

**CHARTER  
OF  
THE AUDIT COMMITTEE  
OF  
THE BOARD OF DIRECTORS  
OF  
KAISER ALUMINUM CORPORATION**

**Purposes**

The Audit Committee of the Board of Directors of the Company oversees (a) the accounting and financial reporting procedures and processes of the Company and (b) the audits of the financial statements of the Company.

**Composition**

*Number.* The Committee shall consist of no fewer than three members.

*Qualifications.*

1. Each Committee member must satisfy (a) the applicable independence criteria contained in the Marketplace Rules of The Nasdaq Stock Market LLC (“NASDAQ”), as interpreted reasonably and in good faith by the Board of Directors, (b) Section 301 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and the rules and listing requirements promulgated thereunder by the Securities and Exchange Commission (the “SEC”), and (c) any other applicable legal requirements.
2. No Committee member shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the three years prior to the proposed appointment of such member to the Committee.
3. Each Committee member must be able to read and understand fundamental financial statements, including a balance sheet, an income statement and a cash flow statement. Additionally, at least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background which results in such member’s financial sophistication, including being, or having been, a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities, and that member or another member of the Committee shall have sufficient education or experience to have acquired the attributes necessary to meet the criteria of an audit committee financial expert as defined in Regulation S-K promulgated by the SEC. The Board of Directors shall determine, reasonably and in good faith, whether each member can read and understand fundamental financial statements and whether at least one member has financial sophistication and whether that member or another member of the Committee has

sufficient education or experience to have acquired the attributes necessary to meet the criteria of an audit committee financial expert as defined in Regulation S-K promulgated by the SEC. Any designation or identification of a person as having such financial sophistication or as a financial expert shall not (a) impose on such person any duties, obligations or liabilities that are greater than the duties, obligations and liabilities imposed on such person as a member of the Committee and Board of Directors in the absence of such designation or identification or (b) affect the duties, obligations or liability of any other member of the Committee or the Board of Directors.

4. Each Committee member may receive as compensation from the Company only those forms of compensation that are not prohibited by Section 301 of the Sarbanes-Oxley Act and the rules and listing requirements promulgated thereunder by the SEC and NASDAQ. Permitted compensation includes (a) director's fees (which includes all forms of compensation paid to directors of the Company for service as a director or chairman or member of a committee of the Board of Directors) and (b) fixed amounts of compensation under a retirement plan (including without limitation deferred compensation) for prior service with the Company provided that such compensation is not contingent in any way on continued service. Additional director's fees may be paid to members of the Committee to compensate them for the significant time and effort they expend in performing their duties as members of the Committee.

***Appointment.*** The Board of Directors shall appoint the members and the Chairman of the Committee. Committee members shall serve at the pleasure of the Board of Directors and for such term or terms as the Board of Directors may determine.

### **Duties and Responsibilities**

The Committee is responsible for overseeing the accounting and financial reporting procedures and processes of the Company and the audits of the financial statements of the Company on behalf of the Board of Directors. Management, not the Committee, is responsible for (i) the preparation, presentation and integrity of the Company's financial statements, (ii) the appropriateness of the accounting and reporting policies that are used by the Company, and (iii) the design and effectiveness of the Company's internal control over financial reporting. Similarly, the independent auditors, not the Committee, are responsible for auditing the Company's financial statements and for reviewing the Company's interim financial statements. While the Committee has the express duties and responsibilities below, the Committee's role is ultimately one of oversight only.

The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent auditors (including without limitation ensuring the independence of the outside auditor and resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, or any other services, for the Company. The independent auditor must report directly to the Committee.

In performing the duties enumerated below, to the fullest extent permitted by law, each member of the Committee may rely in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Committee by any of the Company's officers or employees or by any other person as to matters such member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or the Committee.

The Committee has the following duties and responsibilities:

1. Retain the Independent Auditors. The Committee has the sole authority to (a) select, evaluate, propose for shareholder ratification and terminate the Company's independent auditors, (b) approve all audit engagement fees, terms and services, and (c) approve the fees, terms and services of any non-audit engagements of the Company's independent auditors. The Committee shall exercise this authority in a manner consistent with Sections 201, 202 and 301 of the Sarbanes-Oxley Act and the rules and listing requirements promulgated thereunder by the SEC and NASDAQ. The Committee's selection shall be submitted annually to the shareholders for ratification. The external auditors are accountable to the Committee. The Committee may delegate the authority to grant any pre-approvals of non-audit engagements or services required by such sections to one or more members of the Committee, subject to the delegated member or members reporting any such pre-approvals to the Committee at its next scheduled meeting.
2. Review and Discuss the Independence of the Auditors. In connection with the retention of the Company's independent auditors, the Committee shall, at least annually, review and discuss the information provided by management and the auditors relating to the independence of the audit firm, including among other things information related to the non-audit services provided and expected to be provided by the auditors. The Committee is responsible for (a) ensuring that the independent auditors submit to the Committee, at least annually, a formal written statement delineating all relationships between the auditors and the Company consistent with applicable independence standards, (b) actively engaging in a dialogue with the auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditors, and (c) taking, or recommending that the Board of Directors take, appropriate action to oversee the independence of the auditors. In connection with the Committee's evaluation of the auditors' independence, the Committee shall also review and evaluate the lead partner of the independent auditors and take such steps as may be required by law with respect to the identification and regular rotation of the audit partners serving on the Company's audit engagement team. The Committee will further consider whether, in order to assure continuing auditor independence, there should be regular rotation of the auditor itself.
3. Establish Hiring Policies. The Committee shall establish hiring policies for employees or former employees of the independent auditors, which must include the restrictions set forth in both Section 206 of the Sarbanes-Oxley Act (and any

