by KAC, File No. 1-9447).
- 4.7 First Supplemental Indenture, dated as of February 1, 1996, to the Indenture, dated as of February 17, 1994 (incorporated by reference to Exhibit 4.5 to the Report on Form 10-K for the period ended December 31, 1995, filed by KAC, File No. 1-9447).
- 4.8 Second Supplemental Indenture, dated as of July 15, 1997, to the Indenture, dated as of February 17, 1994 (incorporated by reference to Exhibit 4.2 to the Report on Form 10-Q for the quarterly period ended June 30, 1997, filed by KAC, File No. 1-9447).
- 4.9 Third Supplemental Indenture, dated as of March 31, 1999, to the Indenture, dated as of February 17, 1994 (incorporated by reference to Exhibit 4.2 to the Report on Form 10-Q for the quarterly period ended March 31, 1999, filed by KAC, File No. 1-9447).
- 4.10 Indenture, dated as of October 23, 1996, among KACC, as Issuer, Kaiser Alumina Australia Corporation, Alpart Jamaica Inc., Kaiser Jamaica Corporation, Kaiser Finance Corporation, Kaiser Micromill Holdings, LLC, Kaiser Sierra Micromills, LLC, Kaiser Texas Micromill Holdings, LLC and Kaiser Texas Sierra Micromills, LLC, as Subsidiary Guarantors, and First Trust National Association, as Trustee, regarding KACC's 107/8% Series B Senior Notes Due 2006 (incorporated by reference to Exhibit 4.2 to the Report on Form 10-Q for the quarterly period ended September 30, 1996, filed by KAC, File No. 1-9447).
- 4.11 First Supplemental Indenture, dated as of July 15, 1997, to the Indenture, dated as of October 23, 1996 (incorporated by reference to Exhibit 4.3 to the Report on Form 10-Q for the quarterly period ended June 30, 1997, filed by KAC, File No. 1-9447).
- 4.12 Second Supplemental Indenture, dated as of March 31, 1999, to the Indenture, dated as of October 23, 1996 (incorporated by reference to Exhibit 4.3 to the Report on Form 10-Q for the quarterly period ended March 31, 1999, filed by KAC, File No. 1-9447).
- 4.13 Indenture, dated as of December 23, 1996, among KACC, as Issuer, Kaiser Alumina Australia Corporation, Alpart Jamaica Inc., Kaiser Jamaica Corporation, Kaiser Finance Corporation, Kaiser Micromill Holdings, LLC, Kaiser Sierra Micromills, LLC, Kaiser Texas Micromill Holdings, LLC, and Kaiser Texas Sierra Micromills, LLC, as Subsidiary Guarantors, and First Trust National Association, as Trustee, regarding KACC's 10 7/8% Series D Senior Notes due 2006 (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-4, dated January 2, 1997, filed by KACC, Registration No. 333-19143).
- 4.14 First Supplemental Indenture, dated as of July 15, 1997, to the Indenture, dated as of December 23, 1996 (incorporated by reference to Exhibit 4.4 to the Report on Form 10-Q for the quarterly period ended June 30, 1997, filed by KAC, File No. 1-9447).
- 4.15 Second Supplemental Indenture, dated as of March 31, 1999, to the Indenture, dated as of December 23, 1996 (incorporated by reference to Exhibit 4.4 to the Report on Form 10-Q for the quarterly period ended March 31, 1999, filed by KAC, File No. 1-9447).
- 4.16 Credit Agreement, dated as of February 15, 1994, among KAC, KACC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.4 to the Report on Form 10-K for the period ended December 31, 1993, filed by KAC, File No. 1-9447).
- 4.17 First Amendment to Credit Agreement, dated as of July 21, 1994, amending the Credit Agreement, dated as of February 15, 1994,

among KAC, KACC, the financial institutions party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.1 to the Report on Form 10-Q for the quarterly period ended June 30, 1994, filed by KAC, File No. 1-9447).

- 4.18 Second Amendment to Credit Agreement, dated as of March 10, 1995, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KAC, KACC, the financial institutions party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.6 to the Report on Form 10-K for the period ended December 31, 1994, filed by KAC, File No. 1-9447).
- 4.19 Third Amendment to Credit Agreement, dated as of July 20, 1995, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KAC, KACC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.1 to the Report on Form 10-Q for the quarterly period ended June 30, 1995, filed by KAC, File No. 1-9447).
- 4.20 Fourth Amendment to Credit Agreement, dated as of October 17, 1995, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KAC, KACC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.1 to the Report on Form 10-Q for the quarterly period ended September 30, 1995, filed by KAC, File No. 1-9447).
- 4.21 Fifth Amendment to Credit Agreement, dated as of December 11, 1995, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KAC, KACC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.11 to the Report on Form 10-K for the period ended December 31, 1995, filed by KAC, File No. 1-9447).
- 4.22 Sixth Amendment to Credit Agreement, dated as of October 1, 1996, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KAC, KACC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.1 to the Report on Form 10-Q for the quarterly period ended September 30, 1996, filed by KAC, File No. 1-9447).
- 4.23 Seventh Amendment to Credit Agreement, dated as of December 17, 1996, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KAC, KACC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.18 to the Registration Statement on Form S-4, dated January 2, 1997, filed by KACC, Registration No. 333-19143).
- 4.24 Eighth Amendment to Credit Agreement, dated as of February 24, 1997, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.16 to the Report on Form 10-K for the period ended December 31, 1996, filed by KAC, File No. 1-9447).
- 4.25 Ninth Amendment to Credit Agreement, dated as of April 21, 1997, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.5 to the Report on Form 10-Q for the quarterly period ended June 30, 1997, filed by KAC, File No. 1-9447).
- 4.26 Tenth Amendment to Credit Agreement, dated as of June 25, 1997, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.6 to the Report on Form 10-Q for the quarterly period ended June 30, 1997, filed by KAC, File No. 1-9447).
- 4.27 Eleventh Amendment to Credit Agreement, dated as of October 20, 1997, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.7 to the Report on Form 10-Q for the quarterly period ended September 30, 1997, filed by KAC, File No. 1-9447).
- 4.28 Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions a party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.24 to the Report on Form 10-K for the period ended December 31, 1997, filed by KAC, File No. 1-9447).
- 4.29 Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4 to the Report on Form 10-Q for the quarterly period ended June 30, 1998, filed by KAC, File No. 1-9447).
- 4.30 Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.26 to the Report on Form 10-K for the period ended December 31, 1998, filed by KAC, File No. 1-9447).
- 4.31 Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions party thereto, and BankAmerica Business Credit, Inc., as Agent (incorporated by reference to Exhibit 4.27 to the Report on Form 10-K for the period ended December 31, 1998, filed by KAC, File No. 1-9447.)
- 4.32 Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions party thereto, and BankAmerica Business Credit, Inc., as Agent

(incorporated by reference to Exhibit 4.28 to the Report on Form 10-K for the period ended December 31, 1998, filed by KAC, File No. 1-9447).

- 4.33 Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions party thereto, and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc.), as Agent (incorporated by reference to Exhibit 4.1 to the Report on Form 10-Q for the quarterly period ended September 30, 1999, filed by KAC, File No. 1-9447).
- 4.34 Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions party thereto, and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc.), as Agent (incorporated by reference to Exhibit 4.34 to the Report on Form 10-K for the period ended December 31, 1999, filed by KAC, File No. 1-9447).
- *4.35 Nineteenth Amendment to Credit Agreement, dated as of December 27, 2000, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions party thereto, and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc.), as Agent.
- *4.36 Twentieth Amendment to Credit Agreement, dated as of January 26, 2001, amending the Credit Agreement, dated as of February 15, 1994, as amended, among KACC, KAC, the financial institutions party thereto, and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc.), as Agent.
- 4.37 Limited Waiver Regarding Repayment of CARIFA Bonds, dated February 17, 2000, among KAC, KACC, the financial institutions party thereto and Bank of America, N.A., as Agent (incorporated by reference to Exhibit 4.35 to the Report on Form 10-K for the period ended December 31, 1999, filed by KAC, File No. 1-9447).
- 4.38 Agreement dated August 18, 2000, among KAC, KACC, the financial institutions party to the Credit Agreement dated as of February 15, 1994, as amended, and Bank of America, N.A., as agent, regarding the Sale of the Center for Technology (incorporated by reference to Exhibit 4.1 to the Report on Form 10-Q for the period ended September 30, 2000, filed by KAC, File No. 1-9447).
- 4.39 Intercompany Note between KAC and KACC (incorporated by reference to Exhibit 10.10 to the Report on Form 10-K for the period ended December 31, 1996, filed by MAXXAM Inc. ("MAXXAM"), File No. 1-3924).
- 4.40 Confirmation of Amendment of Non-Negotiable Intercompany Note, dated as of October 6, 1993, between KAC and KACC (incorporated by reference to Exhibit 10.11 to the Report on Form 10-K for the period ended December 31, 1996, filed by MAXXAM, File No. 1-3924).
- *4.41 Amendment to Non-Negotiable Intercompany Note, dated as of December 11, 2000, between KAC and KACC.
- 4.42 Senior Subordinated Intercompany Note between KAC and KACC dated February 15, 1994 (incorporated by reference to Exhibit 4.22 to the Report on Form 10-K for the period ended December 31, 1993, filed by KAC, File No. 1-9447).
- 4.43 Senior Subordinated Intercompany Note between KAC and KACC dated March 17, 1994 (incorporated by reference to Exhibit 4.23 to the Report on Form 10-K for the period ended December 31, 1993, filed by KAC, File No. 1-9447).

KAC has not filed certain long-term debt instruments not being registered with the Securities and Exchange Commission where the total amount of indebtedness authorized under any such instrument does not exceed 10% of the total assets of KAC and its subsidiaries on a consolidated basis. KAC agrees and undertakes to furnish a copy of any such instrument to the Securities and Exchange Commission upon its request.

- 10.1 Form of indemnification agreement with officers and directors (incorporated by reference to Exhibit (10)(b) to the Registration Statement of KAC on Form S-4, File No. 33-12836).
 - 10.2 Tax Allocation Agreement, dated as of December 21, 1989, between MAXXAM and KACC (incorporated by reference to Exhibit 10.21 to Amendment No. 6 to the Registration Statement on Form S-1, dated December 14, 1989, filed by KACC, Registration No. 33-30645).
 - *10.3 Amendment of Tax Allocation Agreement, dated as of March 12, 2001, between MAXXAM and KACC, amending the Tax Allocation Agreement dated as of December 21, 1989.
 - 10.4 Tax Allocation Agreement, dated as of February 26, 1991, between KAC and MAXXAM (incorporated by reference to Exhibit 10.23 to Amendment No. 2 to the Registration Statement on Form S-1, dated June 11, 1991, filed by KAC, Registration No. 33-37895).
 - 10.5 Tax Allocation Agreement, dated as of June 30, 1993, between KACC and KAC (incorporated by reference to Exhibit 10.3 to the Report on Form 10-Q for the quarterly period ended June 30, 1993, filed by KACC, File No. 1-3605).
- Executive Compensation Plans and Arrangements
[Exhibits 10.6 - 10.36, inclusive]
- 10.6 Kaiser 1993 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Report on Form 10-Q for the quarterly period ended June 30, 1993, filed by KACC, File No. 1-3605).
 - 10.7 Kaiser 1995 Employee Incentive Compensation Program (incorporated by reference to Exhibit 10.1 to the Report on Form 10-Q for the quarterly period ended March 31, 1995, filed by KAC, File No. 1-9447).
 - 10.8 Kaiser 1995 Executive Incentive Compensation Program (incorporated by reference to Exhibit 99 to the Proxy Statement, dated April 26, 1995, filed by KAC, File No. 1-9447).
 - 10.9 Kaiser 1997 Omnibus Stock Incentive Plan (incorporated by reference to Appendix A to the Proxy Statement, dated April 29, 1997, filed by KAC, File No. 1-9447).

- 10.10 Director and Non-Executive Chairman Agreement, dated January 1, 2000, among KAC, KACC and George T. Haymaker, Jr. (incorporated by reference to Exhibit 10.13 to the Report on Form 10-K for the period ended December 31, 1999, filed by KAC, File No. 1-9447).
- 10.11 Time-Based Stock Option Grant pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan to George T. Haymaker, Jr., effective January 1, 1998 (incorporated by reference to Exhibit 10.18 to the Report on Form 10-K for the period ended December 31, 1998, filed by KAC, File No. 1-9447).
- *10.12 Agreement among George T. Haymaker, Jr., KAC and KACC amending Time-Based Stock Option Grant.
- 10.13 Performance-Accelerated Stock Option Grant pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan to George T. Haymaker, Jr., effective January 1, 1998 (incorporated by reference to Exhibit 10.19 to the Report on Form 10-K for the period ended December 31, 1998, filed by KAC, File No. 1-9447).
- *10.14 Agreement among George T. Haymaker, Jr., KAC and KACC amending Performance-Accelerated Stock Option Grant.
- 10.15 Letter Agreement, dated January 1995, between KAC and Charles E. Hurwitz, granting Mr. Hurwitz stock options under the Kaiser 1993 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.17 to the Report on Form 10-K for the period ended December 31, 1994, filed by KAC, File No. 1-9447).
- 10.16 Employment Agreement, dated as of June 1, 1999, between KACC and Raymond J. Milchovich (incorporated by reference to Exhibit 10.1 to the Report on Form 10-Q for the quarterly period ended June 30, 1999, filed by KAC, File No. 1-9447).
- 10.17 Time-Based Stock Option Grant pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan to Raymond J. Milchovich, effective July 2, 1998 (incorporated by reference to Exhibit 10.4 to the Report on Form 10-Q for the quarterly period ended September 30, 1998, filed by KAC, File No. 1-9447).
- *10.18 Agreement among Raymond J. Milchovich, KAC and KACC amending 1998 Time-Based Stock Option Grant.
- 10.19 Time-Based Stock Option Grant pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan to Raymond J. Milchovich (incorporated by reference to Exhibit 10.4 to the Report on Form 10-Q for the period ended September 30, 2000, filed by KAC, File No. 1-9447).
- *10.20 Agreement among Raymond J. Milchovich, KAC and KACC amending 1999 Time-Based Stock Option Grant.
- 10.21 Restricted Stock Agreement between Raymond J. Milchovich, KAC and KACC pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Report on Form 10-Q for the period ended September 30, 2000, filed by KAC, File No. 1-9447).
- 10.22 Employment Agreement between KACC and John T. La Duc made effective for the period from January 1, 1998, to December 31, 2002 (incorporated by reference to Exhibit 10.5 to the Report on Form 10-Q for the quarterly period ended September 30, 1998, filed by KAC, File No. 1-9447).
- 10.23 Time-Based Stock Option Grant pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan to John T. La Duc, effective July 10, 1998 (incorporated by reference to Exhibit 10.6 to the Report on Form 10-Q for the quarterly period ended September 30, 1998, filed by KAC, File No. 1-9447).
- 10.24 Time-Based Stock Option Grant pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan to Joseph A. Bonn, effective September 9, 1999 (incorporated by reference to Exhibit 10.1 to the Report on Form 10-Q for the period ended June 30, 2000, filed by KAC, File No. 1-9447).
- 10.25 Executive Employment Agreement, effective December 1, 1999, between MAXXAM and J. Kent Friedman (incorporated by reference to Exhibit 10.52 to the Report on Form 10-K for the period ended December 31, 1999, filed by MAXXAM, File No. 1-3924).
- 10.26 Time-Based Stock Option Grant pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan to J. Kent Friedman, effective December 1, 1999 (incorporated by reference to Exhibit 10.2 to the Report on Form 10-Q for the period ended June 30, 2000, filed by KAC, File No. 1-9447).
- 10.27 Employment Agreement made and entered into as of September 1, 1996, by and between KACC and Jack A. Hockema (incorporated by reference to Exhibit 10 to the Report on Form 10-Q for the quarterly period ended September 30, 1996, filed by KAC, File No. 1-9447).
- 10.28 Letter Agreement, dated April 15, 1999, amending the Employment Agreement made and entered into as of September 1, 1996, by and between KACC and Jack A. Hockema (incorporated by reference to Exhibit 10.26 to the Report on Form 10-K for the period ended December 31, 1999, filed by KAC, File No. 1-9447).
- 10.29 Description of compensation arrangements among KACC, KAC, and Jack A. Hockema (incorporated by reference to Exhibit 10.27 to the Report on Form 10-K for the period ended December 31, 1999, filed by KAC, File No. 1-9447).
- 10.30 Stock Option Grant pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan to Jack A. Hockema (incorporated by reference to Exhibit 10.1 to the Report on Form 10-Q for the period ended September 30, 2000, filed by KAC, File No. 1-9447).
- 10.31 Letter Agreement, dated July 27, 1998, between KACC and John H. Walker (incorporated by reference to Exhibit 10.20 to the Report on Form 10-K for the period ended December 31, 1998, filed by KAC, File No. 1-9447).
- 10.32 Description of Kaiser Severance Protection and Change of Control Benefits Program (incorporated by reference to Exhibit 10.21 to the Report on Form 10-K for the period ended December 31, 1998, filed by KAC, File No. 1-9447).
- 10.33 Form of letter agreement with persons granted stock options under the Kaiser 1993 Omnibus Stock Incentive Plan to acquire shares of KAC Common Stock (incorporated by reference to Exhibit

10.18 to the Report on Form 10-K for the period ended December 31, 1994, filed by KAC, File No. 1-9447).

10.34 Form of Enhanced Severance Agreement between KACC and key executive personnel (incorporated by reference to Exhibit 10.3 to the Report on Form 10-Q for the period ended September 30, 2000, filed by KAC, File No. 1-9447).

10.35 Form of Non-Employee Director Stock Option Agreement pursuant to the Kaiser 1997 Omnibus Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Report on Form 10-Q for the period ended June 30, 2000, filed by KAC, File No. 1-9447).

10.36 Form of Deferred Fee Agreement between KAC, KACC, and directors of KAC and KACC (incorporated by reference to Exhibit 10 to the Report on Form 10-Q for the quarterly period ended March 31, 1998, filed by KAC, File No. 1-9447).

*21 Significant Subsidiaries of KAC.

*23.1 Consent of Independent Public Accountants.

*23.2 Consent of Wharton Levin Ehrmantraut Klein & Nash, P.A.

*23.3 Consent of Heller Ehrman White & McAuliffe LLP.

* -----
* Filed herewith

NINETEENTH AMENDMENT TO CREDIT AGREEMENT AND LIMITED WAIVER

THIS NINETEENTH AMENDMENT TO CREDIT AGREEMENT AND LIMITED WAIVER (this "Amendment"), dated as of December 27, 2000, 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 Bank of America, N.A. (successor to 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, the Second Amendment to Credit Agreement, dated as of March 10, 1995, the Third Amendment to Credit Agreement and Acknowledgement, dated as of July 20, 1995, the Fourth Amendment to Credit Agreement, dated as of October 17, 1995, the Fifth Amendment to Credit Agreement, dated as of December 11, 1995, the Sixth Amendment to Credit Agreement, dated as of October 1, 1996, the Seventh Amendment to Credit Agreement, dated as of December 17, 1996, the Eighth Amendment to Credit Agreement, dated as of February 24, 1997, the Ninth Amendment to Credit Agreement and Acknowledgment, dated as of April 21, 1997, the Tenth Amendment to Credit Agreement and Assignment, dated as of June 25, 1997, the Eleventh Amendment to Credit Agreement and Limited Waivers, dated as of October 20, 1997, the Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, the Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, the Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, the Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, the Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, the Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, and the Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000 (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 Amendments to Article I: Definitions and Accounting Terms.

A. Section 1.1 of the Credit Agreement is hereby amended by amending the definitions of "Collateral Documents," "Currency Hedge Providers," "Intercreditor Agreement," "Minimum Net Worth," "Obligations," and "Secured Lenders" contained therein to read in their entirety as follows:

"Collateral Documents" means, collectively, the Parent Collateral Documents, the Company Collateral Documents, the Subsidiary Collateral Documents, the Collection Bank Agreements, the Concentration Bank Agreement, and each other Instrument or document pursuant to which a Lien is granted to the Agent (or perfected in favor of the Agent) (or to or in favor of any agent, trustee, or other Person acting on the Agent's behalf) as security for any of the Obligations, as any of the foregoing may be amended, supplemented, restated, or otherwise modified from time to time in accordance with the provisions hereof or thereof. Anything in this Agreement or in any other Loan Document to the contrary notwithstanding, the Obligations secured under each Collateral Document shall be deemed to include all Currency Hedge Obligations and Cash Management Obligations now existing or hereafter arising; provided, however, that anything in this Agreement or in any other Loan Document to the contrary notwithstanding, (a) with respect to any Cash Management Obligations constituting Indebtedness (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures), the Collateral shall not include any U.S. Fixed Assets (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures) and (b) no Proceeds of any U.S. Fixed Assets, or of the disposition by the Agent of any U.S. Fixed Assets, shall be applied toward the satisfaction of any Cash Management Obligations constituting Indebtedness (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures)."

