SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998

Commission file number 1-9447

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No

At April 29, 1998, the registrant had 79,142,365 shares of Common Stock outstanding.

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
(In millions of dollars)

	March 31, 1998	December 31, 1997
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 21.1	$ 15.8
Receivables	319.2	340.2
Inventories	528.1	568.3
Prepaid expenses and other current assets	140.3	121.3

Total current assets	1,008.7	1,045.6
Investments in and advances to unconsolidated affiliates	149.5	148.6
Property, plant, and equipment - net	1,162.5	1,171.8
Deferred income taxes	326.9	330.6
Other assets	316.2	317.3
Total	$ 2,963.8	$ 3,013.9

LIABILITIES & STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 150.4	$ 176.2
Accrued interest	24.8	37.6
Accrued salaries, wages, and related expenses	84.4	97.9
Accrued postretirement medical benefit obligation - current portion	45.3	45.3
Other accrued liabilities	146.2	145.6
Payable to affiliates	83.9	82.7
Long-term debt - current portion	8.0	8.8
Total current liabilities	543.0	594.1
Long-term liabilities	486.5	491.9
Accrued postretirement medical benefit obligation	715.1	720.3
Long-term debt	962.6	962.9
Minority interests	126.1	127.7
Commitments and contingencies		
Stockholders' equity:		
Common stock	.8	.8
Additional capital	535.3	533.8
Accumulated deficit	(405.6)	(417.6)
Total stockholders' equity	130.5	117.0
Total	$ 2,963.8	$ 3,013.9

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

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

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

	Quarter Ended March 31,	
	1998	1997
Net sales	$ 597.0	$ 547.4
Costs and expenses:		
Cost of products sold	499.6	460.7
Depreciation	22.9	23.1
Selling, administrative, research and development, and general	29.7	32.3
Total costs and expenses	552.2	516.1
Operating income	44.8	31.3
Other income (expense):		
Interest expense	(28.0)	(27.7)
Other - net	.8	2.8
Income before income taxes and minority interests	17.6	6.4

Provision for income taxes	(6.2)	(2.4)
Minority interests	.6	(1.4)
Net income	12.0	2.6
Dividends on preferred stock	-	(2.1)
Net income available to common shareholders	$ 12.0	$ .5
Earnings per share:		
Basic	$ .15	$ .01
Diluted	$ .15	$ .01
Weighted average shares outstanding (000):		
Basic	79,008	71,656
Diluted	79,086	71,818

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

KAISER ALUMINUM CORPORATION AND SUBSIDIARY COMPANIES

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

	Quarter Ended March 31,	
	1998	1997
Cash flows from operating activities:		
Net income	$ 12.0	$ 2.6
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	22.9	23.1
Amortization of excess investment over equity in unconsolidated affiliates	2.5	2.9
Amortization of deferred financing costs and net discount on long-term debt	1.3	1.5
Undistributed equity in (income) loss of unconsolidated affiliates, net of distributions	(3.7)	8.6
Minority interests	(.6)	1.4
Decrease (increase) in receivables	21.6	(38.6)
Decrease (increase) in inventories	40.2	(13.7)
Decrease (increase) in prepaid expenses and other assets	.4	(27.2)
Decrease in accounts payable	(25.8)	(37.8)
Decrease in accrued interest	(12.7)	(12.3)
(Decrease) increase in payable to affiliates and accrued liabilities	(34.9)	4.3
Decrease in accrued and deferred income taxes	(1.1)	(.2)
Other	1.5	.2
Net cash (used) provided by operating activities	23.6	(85.2)
Cash flows from investing activities:		
Net proceeds from disposition of property and investments	-	2.6
Capital expenditures	(13.7)	(21.8)
Other	(3.2)	(2.8)
Net cash used by investing activities	(16.9)	(22.0)

Cash flows from financing activities:		
Borrowings under revolving credit facility, net	-	42.0
Borrowings of long-term debt	-	19.0
Repayments of long-term debt	(.9)	(3.9)
Decrease (increase) in restricted cash, net	.6	(12.6)
Incurrence of financing costs	-	(.4)
Dividends paid	-	(2.1)
Redemption of minority interests' preference stock	(1.1)	(1.6)
Net cash provided (used) by financing activities	(1.4)	40.4
Net increase (decrease) in cash and cash equivalents during the period	5.3	(66.8)
Cash and cash equivalents at beginning of period	15.8	81.3
Cash and cash equivalents at end of period	$ 21.1	$ 14.5
Supplemental disclosure of cash flow information:		
Interest paid, net of capitalized interest	$ 39.4	$ 38.5
Income taxes paid	6.4	2.1

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(In millions of dollars, except prices and per share amounts)

1. GENERAL

Kaiser Aluminum Corporation (the "Company") is a subsidiary of MAXXAM Inc. ("MAXXAM"). MAXXAM 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 operates through its subsidiary, Kaiser Aluminum & Chemical Corporation ("KACC").