rules promulgated thereunder by the SEC) and Rule 2-01 of Regulation S-X promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”).

4. Review and Discuss the Audit Plan. The Committee shall review and discuss with the independent auditors the plans for, and the scope of, the annual audit and other examinations, including without limitation the adequacy of staffing and compensation.
5. Review and Discuss Conduct of the Audit. The Committee shall review and discuss with the independent auditors the matters required to be discussed by the applicable requirements of the Public Accounting Oversight Board and the SEC.
6. Review and Discuss Financial Statements and Disclosures. The Committee shall review and discuss with appropriate officers of the Company and the independent auditors the annual audited and quarterly financial statements of the Company, including footnotes thereto, as well as the Company’s disclosures in its Exchange Act reports (a) under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and (b) regarding internal controls and other matters required by Sections 302 and 404 of the Sarbanes-Oxley Act and any rules promulgated thereunder by the SEC. The Committee shall recommend to the Board, based on the review and discussions described herein, whether the audited financial statements should be included in the Annual Report on Form 10-K.
7. Review and Discuss Earnings Press Releases. The Committee shall review and discuss earnings and other financial press releases (including without limitation any use of “pro forma” or “adjusted” financial measures not having a prescribed meaning in accordance with generally accepted accounting principles in the United States (“GAAP”)), as well as financial information and earnings guidance, if any, provided to analysts and rating agencies (which review may occur after issuance and may be done generally as a review of the types of information to be disclosed and the form of presentation to be made).
8. Review and Discuss Internal Audit Plans. The Committee shall review and discuss with the senior internal auditing executive and appropriate members of the staff of the internal auditing department the plans for and the scope of their ongoing audit activities, including without limitation adequacy of staffing and compensation.
9. Review and Discuss Internal Audit Reports. The Committee shall review and discuss with the senior internal auditing executive and appropriate members of the staff of the internal auditing department the annual report of the audit activities, examinations and results thereof of the internal auditing department.
10. Review and Discuss the Systems of Internal Accounting Controls. The Committee shall review and discuss with the independent auditors, the senior internal auditing executive, the General Counsel and, if and to the extent deemed appropriate by the Chairman of the Committee, members of their respective staffs (a) the adequacy of the Company’s internal accounting controls, the Company’s financial, auditing and

accounting organizations and personnel, and policies and compliance procedures with respect to business practices, (b) the Company's disclosures regarding internal controls, and (c) any matters required by Sections 302 and 404 of the Sarbanes-Oxley Act and any rules promulgated thereunder by the SEC. The Committee shall also review and discuss with the independent auditors their opinion on the effectiveness of management's assessment of internal controls over financial reporting and any matters that have come to the attention of the independent auditors that lead them to believe that modification to the Company's disclosures about changes in internal control over financial reporting is necessary for management's certifications pursuant to Section 302 of the Sarbanes-Oxley Act to be accurate.

11. Review and Discuss the Recommendations of Independent Auditors. The Committee shall review and discuss with the senior internal auditing executive and the appropriate members of the staff of the internal auditing department recommendations made by the independent auditors and the senior internal auditing executive, as well as such other matters, if any, as such persons or other officers of the Company may desire to bring to the attention of the Committee.
12. Review and Discuss the Audit Results. The Committee shall review and discuss with the independent auditors (a) the report of their annual audit, or proposed report of their annual audit, including any disclosed critical audit matters, (b) the accompanying management letter, if any, (c) the reports of their reviews of the Company's interim financial statements, (d) the reports of the results of such other examinations outside of the course of the independent auditors' normal audit procedures that the independent auditors may from time to time undertake, and (e) the accompanying management representation letter, if any, to any of the above-referenced reports. The foregoing shall include the reports required by Section 204 of the Sarbanes-Oxley Act and any rules promulgated thereunder by the SEC and, as appropriate, a review of: (a) major issues regarding (i) accounting principles and financial statement presentations, including without limitation any significant changes in the Company's selection or application of accounting principles, and (ii) the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including without limitation analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
13. Obtain Assurances under Section 10A(b) of the Exchange Act. The Committee shall obtain assurance from the independent auditors that in the course of conducting the audit, there have been no acts detected or that have otherwise come to the attention of the audit firm that require disclosure to the Committee under Section 10A(b) of the Exchange Act.