"Currency Hedge Providers" means all Lenders party to a Currency Hedge Agreement and, in their capacity as a Currency Hedge Provider, party to the Intercreditor Agreement."

"Intercreditor Agreement" means the intercreditor agreement executed and delivered by the Agent, each Lender, each Lender party to a Currency Hedge Agreement and each Lender providing Cash Management Services, in substantially the form of Exhibit U attached hereto, as amended, supplemented, restated or otherwise modified from time to time in accordance with the provisions thereof."

"Minimum Net Worth" means (a) for each Fiscal Quarter of the Company ending on or prior to December 31, 1998 (commencing with the Fiscal Quarter ending September 30, 1996), \$500,000,000 plus 50% of Net Income (but not loss) for each such Fiscal Quarter, (b) for the Fiscal Quarters of the Company ending on March 31, 1999 and June 30, 1999, \$600,000,000 plus 50% of Net Income (but not loss) for each such Fiscal Quarter, (c) for the Fiscal Quarters of the Company ending on September 30, 1999, December 31, 1999, March 31, 2000, June 30, 2000 and September 30, 2000, \$550,000,000 plus 50% of Net Income (but not loss) for each such Fiscal Quarter, and (d) for each Fiscal Quarter of the Company ending thereafter, \$515,000,000 plus 50% of Net Income (but not loss) for each such Fiscal Quarter; provided that the calculation of Minimum Net Worth shall exclude (i) the effect of any non-cash charges, up to an aggregate amount of \$70,000,000, in respect of the Micromill project, including (without limitation) any write-down of Micromill project assets located at the Center for Technology in Pleasanton, California, and at the Micromill facility near Reno, Nevada, (ii) the net cumulative effect of any mark-to-market gains or losses incurred after December 31, 1998, up to an aggregate net amount of \$50,000,000 of losses, on aluminum hedging agreements of the Company and its Subsidiaries that do not qualify for hedging treatment under GAAP, (iii) the effect of

any non-cash charges, up to an aggregate amount of \$30,000,000, in respect of the settlement of the Company's labor dispute with the United Steelworkers of America, and (iv) the net cumulative effect of any gains or losses, up to an aggregate net amount of \$50,000,000 of losses, in respect of adjustments to the net cost basis of the assets of the Gramercy, Louisiana facility as a result of the explosion at such facility, all of the above adjustments to be reflected on the relevant Compliance Certificate."

"'Obligations' means (a) all obligations (monetary or otherwise) of the Company and each other Obligor arising under or in connection with this Agreement, the Letters of Credit, and each other Loan Document, (b) all Currency Hedge Obligations, and (c) all Cash Management Obligations."

"'Secured Lenders' means the Agent, each Lender, each Issuer Bank, each Currency Hedge Provider and each Cash Management Provider, together with any successors and assigns thereto."

B. Section 1.1 of the Credit Agreement is hereby further amended by adding the following definitions in appropriate alphabetical order:

"'Cash Management Obligations' means, with respect to the Company, all liabilities and obligations (monetary or otherwise) of the Company arising in connection with Cash Management Services."

"'Cash Management Providers' means all Lenders providing Cash Management Services and, in their capacity as a Cash Management Provider, party to the Intercreditor Agreement."

"'Cash Management Services' means any one or more of the following types of services or facilities extended to the Company by a Cash Management Provider: (a) credit cards; and (b) any cash management or related services including automatic clearing house transfer of funds by a Cash Management Provider for the account of the Company pursuant to agreement or overdrafts."

C. Section 1.1 of the Credit Agreement is hereby further amended by adding the following to the end of the definition of "Interest Coverage Ratio" contained therein:

"; provided that the calculation of EBITDA for purposes of the calculation of the Interest Coverage Ratio shall exclude the effect of any non-cash charges, up to an aggregate amount of \$40,000,000, in respect of the write-down of the carrying value of the Tacoma and Mead facilities."

1.2 Amendment to Article II: Commitments and Borrowing Procedures

Section 2.1.1(b) of the Credit Agreement is hereby amended by deleting the reference to "\$325,000,000" contained therein and substituting a reference to "\$300,000,000" therefor.

1.3 Amendments to Article IX: Covenants

A. Section 9.2.2(b)(x) of the Credit Agreement is hereby amended to read in its entirety as follows:

"(x) Indebtedness of the Company in respect of (1) unsecured Hedging Obligations; (2) secured Hedging Obligations; (3) Currency Hedge Agreements, provided the remaining Dollar amount (or the Dollar Equivalent thereof) of all currency payments the Company is obligated to make under all such Currency Hedge Agreements (including any payments that would be payable by the Company following the exercise of any foreign exchange option sold by the Company but excluding, during the period prior to the date of exercise, any payments that would be payable by the Company following the exercise of any foreign exchange option purchased by the Company) does not exceed \$500,000,000, in the aggregate, at any time; and (4) Cash Management Obligations;"

B. Section 9.2.3(n) and Section 9.2.3(w) of the Credit Agreement are hereby amended to read in their entirety as follows:

"(n) Liens on the Company's or any of its Subsidiary's rights under agreements with respect to spot, forward, future and option transactions, entered into in the ordinary course of business, involving (or, in the case of futures and options, for or relating to) the purchase and sale of aluminum, alumina, bauxite, energy or other commodities used in the production process or on the transaction accounts in which such transactions are effected securing the Company's or such Subsidiary's obligations under such agreements;

"(w) Liens (i) securing the obligations of the Company under Currency Hedge Agreements, provided (1) the remaining Dollar amount (or the Dollar Equivalent thereof) of all currency payments the Company is obligated to make under all such Currency Hedge Agreements (including any payments that would be payable by the Company following the exercise of any foreign exchange option sold by the Company but excluding, during the period prior to the date of exercise, any payments that would be payable by the Company following the exercise of any foreign exchange option purchased by the Company) does not exceed \$500,000,000, in the aggregate, at any time, and (2) all Property which is subject to any such Lien constitutes Collateral; (ii) securing Cash Management Obligations, provided all Property which is subject to any such Lien constitutes Collateral; or (iii) securing Hedging Obligations;"

C. Section 9.2.4(b) of the Credit Agreement is hereby amended by amending the table contained therein to read in its entirety as follows:

"Date	Ratio
-----	-----
First Fiscal Quarter of 1998	0.80 to 1.00
Second Fiscal Quarter of 1998	1.20 to 1.00
Third Fiscal Quarter of 1998	1.60 to 1.00
Fourth Fiscal Quarter of 1998	1.10 to 1.00
First Fiscal Quarter of 1999	No Test
Second Fiscal Quarter of 1999	No Test
Third Fiscal Quarter of 1999	No Test
Fourth Fiscal Quarter of 1999	No Test
First Fiscal Quarter of 2000	0.50 to 1.00
Second Fiscal Quarter of 2000	1.00 to 1.00
Third Fiscal Quarter of 2000	1.25 to 1.00

Fourth Fiscal Quarter of 2000	1.00 to 1.00
First Fiscal Quarter of 2001	1.00 to 1.00
Second Fiscal Quarter of 2001 and Thereafter	1.00 to 1.00"

D. Section 9.2.5(k) of the Credit Agreement is hereby amended to read in its entirety as follows:

"(k) Investments in the form of advance payments in connection with (i) Hedging Obligations, (ii) Currency Hedge Agreements, and (iii) spot, forward, future and option transactions, entered into in the ordinary course of business, involving (or, in the case of futures and options, for or relating to) the purchase and sale of aluminum, alumina, bauxite, energy or other commodities used in the production process;"

E. Section 9.2.7 of the Credit Agreement is hereby amended by amending the table contained therein to read in its entirety as follows:

"Fiscal Year	Base Amount
-----	-----
1994	\$ 60,000,000
1995	\$ 80,000,000
1996	\$175,000,000
1997	\$175,000,000
1998	\$140,000,000
1999	\$140,000,000
2000	\$185,000,000
Thereafter	\$140,000,000 "

F. Section 9.2.11(j) of the Credit Agreement is hereby amended by deleting the reference to "\$25,000,000" contained therein and substituting a reference to "\$35,000,000" therefor.

G. Section 9.2.14 of the Credit Agreement is hereby amended by deleting the two references to "\$1,500,000" contained in clause (d) of the second paragraph thereof and substituting a reference to "\$2,250,000" therefor.

1.4 Amendment to Exhibits.

Exhibit U to the Credit Agreement is hereby deleted and Exhibit I hereto substituted therefor.

1.5 Amendment to Signature Pages.

The Percentages set forth opposite the Lenders' names on the signature pages of the Credit Agreement are hereby amended to read as follows:

"Bank of America, N.A.	36.307%
Congress Financial Corporation (Western)	27.768%
La Salle Bank National Association	5.666%
The CIT Group/Business Credit, Inc.	7.333%
Transamerica Business Credit Corporation	7.362%
Heller Financial, Inc.	10.333%
ABN AMRO Bank N.V.	5.231% "

1.6 Amendments to Collateral Documents.

The parties agree that, as of the Nineteenth Amendment Effective Date (as defined below), the Parent Security Agreement, the Company Pledge Agreement, the Company Security Agreement, the Subsidiary Guaranty, the Subsidiary Security Agreement, the Company Deeds of Trust, the Company Mortgages and the Intercompany Note Pledge Agreement shall be amended or supplemented as set forth in Exhibits II, III, IV, V, VI, VII, VIII and IX hereto, respectively.

Section 2. Limited Waiver.

The undersigned Lenders, constituting Required Lenders under the Credit Agreement, hereby waive compliance with the provisions of Section 9.2.6(b)(ii) of the Credit Agreement to the extent, and only to the extent, necessary to permit Alumina Partners of Jamaica, a Subsidiary of the Company, to purchase and cancel a portion of its Caribbean Basin Projects Financing Authority Bonds in the aggregate principal amount of \$34,000,000 (only \$22,100,000 of such amount to be paid by the Company) and to pay accrued interest thereon.

Without limiting the generality of the provisions of Section 12.1 of the Credit Agreement, the waiver set forth in this Section 2 shall be limited precisely as written and relates solely to the noncompliance by Company with the provisions of Section 9.2.6(b)(ii) of the Credit Agreement in the manner and to the extent described above, and nothing in this Section 2 shall be deemed to (a) constitute a waiver of compliance by Company (i) with respect to Section 9.2.6(b)(ii) of the Credit Agreement 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 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.

Section 3. Conditions to Effectiveness.

This Amendment shall become effective as of the date hereof only when the following conditions shall have been satisfied and notice thereof shall have been given by the Agent to the Parent Guarantor, the Company and each Lender (the date of satisfaction of such conditions and the giving of such notice being referred to herein as the "Nineteenth Amendment Effective Date"):

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).

B. The Agent shall have received:

(1) Resolutions of the Board of Directors or of the Executive Committee of the Board of Directors of the Company, the Parent Guarantor and the applicable Subsidiaries of the Company approving and authorizing the execution, delivery and performance of this Amendment and the amendments to the Collateral Documents described in Section 1.6 hereof, certified by their respective corporate secretaries or assistant secretaries as being in full force and effect without modification or amendment as of the date of execution hereof by the Company, the Parent Guarantor or such Subsidiary, as the case may be;

(2) A signature and incumbency certificate of the officers of the Company, the Parent Guarantor and the applicable Subsidiaries of the Company executing this Amendment and the amendments to the Collateral Documents described in Section 1.6 hereof;

(3) For each Lender, an opinion, addressed to the Agent and each Lender, from Kramer Levin Naftalis & Frankel LLP, in form and substance satisfactory to the Agent;

(4) Such other information, approvals, opinions, documents or instruments as the Agent may reasonably request; and

(5) For the pro rata benefit of the Lenders, calculated in accordance with the Percentages set forth in Section 1.5 hereof, a fee in the amount of \$450,000.

Section 4. Conditions Subsequent.

On or prior to January 31, 2001, (a) the Agent shall have received duly executed amendments to the UCC-1 Financing Statements originally filed under the Credit Agreement naming the Cash Management Providers as additional secured parties and (b) the amendments to the Company Deeds of Trust and the Company Mortgages described in Section 1.6 hereof shall have been duly recorded.

Section 5. 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 in the manner provided herein, the Parent Guarantor and the Company represent and warrant to each Lender and the Agent that, as of the Nineteenth 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 Senior Indenture, the New Senior Indenture, the Additional New Senior Indentures, or the Subordinated Indenture 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 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.

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 6. Acknowledgement and Consent.

The Company is a party to the Company Collateral Documents, in each case as amended through the date hereof, 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 date hereof, 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 date hereof, 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.

Each Credit Support Party acknowledges and agrees that any of the Credit Support Documents to which it is a party or 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 7. Miscellaneous.

A. Reference to and Effect on the Credit Agreement and the Other Loan Documents.

(1) On and after the Nineteenth 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) Except as specifically amended by this Amendment and the amendments to the Collateral Documents described in Section 1.6 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.

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

KAISER ALUMINUM CORPORATION

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

BANK OF AMERICA, N.A. (successor to
BankAmerica Business Credit, Inc.), as Agent

By: /S/ MICHAEL J. JASAITIS
Name: Michael J. Jasaitis
Its: Vice President

THE CIT GROUP/BUSINESS
CREDIT, INC.

By: /S/ GRANT WEISS
Name Printed: Grant Weiss
Its: Assistant Vice President

CONGRESS FINANCIAL CORPORATION
(WESTERN)

By: /S/ GARY D. CASSIANNI
Name Printed: Gary D. Cassianni
Its: Vice President

LA SALLE BANK NATIONAL
ASSOCIATION (formerly known as
La Salle National Bank)

By: /S/ DOUGLAS C. COLLETTI
Name Printed: Douglas C. Colletti
Its: 1st VP

ACKNOWLEDGED AND AGREED TO:

AKRON HOLDING CORPORATION

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM PROPERTIES,
INC.

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

OXNARD FORGE DIE COMPANY, INC.

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINA AUSTRALIA
CORPORATION
By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

ALPART JAMAICA INC.

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER BAUXITE COMPANY

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER MICROMILL HOLDINGS, LLC

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TEXAS SIERRA MICROMILLS,
LLC

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM & CHEMICAL
CORPORATION

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

BANK OF AMERICA, N.A. (successor to
BankAmerica Business Credit, Inc.)

By: /S/ MICHAEL J. JASAITIS
Name: Michael J. Jasaitis
Its: Vice President

HELLER FINANCIAL, INC.

By: /S/ RICHARD HOLSTON
Name Printed: Richard Holston
Its: Assistant Vice President

TRANSAMERICA BUSINESS CREDIT
CORPORATION

By: /S/ ARI D. KAPLAN
Name Printed: Ari D. Kaplan
Its: Vice President

ABN AMRO BANK N.V.

By: /S/ L. DAVID WRIGHT
Name Printed: L. David Wright
Its: Group Vice President

By: /S/ KEVIN S. MCFADDEN
Name Printed: Kevin S. McFadden
Its: Group Vice President

KAISER ALUMINUM & CHEMICAL
INVESTMENT, INC.

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM TECHNICAL
SERVICES, INC.

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINIUM
INTERNATIONAL, INC.

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER FINANCE CORPORATION

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER JAMAICA CORPORATION

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER EXPORT COMPANY

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER SIERRA MICROMILLS, LLC

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TEXAS MICROMILL
HOLDINGS, LLC

By: /S/ DAVID A. CHEADLE
Name Printed: David A. Cheadle
Its: Assistant Treasurer

By: /S/ DAVID A. CHEADLE
 Name Printed: David A. Cheadle
 Its: Assistant Treasurer

By: /S/ DAVID A. CHEADLE
 Name Printed: David A. Cheadle
 Its: Assistant Treasurer

EXHIBIT I

EXHIBIT U
INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT, dated as of December 27, 2000 (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Agreement"), is by and among (i) BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation), as collateral agent (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") for (a) the financial institutions (the "Lenders") that are or may from time to time become parties to the Credit Agreement, dated as of February 15, 1994 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement") by and among Kaiser Aluminum & Chemical Corporation, a Delaware corporation (the "Company"), Kaiser Aluminum Corporation, a Delaware corporation (the "Parent Guarantor"), Bank of America, N.A., as Agent for the Lenders, and the Lenders, (b) the Lenders that may from time to time enter into a Currency Hedge Agreement (as defined in the Credit Agreement) with the Company and become a party hereto (the "Currency Hedge Providers"), and (c) the Lenders that may from time to time provide Cash Management Services (as defined in the Credit Agreement) to the Company and become a party hereto (the "Cash Management Providers"); (ii) the LENDERS; (iii) the CURRENCY HEDGE PROVIDERS; and (iv) the CASH MANAGEMENT PROVIDERS.

R E C I T A L S:

A. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meaning ascribed to such terms in the Credit Agreement. In the event the Credit Agreement is terminated or the Commitments of the Lenders under the Credit Agreement have expired or been terminated prior to the termination of this Agreement, capitalized terms used in this Agreement and not otherwise defined herein shall have the meaning ascribed to such terms in the Credit Agreement immediately prior to such termination or expiration.

B. The Company and the Collateral Agent have executed and delivered the Company Collateral Documents to secure the obligations of the Company under the Credit Agreement.

C. The Parent Guarantor has executed and delivered the Parent Guaranty contained in the Credit Agreement and Akron Holding Corporation, an Ohio corporation, Alpart Jamaica Inc., a Delaware corporation, Kaiser Alumina Australia Corporation, a Delaware corporation, Kaiser Aluminium International, Inc., a Delaware corporation, Kaiser Aluminum & Chemical Investment, Inc., a Delaware corporation, Kaiser Aluminum Properties, Inc., a Delaware corporation, Kaiser Aluminum Technical Services, Inc., a California corporation, Kaiser Finance Corporation, a Delaware corporation, Kaiser Jamaica Corporation, a Delaware corporation, Oxnard Forge Die Company, Inc., a California corporation, Kaiser Micromill Holdings, LLC, a limited liability company organized under the laws of Delaware, Kaiser Sierra Micromills, LLC, a limited liability company organized under the laws of Delaware, Kaiser Texas Sierra Micromills, LLC, a limited liability company organized under the laws of Texas, Kaiser Texas Micromill Holdings, LLC, a limited liability company organized under the laws of Texas, Kaiser Bellwood Corporation, a Delaware corporation, and Kaiser Transaction Corp., a Delaware corporation (collectively the "Subsidiary Guarantors"), have executed the Subsidiary Guaranty, in each case for the purpose of guarantying the obligations of the Company under the Credit Agreement and the other Loan Documents.

D. The Parent Guarantor and the Collateral Agent have executed and delivered the Parent Collateral Documents to secure the obligations of the Parent Guarantor under the Parent Guaranty, and certain of the Subsidiary Guarantors, certain other Subsidiaries of the Company and the Collateral Agent have executed and delivered the Subsidiary Collateral Documents to secure the obligations of such Subsidiaries under the Subsidiary Guaranty and of the Company under the Credit Agreement and the other Loan Documents.

E. The Company, the Parent Guarantor, the Lenders and the Collateral Agent have entered into a First Amendment to Credit Agreement dated as of July 21, 1994 pursuant to which the Company is permitted to enter into Currency Hedge Agreements from time to time with the Currency Hedge Providers; provided the remaining amount (or the Dollar Equivalent (as defined in the Credit Agreement) thereof) of all currency payments the Company is obligated to make under all such Currency Hedge Agreements does not exceed \$300,000,000 in the aggregate at any time.

F. In addition, the Company, the Parent Guarantor, certain of the Subsidiary Guarantors, certain other Subsidiaries of the Company and the Collateral Agent have entered into amendments dated as of July 21, 1994 to certain of the Collateral Documents and the Subsidiary Guaranty in order to (i) provide for the guaranty by the Parent Guarantor and the Subsidiary Guarantors of the Company's obligations under the Currency Hedge Agreements and (ii) secure the obligations of the Company under the Currency Hedge Agreements and the obligations of the Parent Guarantor and such Subsidiaries with respect to the Currency Hedge Obligations by the Collateral.