The foregoing unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 1997. In the opinion of management, the unaudited interim consolidated financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim periods presented.

Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS No. 130") was issued in June 1997 with adoption required for fiscal years beginning after December 31, 1997. SFAS No. 130 requires the presentation of an additional income measure (termed "comprehensive income"), which adjusts traditional net income for certain items that previously were only reflected as direct charges to equity (such as minimum pension liabilities). The dollar amount of the Company's adjustments required by SFAS No. 130 is not significant so there is not a significant difference between "traditional" net income and comprehensive income for the quarters ended March 31, 1998 and 1997.

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 operations.

Operating results for the quarter ended March 31, 1998, are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

2. INVENTORIES

The classification of inventories is as follows:

	March 31, 1998	December 31, 1997
Finished fabricated aluminum products	$ 101.2	$ 103.9
Primary aluminum and work in process	181.9	226.6
Bauxite and alumina	120.8	108.4
Operating supplies and repair and maintenance parts	124.2	129.4
Total	$ 528.1	$ 568.3

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

3. EARNINGS PER SHARE

Basic - Basic earnings per share is computed by deducting preferred stock dividends from net income in order to determine net income available to common shareholders. This amount is then divided by the weighted average number of shares of Common Stock 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 - Diluted earnings per share for the quarters ended March 31, 1998, and 1997, include the dilutive effect of outstanding stock options (78,000 and 162,000 shares, respectively). The Company's 8.255% PRIDES, Convertible Preferred Stock ("PRIDES") have not been treated "as if" converted for purposes of the Diluted computation in the quarter ended March 31, 1997, as such treatment would have been antidilutive.

In the fourth quarter of 1997 the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS No. 128") which, among other things, requires the presentation of "Basic" and "Diluted" earnings per share in lieu of "Primary" and "Fully Diluted" earnings per share data presented in prior periods. In accordance with the provisions of SFAS No. 128, earnings per share data for the first quarter of 1997 have been restated to conform to the new computation and presentation guidelines of SFAS No. 128. Such restatement did not, however, have any impact on earnings per share amounts previously reported.

4. CONTINGENCIES

ENVIRONMENTAL CONTINGENCIES

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

Based on the Company's evaluation of these and other environmental matters, the Company has established environmental accruals primarily related to potential solid waste disposal and soil and groundwater remediation matters. At March 31, 1998, the balance of such accruals, which are primarily included in Long-term liabilities, was $29.8. 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 actions 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 $2.0 to $9.0 for the years 1998 through 2002 and an aggregate of approximately $7.0 thereafter.

The Company believes that it has insurance coverage available to recover certain incurred and future environmental costs and is actively pursuing claims in this regard. However, no accruals have been made for any such insurance recoveries and no assurances can be given that the Company will be successful in its attempt to recover incurred or future costs.

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 $18.0. 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.

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 manufactured for at least 20 years. At March 31, 1998, the number of such claims pending was approximately 81,500, as compared with 77,400 at December 31, 1997. In 1997, approximately 15,600 of such claims were received and 9,300 were settled or dismissed. During the quarter ended March 31, 1998, approximately 5,400 of such claims were received and 1,300 of such claims were settled or dismissed, respectively. However, the foregoing claim and settlement figures as of and for the quarter ended March 31, 1998, do not reflect the fact that as of March 31, 1998, KACC reached agreements under which it will settle approximately 25,000 of the pending asbestos-related claims over an extended period.