14. Discuss Risk Management Policies. The Committee shall discuss, either as a committee or in conjunction with the Board of Directors, guidelines and policies with respect to risk assessment and risk management in order to assess and manage the Company's exposure to risk. The Committee should also discuss the Company's major financial risk exposures and the steps management has taken to monitor and control those exposures.
15. Obtain Reports Regarding Conformity with Legal Requirements and the Company's Code of Business Conduct and Ethics. The Committee shall periodically obtain reports from the Compliance Officer and other members of management, the Company's senior internal auditing executive and the independent auditors that the Company and its subsidiaries are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. The Committee shall review and discuss reports and disclosures of insider and affiliated party transactions. The Committee shall advise the Board of Directors with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics. In addition, the Committee shall periodically conduct, and review with the Board of Directors, an evaluation of the adequacy of the Company's Code of Business Conduct and Ethics and recommend to the Board of Directors such changes thereto as the Committee deems necessary, appropriate or desirable. The Committee may conduct such evaluation in such manner as the Committee, in its business judgment, deems appropriate.
16. Approve Related Party Transactions. The Committee shall review and provide oversight of all related party transactions that are required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the SEC.
17. Establish Procedures for Complaints Regarding Financial Statements or Accounting Policies. The Committee shall establish procedures for: (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential or anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters as required by Section 301 of the Sarbanes-Oxley Act and the rules and listing requirements promulgated thereunder by the SEC and NASDAQ.
18. Discuss with General Counsel Matters Regarding Financial Statements or Compliance Policies. The Committee shall discuss with the Company's General Counsel legal matters that may have a material impact on the Company's financial statements or compliance policies.
19. Review and Discuss Other Matters. The Committee shall review and discuss such other matters that relate to the accounting, auditing and financial reporting practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the review functions described above.

20. Make Board Reports. The Committee shall report its activities regularly to the Board of Directors in such manner and at such times as the Committee and the Board of Directors deem appropriate, but in no event less frequently than once each year. Such report shall include a review of any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.
21. Maintain Flexibility. The Committee, in carrying out its responsibilities, policies and procedures, should remain flexible in order to best react to changing conditions and circumstances. The Committee shall take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.
22. Perform Other Duties and Have Other Responsibilities. The Committee shall perform any other duties and have any other responsibilities delegated to the Committee by the Board of Directors from time to time. Subject to applicable laws, regulations or rules, or the Company's certificate of incorporation or bylaws, the Committee may delegate authority to members of management or subcommittees when it deems appropriate. In so delegating authority, the Committee shall not absolve itself from the responsibilities it bears under the terms of this Charter.

## **Meetings**

The Committee shall meet in person or telephonically as frequently as it may determine necessary to carry out its duties and responsibilities under this Charter. The Chairman of the Committee shall, in consultation with the other members of the Committee, the Company's independent auditors and the appropriate officers of the Company, be responsible for calling meetings of the Committee, establishing agenda therefor and supervising the conduct thereof. Additionally, a majority of the Committee members may call a meeting of the Committee at any time, and any Committee member may submit items to be included in the agenda for, and may raise subjects that are not on the agenda at, any meeting. A majority of the number of Committee members selected by the Board of Directors shall constitute a quorum for conducting business at a meeting of the Committee. The act of a majority of Committee members present at a meeting at which a quorum is in attendance shall be the act of the Committee, unless a greater number is required by law, the Company's certificate of incorporation or bylaws, or this Charter. The Committee may also take any action permitted hereunder by unanimous written consent.

The Committee may request any officer or other employee of the Company or any representative of the Company's legal counsel, independent auditors or other advisors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall meet with the Company's management, the internal auditors and the independent auditors periodically in separate private sessions to discuss any matter that the Committee, management, the independent auditors or such other persons believe should be discussed privately.

## **Resources and Authority**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including without limitation the authority to engage independent counsel and other advisors as the Committee deems necessary to carry out its duties and responsibilities. The Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers or financial analysts who follow the Company.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of (a) compensation to the Company's independent auditors engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company, (b) compensation of independent counsel or any other advisors employed by the Committee, and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties and responsibilities.

## **Audit Committee Report**

The Committee shall prepare, with the assistance of management, the independent auditors, outside legal counsel and any other outside advisors the Committee deems appropriate, the Audit Committee Report to be included in the proxy statement relating to each annual meeting of stockholders of the Company.

## **Annual Review of Charter**

The Committee shall annually conduct, and review with the Board of Directors, an evaluation of the adequacy of this Charter and recommend to the Board of Directors such changes hereto as the Committee deems necessary, appropriate or desirable. The Committee may conduct this charter evaluation in such manner as the Committee, in its business judgment, deems appropriate.

## **Annual Performance Evaluation**

The Committee shall annually conduct, and review with the Board of Directors, an evaluation of the Committee's performance with respect to the requirements of this Charter. The Committee may conduct this performance evaluation in such manner as the Committee, in its business judgment, deems appropriate.