G. The Lenders and the Currency Hedge Providers agreed that the Lien on the Collateral in favor of the Currency Hedge Providers shall be subordinate to the Lien on the Collateral in favor of the Lenders and the Lenders, the Currency Hedge Providers and the Collateral Agent entered into an Intercreditor Agreement dated as of July 21, 1994 establishing such priority (the "Existing Intercreditor Agreement").

H. In addition, the Company, the Parent Guarantor, certain of the Subsidiary Guarantors, certain other Subsidiaries of the Company and the Collateral Agent have entered into amendments dated as of the date hereof to certain of the Collateral Documents and the Subsidiary Guaranty in order to (i) provide for the guaranty by the Parent Guarantor and the Subsidiary Guarantors of the Company's obligations in respect of the Cash Management Services and (ii) secure the obligations of the Company in respect of the Cash Management Services and the obligations of the Parent Guarantor and such Subsidiaries with respect to the Cash Management Obligations by the Collateral.

I. The Lenders, the Currency Hedge Providers and the Cash Management Providers have agreed that the Lien on the Collateral in favor of the Cash Management Providers shall be subordinate to the Lien on the Collateral in favor of the Lenders and the Currency Hedge Providers.

J. The Lenders, the Currency Hedge Providers, the Cash Management Providers and the Collateral Agent desire to amend and restate the Existing Intercreditor Agreement and set forth their agreements concerning the Collateral.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and undertakings contained herein, the parties hereto agree that the Existing Intercreditor Agreement is hereby amended and restated in its entirety as follows:

1. Definitions. When used in this Agreement, the following capitalized terms shall have the meanings set forth below. Terms defined elsewhere in this Agreement are used as so defined.

(a) "Bank of America" means Bank of America, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation).

(b) "Bank Obligations" means all liabilities and obligations of the Company, the Parent Guarantor and each Obligor arising under or in connection with the Credit Agreement and the other Loan Documents, including, without limitation, all costs and expenses of the Collateral Agent and the Lenders payable thereunder. The term "Bank Obligations" does not include the Currency Hedge Obligations or the Cash Management Obligations.

(c) "Cash Management Obligations" means all liabilities and obligations of the Company arising in connection with the Cash Management Services, including, without limitation, all costs and expenses of the Cash Management Providers payable in connection therewith.

(d) "Cash Management Pro Rata Share" means, with respect to any Cash Management Provider, a fraction, expressed as a percentage, (i) the numerator of which is the remaining Dollar amount of all payments that the Company is obligated to make in respect of all Cash Management Services then being provided by such Cash Management Provider and (ii) the denominator of which is the remaining Dollar amount of all payments that the Company is obligated to make in respect of all Cash Management Services.

(e) "Collateral Agreements" means the Company Collateral Documents, the Parent Collateral Documents, the Subsidiary Collateral Documents, the Parent Guaranty and the Subsidiary Guaranty.

(f) "Creditors" means the Lenders, the Currency Hedge Providers and the Cash Management Providers.

(g) "Currency Hedge Obligations" means all liabilities and obligations of the Company arising under or in connection with the Currency Hedge Agreements, including, without limitation, all costs and expenses of the Currency Hedge Providers payable thereunder.

(h) "Currency Hedge Pro Rata Share" means, with respect to any Currency Hedge Provider, a fraction, expressed as a percentage, (i) the numerator of which is the remaining Dollar amount (or the Dollar Equivalent thereof) of all currency payments that the Company is obligated to make under all Currency Hedge Agreements to which such Currency Hedge Provider is a party (other than payments in respect of Subordinated Currency Hedge Obligations) and (ii) the denominator of which is the remaining Dollar amount (or the Dollar Equivalent thereof) of all currency payments that the Company is obligated to make under all Currency Hedge Agreements (other than payments in respect of Subordinated Currency Hedge Obligations).

(i) "Obligations" means and includes all of the Bank Obligations, all of the Currency Hedge Obligations and all of the Cash Management Obligations.

(j) "Required Cash Management Providers" means, at any time, Cash Management Providers the sum of whose Cash Management Pro Rata Shares equals at least 67%.

(k) "Required Currency Hedge Providers" means, at any time, Currency Hedge Providers the sum of whose Currency Hedge Pro Rata Shares and Subordinated Currency Hedge Pro Rata Shares equals at least 67%.

(l) "Subordinated Currency Hedge Obligations" means, as to any Currency Hedge Provider, (i) if the Lien on the Collateral securing any Currency Hedge Obligation owing to such Currency Hedge Provider is subordinated to any Lien on the Collateral to which the Lien on the Collateral securing all Currency Hedge Obligations is not also subordinated and amounts payable in respect of such Currency Hedge Obligation are permitted to be netted against other Currency Hedge Obligations owing to such Currency Hedge Provider, all Currency Hedge Obligations owing to such Currency Hedge Provider and (ii) if the Lien on the Collateral securing any Currency Hedge Obligation owing to such Currency Hedge Provider is subordinated to any Lien on the Collateral to which the Lien on the Collateral securing all Currency Hedge Obligations is not also subordinated (the "Subordinated Obligation") and all rights to net amounts payable in respect of the Subordinated Obligation against amounts payable in respect of all other Currency Hedge Obligations owing to such Currency Hedge Provider have been waived, the Subordinated Obligation.

(m) "Subordinated Currency Hedge Pro Rata Share" means, with respect to any Currency Hedge Provider, a fraction, expressed as a percentage, (i) the numerator of which is the remaining Dollar amount (or the Dollar Equivalent thereof) of all currency payments that the Company is obligated to make under all Currency Hedge Agreements to which such Currency Hedge Provider is a party in respect of Subordinated Currency Hedge Obligations and (ii) the denominator of which is the remaining Dollar amount (or the Dollar Equivalent thereof) of all currency payments that the Company is obligated to make under all Currency Hedge Agreements in respect of Subordinated Currency Hedge Obligations.

2. Agreement by Currency Hedge Providers to subordinate Liens.

The Lenders and the Currency Hedge Providers agree that the Liens on the Collateral in favor of any Currency Hedge Provider securing the Currency Hedge Obligations shall be and hereby are subordinate to the Liens on the Collateral in favor of the Lenders securing the Bank Obligations and that each Currency Hedge Provider's rights and remedies with respect to any Collateral shall be and hereby are subordinate to the rights and remedies of the Lenders with respect thereto in accordance with the terms hereof. Each Currency Hedge Provider agrees that until the Bank Obligations have been paid in full, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the Commitments of the Lenders under the Credit Agreement have expired or been terminated, (a) no Currency Hedge Provider shall exercise any right or remedy or assert any claims, in each case, with respect to any Collateral, including, without limitation, seeking to foreclose on its junior security interests therein pursuant to the terms of the Collateral Documents, as a judgment creditor or otherwise and (b) no Currency Hedge Provider shall have any right individually to seek to realize upon the security granted by or any guaranty provided by any Collateral Agreement, it being understood and agreed that such rights and remedies may be exercised solely by the Collateral Agent for the benefit of the Currency Hedge Providers in accordance with the terms of this Agreement and the Collateral Agreements. Notwithstanding the foregoing, (i) the Currency Hedge Providers shall be entitled to demand and retain all payments made by the Company from time to time under the Currency Hedge Agreements notwithstanding the fact that such payments constitute a transfer of cash Collateral and (ii) the Currency Hedge Providers shall be entitled to file a proof of claim with respect to the Currency Hedge Obligations in any proceedings under Title 11 of the United States Code by or against the Company, the Parent

Guarantor or any Subsidiary of the Company. If any Lien described in this Agreement is determined to be avoidable under federal bankruptcy or applicable state law, the priority granted such Lien in this Section 2 shall automatically be void and ineffective and this Agreement automatically shall cease to apply to such avoidable Lien.

3. Agreement by Cash Management Providers to Subordinate Liens. The Lenders, the Currency Hedge Providers and the Cash Management Providers agree that the Liens on the Collateral in favor of any Cash Management Provider securing the Cash Management Obligations shall be and hereby are subordinate to the Liens on the Collateral in favor of the Lenders securing the Bank Obligations and the Currency Hedge Providers securing the Currency Hedge Obligations and that each Cash Management Provider's rights and remedies with respect to any Collateral shall be and hereby are subordinate to the rights and remedies of the Lenders and the Currency Hedge Providers with respect thereto in accordance with the terms hereof. Each Cash Management Provider agrees that until the Bank Obligations and the Currency Hedge Obligations have been paid in full, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the Commitments of the Lenders under the Credit Agreement have expired or been terminated, (a) no Cash Management Provider shall exercise any right or remedy or assert any claims, in each case, with respect to any Collateral, including, without limitation, seeking to foreclose on its junior security interests therein pursuant to the terms of the Collateral Documents, as a judgment creditor or otherwise and (b) no Cash Management Provider shall have any right individually to seek to realize upon the security granted by or any guaranty provided by any Collateral Agreement, it being understood and agreed that such rights and remedies may be exercised solely by the Collateral Agent for the benefit of the Cash Management Providers in accordance with the terms of this Agreement and the Collateral Agreements. Notwithstanding the foregoing, (i) the Cash Management Providers shall be entitled to demand and retain all payments made by the Company from time to time in connection with the Cash Management Services notwithstanding the fact that such payments constitute a transfer of cash Collateral and (ii) the Cash Management Providers shall be entitled to file a proof of claim with respect to the Cash Management Obligations in any proceedings under Title 11 of the United States Code by or against the Company, the Parent Guarantor or any Subsidiary of the Company. If any Lien described in this Agreement is determined to be avoidable under federal bankruptcy or applicable state law, the priority granted such Lien in this Section 3 shall automatically be void and ineffective and this Agreement automatically shall cease to apply to such avoidable Lien.

4. Allocation of Proceeds. The Proceeds of any Collateral, or of the disposition by the Collateral Agent of any of the Collateral (including insurance benefits) shall be applied by the Collateral Agent, in the following order of priority:

First, to the payment of the costs and expenses of such disposition, including the reasonable costs and out-of-pocket expenses of the Collateral Agent and attorneys' fees and costs and out-of-pocket expenses of counsel (including allocated costs of in-house counsel) employed in connection therewith and to the payment of all advances made by the Collateral Agent for the account of any Obligor under the Collateral Agreements and to the payment of all reasonable costs and out-of-pocket expenses incurred by the Collateral Agent in connection with the administration and enforcement of this Agreement and the Collateral Agreements, to the extent that such advances, costs and expenses shall not have been reimbursed to the Collateral Agent;

Second, toward the satisfaction of the Bank Obligations other than Obligations in respect of principal and Reimbursement Obligations;

Third, toward the satisfaction of the Bank Obligations in respect of principal and Reimbursement Obligations, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement;

Fourth, toward the satisfaction of the Currency Hedge Obligations (other than any Subordinated Currency Hedge Obligations) on a ratable basis according to each Currency Hedge Provider's Currency Hedge Pro Rata Share;

Fifth, toward the satisfaction of any Subordinated Currency Hedge Obligations on a ratable basis according to each Currency Hedge Provider's Subordinated Currency Hedge Pro Rata Share;

Sixth, toward the satisfaction of the Cash Management Obligations on a ratable basis according to each Cash Management Provider's Cash Management Pro Rata Share; provided, however, that no Proceeds of any U.S. Fixed Assets (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures), or of the disposition by the Collateral Agent of any U.S. Fixed Assets, shall be applied toward the satisfaction of Cash Management Obligations constituting Indebtedness (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures); and

Seventh, any surplus to be paid to each Obligor, their respective successors and assigns, as their interests may appear, or as otherwise required by law.

Each Currency Hedge Provider will, promptly upon the request of the Collateral Agent from time to time, notify the Collateral Agent of the remaining Dollar amount (or Dollar Equivalent thereof) of all currency payments that the Company is obligated to make under all Currency Hedge Agreements to which such Currency Hedge Provider is a party and of the amount payable by the Company upon early termination of all Currency Hedge Agreements to which such Currency Hedge Provider is a party. Each Cash Management Provider will, promptly upon the request of the Collateral Agent from time to time, notify the Collateral Agent of the amount of all payments that the Company is obligated to make in connection with all Cash Management Services then being provided by such Cash Management Provider. The Collateral Agent may rely without inquiry or investigation on any such notices, which notices shall be conclusive and binding, absent manifest error, for all purposes (including but not limited to the distribution of funds) hereunder and under each of the Collateral Agreements.

5. Certain Actions by Currency Hedge Providers Regarding the Collateral. Unless and until the Bank Obligations have been paid in full, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the Commitments of the Lenders under the Credit Agreement have expired or been terminated, (i) the Currency Hedge Providers shall have no right or authority to direct any action or inaction by the Collateral Agent and (ii) notwithstanding the provisions of Section 4 hereof, each Currency Hedge Provider authorizes the Collateral Agent, without the further consent of the Currency Hedge Providers, to consent to the sale, transfer or other disposition by the Obligors of all or any part of the Collateral in accordance with the Credit Agreement or the Collateral Agreements free and clear of the Liens of the Lenders and the Currency Hedge Providers; provided that the Lien of the Currency Hedge Providers shall, subject to the priorities established in Section 2 hereof, attach to any and all Proceeds thereof unless (A) such sale, transfer or other disposition is also undertaken

free and clear of all Liens of the Lenders, and (B) no portion of the Proceeds thereof is subject to the continued Lien of the Lenders or required to be applied to any of the Bank Obligations.

6. Certain Actions by Cash Management Providers Regarding the Collateral. Unless and until the Bank Obligations and the Currency Hedge Obligations have been paid in full, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the Commitments of the Lenders under the Credit Agreement have expired or been terminated, (i) the Cash Management Providers shall have no right or authority to direct any action or inaction by the Collateral Agent and (ii) notwithstanding the provisions of Section 4 hereof, each Cash Management Provider authorizes the Collateral Agent, without the further consent of the Cash Management Providers, to consent to the sale, transfer or other disposition by the Obligors of all or any part of the Collateral in accordance with the Credit Agreement or the Collateral Agreements free and clear of the Liens of the Lenders, the Currency Hedge Providers and the Cash Management Providers; provided that the Lien of the Cash Management Providers shall, subject to the priorities established in Section 3 hereof, attach to any and all Proceeds thereof unless (A) such sale, transfer or other disposition is also undertaken free and clear of all Liens of the Lenders and the Currency Hedge Providers, and (B) no portion of the Proceeds thereof is subject to the continued Lien of the Lenders or the Currency Hedge Providers or required to be applied to any of the Bank Obligations or any of the Currency Hedge Obligations.

7. Foreclosure Proceedings. In any foreclosure proceeding concerning any Collateral, each holder of an Obligation if bidding for its own account or for its own account and the accounts of other Creditors is prohibited from including in the amount of its bid an amount to be applied as a credit against the Obligations held by it or the Obligations held by the other Creditors; instead, such holder must bid in cash only. However, in any such foreclosure proceeding, the Collateral Agent may (but shall not be obligated to) submit a bid for all Creditors in the form of a credit against the Obligations. If in any foreclosure proceedings concerning any Collateral the Collateral Agent, any Lender, any Currency Hedge Provider or any Cash Management Provider accepts a transfer, conveyance or assignment of title to any of the Collateral, it shall accept such transfer, conveyance or assignment of title only for the benefit of all of the Creditors.

8. Independent Rights of the Lenders. The Collateral Agent and the Lenders may, at any time and from time to time, without the consent of or notice to any Currency Hedge Provider or any Cash Management Provider, and without impairing or releasing the obligations of the Currency Hedge Providers or the Cash Management Providers hereunder (a) change the manner, place or terms of payment or change or extend the time of payment of, or renew, increase or alter, the Bank Obligations or the security therefor, or otherwise amend (or direct the Collateral Agent to amend) in any manner any of the Loan Documents; (b) exercise or refrain from exercising any rights against the Company and others; (c) apply any sums by whomsoever paid or however realized to the Bank Obligations; (d) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any Property whatsoever and by whomsoever at any time pledged or mortgaged to secure, or however securing, any Bank Obligations; (e) release anyone liable in any manner for the payment or collection of any Bank Obligations; and (f) settle or compromise all or any part of the Bank Obligations. Except as provided in Section 2 hereof, no invalidity, irregularity or unenforceability of all or any part of the Bank Obligations or of any of the Liens securing the Bank Obligations shall affect, impair or be a defense to this Agreement.

9. Independent Rights of the Currency Hedge Providers. The Currency Hedge Providers may, at any time and from time to time, without the consent of or notice to any Cash Management Provider, and without impairing or releasing the obligations of the Cash Management Providers hereunder (a) change the manner, place or terms of payment or change or extend the time of payment of, or renew, increase or alter, the Currency Hedge Obligations or the security therefor, or otherwise amend in any manner any of the Currency Hedge Agreements; (b) exercise or refrain from exercising any rights against the Company and others; (c) apply any sums by whomsoever paid or however realized to the Currency Hedge Obligations; (d) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any Property whatsoever and by whomsoever at any time pledged or mortgaged to secure, or however securing, any Currency Hedge Obligations; (e) release anyone liable in any manner for the payment or collection of any Currency Hedge Obligations; and (f) settle or compromise all or any part of the Currency Hedge Obligations. Except as provided in Section 3 hereof, no invalidity, irregularity or unenforceability of all or any part of the Currency Hedge Obligations or of any of the Liens securing the Currency Hedge Obligations shall affect, impair or be a defense to this Agreement.

10. Defaults Under Currency Hedge Obligations. Nothing contained in this Agreement shall restrict or impair the right or power of any Currency Hedge Provider to declare a default, an Event of Default (as defined in any Currency Hedge Agreement) or a termination event when such Currency Hedge Provider deems it appropriate under and in accordance with the terms of the applicable Currency Hedge Agreement or to net amounts payable under Currency Hedge Obligations owing to such Currency Hedge Provider; provided, however, such declaration or termination shall not permit any Currency Hedge Provider to exercise any rights with respect to, or to realize on, the Collateral, except as specifically provided herein. Any Currency Hedge Provider declaring a default, an Event of Default (as defined in any Currency Hedge Agreement) or a termination event shall promptly notify the Collateral Agent by telephone, and confirm such act in writing, within three (3) Business Days, in the manner set forth in Section 20 hereof; provided, however, that any failure by any Currency Hedge Lender to so notify the Collateral Agent shall not affect the validity of any such declaration or termination.

11. Defaults Under Cash Management Obligations. Nothing contained in this Agreement shall restrict or impair the right or power of any Cash Management Provider to declare a default when such Cash Management Provider deems it appropriate in respect of the applicable Cash Management Services; provided, however, such declaration shall not permit any Cash Management Provider to exercise any rights with respect to, or to realize on, the Collateral, except as specifically provided herein. Any Cash Management Provider declaring a default shall promptly notify the Collateral Agent by telephone, and confirm such act in writing, within three (3) Business Days, in the manner set forth in Section 20 hereof; provided, however, that any failure by any Cash Management Provider to so notify the Collateral Agent shall not affect the validity of any such declaration or termination.

12. Effect of Bankruptcy. This Agreement shall remain in full force and effect notwithstanding the filing of a petition for relief by or against the Company, the Parent Guarantor or any Subsidiary of the Company under Title 11 of the United States Code and shall apply with full force and effect with respect to all Collateral acquired by the Company, the Parent Guarantor or any Subsidiary of the Company, or obligations incurred by the Company to any Creditor under the Credit Agreement, the Currency Hedge Agreements, the Collateral Agreements or in respect of the Cash Management Services subsequent to the date of any such petition.

13. Appointment of Collateral Agent by Lenders. Pursuant to Article XI of the Credit Agreement, the Lenders have appointed Bank of America

as agent under and for purposes of the Credit Agreement and the other Loan Documents. The Lenders hereby confirm such appointment on the terms and conditions set forth in the Credit Agreement and appoint Bank of America as their agent for purposes of this Agreement on the same terms and conditions. Nothing contained in this Agreement is intended to amend the terms of the Credit Agreement relating to the rights and duties of the Collateral Agent and the Lenders as provided in the Credit Agreement and to the extent that the terms of this Agreement are inconsistent with the Credit Agreement, the Credit Agreement shall govern.

14. Appointment of Collateral Agent by Currency Hedge

Providers.