Based on past experience and reasonably anticipated future activity, the Company has established an accrual for estimated asbestos-related costs for claims filed and estimated to be filed through 2008. There are inherent uncertainties involved in estimating asbestos-related costs, and the Company's actual costs could exceed or be less than these estimates. The Company's accrual was calculated based on the current and anticipated number of asbestos-related claims, the prior timing and amounts of asbestos-related payments, and the advice of Wharton Levin Ehrmantraut Klein & Nash, P.A. with respect to the current state of the law related to asbestos claims. Accordingly, an estimated asbestos-related cost accrual of $155.6, before consideration of insurance recoveries, is included primarily in Long-term liabilities at March 31, 1998. While the Company does not presently believe there is a reasonable basis for estimating such costs beyond 2008 and, accordingly, no accrual has been recorded for such costs which may be incurred beyond 2008, there is a reasonable possibility that such costs may continue beyond 2008, and such costs may be substantial. The Company estimates that annual future cash payments in connection with such litigation will be approximately $13.0 to $20.0 for each of the years 1998 through 2002, and an aggregate of approximately $80.0 thereafter.

The Company believes that KACC has insurance coverage available to recover a substantial portion of its asbestos-related costs. Claims for recovery from some of KACC's insurance carriers are currently subject to pending litigation and other carriers have raised certain defenses, which have resulted in delays in recovering costs from the insurance carriers. The timing and amount of ultimate recoveries from these insurance carriers are dependent upon the resolution of these disputes. The Company believes, based on prior insurance-related recoveries in respect of asbestos-related claims, existing insurance policies, and the advice of Thelen, Marrin, Johnson & Bridges LLP with respect to applicable insurance coverage law relating to the terms and conditions of those policies, that substantial recoveries from the insurance carriers are probable. Accordingly, an estimated aggregate insurance recovery of $115.7, determined on the same basis as the asbestos-related cost accrual, is recorded primarily in Other assets at March 31, 1998. During the first quarter of 1998, KACC reached agreements on asbestos-related coverage matters with two insurance carriers under which it collected a total of approximately $17.5.

Management continues to monitor claims activity, the status of lawsuits (including settlement initiatives), legislative progress, 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. 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, results of operations, or liquidity.

OTHER CONTINGENCIES

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

See Note 9 of the Notes to Consolidated Financial Statements for the year ended December 31, 1997.

5. DERIVATIVE FINANCIAL INSTRUMENTS AND RELATED HEDGING PROGRAMS

At March 31, 1998, the net unrealized gain on KACC's position in aluminum forward sales and option contracts, (based on an average price of $1,643 per ton* ($.75 per pound) of primary aluminum), natural gas, fuel oil and diesel fuel forward purchase and option contracts, and forward foreign exchange contracts, was approximately $11.5. Any gains or losses on the derivative contracts utilized in KACC's hedging activities are offset by losses or gains, respectively, on the transactions being hedged.

ALUMINA AND ALUMINUM

The Company's earnings 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. Since 1993, the Average Midwest United States transaction price for primary aluminum has ranged from approximately $.50 to $1.00 per pound. 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 but generally lag behind primary aluminum price changes by up to three months.

From time to time in the ordinary course of business, KACC enters into hedging transactions 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. Forward sales contracts are used by KACC to effectively fix the price that

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

KACC will receive for its shipments. KACC also uses option contracts (i) to establish a minimum price for its product shipments, (ii) to establish a "collar" or range of prices for KACC's anticipated sales, and/or (iii) to permit KACC to realize possible upside price movements. As of March 31, 1998, KACC had sold forward, at fixed prices, approximately 76,450 and 24,000 tons of primary aluminum with respect to 1998 and 1999, respectively. As of March 31, 1998, KACC had also purchased put options to establish a minimum price for approximately 33,750 tons of primary aluminum with respect to 1998 and had entered into option contracts that established a price range for an additional 173,700, and 124,500 tons for 1998 and 1999, respectively. Additionally at March 31, 1998, KACC also held fixed price purchase contracts for 79,800 tons of primary aluminum with respect to 1998.

As of March 31, 1998, KACC had sold forward virtually all of the alumina available to it in excess of its projected internal smelting requirements for 1998, 1999 and 2000 at prices indexed to future prices of primary aluminum.

ENERGY

KACC is exposed to energy price risk from fluctuating prices for fuel oil and natural gas consumed in the production process. Accordingly, 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 March 31, 1998, KACC had a combination of fixed price purchase and option contracts for the purchase of approximately 45,000 MMBtu of natural gas per day during the remainder of 1998. As of March 31, 1998, KACC also held a combination of fixed price purchase and option contracts for an average of 232,000 and 39,000 barrels per month of fuel oil and diesel fuel for 1998 and 1999, respectively.