(a) Each Currency Hedge Provider hereby appoints Bank of America as its agent under and for purposes of this Agreement and the Collateral Agreements. Each Currency Hedge Provider irrevocably authorizes, and each assignee of any Currency Hedge Provider shall be deemed to authorize, the Collateral Agent to act on behalf of such Currency Hedge Provider under this Agreement and the Collateral Agreements and each Currency Hedge Provider irrevocably authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers hereunder and thereunder as are in each case specifically delegated to or required of the Collateral Agent by the terms hereof or thereof, together which such powers as may be reasonably incidental thereto.

(b) Each Currency Hedge Provider hereby acknowledges and agrees that the Collateral Agent is the agent for the Lenders under the Credit Agreement and that nothing contained in this Agreement, or in the appointment of Bank of America as Collateral Agent, is intended to limit or restrict, in any manner, the Collateral Agent's rights and discretion when acting in its capacity as agent for the Lenders under the Credit Agreement, regardless of any effect the exercise of such rights and discretion may have on the Currency Hedge Providers. In addition, each Currency Hedge Provider hereby acknowledges and agrees that until the Bank Obligations have been paid in full, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the Commitments of the Lenders under the Credit Agreement have expired or been terminated, the Collateral Agent may act as Majority Lenders, Required Lenders or all Lenders, as the case may be, may request and that neither the Collateral Agent nor any Lender shall have any liability to any Currency Hedge Provider with respect to any such request.

(c) The Collateral Agent shall not have by reason of this Agreement or any Collateral Agreement a fiduciary relationship in respect of any Currency Hedge Provider; and nothing in this Agreement or any Collateral Agreement, expressed or implied, is intended to or shall be so construed as to impose upon the Collateral Agent any obligations in respect of this Agreement or any Collateral Agreement except as expressly set forth herein or therein.

(d) The Collateral Agent shall be deemed not to have knowledge of the occurrence of a default, an Event of Default (as defined in any Currency Hedge Agreement) or a termination event under any Currency Hedge Agreement, or any breach of any of the Collateral Agreements unless, in each case, it shall have received written notice thereof from a Currency Hedge Provider or from the Company. Each Currency Hedge Provider acknowledges and agrees that the existence of a default, an Event of Default (as defined in any Currency Hedge Agreement) or a termination event under any Currency Hedge Agreement may not give rise to a Default under the Credit Agreement and to the extent that such default, Event of Default (as defined in any Currency Hedge Agreement) or termination event would give rise to a Default under the Credit Agreement would not in any event obligate the Collateral Agent or the Lenders to declare an Event of Default under the Credit Agreement or cease extending credit to the Company thereunder.

(e) Bank of America and its successor as the Collateral Agent shall have the same rights and powers with respect to the Currency Hedge Agreements entered into by it or any of its Affiliates as any other Currency Hedge Provider and may exercise the same as if it were not the Collateral Agent. The terms "Currency Hedge Provider" and "Currency Hedge Providers" as used herein shall include the Collateral Agent in its individual capacity.

(f) Each Currency Hedge Provider acknowledges that it has, independently of the Collateral Agent, each Lender, each Cash Management Provider and each other Currency Hedge Provider, and based on such Currency Hedge Provider's review of the financial information of the Company and such other documents, information, and investigations as such Currency Hedge Provider has deemed appropriate, made its own credit decision to enter into a Currency Hedge Agreement. Each Currency Hedge Provider also acknowledges that it will, independently of the Collateral Agent, each Lender, each Cash Management Provider and each other Currency Hedge Provider, and based on such other documents, information, and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement, any Collateral Agreement or any Currency Hedge Agreement.

15. Appointment of Collateral Agent by Cash Management

Providers.

(a) Each Cash Management Provider hereby appoints Bank of America as its agent under and for purposes of this Agreement and the Collateral Agreements. Each Cash Management Provider irrevocably authorizes, and each assignee of any Cash Management Provider shall be deemed to authorize, the Collateral Agent to act on behalf of such Cash Management Provider under this Agreement and the Collateral Agreements and each Cash Management Provider irrevocably authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers hereunder and thereunder as are in each case specifically delegated to or required of the Collateral Agent by the terms hereof or thereof, together which such powers as may be reasonably incidental thereto.

(b) Each Cash Management Provider hereby acknowledges and agrees that the Collateral Agent is the agent for the Lenders under the Credit Agreement and the Currency Hedge Providers and that nothing contained in this Agreement, or in the appointment of Bank of America as Collateral Agent, is intended to limit or restrict, in any manner, the Collateral Agent's rights and discretion when acting in its capacity as agent for the Lenders under the Credit Agreement or the Currency Hedge Providers, regardless of any effect the exercise of such rights and discretion may have on the Cash Management Providers. In addition, each Cash Management Provider hereby acknowledges and agrees that until the Bank Obligations and the Currency Hedge Obligations have been paid in full, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the Commitments of the Lenders under the Credit Agreement have expired or been terminated, the Collateral Agent may act as Majority Lenders, Required Lenders, all Lenders or Required Currency Hedge Providers, as the case may be, may request and that neither the Collateral Agent nor any Lender shall have any liability to any Cash Management Provider with respect to any such request.

(c) The Collateral Agent shall not have by reason of this Agreement or any Collateral Agreement a fiduciary relationship in respect of any Cash Management Provider; and nothing in this Agreement or any Collateral Agreement, expressed or implied, is intended to or shall be so construed as to

impose upon the Collateral Agent any obligations in respect of this Agreement or any Collateral Agreement except as expressly set forth herein or therein.

(d) The Collateral Agent shall be deemed not to have knowledge of the occurrence of a default in respect of any Cash Management Services, or any breach of any of the Collateral Agreements unless, in each case, it shall have received written notice thereof from a Cash Management Provider or from the Company. Each Cash Management Provider acknowledges and agrees that the existence of a default in respect of any Cash Management Services may not give rise to a Default under the Credit Agreement and to the extent that such default would give rise to a Default under the Credit Agreement would not in any event obligate the Collateral Agent or the Lenders to declare an Event of Default under the Credit Agreement or cease extending credit to the Company thereunder.

(e) Bank of America and its successor as the Collateral Agent shall have the same rights and powers with respect to the Cash Management Services provided by it or any of its Affiliates as any other Cash Management Provider and may exercise the same as if it were not the Collateral Agent. The terms "Cash Management Provider" and "Cash Management Providers" as used herein shall include the Collateral Agent in its individual capacity.

(f) Each Cash Management Provider acknowledges that it has, independently of the Collateral Agent, each Lender, each Currency Hedge Provider and each other Cash Management Provider, and based on such Cash Management Provider's review of the financial information of the Company and such other documents, information, and investigations as such Cash Management Provider has deemed appropriate, made its own credit decision to provide Cash Management Services. Each Cash Management Provider also acknowledges that it will, independently of the Collateral Agent, each Lender, each Currency Hedge Provider and each other Cash Management Provider, and based on such other documents, information, and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement, any Collateral Agreement or in respect of any Cash Management Services.

16. The Collateral Agent.

(a) The Collateral Agent shall, at all times prior to the payment in full of the Bank Obligations and the expiration or termination of the Commitments of the Lenders under the Credit Agreement, be the same Person that is the Agent under the Credit Agreement. Written notice of resignation by the Agent pursuant to Section 11.4 of the Credit Agreement shall also constitute notice of resignation as the Collateral Agent under this Agreement; removal of the Agent pursuant to Section 11.4 of the Credit Agreement, and appointment of a successor Agent pursuant to Section 11.4 of the Credit Agreement, shall also constitute appointment of a successor Collateral Agent hereunder and such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges, and duties of the retiring or removed Collateral Agent under this Agreement. After any retiring or removed Collateral Agent's resignation or removal hereunder as Collateral Agent, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Collateral Agent hereunder. After the payment in full of the Bank Obligations and the expiration or termination of the Commitments of the Lenders under the Credit Agreement, the Required Currency Hedge Providers may appoint one of the Currency Hedge Providers or a commercial banking institution organized under the laws of the United States (or any state thereof) or a United States branch or agency of a foreign commercial banking institution, and having a combined capital and surplus of at least \$500,000,000, as a successor Collateral Agent which shall thereupon become the Collateral Agent hereunder. After the payment in full of the Bank Obligations, the expiration or termination of the Commitments of the Lenders under the Credit Agreement and the payment in full of the Currency Hedge Obligations, the Required Cash Management Providers may appoint one of the Cash Management Providers or a commercial banking institution organized under the laws of the United States (or any state thereof) or a United States branch or agency of a foreign commercial banking institution, and having a combined capital and surplus of at least \$500,000,000, as a successor Collateral Agent which shall thereupon become the Collateral Agent hereunder.

(b) Whenever the Collateral Agent shall deem it necessary or prudent in order either to conform to any law of any jurisdiction in which all or any part of the Collateral shall be situated or to make any claim or bring any suit with respect to the Collateral or the Collateral Documents, or in the event that the Collateral Agent shall have been requested to do so by Majority Lenders, Required Lenders or all Lenders, as the case may be, or, following the payment in full of the Bank Obligations, including the deposit of available funds in an amount equal to the aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the expiration or termination of the Commitments of the Lenders under the Credit Agreement, the Required Currency Hedge Providers, or, following the payment in full of the Currency Hedge Obligations, the Required Cash Management Providers, the Collateral Agent shall execute and deliver a supplemental agreement and all other instruments and agreements necessary or proper to constitute another bank or trust company, or one or more Persons approved by the Collateral Agent, either to act as Collateral Agent or agents with respect to all or any part of the Collateral, in any such case with such powers of the Collateral Agent as may be provided in such supplemental agreement, and to vest in such bank, trust company or Person as such Collateral Agent or separate trustee, as the case may be, any Property, title, right, or power of the Collateral Agent deemed necessary or advisable.

(c) (i) To the extent that the Collateral Agent becomes concerned that the exercise of any remedies or any action taken or omitted to be taken by it in connection with any Collateral shall subject it to the possibility of any liability, cost, or expense which it deems to be significant, arising under any law, rules, or regulations relating to hazardous or toxic wastes or materials, the Collateral Agent may, without liability to any Currency Hedge Provider or any Cash Management Provider or other party to this Agreement or any Collateral Agreement, or any other Person, decline to accept, abandon, forfeit, or release such Collateral regardless of any effect such declination, abandonment, forfeiture, or release may have upon the Currency Hedge Providers or the Cash Management Providers, or otherwise, if either (A) the Collateral Agent is requested to decline to accept, abandon, forfeit, or release such Collateral by Majority Lenders, Required Lenders or all Lenders, as the case may be, or following the payment in full of the Bank Obligations, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings into the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the expiration or termination of the Commitments of the Lenders under the Credit Agreement, the Required Currency Hedge Providers, or, following the payment in full of all Currency Hedge Obligations, the Required Cash Management Providers or (B) the Collateral Agent is not, within thirty (30) days after making a specific proposal therefor, specifically indemnified to its satisfaction by the Lenders, the Currency Hedge Providers or the Cash Management Providers, as the case may be, or insured to its satisfaction by a third party or parties for any liability, costs, and expenses which might result therefrom.

(ii) In addition, if the Collateral Agent becomes concerned that the inclusion of certain Property in the Collateral is not in the best interests of the Collateral Agent or the Creditors, either because of potential adverse legal implications (including the potential effects of California's "one

form of action", "anti-deficiency" and related rules of law which may apply in connection with real property located in California) or potential liabilities, costs, or expenses which the Collateral Agent deems to be significant that may be imposed upon a Person secured by such Collateral, the Collateral Agent may, without liability to any Currency Hedge Provider, any Cash Management Provider or other party to this Agreement or any Collateral Agreement, or any other Person, decline to accept, abandon, forfeit, or release such Collateral regardless of any effect such declination, abandonment, forfeiture, or release may have upon the Creditors or otherwise unless (A) the Collateral Agent is requested to do otherwise by Majority Lenders, Required Lenders or all Lenders, as the case may be, or, following the payment in full of the Bank Obligations, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings into the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement and the expiration or termination of the Commitments of the Lenders under the Credit Agreement, the Required Currency Hedge Providers, or, following the payment in full of all Currency Hedge Obligations, the Required Cash Management Providers and (B) the Collateral Agent is, within thirty (30) days after making a specific proposal therefor, specifically indemnified to its satisfaction by the Lenders, the Currency Hedge Providers or the Cash Management Providers, as the case may be, or insured to its satisfaction by a third party or parties for any liability, costs, and expenses which might result therefrom.

17. Reliance. The Collateral Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person and upon advice and statements of legal counsel (which may be counsel for the Company), independent accountants and other experts selected by the Collateral Agent. The Collateral Agent shall not be required in any way to determine the identity or authority of any Person delivering or executing the same.

18. Waiver of Rights of Currency Hedge Providers; Prohibition on Contesting Liens. The Currency Hedge Providers irrevocably waive any right to compel the Lenders to marshal assets of the Company, the Parent Guarantor, or any Subsidiary of the Company or to object to the manner in which the Lenders may seek to enforce the Liens granted in any of the Collateral, including, without limitation, any right based on any duty to conduct any sale, lease, exchange, transfer or other disposition of Collateral in a commercially reasonable manner. The Currency Hedge Providers agree that they will not (and waive any right to) contest or support any other Person in contesting, in any action or proceeding or otherwise (including, without limitation, any federal or state bankruptcy, insolvency or liquidation proceeding), the priority, validity or enforceability of the Bank Obligations or any Lien held by the Lenders. In addition, the Currency Hedge Providers agree that they will not (and waive any right to) seek to have any Currency Hedge Obligation or any payment thereunder characterized as an administrative expense or any other expense or claim that would permit the payment thereof prior to the payment of the secured claims of the Lenders in any federal or state bankruptcy, insolvency or liquidation proceeding; provided, however, that nothing contained herein shall be deemed to be a waiver of any right of any Currency Hedge Provider to obtain relief under Section 507(b) of Title 11 of the United States Code.

19. Waiver of Rights of Cash Management Providers; Prohibition on Contesting Liens. The Cash Management Providers irrevocably waive any right to compel the Lenders or the Currency Hedge Providers to marshal assets of the Company, the Parent Guarantor, or any Subsidiary of the Company or to object to the manner in which the Lenders or the Currency Hedge Providers may seek to enforce the Liens granted in any of the Collateral, including, without limitation, any right based on any duty to conduct any sale, lease, exchange, transfer or other disposition of Collateral in a commercially reasonable manner. The Cash Management Providers agree that they will not (and waive any right to) contest or support any other Person in contesting, in any action or proceeding or otherwise (including, without limitation, any federal or state bankruptcy, insolvency or liquidation proceeding), the priority, validity or enforceability of the Bank Obligations or any Lien held by the Lenders or the Currency Hedge Obligations or any Lien held by the Currency Hedge Providers. In addition, the Cash Management Providers agree that they will not (and waive any right to) seek to have any Cash Management Obligation or any payment thereunder characterized as an administrative expense or any other expense or claim that would permit the payment thereof prior to the payment of the secured claims of the Lenders or the Currency Hedge Providers in any federal or state bankruptcy, insolvency or liquidation proceeding; provided, however, that nothing contained herein shall be deemed to be a waiver of any right of any Cash Management Provider to obtain relief under Section 507(b) of Title 11 of the United States Code.

20. Notices. Except as otherwise provided herein, all notices and other communications provided to any party hereto under this Agreement shall be in writing or by telex or by facsimile (followed promptly thereby by mailing of such notice or communication) and addressed, delivered, or transmitted to such party at its address, telex, or facsimile number set forth on the signature pages hereof, or at such other address, telex, or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if delivered by hand or if sent by mail or by overnight courier properly addressed with postage prepaid, shall be deemed given when received; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the case of telexes).

21. Modification, Amendment. No amendment to, modification or waiver of, or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed and delivered by the Collateral Agent, the Lenders, the Currency Hedge Providers and the Cash Management Providers. Nothing contained in this Agreement, however, shall be construed to require the approval of all Lenders, any Currency Hedge Provider or any Cash Management Provider to any amendment to the Credit Agreement or any of the Collateral Agreements.

22. Severability. Any provision of this Agreement 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 Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

23. Additional Currency Hedge Agreements and Cash Management Services. Any Lender may secure Currency Hedge Obligations or Cash Management Obligations by signing an acknowledgment in the form contained on the signature pages hereof and by delivering a signed counterpart hereof to the Collateral Agent by which each such Lender agrees to be bound by the terms of this Agreement.

24. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Creditors, the Collateral Agent and their respective trustees, receivers, successors and assigns; no other Person (including but not limited to the Company), shall be entitled to rely on or raise as a defense any provision of this Agreement in any manner whatsoever.

25. Transferees. No Currency Hedge Provider shall sell, assign or transfer any of its Liens on the Collateral securing Currency Hedge Obligations or any interest in the Currency Hedge Obligations except to another Currency Hedge Provider. No Cash Management Provider shall sell, assign or transfer any of its Liens on the Collateral securing Cash Management Obligations

or any interest in the Cash Management Obligations except to another Cash Management Provider.

26. Governing Law. This Agreement shall be deemed to be a contract made under and governed by the internal laws of the State of New York.

27. Execution in 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 Agreement; 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.

28. Termination. This Agreement shall continue in full force and effect until the payment in full of the Obligations and (a) the Commitments of the Lenders under the Credit Agreement have expired or have terminated, (b) all of the Currency Hedge Agreements have terminated and (c) the provision of Cash Management Services has been terminated.

29. Further Assurances. The Creditors shall each execute and deliver to the Collateral Agent such other and further documents and instruments (in recordable form, if requested) as may be necessary or desirable to implement fully or evidence further the provisions of this Agreement.

30. Acknowledgments by Lenders and Currency Hedge Providers. The Lenders and the Currency Hedge Providers acknowledge the following:

(a) Amendments to the UCC-1 Financing Statements filed pursuant to Section 7.1.6 of the Credit Agreement were filed;

(b) Endorsements to all title insurance policies issued to the Lenders pursuant to Section 7.1.8 of the Credit Agreement were issued in favor of the Currency Hedge Providers with respect to the Currency Hedge Obligations; and

(c) The Company has agreed with the Lenders that it will not enter into any Currency Hedge Agreement containing any provision that permits the Currency Hedge Provider party thereto to terminate the Currency Hedge Agreement, or liquidate or close-out any obligations thereunder, solely as a result of the occurrence of any Default under the Credit Agreement unless the Agent, as a result of such Default and upon the direction of the Majority Lenders, shall have declared all of the outstanding principal amount of the Loans and other Bank Obligations to be due and payable.

31. Acknowledgments by Lenders, Currency Hedge Providers and Cash Management Providers. The Lenders, the Currency Hedge Providers and the Cash Management Providers acknowledge the following:

(a) Amendments to the UCC-1 Financing Statements filed pursuant to Section 7.1.6 of the Credit Agreement, substantially in the form of Annex I hereto, with such changes, additions or deletions as the Agent, in its sole and absolute discretion, may approve, may be filed; and

(b) Endorsements to all title insurance policies issued to the Lenders pursuant to Section 7.1.8 of the Credit Agreement may be issued in favor of the Cash Management Providers with respect to the Cash Management Obligations.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first set forth above.

BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc.), as Collateral Agent

By:
Name:
Its:
Address: 55 South Lake Avenue, Suite 900
Pasadena, CA 91101

BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc.), as a Lender

By:
Name:
Its:
Address: 55 South Lake Avenue, Suite 900
Pasadena, CA 91101

CONGRESS FINANCIAL CORPORATION
(WESTERN), as a Lender

By:
Name:
Title:
Address: 225 South Lake Avenue
Office #1000
Pasadena, CA 91101

LA SALLE BANK NATIONAL ASSOCIATION,
as a Lender

By:
Name:
Title:
Address: 120 S. La Salle Street
5th Floor
Chicago, IL 60603

THE CIT GROUP/BUSINESS CREDIT, INC.,
as a Lender

By:
Name:
Title:
Address: 2110 Walnut Hill Lane
Irving, TX 75038

TRANSAMERICA BUSINESS CREDIT
CORPORATION, as a Lender

By:
Name:
Title:
Address: 8750 West Bryn Mawr Avenue
Suite 720
Chicago, IL 60631

HELLER FINANCIAL INC., as a Lender

By:
Name:
Title:
Address: 101 Park Avenue
New York, NY 10178

ABN AMRO BANK N.V., as a Lender

By:
Name:
Title:

By:
Name:
Title:
Address: 101 California Street
Suite 4550
San Francisco, CA 94111

LA SALLE BANK NATIONAL ASSOCIATION,
as a Currency Hedge Provider

By:
Name:
Title:
Address: 120 S. La Salle Street
5th Floor
Chicago, IL 60603

BANK OF AMERICA, N.A. (successor to
Bank of America National Trust and Savings
Association), as a Currency Hedge
Provider

By:
Name:
Title:
Address: 555 California Street
41st Floor
San Francisco, CA 94104

By:
Name:
Title:

By:
Name:
Title:
Address: 101 California Street
Suite 4550
San Francisco, CA 94111

BANK OF AMERICA, N.A., as a Cash Management
Provider

By:
Name:
Title:
Address: 555 California Street
41st Floor
San Francisco, CA 94104

ACKNOWLEDGMENT

The undersigned may enter into a Currency Hedge Agreement with the Company pursuant to which Currency Hedge Obligations thereunder are to be secured by the Collateral Agreements. The undersigned acknowledges the terms of this Agreement and agrees to be bound hereby.

_____, as a Currency Hedge Provider

By:
Name:
Title:
Address:

ACKNOWLEDGMENT

The undersigned may provide Cash Management Services to the Company and the related Cash Management Obligations are to be secured by the Collateral Agreements. The undersigned acknowledges the terms of this Agreement and agrees to be bound hereby.

_____, as a Cash Management Provider

By:
Name:
Title:
Address:

EXHIBIT II

THIRD AMENDMENT TO PARENT SECURITY AGREEMENT

THIS THIRD AMENDMENT TO PARENT SECURITY AGREEMENT (this "Amendment"), dated as of December 27, 2000, is by and between Kaiser Aluminum Corporation, a Delaware corporation (the "Parent Guarantor"), and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation), as agent for the Secured Lenders (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, as amended by the Nineteenth Amendment.

W I T N E S S E T H:

WHEREAS, Kaiser Aluminum & Chemical Corporation (the "Company"), the Parent Guarantor, 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, the Second Amendment to Credit Agreement, dated as of March 10, 1995, the Third Amendment to Credit Agreement and Acknowledgment, dated as of July 20, 1995, the Fourth Amendment to Credit Agreement, dated as of October 17, 1995, the Fifth Amendment to Credit

Agreement, dated as of December 11, 1995, the Sixth Amendment to Credit Agreement, dated as of October 1, 1996, the Seventh Amendment to Credit Agreement, dated as of December 17, 1996, the Eighth Amendment to Credit Agreement, dated as of February 24, 1997, the Ninth Amendment to Credit Agreement and Acknowledgment, dated as of April 21, 1997, the Tenth Amendment to Credit Agreement, dated as of June 25, 1997, the Eleventh Amendment to Credit Agreement and Limited Waivers, dated as of October 20, 1997, the Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, the Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, the Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, the Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, the Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, the Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, and the Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000 (the "Credit Agreement"); and

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

WHEREAS, the Parent Guarantor and the Agent are parties to the Parent Security Agreement, Financing Statement, and Conditional Assignment of Patents and Trademarks, dated as of February 15, 1994, as amended by the First Amendment to Parent Security Agreement, dated as of July 21, 1994, and the Second Amendment to Parent Security Agreement, dated as of April 21, 1997 (the "Parent Security Agreement"), and have agreed to amend the Parent Security 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 Parent Security Agreement.

Clause (a)(iii) of Section 11 of the Parent Security Agreement is hereby amended by amending the final sentence thereof to read in its entirety as follows:

"Any Proceeds of any Collateral, or of the disposition by the Agent of any of the Collateral (including benefits to the extent provided in Section 19 hereof), shall be applied by the Agent, in the following order of priority:

First, to payment of the costs and expenses of such disposition, including the reasonable costs and out-of-pocket expenses of the Agent and attorneys' fees and costs and out-of-pocket expenses of counsel (including allocated costs of in-house counsel) employed in connection therewith and to the payment of all advances made by the Agent for the account of the Parent Guarantor hereunder and the payment of all reasonable costs and out-of-pocket expenses incurred by the Agent in connection with the administration and enforcement of this Agreement, to the extent that such advances, costs, and expenses shall not have been reimbursed to the Agent;

Second, toward the satisfaction of the Secured Obligations other than Obligations in respect of principal and Reimbursement Obligations, Currency Hedge Obligations and Cash Management Obligations;

Third, toward the satisfaction of the Secured Obligations in respect of principal and Reimbursement Obligations, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement;

Fourth, toward the satisfaction of the Currency Hedge Obligations in the order agreed to by the Currency Hedge Providers from time to time;

Fifth, toward the satisfaction of the Cash Management Obligations in the order agreed to by the Cash Management Providers from time to time; and

Sixth, any surplus to be paid to the Parent Guarantor, its successors and assigns, or as a court of competent jurisdiction may direct."

Section 2. Parent Guarantor's Representations and Warranties.

In order to induce the Agent to enter into this Amendment and to amend the Parent Security Agreement in the manner provided herein, and to induce the Required Lenders to consent to such action by the Agent, the Parent Guarantor represents and warrants to each Lender and the Agent that, as of the Nineteenth Amendment Effective Date (as defined in the Nineteenth 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 Parent Guarantor and the performance of the Parent Security Agreement as amended by this Amendment (the "Amended Agreement") by the Parent Guarantor are within the Parent Guarantor's corporate powers and have been duly authorized by all necessary corporate action on the part of the Parent Guarantor.

B. No Conflict. The execution and delivery by the Parent Guarantor of this Amendment and the performance by the Parent Guarantor of the Amended Agreement do not: (1) contravene the Parent Guarantor's Organic Documents; (2) contravene the Senior Indenture, the New Senior Indenture, the Additional New Senior Indentures or the Subordinated Indenture, 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 Parent Guarantor or any of its Subsidiaries; or (3) result in, or require the creation or imposition of, any Lien on any of the Parent Guarantor's properties, other than pursuant to the Loan Documents.

C. Binding Obligation. This Amendment has been duly executed and delivered by the Parent Guarantor and this Amendment and the Amended Agreement constitute the legal, valid and binding obligations of the Parent Guarantor, enforceable against 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 other Person is required for the due execution, delivery or performance of this Amendment by the Parent Guarantor.

Section 3. Miscellaneous.

A. Reference to and Effect on the Parent Security Agreement and the Other Loan Documents.

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

(2) Except as specifically amended by this Amendment, the Parent Security 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 Parent Security 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.

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.

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

KAISER ALUMINUM CORPORATION	BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc.), as Agent
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By:	By:
Name Printed:	Name Printed:
Its:	Its:

EXHIBIT III

THIRD AMENDMENT TO COMPANY PLEDGE AGREEMENT

THIS THIRD AMENDMENT TO COMPANY PLEDGE AGREEMENT (this "Amendment"), dated as of December 27, 2000, is by and between Kaiser Aluminum & Chemical Corporation, a Delaware corporation (the "Company"), and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation), as agent for the Secured Lenders (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, as amended by the Nineteenth Amendment.

W I T N E S S E T H :

WHEREAS, the Company, 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, the Second Amendment to Credit Agreement, dated as of March 10, 1995, the Third Amendment to Credit Agreement and Acknowledgment, dated as of July 20, 1995, the Fourth Amendment to Credit Agreement, dated as of October 17, 1995, the Fifth Amendment to Credit Agreement, dated as of December 11, 1995, the Sixth Amendment to Credit Agreement, dated as of October 1, 1996, the Seventh Amendment to Credit Agreement, dated as of December 17, 1996, the Eighth Amendment to Credit Agreement, dated as of February 24, 1997, the Ninth Amendment to Credit Agreement and Acknowledgment, dated as of April 21, 1997, the Tenth Amendment to Credit Agreement, dated as of June 25, 1997, the Eleventh Amendment to Credit Agreement and Limited Waivers, dated as of October 20, 1997, the Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, the Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, the Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, the Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, the Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, the Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, and the Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000 (the "Credit Agreement"); and

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

WHEREAS, the Company 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 Second Amendment to Company Pledge Agreement, dated as of July 20, 1995, and Pledge Amendments, dated as of July 20, 1995, December 11, 1995, June 25, 1997 and February 24, 1999 (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.

Section 2.2 of the Company Pledge Agreement is hereby amended to read in its entirety as follows:

"SECTION 2.2. Secured Obligations. This Agreement secures, and the Collateral is collateral security for, the prompt payment or performance in full when due, whether at stated maturity,

by required prepayment, declaration, acceleration, demand, or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. Section 362(a)) of, all Obligations of the Pledgor now existing or hereafter arising under or in connection with the Credit Agreement or any other Loan Document, all Obligations of the Pledgor now existing or hereafter arising under or in connection with the Currency Hedge Agreements, all Obligations of the Pledgor now existing or hereafter arising in connection with the Cash Management Services, and any and all extensions or renewals thereof, whether for principal, interest (including interest that, but for the filing of a petition in bankruptcy with respect to the Pledgor, would accrue on such Obligations), reimbursements of amounts drawn under Letters of Credit, fees, expenses, indemnities, or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, whether or not from time to time decreased or extinguished and later increased, created, or incurred, and all or any portion of such Obligations that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Agent or any Secured Lender as a preference, fraudulent transfer, or otherwise, and any and all Obligations of the Pledgor now or hereafter existing under this Agreement, whether for advances, costs, fees, expenses, or otherwise (collectively, the 'Secured Obligations')."

Section 2. Company'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 Lenders to consent to such action by the Agent, the Company represents and warrants to each Lender and the Agent that, as of the Nineteenth Amendment Effective Date (as defined in the Nineteenth Amendment) after giving effect to effectiveness of this Amendment, the following statements are true and in all material respects:

A. Authorization of Agreements. The execution and delivery of this Amendment by the Company and the performance of the Company Pledge Agreement as amended by this Amendment (the "Amended Agreement") by the Company are within the Company's corporate powers and have been duly authorized by all necessary corporate action on the part of the Company.

B. No Conflict. The execution and delivery by the Company of this Amendment and the performance by the Company of the Amended Agreement do not:

(1) contravene the Company's Organic Documents;

(2) contravene the Senior Indenture, the New Senior Indenture, the Additional New Senior Indentures or the Subordinated Indenture 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 Company or any of its Subsidiaries; or

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

C. Binding Obligation. This Amendment has been duly executed and delivered by the Company and this Amendment and the Amended Agreement constitute the legal, valid and binding obligations of the Company, enforceable against the Company 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 Company.

Section 3. Miscellaneous.

A. Reference to and Effect on the Company Pledge Agreement and the Other Loan Documents.

(1) On and after the Nineteenth 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.

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.

By:
Name Printed:
Its:

By:
Name Printed:
Its:

EXHIBIT IV
FIFTH AMENDMENT TO COMPANY SECURITY AGREEMENT

THIS FIFTH AMENDMENT TO COMPANY SECURITY AGREEMENT (this "Amendment"), dated as of December 27, 2000, is by and between Kaiser Aluminum & Chemical Corporation, a Delaware corporation (the "Company"), and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation), as agent for the Secured Lenders (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, as amended by the Nineteenth Amendment.

W I T N E S S E T H:

WHEREAS, 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 (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, the Second Amendment to Credit Agreement, dated as of March 10, 1995, the Third Amendment to Credit Agreement and Acknowledgment, dated as of July 20, 1995, the Fourth Amendment to Credit Agreement, dated as of October 17, 1995, the Fifth Amendment to Credit Agreement, dated as of December 11, 1995, the Sixth Amendment to Credit Agreement, dated as of October 1, 1996, the Seventh Amendment to Credit Agreement, dated as of December 17, 1996, the Eighth Amendment to Credit Agreement, dated as of February 24, 1997, the Ninth Amendment to Credit Agreement and Acknowledgment, dated as of April 21, 1997, the Tenth Amendment to Credit Agreement, dated as of June 25, 1997, the Eleventh Amendment to Credit Agreement and Limited Waivers, dated as of October 20, 1997, the Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, the Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, the Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, the Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, the Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, the Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, and the Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000 (the "Credit Agreement"); and

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

WHEREAS, the Company and the Agent are parties to the Company Security Agreement, Financing Statement and Conditional Assignment of Patents and Trademarks, dated as of February 15, 1994, as amended by the First Amendment to Company Security Agreement, dated as of July 21, 1994, the Second Amendment to Company Security Agreement, dated as of December 11, 1995, the Third Amendment to Company Security Agreement dated as of April 21, 1997, and the Fourth Amendment to Company Security Agreement, dated as of July 20, 1998 (the "Company Security Agreement"), and have agreed to amend the Company Security 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 Security Agreement.

A. Section 2 of the Company Security Agreement is hereby amended by adding the following as the second proviso of the first paragraph thereof:

"; provided further that, notwithstanding anything in this Agreement or in any other Loan Document to the contrary, (i) with respect to any Cash Management Obligation constituting Indebtedness (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures), the Collateral shall not include any U.S. Fixed Assets (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures) and (ii) no Proceeds of any U.S. Fixed Assets, or of the disposition by the Agent of any U.S. Fixed Assets, shall be applied toward the satisfaction of any Cash Management Obligations constituting Indebtedness (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures)."

B. Section 3 of the Company Security Agreement is hereby amended by inserting the phrase "all Obligations of the Company now existing or hereafter arising in connection with Cash Management Services," following the phrase "Currency Hedge Agreements" contained therein.

C. Clause (a)(iii) of Section 11 of the Company Security Agreement is hereby amended by amending the final sentence thereof to read in its entirety as follows:

"Any Proceeds of any Collateral, or of the disposition by the Agent of any of the Collateral (including benefits to the extent provided in Section 19 hereof), shall be applied by the Agent, in the following order of priority:

First, to payment of the costs and expenses of such disposition, including the reasonable costs and out-of-pocket expenses of the Agent and attorneys' fees and costs and out-of-pocket expenses of counsel (including allocated costs of in-house counsel) employed in connection therewith and to the payment of all advances made by the Agent for the account of the Company hereunder and the payment of all reasonable costs and out-of-pocket expenses incurred by the Agent in connection with the administration and enforcement of this Agreement, to the extent that such advances, costs, and expenses shall not have been reimbursed to the Agent;

Second, toward the satisfaction of the Secured Obligations other than Obligations in respect of principal and Reimbursement Obligations, Currency Hedge Obligations and Cash Management Obligations;

Third, toward the satisfaction of the Secured Obligations in respect of principal and Reimbursement Obligations, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit

Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement;

Fourth, toward the satisfaction of the Currency Hedge Obligations in the order agreed to by the Currency Hedge Providers from time to time;

Fifth, subject to the provisions of the second proviso of the first paragraph of Section 2, toward the satisfaction of the Cash Management Obligations in the order agreed to by the Cash Management Providers from time to time; and

Sixth, any surplus to be paid to the Company, its successors and assigns, or as a court of competent jurisdiction may direct."

Section 2. Company's Representations and Warranties.

In order to induce the Agent to enter into this Amendment and to amend the Company Security Agreement in the manner provided herein, and to induce the Required Lenders to consent to such action by the Agent, the Company represents and warrants to each Lender and the Agent that, as of the Nineteenth Amendment Effective Date (as defined in the Nineteenth 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 Company and the performance of the Company Security Agreement as amended by this Amendment (the "Amended Agreement") by the Company are within the Company's corporate powers and have been duly authorized by all necessary corporate action on the part of the Company.

B. No Conflict. The execution and delivery by the Company of this Amendment and the performance by the Company of the Amended Agreement do not

(1) contravene the Company's Organic Documents;

(2) contravene the Senior Indenture, the New Senior Indenture, the Additional New Senior Indentures, or the Subordinated Indenture 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 Company or any of its Subsidiaries; or

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

C. Binding Obligation. This Amendment has been duly executed and delivered by the Company and this Amendment and the Amended Agreement constitute the legal, valid and binding obligations of the Company, enforceable against the Company 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 Company.

Section 3. Miscellaneous.

A. Reference to and Effect on the Company Security Agreement and the Other Loan Documents.

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

(2) Except as specifically amended by this Amendment, the Company Security 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 Security 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.

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.

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

KAISER ALUMINUM & CHEMICAL CORPORATION

By:
Name: David A. Cheadle
Its: Assistant Treasurer

BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc.), as Agent

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

THIS THIRD AMENDMENT TO SUBSIDIARY GUARANTY (this "Amendment"), dated as of December 27, 2000, is by and between Akron Holding Corporation, an Ohio corporation, Alpart Jamaica Inc., a Delaware corporation, Kaiser Alumina Australia Corporation, a Delaware corporation, Kaiser Aluminium International, Inc., a Delaware corporation, Kaiser Aluminum & Chemical Investment, Inc., a Delaware corporation, Kaiser Aluminum Properties, Inc., a Delaware corporation, Kaiser Aluminum Technical Services, Inc., a California corporation, Kaiser Finance Corporation, a Delaware corporation, Kaiser Jamaica Corporation, a Delaware corporation, Oxnard Forge Die Company, Inc., a California corporation Kaiser Micromill Holdings, LLC, a limited liability company organized under the laws of Delaware, Kaiser Sierra Micromills, LLC, a limited liability company organized under the laws of Delaware, Kaiser Texas Sierra Micromills, LLC, a limited liability company organized under the laws of Texas, Texas Micromill Holdings, LLC, a limited liability company organized under the laws of Texas, Kaiser Bellwood Corporation, a Delaware corporation, and Kaiser Transaction Corp., a Delaware corporation (collectively, the "Guarantors" and, individually, a "Guarantor"), and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation), as agent for the Secured Lenders (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, as amended by the Nineteenth Amendment.

W I T N E S S E T H:

WHEREAS, Kaiser Aluminum & Chemical Corporation (the "Company"), 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, the Second Amendment to Credit Agreement, dated as of March 10, 1995, the Third Amendment to Credit Agreement and Acknowledgment, dated as of July 20, 1995, the Fourth Amendment to Credit Agreement, dated as of October 17, 1995, the Fifth Amendment to Credit Agreement, dated as of December 11, 1995, the Sixth Amendment to Credit Agreement, dated as of October 1, 1996, the Seventh Amendment to Credit Agreement, dated as of December 17, 1996, the Eighth Amendment to Credit Agreement, dated as of February 24, 1997, the Ninth Amendment to Credit Agreement and Acknowledgment, dated as of April 21, 1997, the Tenth Amendment to Credit Agreement, dated as of June 25, 1997, the Eleventh Amendment to Credit Agreement and Limited Waivers, dated as of October 20, 1997, the Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, the Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, the Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, the Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, the Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, the Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, and the Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000 (the "Credit Agreement"); and

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

WHEREAS, the Guarantors and the Agent are parties to the Subsidiary Guaranty, dated as of February 15, 1994, as amended by the First Amendment to Subsidiary Guaranty, dated as of July 21, 1994, the Second Amendment to Subsidiary Guaranty, dated as of December 11, 1995, and Supplements to Subsidiary Guaranty, dated as of June 25, 1997 and February 23, 1999 (the "Subsidiary Guaranty"), and have agreed to amend the Subsidiary Guaranty 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 Subsidiary Guaranty.

Section 2.1(a) of the Subsidiary Guaranty is hereby amended to read in its entirety as follows:

"(a) guarantee the due and prompt performance and payment in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise and at all times thereafter (including the payment of all amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. Section 362(a)) of any and all Obligations of the Parent Guarantor, the Company and their respective Subsidiaries, whether now existing or hereafter made, incurred or created, whether absolute or contingent, liquidated or unliquidated, whether due or not due, whether for principal, interest (including interest that, but for the filing of a petition in bankruptcy with respect to the Parent Guarantor, the Company or any of their respective Subsidiaries, would accrue on such Obligations), fees, expenses, indemnities, or otherwise, and however arising, under the Credit Agreement, the other Loan Documents and the Currency Hedge Agreements and in connection with the Cash Management Services, including those arising under successive borrowing transactions under the Credit Agreement which shall either continue the Obligations of the Company or from time to time renew them after they have been satisfied (the 'Company Obligations'); and"

Section 2. Guarantors' Representations and Warranties.

In order to induce the Agent to enter into this Amendment and to amend the Subsidiary Guaranty in the manner provided herein, and to induce the Required Lenders to consent to such action by the Agent, each Guarantor represents and warrants to each Lender and the Agent that, as of the Nineteenth Amendment Effective Date (as defined in the Nineteenth 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 such Guarantor and the performance of the Subsidiary Guaranty as amended by this Amendment (the "Amended Agreement") by such Guarantor are within such Guarantor's corporate powers and have been duly authorized by all necessary corporate action on the part of such Guarantor.