FOREIGN CURRENCY

KACC enters into forward exchange contracts to hedge material cash commitments to foreign subsidiaries or affiliates. At March 31, 1998, KACC had net forward foreign exchange contracts totaling approximately $198.5 for the purchase of 277.0 Australian dollars from April 1998 through December 2000, in respect of its commitments for 1998 through 2000 expenditures denominated in Australian dollars.

See Note 10 of the Notes to Consolidated Financial Statements for the year ended December 31, 1997.

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

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

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, for example, "Recent Events and Developments," "Results of Operations," and "Liquidity and Capital Resources"). 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. This section and the Company's Annual Report on Form 10-K for the year ended December 31, 1997, each identify other factors that could cause such differences. 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.

RECENT EVENTS AND DEVELOPMENTS

The Company has previously disclosed that it set a goal of achieving $120.0 million of pre-tax cost reductions and other profit improvements, independent of metal price changes, with the full effect planned to be realized in 1998 and beyond, measured against 1996 results. Management believes that recent operating performance has been at a rate which indicates that its objective will be achieved by the end of 1998. However, there are inherent uncertainties regarding operating factors and economic and other external forces (such as the Valco power situation discussed below), many of which are outside management's direct control, and, as such, no assurances can be given that the desired benefit of profit improvements will be achieved.

In addition to working to improve the performance of the Company's existing assets, the Company has expended significant efforts on analyzing its current asset portfolio with the intent of focusing its efforts and capital in sectors of the industry that are considered most attractive. The initial steps of this process led to the formation of the AKW wheel joint venture and the acquisition of the Bellwood aluminum extrusion plant in Richmond, Virginia. Additional portfolio analysis and initiatives are ongoing.

As of March 31, 1998, KACC reached agreements under which it will settle approximately 25,000 of the pending asbestos-related claims over an extended period. Also during the first quarter of 1998, KACC reached agreements on asbestos-related coverage matters with two insurance carriers under which it collected a total of approximately $17.5 million. As the amounts related to the claim settlements and insurance recoveries were consistent with the Company's year-end 1997 accrual assumptions, these events are not expected to have a material impact on the Company's financial position, results of operations, or liquidity.

During April 1998, the Company's 90%-owned Volta Aluminium Company Limited ("Valco") smelter in Ghana announced that it had reached an agreement with the Volta River Authority ("VRA") to receive compensation in lieu of the power necessary to run an additional potline that was curtailed on April 6, 1998. The compensation is expected to substantially mitigate the financial impact of the curtailment. As a result of the curtailment, Valco will be operating one if its five potlines, as compared to 1997, when Valco operated four potlines. Valco had previously curtailed two of its potlines in 1998, one in January, for which it received no compensation, and one in February, for which it will be compensated. As previously announced, the Company has notified the VRA that it believes it had the contractual rights at the beginning of 1998 to sufficient energy to run four and one-half potlines for the balance of the year. Valco continues to seek compensation from the VRA with respect to the January 1998 reduction of its power allocation. Valco and the VRA also are in continuing discussions concerning other matters, including steps that might be taken to reduce the likelihood of power curtailments beyond 1998. No assurances can be given as to the success of these discussions, the possibility of requests from the VRA for additional curtailments, or as to the operating level of Valco for the remainder of 1998 or beyond.

RESULTS OF OPERATIONS

The table on the following page provides selected operational and financial information on a consolidated basis with respect to the Company for the quarters ended March 31, 1998, and 1997. As an integrated aluminum producer, the Company uses a portion of its bauxite, alumina and primary aluminum production for additional processing at certain of its other facilities. Intracompany shipments and sales are excluded from the information set forth on the following page.

Interim results are not necessarily indicative of those for a full year.

SELECTED OPERATIONAL AND FINANCIAL INFORMATION
(Unaudited)
(In millions of dollars, except shipments and prices)

	Quarter Ended March 31, 1998	Quarter Ended March 31, 1997
Shipments: (1)		
Alumina	424.6	385.5
Aluminum products:		
Primary aluminum	80.5	78.5
Fabricated aluminum products	105.5	93.9
Total aluminum products	186.0	172.4
Average realized sales price:		
Alumina (per ton)	$ 201	$ 190
Primary aluminum (per pound)	.71	.75
Net sales:		
Bauxite and alumina:		
Alumina	$ 85.5	$ 73.2
Other (2) (3)	25.7	26.6
Total bauxite and alumina	111.2	99.8
Aluminum processing:		
Primary aluminum	126.2	129.2
Fabricated aluminum products	356.9	314.4
Other (3)	2.7	4.0

Total aluminum processing	485.8	447.6
Total net sales	$ 597.0	$ 547.4
Operating income (loss):		
Bauxite and alumina	$ 6.1	$ (1.5)
Aluminum processing	56.1	51.3
Corporate	(17.4)	(18.5)
Total operating income	$ 44.8	$ 31.3
Net income	$ 12.0	$ 2.6
Capital expenditures	$ 13.7	$ 21.8

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(1) In thousands of metric tons.
(2) Includes net sales of bauxite.
(3) Includes the portion of net sales attributable to minority interests in consolidated subsidiaries.

OVERVIEW

The Company's operating results are sensitive to changes in prices of alumina, primary aluminum, and fabricated aluminum products, and also depend to a significant degree on the volume and mix of all products sold and on KACC's hedging strategies. 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 but generally lag behind primary aluminum price changes by up to three months.

During 1997, the Average Midwest Transaction Price ("AMT Price") for primary aluminum remained fairly stable generally in the $.75 - $.80 range through November and then declined during December to the $.70 - $.75 range. During the first three months of 1998, the AMT Price for primary aluminum was generally in the $.68 - $.73 per pound range. The AMT Price for primary aluminum for the week ended April 24, 1998, was approximately $.70 per pound.

See Note 5 of the Notes to Interim Consolidated Financial Statements for a discussion of KACC's hedging activities.

QUARTER ENDED MARCH 31, 1998, COMPARED TO QUARTER ENDED MARCH 31, 1997

SUMMARY

The Company reported net income of $12.0 million, or $.15 of basic earnings per share, for the first quarter of 1998, compared to a net income of $2.6 million, or $.01 of basic earnings per share, for the same period of 1997. Net sales in the first quarter of 1998 totaled $597.0 million compared to $547.4 million in the first quarter of 1997.

BAUXITE AND ALUMINA

Net sales of alumina increased by 16% for the quarter ended March 31, 1998, from the comparable period in the prior year, as a result of a 6% increase in average realized prices from the sale of alumina and a 10% increase in alumina shipments. The fluctuation in shipment volumes as compared to the quarter ended March 31, 1997, was primarily attributable to the timing of shipments. Segment operating income improved substantially on a quarter to quarter basis. The improvement resulted primarily from improvements in average realized prices and operating efficiencies and reduced energy prices.

ALUMINUM PROCESSING

Net sales of primary aluminum for the quarter ended March 31, 1998, decreased by 2% from the comparable prior year period as a result of a 5% decrease in average realized prices offset by a 3% increase in shipments. Net sales of fabricated aluminum products for the quarter ended March 31, 1998, were up 14% as compared to the prior year period as a result of a 12% increase in shipments and a 2% increase in average realized prices. The increase in fabricated aluminum product shipments over the first quarter of 1997 was the result of the Company's June 1997 acquisition of the Bellwood extrusion facility in Richmond, Virginia, as well as increased shipments of heat-treat products.

Operating income for the aluminum processing segment increased by approximately $5.0 million as reduced power and material costs and improved operating efficiencies in the primary aluminum smelting operations, as well as improvements in the Company's fabricated aluminum products operations, more than offset the impact of the decline in the average realized price for primary aluminum and the impacts of the Valco potline curtailments discussed above. The quarter-over-quarter improvement in the Company's fabricated aluminum products operations reflects the impacts of the Bellwood acquisition, continued demand for heat-treat products, and an improvement in operating performance. The impact of the Valco potline curtailments was only partially reflected in operating results as one of the potlines was curtailed after quarter-end and as the two lines curtailed prior to March 31, 1998, operated for part of the quarter. Reduced operating results attributable to such first quarter 1998 curtailments, as well as incremental charges recorded in the quarter associated with potline shut-down costs, were partially offset by compensation recorded by the Company (which will be received over an 18 month period beginning in June 1998) for one of the two lines curtailed during the quarter. As previously stated, Valco continues to seek compensation with respect to the January 1998 potline curtailment, but no assurance can be given that Valco will be successful in this regard. Operating income for the quarter ended March 31, 1997, included approximately $5.0 million of operating income realized during the period related to the settlement of certain issues related to energy service contracts.