B. No Conflict. The execution and delivery by such Guarantor of this Amendment and the performance by such Guarantor of the Amended Agreement do not:

(1) contravene such Guarantor's Organic Documents;

(2) contravene the Senior Indenture, the New Senior Indenture, the Additional Senior Indentures or the Subordinated Indenture 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 Guarantor or any of its Subsidiaries; or

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

C. Binding Obligation. This Amendment has been duly executed and delivered by such Guarantor and this Amendment and the Amended Agreement constitute the legal, valid and binding obligations of such Guarantor, enforceable against such 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 other Person is required for the due execution, delivery or performance of this Amendment by such Guarantor.

Section 3. Miscellaneous.

A. Reference to and Effect on the Subsidiary Guaranty and the Other Loan Documents.

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

(2) Except as specifically amended by this Amendment, the Subsidiary Guaranty 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 Subsidiary Guaranty.

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.

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

AKRON HOLDING CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM PROPERTIES,
INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

OXNARD FORGE DIE COMPANY, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINA AUSTRALIA
CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

ALPART JAMAICA INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER MICROMILL HOLDINGS, LLC

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TEXAS SIERRA MICROMILLS,
LLC

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER BELLWOOD CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM & CHEMICAL
INVESTMENT, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM TECHNICAL
SERVICES, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINIUM
INTERNATIONAL, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER FINANCE CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER JAMAICA CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER SIERRA MICROMILLS, LLC

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TEXAS MICROMILL
HOLDINGS, LLC

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TRANSACTION CORP.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

By:
Name Printed:
Its:

EXHIBIT VI

FOURTH AMENDMENT TO SUBSIDIARY SECURITY AGREEMENT

THIS FOURTH AMENDMENT TO SUBSIDIARY SECURITY AGREEMENT (this "Amendment"), dated as of December 27, 2000, is by and among Akron Holding Corporation, an Ohio corporation, Kaiser Alumina Australia Corporation, a Delaware corporation, Kaiser Aluminium International, Inc., a Delaware corporation, Kaiser Aluminum & Chemical Investment, Inc., a Delaware corporation, Kaiser Aluminum Properties, Inc., a Delaware corporation, Kaiser Aluminum Technical Services, Inc., a California corporation, Kaiser Finance Corporation, a Delaware corporation, Oxnard Forge Die Company, Inc., a California corporation, Kaiser Micromill Holdings, LLC, a limited liability company organized under the laws of Delaware, Kaiser Sierra Micromills, LLC, a limited liability company organized under the laws of Delaware, Kaiser Texas Sierra Micromills, LLC, a limited liability company organized under the laws of Texas, Kaiser Texas Micromill Holdings, LLC, a limited liability company organized under the laws of Texas, Kaiser Bellwood Corporation, a Delaware corporation, and Kaiser Transaction Corp., a Delaware corporation (collectively, the "Kaiser Subsidiaries" and individually a "Kaiser Subsidiary"), and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation), as agent for the Secured Lenders (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, as amended by the Nineteenth Amendment.

W I T N E S S E T H:

WHEREAS, 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 (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, the Second Amendment to Credit Agreement, dated as of March 10, 1995, the Third Amendment to Credit Agreement and Acknowledgment, dated as of July 20, 1995, the Fourth Amendment to Credit Agreement, dated as of October 17, 1995, the Fifth Amendment to Credit Agreement, dated as of December 11, 1995, the Sixth Amendment to Credit Agreement, dated as of October 1, 1996, the Seventh Amendment to Credit Agreement, dated as of December 17, 1996, the Eighth Amendment to Credit Agreement, dated as of February 24, 1997, the Ninth Amendment to Credit Agreement and Acknowledgment, dated as of April 21, 1997, the Tenth Amendment to Credit Agreement and Assignment, dated as of June 25, 1997, the Eleventh Amendment to Credit Agreement and Limited Waivers, dated as of October 20, 1997, the Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, the Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, the Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, the Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, the Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, the Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, and the Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000 (the "Credit Agreement"); and

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

WHEREAS, the Kaiser Subsidiaries and the Agent are parties to the Subsidiary Security Agreement, Financing Statement and Conditional Assignment of Patents and Trademarks, dated as of February 15, 1994, as amended by the First Amendment to Subsidiary Security Agreement, dated as of July 21, 1994, the Second Amendment to Subsidiary Security Agreement, dated as of December 11, 1995, the Third Amendment to Subsidiary Security Agreement, dated as of April 21, 1997, and Supplements to Subsidiary Security Agreement, dated as of June 25, 1997 and February 23, 1999 (the "Subsidiary Security Agreement"), and have agreed to amend the Subsidiary Security 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 Subsidiary Security Agreement.

A. Section 2 of the Subsidiary Security Agreement is hereby amended by adding the following as the second proviso of the first paragraph thereof:

"; provided further that, notwithstanding anything in this Agreement or in any other Loan Document to the contrary, (i) with respect to any Cash Management Obligation constituting Indebtedness (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures), the Collateral shall not include any U.S. Fixed Assets (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures) and (ii) no Proceeds of any U.S. Fixed Assets, or of the disposition by the Agent of any U.S. Fixed Assets, shall be applied toward the satisfaction of any Cash Management Obligations constituting Indebtedness (as defined in the Senior Indenture, the New Senior Indenture or the Additional New Senior Indentures)."

B. Clause (a)(iii) of Section 11 of the Subsidiary Security Agreement is hereby amended by amending the final sentence thereof to read in its entirety as follows:

"Any Proceeds of any Collateral, or of the disposition by the Agent of any of the Collateral (including benefits to the extent provided in Section 19 hereof), shall be applied by the Agent, in the following order of priority:

First, to payment of the costs and expenses of such disposition, including the reasonable costs and out-of-pocket expenses of the Agent and attorneys' fees and costs and out-of-pocket expenses of counsel (including allocated costs of in-house counsel) employed in connection therewith and to the payment of all advances made by the Agent for the account of any Kaiser Subsidiary hereunder and the payment of all reasonable costs and out-of-pocket expenses incurred by the Agent in connection with the administration and enforcement of this Agreement, to the extent that such advances, costs, and expenses shall not have been reimbursed to the Agent;

Second, toward the satisfaction of the Secured Obligations other than Obligations in respect of principal and Reimbursement Obligations, Currency Hedge Obligations and Cash Management Obligations;

Third, toward the satisfaction of the Secured Obligations in respect of principal and Reimbursement Obligations, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement;

Fourth, toward the satisfaction of the Currency Hedge Obligations in the order agreed to by the Currency Hedge Providers from time to time;

Fifth, subject to the provisions of the second proviso of the first paragraph of Section 2, toward the satisfaction of the Cash Management Obligations in the order agreed to by the Cash Management Providers from time to time; and

Sixth, any surplus to be paid to such Kaiser Subsidiary, its successors and assigns, or as a court of competent jurisdiction may direct."

Section 2. Kaiser Subsidiaries' Representations and

Warranties.

In order to induce the Agent to enter into this Amendment and to amend the Subsidiary Security Agreement in the manner provided herein, and to induce the Required Lenders to consent to such action by the Agent, each Kaiser Subsidiary represents and warrants to each Lender and the Agent that, as of the Nineteenth Amendment Effective Date (as defined in the Nineteenth 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 such Kaiser Subsidiary and the performance of the Subsidiary Security Agreement as amended by this Amendment (the "Amended Agreement") by such Kaiser Subsidiary are within such Kaiser Subsidiary's corporate powers or company powers, as the case may be, and have been duly authorized by all necessary corporate action or company action, as the case may be, on the part of such Kaiser Subsidiary.

B. No Conflict. The execution and delivery by such Kaiser Subsidiary of this Amendment and the performance by such Kaiser Subsidiary of the Amended Agreement do not:

(1) contravene such Kaiser Subsidiary's Organic Documents or the Organizational Agreements;

(2) contravene the Senior Indenture, the New Senior Indenture, the Additional Senior Indentures or the Subordinated Indenture 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 Kaiser Subsidiary or any of its Subsidiaries; or

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

C. Binding Obligation. This Amendment has been duly executed and delivered by such Kaiser Subsidiary and this Amendment and the Amended Agreement constitute the legal, valid and binding obligations of such Kaiser Subsidiary, enforceable against such Kaiser Subsidiary 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 such Kaiser Subsidiary.

Section 3. Miscellaneous.

A. Reference to and Effect on the Subsidiary Security Agreement and the Other Loan Documents.

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

(2) Except as specifically amended by this Amendment, the Subsidiary Security 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 Subsidiary Security 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.

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.

BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc.), as Agent
By:
Name: Michael J. Jasaitis
Its: Vice President

AKRON HOLDING CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM PROPERTIES, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

OXNARD FORGE DIE COMPANY, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINA AUSTRALIA CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER MICROMILL HOLDINGS, LLC

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TEXAS SIERRA MICROMILLS, LLC

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER BELLWOOD CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM & CHEMICAL INVESTMENT, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM TECHNICAL SERVICES, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINIUM INTERNATIONAL, INC.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER FINANCE CORPORATION

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER SIERRA MICROMILLS, LLC

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TEXAS MICROMILL HOLDINGS, LLC

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TRANSACTION CORP.

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

EXHIBIT VII

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

O'Melveny & Myers LLP
275 Battery Street, 26th Floor
San Francisco, California 94111-3305
Attn: Jill H. Matichak, Esq.
(File No. 019,368-663)

THIRD AMENDMENT TO DEED OF TRUST WITH POWER OF SALE,
ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT, FIXTURE FILING
AND FINANCING STATEMENT

THIS THIRD AMENDMENT TO DEED OF TRUST WITH POWER OF SALE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT (this "THIRD AMENDMENT") is made as of December 27, 2000 by and between KAISER ALUMINUM & CHEMICAL CORPORATION, a Delaware corporation ("TRUSTOR"), whose address is 5847 San Felipe, Suite 2600, Houston Texas 77057, and BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation) ("BANK OF AMERICA"), as agent for the Secured Lenders, having an office at 55 South Lake Avenue, Suite 900, Pasadena, California 91101 (Bank of America, in its capacity as agent for the Secured Lenders, shall be referred to hereinafter as "BENEFICIARY").

R E C I T A L S :

A. Pursuant to that certain Credit Agreement, dated as of February 15, 1994 (the "CREDIT AGREEMENT") between Trustor, Kaiser Aluminum Corporation, a Delaware corporation ("PARENT GUARANTOR"), Bank of America and various other financial institutions named therein (which financial institutions, together with Bank of America in its capacity as lender, shall be referred to hereinafter collectively as "BANK LENDERS") and Beneficiary, Bank Lenders agreed to make certain revolving loans and other financial commitments to Trustor (the "LOANS"). Except as otherwise provided in this Third Amendment, all initially capitalized terms used herein without definition shall have the same meaning as in the Credit Agreement, as amended.

B. The Loans are secured by, among other things, that certain Deed of Trust with Power of Sale, Assignment of Leases and Rents, Security Agreement, Fixture Filing and Financing Statement dated as of February 15, 1994, executed by Trustor, as trustor, to Chicago Title Insurance Company, as trustee, for the benefit of Beneficiary as agent of Bank Lenders, as beneficiary, and recorded on _____ in the Official Records of _____ County, at Volume _____, Page _____ (the "ORIGINAL DEED OF TRUST"), as amended by the First Amendment to Deed of Trust with Power of Sale, Assignment of Leases and Rents, Security Agreement, Fixture Filing and Financing Statement (the "FIRST AMENDMENT") dated as of July 21, 1994 and recorded on _____ in the Official Records of _____ County, _____ as Instrument _____, Volume _____, Page _____ and the Second Amendment to Deed of Trust with Power of Sale, Assignment of Leases and Rents, Security Agreement, Fixture Filing and Financing Statement (the "SECOND AMENDMENT") dated as of March 10, 1995 and recorded on _____ in the Official Records of _____ County, _____ as Instrument _____, Volume _____, Page _____ (as so amended, the "DEED OF TRUST").

C. The Deed of Trust encumbers that certain real property located in _____ County, _____ as more particularly described in

Exhibit A, attached hereto, and by this reference incorporated herein.

D. Concurrently herewith, Trustor, Parent Guarantor and Bank Lenders have agreed to amend the Credit Agreement to, among other things, permit the Cash Management Providers (as defined in the Credit Agreement) to provide Cash Management Services (as defined in the Credit Agreement) to Trustor and provide that Trustor's obligations in respect thereof shall be secured by the Deed of Trust, all as set forth in that certain Nineteenth Amendment to Credit Agreement and Limited Waiver dated of even date herewith by and between Trustor, Parent Guarantor, Lenders and Beneficiary (the "NINETEENTH CREDIT AGREEMENT AMENDMENT").

E. Trustor and Beneficiary desire to amend the Deed of Trust to reflect and evidence the amendments and modifications set forth in the Nineteenth Credit Agreement Amendment.

NOW, THEREFORE, with reference to the foregoing Recitals and for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Trustor and Beneficiary further agree as follows:

1. The definitions of "Lenders" and "Secured Obligations" set forth in Exhibit C of the Deed of Trust shall be amended to read in their entirety as follows:

"'Lender' and 'Lenders' shall mean the Bank Lenders, the Currency Hedge Providers (as defined in the Credit Agreement) and the Cash Management Providers (as defined in the Credit Agreement)."

"'Secured Obligations' means (A) all Obligations, whether now existing or hereafter arising, of Trustor under or in connection with the Credit Agreement or any other Loan Documents, (B) all Obligations, whether now existing or hereafter arising, of Trustor under or in connection with the Currency Hedge Agreements (as defined in the Credit Agreement) and (C) all Obligations, whether now existing or hereafter arising, of Trustor arising in connection with the Cash Management Services (as defined in the Credit Agreement), whether for advances, costs, fees, expenses, or otherwise; provided, however, that the Secured Obligations shall not include any Cash Management Obligation (as defined in the Credit Agreement) constituting indebtedness (as defined in the Senior Indenture (as defined in the Credit Agreement), the Additional New Senior Indenture (as defined in the Credit Agreement) or the New Senior Indentures (as defined in the Credit Agreement))."

2. Section 3.9 of the Deed of Trust is hereby amended to read in its entirety as follows:

First, to payment of the costs and expenses of disposing of the Collateral and realizing Proceeds, including the reasonable costs and out-of-pocket expenses of Beneficiary and the Lenders, and attorneys' fees and costs and out-of-pocket expenses of counsel employed in connection therewith and to the payment of all advances made by Beneficiary and the Lenders for the account of Trustor hereunder and the payment of all reasonable costs and out-of-pocket expenses incurred by Beneficiary in connection with the administration and enforcement, and by any Lender in connection with the enforcement, of this Deed of Trust, to the extent that such advances, costs, and expenses shall not have been reimbursed to Beneficiary or the Lenders, as the case may be;

Second, toward the satisfaction of the Secured Obligations other than Obligations in respect of principal and Reimbursement Obligations, Currency Hedge Obligations and Cash Management Obligations;

Third, toward the satisfaction of the Secured Obligations in respect of principal and Reimbursement Obligations, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement;

Fourth, toward the satisfaction of the Currency Hedge Obligations in the order agreed to by the Currency Hedge Providers from time to time;

Fifth, toward the satisfaction of the Cash Management Obligations that constitute Secured Obligations in the order agreed to by the Cash Management Providers from time to time; and

Sixth, any surplus to be paid to the Trustor, its successors and assigns, or as a court of competent jurisdiction may direct.

3. Trustor's obligations evidenced by the Credit Agreement, as amended by the Nineteenth Credit Agreement Amendment, shall continue to be secured by the Deed of Trust. Except as amended by this Third Amendment, the Deed of Trust shall remain unmodified and in full force and effect. The parties hereto hereby ratify and confirm the Deed of Trust as amended hereby.

4. It is the intent of each of the parties hereto that the Deed of Trust, as modified and amended by the First Amendment, the Second Amendment and this Third Amendment, shall have and retain the priority established at the time of its original recordation on February 18, 1994 (the "ORIGINAL RECORDING DATE"). To the extent that any court of law or equity determines that the priority of this Third Amendment may not relate back to the Original Recording Date, then (i) this Third Amendment shall be bifurcated from the Deed of Trust such that the obligations of Trustor with respect to the Cash Management Services, secured by this Third Amendment, shall have such priority as is established at the time of recordation of this Third Amendment in the Official Records of _____ County, _____, and (ii) the Deed of Trust, as unamended by this Third

Amendment, shall continue to secure the obligations of Trustor under the Credit Agreement, as unamended by the Nineteenth Credit Agreement Amendment, and the other Secured Obligations set forth in the Deed of Trust, and shall continue to have the priority described in paragraph 2 of the Second Amendment. In no event shall this Third Amendment destroy, impair or otherwise affect the priority of the Deed of Trust established on the Original Recording Date.

5. This Third Amendment shall be governed by and construed in accordance with the laws in the State of _____ without giving effect to the conflict of law principles of said State.

6. This Third Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon and attached to any other counterpart identical thereto except having additional signature pages attached to it.

7. In the event of any inconsistencies between the provisions of this Third Amendment and the provisions of the Deed of Trust, the provisions of this Third Amendment shall govern and prevail.

8. The relationship of Trustor and Beneficiary with respect to the Loans and the matters set forth herein is that of creditor and debtor respectively and by virtue of entering into the Third Credit Agreement Amendment and performing their respective obligations thereunder, Trustor and Beneficiary do not intend to form a partnership or joint venture or any other relationship other than that of creditor and debtor respectively.

IN WITNESS WHEREOF, the duly authorized representatives of Trustor and Beneficiary have executed this Third Amendment as of the date first above written.

"TRUSTOR"
KAISER ALUMINUM & CHEMICAL CORPORATION, a Delaware corporation

By:
Name: David A. Cheadle
Its: Assistant Treasurer

"BENEFICIARY"
BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation)

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

ACKNOWLEDGEMENTS

STATE OF _____)
COUNTY OF _____)

On December __, 2000, before me, _____, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Signature _____ WITNESS my hand and official seal. (Seal)

STATE OF _____)
COUNTY OF _____)

On December __, 2000, before me, _____, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Signature _____ WITNESS my hand and official seal. (Seal)

EXHIBIT VIII

RECORDING REQUESTED BY:

275 Battery Street, 26th Floor
San Francisco, California 94111-3305
Attn: Jill H. Matichak, Esq.
(File No. 019,368-663)

THIRD AMENDMENT TO MORTGAGE WITH POWER OF SALE,
ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT, FIXTURE FILING
AND FINANCING STATEMENT

THIS THIRD AMENDMENT TO MORTGAGE WITH POWER OF SALE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT (this "THIRD AMENDMENT") is made as of December 27, 2000 by and between KAISER ALUMINUM & CHEMICAL CORPORATION, a Delaware corporation ("MORTGAGOR"), whose address is 5847 San Felipe, Suite 2600, Houston Texas 77057, and BANK OF AMERICA, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation) ("BANK OF AMERICA"), as agent for the Secured Lenders, having an office at 55 South Lake Avenue, Suite 900, Pasadena, California 91101 (Bank of America, in its capacity as agent for the Secured Lenders, shall be referred to hereinafter as "MORTGAGEE").

R E C I T A L S :

A. Pursuant to that certain Credit Agreement dated as of February 15, 1994 (the "CREDIT AGREEMENT") between Mortgagor, Kaiser Aluminum Corporation, a Delaware corporation ("PARENT GUARANTOR"), Bank of America and various other financial institutions named therein (which financial institutions, together with Bank of America in its capacity as lender, shall be referred to hereinafter collectively as "BANK LENDERS") and Mortgagee, Bank Lenders agreed to make certain revolving loans and other financial commitments to Mortgagor (the "LOANS"). Except as otherwise provided in this Third Amendment, all initially capitalized terms used herein without definition shall have the same meaning as in the Credit Agreement, as amended.