CORPORATE

Corporate operating expenses represent corporate general and administrative expenses, which are not allocated to the Company's business segments.

LIQUIDITY AND CAPITAL RESOURCES

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 by MAXXAM and its subsidiaries.

During August 1997, the remaining 8,673,850 shares of outstanding PRIDES were converted into 7,227,848 shares of the Company's Common Stock pursuant to the PRIDES Certificate of Designations.

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.

The Credit Agreement does not permit the Company or KACC to pay any dividends on their common stock.

OPERATING ACTIVITIES

At March 31, 1998, the Company had working capital of $465.7 million, compared with working capital of $451.5 million at December 31, 1997. The increase in working capital primarily results from decreases in Accounts payable and other current liabilities more than offsetting decreases in Receivables and Inventories.

INVESTING ACTIVITIES

Capital expenditures during the quarter ended March 31, 1998, were $13.7 million and were used primarily to improve production efficiency, reduce operating costs, expand capacity at existing facilities, and construct new facilities. Total consolidated capital expenditures (of which approximately 8% is expected to be funded by the Company's minority partners in certain foreign joint ventures) are expected to be between $75.0 and $125.0 million per annum in each of 1998 through 2000.

During the first quarter of 1998, the first Micromill(TM) facility, which was constructed in Nevada during 1996 as a demonstration and production facility, delivered its first commercial product shipments to customers, but the amount of such shipments was minimal. Additional product trials for international and domestic customers are ongoing and the Company currently expects increased commercial deliveries from the facility during the second quarter of 1998. However, the Micromill(TM) technology has not yet been fully implemented or commercialized, and there can be no assurances that full implementation or commercialization will be successful.

Management continues to evaluate numerous projects, including the Micromill(TM) technology, all of which would require substantial capital, both in the United States and overseas.

FINANCING ACTIVITIES AND LIQUIDITY

At March 31, 1998, the Company had long-term debt of $970.6 million, compared with $971.7 million at December 31, 1997.

At March 31, 1998, $272.1 million (of which $52.9 million could have been used for letters of credit) was available to KACC under the Credit Agreement and no amounts were outstanding under the revolving credit facility. Loans under the Credit Agreement bear interest at a spread (which varies based on the results of a financial test) over either a base rate or LIBOR at the Company's option. During the quarter ended March 31, 1998, the average per annum interest rates on loans outstanding under the Credit Agreement was approximately 9%.

Management believes that the Company's existing cash resources, together with cash flows from operations and borrowings under the Credit Agreement, will be sufficient to meet its working capital and capital expenditure requirements for the next year. Additionally, 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 the Company's working capital and capital expenditure requirements.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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 portion of Note 4 of the Notes to Interim Consolidated Financial Statements contained in this report under the heading "Asbestos Contingencies" is incorporated herein by reference. See Part I, Item 3. "LEGAL PROCEEDINGS - Asbestos-related Litigation" in the Company's Form 10-K for the year ended December 31, 1997.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

Exhibit No.	Exhibit
3.1	Restated Certificate of Incorporation of Kaiser Aluminum Corporation (the "Company" or "KAC"), dated February 21, 1991 (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to the Registration Statement on Form S-1, dated June 11, 1991, filed by KAC, Registration No. 33-37895).
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	Amended and Restated Bylaws 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).
*10	Form of Deferred Fee Agreement between KAC, Kaiser Aluminum & Chemical Corporation ("KACC"), and directors of KAC and KACC.

*27 Financial Data Schedule.

(b) Reports on Form 8-K.

No Report on Form 8-K was filed by the Company during the quarter ended March 31, 1998.

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* Filed herewith

SIGNATURE

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

KAISER ALUMINUM CORPORATION

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

/s/ Daniel D. Maddox
By: ----------------------------
Daniel D. Maddox
Controller - Corporate
Consolidation and Reporting
(Principal Accounting Officer)

Dated: May 5, 1998

DEFERRED FEE AGREEMENT

THIS AGREEMENT, dated as of ---------------------, 1998, is by and between KAISER ALUMINUM & CHEMICAL CORPORATION and KAISER ALUMINUM CORPORATION, both Delaware corporations (together, the "Company"), and -------------
- ------------------------- (the "Director"), currently residing at
- ---
- ---
- ---.

WITNESSETH:

WHEREAS, the Director currently serves as a member of the Boards of Directors of the Company (the "Board") and receives remuneration ("Director's Fees") from the Company in that capacity; and

WHEREAS, the Director desires to enter into an arrangement providing for the deferral of Director's Fees; and

WHEREAS, the Company is agreeable to such an arrangement;

NOW, THEREFORE, it is agreed as follows:

1. The Director irrevocably elects to defer receipt, subject to the provisions of this Agreement, of ------- percent of any Director's Fees which may otherwise become payable to the Director for the calendar year 1998 and which relate to services performed after the date hereof. Such election shall continue in effect with respect to any Director's Fees which may otherwise become payable to the Director for any calendar year subsequent to 1998 unless, prior to January 1 of such year, the Director shall have delivered to the Secretary of the Company a written revocation of such election with respect to Director's Fees for services performed after the date of such revocation. Until such time as the election made under this paragraph is revoked, the percentage specified in the first sentence hereof shall apply on each occasion on which Director's Fees would otherwise be paid to the Director. Director's Fees with respect to which the Director shall have elected to defer receipt are hereinafter referred to as "Deferred Director's Fees".

2. The Company shall credit the amount of Deferred Director's Fees to a book account (the "Deferred Fee Account") as of the date such fees would have been paid to the Director had this Agreement not been in effect. Director's Fees which would otherwise be payable for attending a meeting of the Board or of a committee thereof shall be credited to the Deferred Fee Account as of the first business day following such meeting; Director's Fees which would otherwise be payable as a retainer shall be credited to the Deferred Fee Account as of the first business day of the period to which they relate.

3. Earnings shall be credited to the Deferred Fee Account as follows:

(NOTE: (a) and (b) below must add up to 100%)

(a) ___ None ___ 25% ___ 50% ___ 75% ___ 100%

of the amount credited to the Deferred Fee Account pursuant to paragraph 2 shall be deemed invested in a number of phantom shares (including any fractional share) of the Common Stock of Kaiser Aluminum Corporation (the "Common Stock") equal to the quotient of (a) such amount divided by (b) the closing market price (the "Closing Price") of a share of Common Stock as reported for the date such amount is credited to the Deferred Fee Account. Whenever a cash dividend is paid on Common Stock, the Deferred Fee Account shall be credited as of the payment date with a number of phantom shares (including any fractional share) equal to the quotient of (y) an amount equal to the cash dividend payable on a number of shares of Common Stock equal to the number of phantom shares (excluding any fractional share) standing credited to such Account at the record date divided by (z) the Closing Price on such payment date. In the event of a stock dividend or distribution, stock split, recapitalization or the like, the Deferred Fee Account shall be credited as of the payment date with a number of phantom shares (including any fractional share) equal to the number of shares (including any fractional share) of Company stock payable in respect of shares of Company stock equal in number to the number of phantom shares (excluding any fractional share) standing credited to such Account at the record date. At the time any payment is to be made from the Deferred Fee Account pursuant to paragraph 6, the number of phantom shares then standing credited thereto shall be valued at the Closing Price on the first business day of the month in which such payment is to be made, and such payment shall be made in cash.

(b) ___ None ___ 25% ___ 50% ___ 75% ___ 100%

of the standing balance credited to the Deferred Fee Account as of the last business day of each month shall be increased by an amount reflecting interest on such balance for such month calculated using one-twelfth of the Prime Rate plus 2% on the first day of such month. For this purpose the "Prime Rate" shall mean the highest prime rate (or base rate) reported for such date in the Money Rates column or section of The Wall Street Journal as the rate in effect for corporate loans at large U.S. money center commercial banks (whether or not such rate has actually been charged by such bank) as of such date. In the event The Wall Street Journal ceases publication of such rate, the "Prime Rate" shall mean the prime rate (or base rate) reported for such date in such other publication that publishes such prime rate information as the Company may choose to rely upon.

4. The Company shall provide an annual statement to the Director showing such information as is appropriate, including the aggregate amount standing credited to the Deferred Fee Account, as of a reasonably current date.