B. The Loans are secured by, among other things, that certain Mortgage with Power of Sale, Assignment of Leases and Rents, Security Agreement, Fixture Filing and Financing Statement dated as of February 15, 1994, executed by Mortgagor, as mortgagor, to Mortgagee as agent of Bank Lenders, as mortgagee, and recorded on _____ in the Official Records of _____ County, _____ at Volume _____, Page _____ (the "ORIGINAL MORTGAGE"), as amended by the First Amendment to Mortgage with Power of Sale, Assignment of Leases and Rents, Security Agreement, Fixture Filing and Financing Statement (the "FIRST AMENDMENT") dated as of July 21, 1994 and recorded on _____ in the Official Records of _____ County, _____ as Instrument _____, Volume _____, Page _____ and the Second Amendment to Mortgage with Power of Sale, Assignment of Leases and Rents, Security Agreement, Fixture Filing and Financing Statement (the "SECOND AMENDMENT") dated as of March 10, 1995 and recorded on _____ in the Official Records of _____ County, _____ as Instrument _____, Volume _____, Page _____ (as so amended, the "MORTGAGE").

C. The Mortgage encumbers that certain real property located in _____ County, _____ as more particularly described in Exhibit A, attached hereto, and by this reference incorporated herein.

D. Concurrently herewith, Mortgagor, Parent Guarantor and Bank Lenders have agreed to amend the Credit Agreement to, among other things, permit the Cash Management Providers (as defined in the Credit Agreement) to provide Cash Management Services (as defined in the Credit Agreement) to Mortgagor and provide that Mortgagor's obligations in respect thereof shall be secured by the Mortgage, all as set forth in that certain Nineteenth Amendment to Credit Agreement dated of even date herewith by and between Mortgagor, Parent Guarantor, Lenders and Mortgagee (the "NINETEENTH CREDIT AGREEMENT AMENDMENT").

E. Mortgagor and Mortgagee desire to amend the Mortgage to reflect and evidence the amendments and modifications set forth in the Nineteenth Credit Agreement Amendment.

NOW, THEREFORE, with reference to the foregoing Recitals and for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor and Mortgagee further agree as follows:

1. The definitions of "Lenders" and "Secured Obligations" set forth in Exhibit C of the Mortgage shall be amended to read in their entirety as follows:

"Lender' and 'Lenders' shall mean the Bank Lenders, the Currency Hedge Providers (as defined in the Credit Agreement) and the Cash Management Providers (as defined in the Credit Agreement)."

"Secured Obligations' means (A) all Obligations, whether now existing or hereafter arising, of Mortgagor under or in connection with the Credit Agreement or any other Loan Documents, (B) all Obligations, whether now existing or hereafter arising, of Mortgagor under or in connection with the Currency Hedge Agreements (as defined in the Credit Agreement) and (C) all Obligations, whether now existing or hereafter arising, of Mortgagor arising in connection with the Cash Management Services (as defined in the Credit Agreement), whether for advances, costs, fees, expenses, or otherwise; provided, however, that the Secured Obligations shall not include any Cash Management Obligation (as defined in the Credit Agreement) constituting Indebtedness (as defined in the Senior Indenture (as defined in the Credit Agreement), the Additional New Senior Indenture (as defined in the Credit Agreement) or the New Senior Indentures (as defined in the Credit Agreement))."

2. Section 3.9 of the Mortgage is hereby amended to read in its entirety as follows:

First, to payment of the costs and expenses of disposing of the Collateral and realizing Proceeds, including the reasonable costs and out-of-pocket expenses of Mortgagee and the Lenders, and attorneys' fees and costs and out-of-pocket expenses of counsel employed in connection therewith and to the payment of all advances made by Mortgagee and the Lenders for the account of Mortgagor hereunder and the payment of all reasonable costs and out-of-pocket expenses incurred by Mortgagee in connection with the administration and enforcement, and by any Lender in connection with the enforcement, of this Mortgage, to the extent that such advances, costs, and expenses shall not have been reimbursed to Mortgagee or the Lenders, as the case may be;

Second, toward the satisfaction of the Secured Obligations other than Obligations in respect of principal and Reimbursement Obligations, Currency Hedge Obligations and Cash Management Obligations;

Third, toward the satisfaction of the Secured Obligations

in respect of principal and Reimbursement Obligations, including the deposit of available funds in an amount equal to the then aggregate Letter of Credit Outstandings in the L/C Collateral Account in accordance with Section 5.8 of the Credit Agreement;

Fourth, toward the satisfaction of the Currency Hedge Obligations in the order agreed to by the Currency Hedge Providers from time to time;

Fifth, toward the satisfaction of the Cash Management Obligations that constitute Secured Obligations in the order agreed to by the Cash Management Providers from time to time; and

Sixth, any surplus to be paid to the Mortgagor, its successors and assigns, or as a court of competent jurisdiction may direct.

3. Mortgagor's obligations evidenced by the Credit Agreement, as amended by the Nineteenth Credit Agreement Amendment, shall continue to be secured by the Mortgage. Except as amended by this Third Amendment, the Mortgage shall remain unmodified and in full force and effect. The parties hereto hereby ratify and confirm the Mortgage as amended hereby.

4. It is the intent of each of the parties hereto that the Mortgage, as modified and amended by the First Amendment, the Second Amendment and this Third Amendment, shall have and retain the priority established at the time of its original recordation on February 18, 1994 (the "ORIGINAL RECORDING DATE"). To the extent that any court of law or equity determines that the priority of this Third Amendment may not relate back to the Original Recording Date, then (i) this Third Amendment shall be bifurcated from the Mortgage such that the obligations of Mortgagor with respect to the Cash Management Services, secured by this Third Amendment, shall have such priority as is established at the time of recordation of this Third Amendment in the Official Records of ___ County, ___, and (ii) the Mortgage, as unamended by this Third Amendment, shall continue to secure the obligations of Mortgagor under the Credit Agreement, as unamended by the Nineteenth Credit Agreement Amendment, and the other Secured Obligations set forth in the Mortgage, and shall continue to have the priority described in paragraph 2 of the Second Amendment. In no event shall this Third Amendment destroy, impair or otherwise affect the priority of the Mortgage established on the Original Recording Date.

5. This Third Amendment shall be governed by and construed in accordance with the laws in the State of ___ without giving effect to the conflict of law principles of said State.

6. This Third Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon and attached to any other counterpart identical thereto except having additional signature pages attached to it.

7. In the event of any inconsistencies between the provisions of this Third Amendment and the provisions of the Mortgage, the provisions of this Third Amendment shall govern and prevail.

8. The relationship of Mortgagor and Mortgagee with respect to the Loans and the matters set forth herein is that of creditor and debtor respectively and by virtue of entering into the Third Credit Agreement Amendment and performing their respective obligations thereunder, Mortgagor and Mortgagee do not intend to form a partnership or joint venture or any other relationship other than that of creditor and debtor respectively.

IN WITNESS WHEREOF, the duly authorized representatives of Mortgagor and Mortgagee have executed this Third Amendment as of the date first above written.

"MORTGAGOR"
KAISER ALUMINUM & CHEMICAL
CORPORATION, a Delaware corporation
By:
Name: David A. Cheadle
Its: Assistant Treasurer

"MORTGAGEE"
BANK OF AMERICA, N.A. (successor to BankAmerica
Business Credit, Inc., a Delaware corporation)
By:
Name: Michael J. Jasaitis
Its: Vice President

ACKNOWLEDGEMENTS

STATE OF _____)
)
COUNTY OF _____)

On December __, 2000, before me, _____, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.
Signature _____ (Seal)

STATE OF _____)
)
COUNTY OF _____)

On December __, 2000, before me, _____, a Notary Public in and for said State, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

EXHIBIT IX

SECOND AMENDMENT TO INTERCOMPANY NOTE PLEDGE AGREEMENT

THIS SECOND AMENDMENT TO INTERCOMPANY NOTE PLEDGE AGREEMENT (this "Amendment"), dated as of December 27, 2000, is by and among Kaiser Export Company, a California corporation, and Kaiser Bauxite Company, a Nevada corporation, (collectively, the "Pledgors" and, individually, a "Pledgor"), and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc., a Delaware corporation), as agent for the Secured Lenders (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, as amended by the Nineteenth Amendment.

W I T N E S S E T H:

WHEREAS, Kaiser Aluminum & Chemical Corporation (the "Company"), 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, the Second Amendment to Credit Agreement, dated as of March 10, 1995, the Third Amendment to Credit Agreement and Acknowledgment, dated as of July 20, 1995, the Fourth Amendment to Credit Agreement, dated as of October 17, 1995, the Fifth Amendment to Credit Agreement, dated as of December 11, 1995, the Sixth Amendment to Credit Agreement, dated as of October 1, 1996, the Seventh Amendment to Credit Agreement, dated as of December 17, 1996, the Eighth Amendment to Credit Agreement, dated as of February 24, 1997, the Ninth Amendment to Credit Agreement and Acknowledgment, dated as of April 21, 1997, the Tenth Amendment to Credit Agreement and Assignment, dated as of June 25, 1997, the Eleventh Amendment to Credit Agreement and Limited Waivers, dated as of October 20, 1997, the Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, the Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, the Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, the Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, the Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, the Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, and the Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000 (the "Credit Agreement"); and

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

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

Section 2.3 of the Intercompany Note Pledge Agreement is amended to read in its entirety as follows:

"SECTION 2.3. Secured Obligations. This Agreement secures, and the Collateral is collateral security for, the prompt payment or performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand, or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. Section 362(a)) of, all Obligations of the Parent Guarantor, the Company, and their respective Subsidiaries, whether now existing or hereafter arising under or in connection with the Credit Agreement or any other Loan Document, all Obligations of the Company now existing or hereafter arising under or in connection with the Currency Hedge Agreements, all Obligations of the Company now existing or hereafter arising in connection with the Cash Management Services, and any and all extensions or renewals, thereof, whether for principal, interest (including interest that, but for the filing of a petition in bankruptcy with respect to the Parent Guarantor, the Company or any of their respective Subsidiaries, would accrue on such Obligations), reimbursements of amounts drawn under Letters of Credit, fees, expenses, indemnities, or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, whether or not from time to time decreased or extinguished and later increased, created, or incurred, and all or any portion of such Obligations that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Agent or any Secured Lender as a preference, fraudulent transfer, or otherwise, and any and all Obligations of any Pledgor now or hereafter existing under this Agreement, whether for advances, costs, fees, expenses, or otherwise (collectively, the 'Secured Obligations')."

Section 2. Pledgors' Representations and Warranties.

In order to induce the Agent to enter into this Amendment and to amend the Intercompany Note Pledge Agreement in the manner provided herein, and to induce the Required Lenders to consent to such action by the Agent, each Pledgor represents and warrants to each Lender and the Agent that, as of the Nineteenth Amendment Effective Date (as defined in the Nineteenth 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 such Pledgor and the performance of the Intercompany Note Pledge Agreement as amended by this Amendment (the "Amended Agreement") by such Pledgor are within such Pledgor's corporate powers and have been duly authorized by all necessary corporate action on the part of such Pledgor.

B. No Conflict. The execution and delivery by such

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

(1) contravene such Pledgor's Organic Documents;

(2) contravene the Senior Indenture, the New Senior Indenture, the Additional New Senior Indentures or the Subordinated Indenture 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 Pledgor or any of its Subsidiaries; or

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

C. Binding Obligation. This Amendment has been duly executed and delivered by such Pledgor and this Amendment and the Amended Agreement constitute the legal, valid and binding obligations of such Pledgor, enforceable against such 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 such Pledgor.

Section 3. Miscellaneous.

A. Reference to and Effect on the Intercompany Note Pledge Agreement and the Other Loan Documents.

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

(2) Except as specifically amended by this Amendment, the Intercompany Note 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 Intercompany Note 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.

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.

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

KAISER BAUXITE COMPANY

KAISER EXPORT COMPANY

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

By:
Name Printed: David A. Cheadle
Its: Assistant Treasurer

BANK OF AMERICA, N.A. (successor to
BankAmerica Business Credit, Inc.), as Agent

By:
Name Printed:
Its:

TWENTIETH AMENDMENT TO CREDIT AGREEMENT

THIS TWENTIETH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of January 26, 2001 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 Bank of America, N.A. (successor to 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, the Second Amendment to Credit Agreement, dated as of March 10, 1995, the Third Amendment to Credit Agreement and Acknowledgement, dated as of July 20, 1995, the Fourth Amendment to Credit Agreement, dated as of October 17, 1995, the Fifth Amendment to Credit Agreement, dated as of December 11, 1995, the Sixth Amendment to Credit Agreement, dated as of October 1, 1996, the Seventh Amendment to Credit Agreement, dated as of December 17, 1996, the Eighth Amendment to Credit Agreement, dated as of February 24, 1997, the Ninth Amendment to Credit Agreement and Acknowledgment, dated as of April 21, 1997, the Tenth Amendment to Credit Agreement and Assignment, dated as of June 25, 1997, the Eleventh Amendment to Credit Agreement and Limited Waivers, dated as of October 20, 1997, the Twelfth Amendment to Credit Agreement, dated as of January 13, 1998, the Thirteenth Amendment to Credit Agreement, dated as of July 20, 1998, the Fourteenth Amendment to Credit Agreement, dated as of December 11, 1998, the Fifteenth Amendment to Credit Agreement, dated as of February 23, 1999, the Sixteenth Amendment to Credit Agreement, dated as of March 26, 1999, the Seventeenth Amendment to Credit Agreement, dated as of September 24, 1999, the Eighteenth Amendment to Credit Agreement, dated as of February 11, 2000, and the Nineteenth Amendment to Credit Agreement and Limited Waiver, dated as of December 27, 2000 (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 Amendments to Article IX: Covenants

A. Section 9.2.5 of the Credit Agreement is hereby amended by (i) deleting the word "and" at the end of clause (u) thereof, (ii) deleting the period at the end of clause (v) thereof and substituting "; and" therefor, and (iii) adding the following as new clause (w) thereof:

"(w) Investments by a Subsidiary of the Company in the Company as a result of any purchase by such Subsidiary of Senior Notes permitted under Section 9.2.6(b)(iv)."

B. Section 9.2.6(b)(iv) of the Credit Agreement is hereby amended to read in its entirety as follows:

"(iv) redeem, purchase, or defease any Subordinated Debt, any New Subordinated Debt, any Senior Debt, any New Senior Debt, any Additional New Senior Debt, the PIK Note or any Equity Proceeds Note; provided, however, that, notwithstanding the provisions of Section 9.2.6(b)(ii), the Company and its Subsidiaries may, at the Company's discretion, purchase, redeem or defease Senior Notes from time to time during the period from January 26, 2001 through December 31, 2001; provided that (A) the Company and its Subsidiaries may not purchase, redeem or defease any Senior Note for a price greater than its principal amount plus the accrued interest thereon to the date of purchase, redemption or defeasance; (B) the aggregate amount paid by the Company and its Subsidiaries during such period as the price for all such purchases, redemptions and defeasances of Senior Notes may not exceed \$50,000,000 (exclusive of accrued interest payable on the aggregate principal amount of any such Senior Notes purchased, redeemed or defeased); (C) Senior Notes that are acquired by the Company or its Subsidiaries may, at the Company's election, either be retired and cancelled, or pledged to the Agent as part of the Collateral; (D) the Company and its Subsidiaries may not transfer Senior Notes purchased, redeemed or defeased pursuant to this Section 9.2.6(b)(iv), except that the Company's Subsidiaries may transfer Senior Notes to the Company, and the Company and its Subsidiaries may pledge Senior Notes to the Agent as part of the Collateral; and (E) within five Business Days after the end of any month in which Senior Notes are purchased, redeemed or defeased pursuant to this proviso, the Company shall pay to the Agent for the pro rata account of the Lenders a fee in the amount of 0.50% multiplied by the aggregate amount (exclusive of accrued interest) paid by the Company and its Subsidiaries as the price for the purchase, redemption or defeasance of Senior Notes during such month pursuant to this proviso."

C. Section 9.2.13(d) of the Credit Agreement is hereby amended by adding the following at the end thereof:

"other than any such offer made in connection with a purchase (or proposed purchase), redemption or defeasance of Senior Notes permitted pursuant to Section 9.2.6(b)(iv)"

1.2 Amendments to Article X: Events of Default

Section 10.1.11 of the Credit Agreement is hereby amended by adding the following at the end thereof:

"other than any such offer, redemption, repurchase or defeasance made in connection with a purchase (or proposed purchase), redemption or defeasance of Senior Notes permitted pursuant to Section 9.2.6(b)(iv)"

Section 2. Conditions to Effectiveness

This Amendment shall become effective as of the date hereof only when the following conditions shall have been satisfied and notice thereof shall have been given by the Agent to the Parent Guarantor, the Company and each Lender (the date of satisfaction of such conditions and the giving of such

notice being referred to herein as the "Twentieth Amendment Effective Date"):

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).

B. The Agent shall have received:

(1) Resolutions of the Board of Directors or of the Executive Committee of the Board of Directors of the Company and the Parent Guarantor approving and authorizing the execution, delivery and performance of this Amendment, certified by their respective corporate secretaries or assistant secretaries 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;

(3) For each Lender, an opinion, addressed to the Agent and each Lender, from Kramer Levin Naftalis & Frankel LLP, in form and substance satisfactory to the Agent; and

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

Section 3. 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 in the manner provided herein, the Parent Guarantor and the Company represent and warrant to each Lender and the Agent that, as of the Twentieth 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 Senior Indenture, the New Senior Indenture, the Additional New Senior Indenture, or the Subordinated Indenture 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 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.

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 4. Acknowledgement and Consent.

The Company is a party to the Company Collateral Documents, in each case as amended through the date hereof, 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 date hereof, 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 date hereof, 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.

Each Credit Support Party acknowledges and agrees that any of the Credit Support Documents to which it is a party or 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 5. Miscellaneous.

A. Reference to and Effect on the Credit Agreement and the Other Loan Documents.

(1) On and after the Twentieth 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) Except as specifically amended by this Amendment, 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 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.

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

KAISER ALUMINUM CORPORATION

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

BANK OF AMERICA, N.A. (successor to
BankAmerica Business Credit, Inc.), as Agent

By: /S/ Michael J. Jasaitis
Name: Michael J. Jasaitis
Its: Vice President

THE CIT GROUP/BUSINESS
CREDIT, INC.

By: /S/ Grant Weiss
Name Printed: Grant Weiss
Its: AVP

CONGRESS FINANCIAL CORPORATION
(WESTERN)

By: /S/ Gary D. Cassianni
Name Printed: Gary D. Cassianni
Its: Vice President

LA SALLE BANK NATIONAL
ASSOCIATION (formerly known as
La Salle National Bank)

By: /S/ Douglas C. Colletti
Name Printed: Douglas C. Colletti
Its: 1st VP

ACKNOWLEDGED AND AGREED TO:
AKRON HOLDING CORPORATION

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM PROPERTIES,
INC.

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

OXNARD FORGE DIE COMPANY, INC.

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINA AUSTRALIA
CORPORATION

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

ALPART JAMAICA INC.

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER BAUXITE COMPANY

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM & CHEMICAL
CORPORATION

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

BANK OF AMERICA, N.A. (successor to
BankAmerica Business Credit, Inc.)

By: /S/ Michael J. Jasaitis
Name: Michael J. Jasaitis
Its: Vice President

HELLER FINANCIAL, INC.

By: /S/ Richard J. Holston
Name Printed: Richard J. Holston
Its: Assistant Vice President

TRANSAMERICA BUSINESS CREDIT
CORPORATION

By: /S/ Ari D. Kaplan
Name Printed: Ari D. Kaplan
Its: Vice President

ABN AMRO BANK N.V.

By: /S/ Jeffrey Dodd
Name Printed: Jeffrey Dodd
Its: Group Vice President

By: /S/ L. David Wright
Name Printed: L. David Wright
Its: Group Vice President

KAISER ALUMINUM & CHEMICAL
INVESTMENT, INC.

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINUM TECHNICAL
SERVICES, INC.

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER ALUMINIUM
INTERNATIONAL, INC.