5. The Company's obligation to make payments from the Deferred Fee Account shall be a general obligation of the Company and such payments shall be made from the Company's general assets. The Director's relationship to the Company under this Agreement shall be only that of a general unsecured creditor, and this Agreement (including any action taken pursuant hereto) shall not, in and of itself, create or be construed to create a trust or fiduciary relationship of any kind between the Company and the Director, his or her designated beneficiary or any other person, or a security interest of any kind in any property of the Company in favor of the Director or any other person. The arrangement created by this Agreement is intended to be unfunded and no trust, security, escrow, or similar account shall be required to be established for the purposes of payment hereunder. However, the Company may in its discretion establish a "rabbi trust" (or other arrangement having equivalent taxation characteristics under the Internal Revenue Code or applicable regulations or rulings) to hold assets, subject to the claims of the Company's creditors in the event of insolvency, for the purpose of making payments hereunder. If the Company establishes such a trust, amounts paid therefrom shall discharge the obligations of the Company hereunder to the extent of the payments so made.

6. Deferred Director's Fees, including all earnings credited to the Deferred Fee Account pursuant to paragraph 3, shall be paid in cash to the Director or his or her designated beneficiary as soon as practicable following the date the Director ceases for any reason to be a member of the Board. Payments shall be made:

-- in a lump sum; or

-- in _____________ annual installments (not to exceed 10).

Each annual installment payment shall be made as of January 31 and shall be an amount equal to the balance standing credited to the Deferred Fee Account as of that date divided by the number of installments (including the one then due) remaining to be paid. Amounts standing credited to the Deferred Fee Account during the period in which installments are paid shall be adjusted to reflect the crediting of earnings in accordance with paragraph 3.

7. Payments hereunder shall be made to the Director except that:

(a) in the event that the Director shall be determined by a court of competent jurisdiction to be incapable of managing his financial affairs, and if the Company has actual notice of such determination, payment shall be made to the Director's personal representative(s); and

(b) in the event of the Director's death, payment shall be made to the last beneficiary designated by the Director for purposes of receiving such payment in such event in a written notice delivered to the Secretary of the Company; provided, that if such beneficiary has not survived the Director, or no valid beneficiary designation is in effect, payment shall instead be made to the Director's estate.

The Company shall deduct from any payment hereunder any amounts required for federal and/or State and/or local withholding tax purposes.

8. Any balance standing credited to the Deferred Fee Account shall not in any way be subject to the debts or other obligations of the Director and, except as provided in paragraph 7(b), shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, garnishment or other legal or equitable process.

9. This Agreement shall not be construed to confer on the Director any right to be or remain a member of the Board or to receive any, or any particular rate of, Director's Fees.

10. Interpretations of, and determinations related to, this Agreement, including any determinations of the amount standing credited to the Deferred Fee Account, shall be made by the Board and shall be conclusive and binding upon all parties. The Company shall incur no liability to the Director for any such interpretation or determination so made or for any other action taken by it in connection with this Agreement in good faith.

11. This Agreement contains the entire understanding and agreement between the parties with respect to the subject matter hereof, and may not be amended, modified or supplemented in any respect except by a subsequent written agreement entered into by both parties.

12. This Agreement shall be binding upon, and shall inure to the benefit of, the Company and its successors and assigns and the Director and his or her heirs, executors, administrators and personal representatives.

13. This Agreement shall be governed and construed in accordance with the laws of the State of Texas, without regard to principles of choice of law.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer, and the Director has executed this Agreement, on the date first written above.

ATTEST: Kaiser Aluminum Corporation

By:

- ------------------------------ ------------------------

John Wm. Niemand II, Secretary (Company Officer)

Kaiser Aluminum & Chemical Corporation

By:

- ------------------------------ ----------------------

John Wm. Niemand II, Secretary (Company Officer)

(Director)

DESIGNATION OF BENEFICIARY

Dated as of ----------------------

To the Secretary of Kaiser Aluminum & Chemical Corporation
and Kaiser Aluminum Corporation (the "Company")

In accordance with the provisions of the Deferred Fee Agreement dated as of
, 1998, between
----
the undersigned and the Company, I hereby designate

- ---
- ---
- --*
currently residing at
----
as my beneficiary to receive payments thereunder in the event of my death before payments in full thereunder have been made. In the event that the said beneficiary predeceases me, I hereby designate

- ---
currently
- ---
residing at
----
as my beneficiary thereunder.

Very truly yours,

- ---------------------
* If more than one beneficiary is to be designated, list the beneficiaries and specify the percentage of each payment to be received by each beneficiary.

This schedule contains summary financial information extracted from the consolidated financial statements of the Company for the three months ended March 31, 1998, and is qualified in its entirety by reference to such financial statements.

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KAISER ALUMINUM CORPORATION
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