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER FINANCE CORPORATION

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER JAMAICA CORPORATION

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER EXPORT COMPANY

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER MICROMILL HOLDINGS, LLC

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TEXAS SIERRA MICROMILLS,
LLC

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER BELLWOOD CORPORATION

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER SIERRA MICROMILLS, LLC

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

KAISER TEXAS MICROMILL
HOLDINGS, LLC

By: /S/ David A. Cheadle
Name Printed: David A. Cheadle
Its: Assistant Treasurer

WHEREAS, Kaiser Aluminum Corporation ("KAC"), formerly known as KaiserTech Limited, executed a Non-Negotiable Intercompany Note, dated December 21, 1989, payable to the order of Kaiser Aluminum & Chemical Corporation ("KACC"); and

WHEREAS, such Non-Negotiable Intercompany Note has been amended, as memorialized by Confirmation of Amendment of Non-Negotiable Intercompany Note, dated as of October 6, 1993 (the Non-Negotiable Intercompany Note, as amended from time to time, the "KT Note"); and

WHEREAS, the KT Note has been pledged and delivered to BankAmerica Business Credit, Inc., predecessor of Bank of America, N.A., as the Agent, under and as defined in that certain Company Pledge Agreement, dated as of February 15, 1994 (as amended, the "Company Pledge Agreement"), among KACC and BankAmerica Business Credit, Inc.; and

WHEREAS, KAC and KACC have agreed that the KT Note should be amended, effective as of December 11, 2000, as hereinafter described; and

WHEREAS, the Company Pledge Agreement contemplates that Pledged Notes (as therein defined, including the KT Note) may be amended, modified, or supplemented from time to time; and

WHEREAS, the Credit Agreement, dated as of February 15, 1994, among KACC, KAC, the various financial institutions that are or may from time to time become parties thereto (collectively, the "Lenders"), and Bank of America, N.A. (successor to BankAmerica Business Credit, Inc., as agent for the Lenders (as amended, the "Credit Agreement")) permits under clause (k) of the second paragraph of Section 9.2.14 thereof any amendment of the KT Note that extends the maturity thereof or reduces the interest rate thereon; and

WHEREAS, this Amendment of Non-Negotiable Intercompany Note is made in order to memorialize the agreement between KAC and KACC amending the KT Note and to evidence the acknowledgment of the Agent of such amendment of the KT Note;

NOW, THEREFORE, KAC and KACC hereby amend the KT Note, effective as of December 11, 2000, in the following respect only:

1. Section 2 of the KT Note is amended to read as follows in its entirety:

"2. Subject to Section 5 hereof, no payment of principal or interest shall be required to be made on this Note prior to December 21, 2006. Beginning on December 21, 2006, this Note shall be due and payable annually on each anniversary of the date of this Note as to principal and interest (including interest accrued hereon from the Issuance Date through December 21, 2005, which shall be added to the unpaid principal amount hereof) in level installments which, if timely made, would be sufficient fully to satisfy the outstanding principal balance hereof (including interest accrued hereon from the Issuance Date through December 21, 2005) plus interest hereon over a 15-year term, commencing on December 21, 2006. Each such level payment shall be applied first to interest and the balance to principal."

IN WITNESS WHEREOF, KAC and KACC have executed this Amendment of Non-Negotiable Intercompany Note as of December 11, 2000.

Kaiser Aluminum Corporation

By: /S/ JOHN T. LA DUC

Title: Executive Vice President and
Chief Financial Officer

Kaiser Aluminum & Chemical Corporation

By: /S/ DAVID A. CHEADLE

Title: Assistant Treasurer

Bank of America, N.A., successor to BankAmerica Business Credit, Inc., as Agent under the Company Pledge Agreement, hereby acknowledges that the KT Note has been amended as hereinabove described.

Bank of America, N.A.

By: /S/ MICHAEL J. JASAITIS

Title: VP

Amendment of Tax Allocation Agreement
Between
MAXXAM Inc.
and
Kaiser Aluminum & Chemical Corporation

WHEREAS, MAXXAM Inc. ("MAXXAM") and Kaiser Aluminum & Chemical Corporation ("KACC") executed a tax allocation agreement as of December 21, 1989 covering all taxable years during which KACC and its U.S. subsidiaries (the "KACC Subgroup") were included in MAXXAM's Federal consolidated income tax returns (the "Tax Allocation Agreement");

WHEREAS, the Tax Allocation Agreement is relevant for taxable periods through June 30, 1993, the date on which the KACC Subgroup became disaffiliated with MAXXAM, and after which the KACC Subgroup was no longer included in MAXXAM's Federal consolidated income tax returns;

WHEREAS, paragraphs 2 and 3 of the Tax Allocation Agreement were intended to place the KACC Subgroup in the same U.S. income tax position as if it was a separate affiliated group of corporations filing separate consolidated tax returns and was never affiliated with MAXXAM;

WHEREAS, the Tax Allocation Agreement follows general U.S. income tax laws and principles governed by the Internal Revenue Code of 1986, as amended, and Treasury Regulations promulgated thereunder;

WHEREAS, Kaiser Alumina Australia Corporation ("KAAC"), a U.S. subsidiary of KACC, is currently undergoing an Australian income tax audit (the "Audit"), including years covered by the Tax Allocation Agreement;

WHEREAS, Treasury Regulation Section 301.6511(d)-3(a) only allows until March 15, 2001 to claim foreign tax credits with respect to 1990, beyond which claims for refunds with respect to such foreign tax credits would be disallowed;

WHEREAS, the Tax Allocation Agreement similarly allows KACC only until March 15, 2001 to claim additional foreign tax credits with respect to 1990 if KAAC subsequently pays additional Australian income taxes attributable to 1990;

WHEREAS, in view of the foregoing and other relevant facts, MAXXAM and KACC desire to extend the March 15, 2001 deadline for claiming such foreign tax credits under the Tax Allocation Agreement for one year to March 15, 2002; and

WHEREAS, MAXXAM and KACC wish to reach an agreement regarding the consequences resulting under the Tax Allocation Agreement prior to KAAC agreeing to any tax assessment received from the Australian Taxation Office or settlement in connection with the Audit,

NOW, THEREFORE, (a) MAXXAM agrees to extend to March 15, 2002 the March 15, 2001 deadline under the Tax Allocation Agreement for KACC to claim additional foreign tax credits that may be attributable to 1990; and (b) KACC agrees that prior to KAAC agreeing to any tax assessment received from the Australian Taxation Office with respect to 1990 or settlement in connection with the Audit, it will reach an agreement with MAXXAM regarding the consequences resulting under the Tax Allocation Agreement. MAXXAM and KACC agree to use their respective reasonable best efforts to reach such agreement.

IN WITNESS WHEREOF, MAXXAM and KACC have executed this Amendment of Tax Allocation Agreement by duly authorized officers thereof as of March 12, 2001.

MAXXAM Inc.

By: /S/ PAUL N. SCHWARTZ
Title: President and Chief Financial Officer

Kaiser Aluminum & Chemical Corporation

By: /S/ JOHN T. LA DUC
Title: Executive Vice President and
Chief Financial Officer

AGREEMENT

This Agreement is made by and among George T. Haymaker, Jr. ("Optionee") and Kaiser Aluminum Corporation and Kaiser Aluminum & Chemical Corporation, both Delaware corporations (together, the "Company").

WHEREAS, the Company granted to Optionee a stock option to purchase up to 283,000 shares of common stock, \$.01 par value per share, of Kaiser Aluminum Corporation, and the terms and conditions of such grant are set forth in that certain Time-Based Stock Option Grant between Optionee and the Company having an effective date of January 1, 1998, as amended by that certain Director and Non-Executive Chairman Agreement between Optionee and the Company dated January 1, 2000 (the Time-Based Stock Option Grant, as so amended, the "1998 Grant"); and

WHEREAS, Optionee and the Company desire to amend the 1998 Grant to cancel 71,490 of the unvested Option Shares and to specify the vesting provisions for the 22,844 unvested Option Shares thereafter remaining under the 1998 Grant; and

WHEREAS, Optionee and the Company desire to evidence the grant of a new stock option to Optionee to purchase up to 71,490 Option Shares and to specify the terms and conditions applicable thereto;

NOW, THEREFORE, Optionee and the Company hereby agree as follows:

1. All capitalized terms used herein shall have the meanings provided in the 1998 Grant unless otherwise specifically provided herein.

2. Effective as of April 14, 2000, the 1998 Grant is amended to cancel 71,490 of the unvested Option Shares. Provided Optionee's Qualified Service Period has not previously terminated, and subject to the terms of the 1998 Grant providing for earlier vesting upon the occurrence of a Company Sale Transaction or certain terminations of Optionee's Employment, the 22,844 unvested Option Shares thereafter remaining under the 1998 Grant shall become Vested Options as of 12:01 a.m. Houston time on December 31, 2000. Except as expressly set forth herein, the terms and conditions of the 1998 Grant are hereby ratified and affirmed.

3. This Agreement evidences that the Company has granted to Optionee, effective as of April 14, 2000, the right, privilege and option to purchase up to 71,490 Option Shares. Provided that Optionee's Qualified Service Period has not previously terminated, and subject to the terms of such grant providing for earlier vesting upon the occurrence of a Company Sale Transaction or certain terminations of Optionee's Employment, such 71,490 Option Shares shall become Vested Options as of 12:01 a.m. Houston time on December 31, 2000. Except as expressly set forth herein, such stock option is granted on the same terms and conditions as are set forth in the 1998 Grant.

IN WITNESS WHEREOF, Optionee and the Company have executed this Agreement effective as of the 14th day of April, 2000.

"COMPANY"

KAISER ALUMINUM CORPORATION

By: /S/ RAYMOND J. MILCHOVICH
Raymond J. Milchovich
President and Chief Executive Officer

KAISER ALUMINUM & CHEMICAL CORPORATION

By: /S/ RAYMOND J. MILCHOVICH
Raymond J. Milchovich
President and Chief Executive Officer

"OPTIONEE"

/S/ GEORGE T. HAYMAKER, JR.
George T. Haymaker, Jr.

AGREEMENT

This Agreement is made by and among George T. Haymaker, Jr. ("Optionee") and Kaiser Aluminum Corporation and Kaiser Aluminum & Chemical Corporation, both Delaware corporations (together, the "Company").

WHEREAS, the Company granted to Optionee a stock option to purchase up to 386,000 shares of common stock, \$.01 par value per share, of Kaiser Aluminum Corporation, and the terms and conditions of such grant are set forth in that certain Performance-Accelerated Stock Option Grant between Optionee and the Company having an effective date of January 1, 1998, as amended by that certain Director and Non-Executive Chairman Agreement between Optionee and the Company dated January 1, 2000 (the Performance-Accelerated Stock Option Grant, as so amended, the "1998 Grant"); and

WHEREAS, Optionee and the Company desire (i) to amend the 1998 Grant to cancel 97,510 Option Shares, and (ii) to evidence the grant of a new stock option to Optionee to purchase up to 97,510 Option Shares, on the same terms and conditions as were applicable to the canceled portion of the 1998 Grant;

NOW, THEREFORE, Optionee and the Company hereby agree as follows:

1. All capitalized terms used herein shall have the meanings provided in the 1998 Grant unless otherwise specifically provided herein.

2. Effective as of April 14, 2000, the 1998 Grant is amended to cancel 97,510 Option Shares. Except as expressly set forth herein, the terms and conditions of the 1998 Grant are hereby ratified and affirmed.

3. This Agreement evidences that the Company has granted to Optionee, effective as of April 14, 2000, the right, privilege and option to purchase up to 97,510 Option Shares and that such grant is on the same terms and conditions as are set forth in the 1998 Grant.

IN WITNESS WHEREOF, Optionee and the Company have executed this Agreement effective as of the 14th day of April, 2000.

"COMPANY"

KAISER ALUMINUM CORPORATION

By: /S/ RAYMOND J. MILCHOVICH
Raymond J. Milchovich
President and Chief Executive Officer

KAISER ALUMINUM & CHEMICAL CORPORATION

By: /S/ RAYMOND J. MILCHOVICH
Raymond J. Milchovich
President and Chief Executive Officer

"OPTIONEE"

/S/ GEORGE T. HAYMAKER, JR.
George T. Haymaker, Jr.

AGREEMENT

This Agreement is made by and among Raymond J. Milchovich ("Optionee") and Kaiser Aluminum Corporation and Kaiser Aluminum & Chemical Corporation, both Delaware corporations (together, the "Company").

WHEREAS, the Company granted to Optionee a stock option to purchase 635,000 shares of common stock, \$.01 par value per share, of Kaiser Aluminum Corporation, and the terms and conditions of such grant are set forth in that certain Time-Based Stock Option Grant between Optionee and the Company having an effective date of July 2, 1998 (the "1998 Grant"); and

WHEREAS, Optionee and the Company desire to amend the 1998 Grant to cancel 135,000 of the unvested Option Shares and to specify the vesting provisions for the 246,000 unvested Option Shares thereafter remaining under the 1998 Grant; and

WHEREAS, Optionee and the Company desire to evidence the grant of a new stock option to Optionee to purchase up to 135,000 Option Shares and to specify the terms and conditions applicable thereto;

NOW, THEREFORE, Optionee and the Company hereby agree as follows:

1. All capitalized terms used herein shall have the meanings provided in the 1998 Grant unless otherwise specifically provided herein.

2. Effective as of April 12, 2000, the 1998 Grant is amended to cancel 135,000 of the unvested Option Shares. Provided Optionee's Qualified Service Period has not previously terminated, and subject to the terms of the last sentence of Paragraph 4 of the 1998 Grant, the 246,000 unvested Option Shares thereafter remaining under the 1998 Grant shall become Vested Options as of 12:01 a.m. Houston time on the following schedule:

December 31, 2000	127,000 Option Shares
December 31, 2001	119,000 Option Shares

Except as expressly set forth herein, the terms and conditions of the 1998 Grant are hereby ratified and affirmed.

3. This Agreement evidences that the Company has granted to Optionee, effective as of April 12, 2000, the right, privilege and option to purchase up to 135,000 Option Shares. Provided Optionee's Qualified Service Period has not previously terminated, and subject to the same terms as are set forth in the last sentence of Paragraph 4 of the 1998 Grant, such 135,000 Option Shares shall become Vested Options as of 12:01 a.m. Houston time on the following schedule:

December 31, 2001	8,000 Option Shares
December 31, 2002	127,000 Option Shares

Except as expressly set forth herein, such stock option is granted on the same terms and conditions as are set forth in the 1998 Grant.

IN WITNESS WHEREOF, Optionee and the Company have executed this Agreement effective as of the 12th day of April, 2000.

"COMPANY"

KAISER ALUMINUM CORPORATION

By: /S/ JOHN BARNESON
John Barneson
Vice President and Chief Administrative Officer

KAISER ALUMINUM & CHEMICAL CORPORATION

By: /S/ JOHN BARNESON
John Barneson
Vice President and Chief Administrative Officer

"OPTIONEE"

/S/ RAYMOND J. MILCHOVICH
Raymond J. Milchovich

AGREEMENT

This Agreement is made by and among Raymond J. Milchovich ("Optionee") and Kaiser Aluminum Corporation and Kaiser Aluminum & Chemical Corporation, both Delaware corporations (together, the "Company").

WHEREAS, the Company granted to Optionee a stock option to purchase 750,000 shares of common stock, \$.01 par value per share, of Kaiser Aluminum Corporation, and the terms and conditions of such grant are set forth in that certain Time-Based Stock Option Grant between Optionee and the Company having an effective date of June 1, 1999 (the "1999 Grant"); and

WHEREAS, Optionee and the Company desire to amend the 1999 Grant to cancel 250,000 of the Option Shares and to allocate such canceled Option Shares among the Option Price categories and vesting installment dates specified in the 1999 Grant; and

WHEREAS, Optionee and the Company desire to evidence the grant of a new stock option to Optionee to purchase up to 250,000 Option Shares and to specify the terms and conditions applicable thereto;

NOW, THEREFORE, Optionee and the Company hereby agree as follows:

1. All capitalized terms used herein shall have the meanings provided in the 1999 Grant unless otherwise specifically provided herein.

2. Effective as of April 12, 2000, the 1999 Grant is amended to cancel 250,000 of the Option Shares comprised as follows: 50,000 Option Shares with a Base Exercise Price of \$9.50 per Option Share, 100,000 Option Shares with a Base Exercise Price of \$12.35 per Option Share, and 100,000 Option Shares with a Base Exercise Price of \$14.25 per Option Share. Provided Optionee's Qualified Service Period has not previously terminated, and subject to the terms of the last sentence of Paragraph 4 of the 1999 Grant, the Option Shares thereafter remaining under the 1999 Grant shall become Vested Options, as allocated by Base Exercise Price, as of 12:01 a.m. Houston time on the following schedule:

	Option Shares		
	\$9.50	\$12.35	\$14.25
	-----	-----	-----
January 1, 2001	30,000	60,000	60,000
January 1, 2002	30,000	60,000	60,000
January 1, 2003	30,000	60,000	60,000
January 1, 2004	10,000	20,000	20,000

Except as expressly set forth herein, the terms and conditions of the 1999 Grant are hereby ratified and affirmed.

3. This Agreement evidences that the Company has granted to Optionee, effective as of April 12, 2000, the right, privilege and option to purchase up to 250,000 Option Shares comprised as follows: 50,000 Option Shares with a Base Exercise Price of \$9.50 per Option Share, 100,000 Option Shares with a Base Exercise Price of \$12.35 per Option Share, and 100,000 Option Shares with a Base Exercise Price of \$14.25 per Option Share. Provided Optionee's Qualified Service Period has not previously terminated, and subject to the same terms as are set forth in the last sentence of Paragraph 4 of the 1999 Grant, such Option Shares shall become Vested Options, as allocated by Base Exercise Price, as of 12:01 a.m. Houston time on the following schedule:

	Option Shares		
	\$9.50	\$12.35	\$14.25
	-----	-----	-----
January 1, 2004	20,000	40,000	40,000
January 1, 2005	30,000	60,000	60,000

Except as expressly set forth herein, such stock option is granted on the same terms and conditions as are set forth in the 1999 Grant.

IN WITNESS WHEREOF, Optionee and the Company have executed this Agreement effective as of the 12th day of April, 2000.

"COMPANY"

KAISER ALUMINUM CORPORATION

By: /S/ JOHN BARNESON
John Barneson
Vice President and Chief Administrative Officer

KAISER ALUMINUM & CHEMICAL CORPORATION

By: /S/ JOHN BARNESON
John Barneson
Vice President and Chief Administrative Officer

"OPTIONEE"

/S/ RAYMOND J. MILCHOVICH
Raymond J. Milchovich

SUBSIDIARIES

Listed below are the principal subsidiaries of Kaiser Aluminum Corporation, the jurisdiction of their incorporation or organization, and the names under which such subsidiaries do business. Certain subsidiaries are omitted which, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Name	Place of Incorporation or Organization
Alpart Jamaica Inc.	Delaware
Alumina Partners of Jamaica (partnership).....	Delaware
Anglesey Aluminium Limited.....	United Kingdom
Kaiser Alumina Australia Corporation.....	Delaware
Kaiser Aluminium International, Inc.....	Delaware
Kaiser Aluminum & Chemical Corporation.....	Delaware
Kaiser Aluminum & Chemical of Canada Limited.....	Ontario
Kaiser Bauxite Company.....	Nevada
Kaiser Bellwood Corporation.....	Delaware
Kaiser Finance Corporation	Delaware
Kaiser Jamaica Bauxite Company (partnership).....	Jamaica
Kaiser Jamaica Corporation.....	Delaware
Queensland Alumina Limited.....	Queensland
Volta Aluminium Company Limited.....	Ghana

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included and incorporated by reference in this Form 10-K, into the Company's previously filed Registration Statements File No.'s 333-71, 333-16239, 333-36202 and 33-49889.

ARTHUR ANDERSEN LLP
/S/ Arthur Andersen LLP

Houston, Texas
March 27, 2001

We hereby consent to (i) any references to our firm, or (ii) any references to advice rendered by our firm contained in Kaiser Aluminum Corporation's Annual Report on Form 10-K for the year ended December 31, 2000, which is incorporated into the Company's previously filed Registration Statements on Form S-3 No.'s 333-16239 and 333-71 and Registration Statements on Form S-8 No.'s 33-49889 and 333-36202.

WHARTON LEVIN EHRMANTRAUT
KLEIN & NASH, P.A.

/S/ Robert D. Klein

March 27, 2001

With respect to the Registration Statements on Form S-3 No.'s 33-16239 and 333-71 and Registration Statements on Form S-8 No.'s 33-49889 and 333-36202 filed by Kaiser Aluminum Corporation, a Delaware corporation (the "Registration Statements"), we hereby consent to the use of our name, and to references to advice rendered by our firm, incorporated by reference into the Registration Statements from Kaiser Aluminum Corporation's Annual Report on Form 10-K for the year ended December 31, 2000, under the headings (i) Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Commitments and Contingencies, and (ii) Note 12 of Notes to the Consolidated Financial Statements.

HELLER EHRMAN WHITE & MCAULIFFE

/S/ Heller Ehrman White & McAuliffe

March 27, 2001