

KAISER ALUMINUM CORP
Form 8-K
March 05, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of Earliest Event Reported): March 5, 2019
KAISER ALUMINUM CORPORATION
(Exact Name of Registrant as Specified in its Charter)

052105 94-3030279
(State
or
Other
Jurisdiction
of
File Number) Identification No.)
Incorporation)

27422 Portola
Parkway,
Suite 200
Foothill
Ranch, 92610-2831
California
(Address of
Principal
Executive
Offices)
(Zip Code)

(949) 614-1740
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial auditing standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements with Certain Officers.
2019 Base Salary

On March 5, 2019, the compensation committee (the “Compensation Committee”) of the board of directors of the Company approved the annual base compensation of the Company's executive officers, effective April 1, 2019, including the annual base compensation of the executive officers of the Company identified below (the “Named Executive Officers”) for 2019. There were no changes to the base salary of the Named Executive Officers for 2019.

Name and Position	Base Salary
Jack A. Hockema Chief Executive Officer and Chairman of the Board	\$915,000
Keith A. Harvey President and Chief Operating Officer	\$552,000
John M. Donnan Executive Vice President - Legal, Compliance and Human Resources	\$438,800
Neal E. West Senior Vice President and Chief Financial Officer	\$425,000

Daniel J. Rinkenberger, the Company's former Executive Vice President and Chief Financial Officer, and John Barneson, the Company's former Senior Vice President - Corporate Development, are also Named Executive Officers. The Company previously reported Messrs. Rinkenberger's and Barneson's retirements on March 31, 2019, and February 28, 2019, respectively. As a result, there were no changes to the respective base salaries or short-term incentive targets for Messrs. Rinkenberger and Barneson and neither received grants under the Company's 2019 - 2021 LTI Plan (as defined below).

2019 Incentive Compensation

On March 5, 2019, the Compensation Committee also approved a short-term incentive plan for 2019 (the “2019 STI Plan”) and a long-term incentive program for the 2019 through 2021 performance period (the “2019 - 2021 LTI Plan”). The structure, terms and objectives of the 2019 STI Plan and 2019 - 2021 LTI Plan are described in more detail below and generally consistent with the structure, terms and objectives of the 2018 short-term incentive plan and the 2018-2020 long-term incentive program, except for the elimination of economic value added as a performance metric to the performance shares granted under the 2019 - 2021 LTI Plan.

2019 STI Plan

The 2019 STI Plan is designed to reward participants for achieving certain adjusted earnings before interest, taxes, depreciation and amortization performance goals determined based on the return on the Company's adjusted net assets. Similar to the short-term incentive plan approved by the Compensation Committee in 2018, the 2019 STI Plan includes modifiers for safety, quality, delivery and cost performance, and permits, subject to the maximum payout opportunity described below, adjustments to individual awards based on actual performance, including individual, facility, and/or functional area performance.

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The 2019 STI Plan provides for (1) a threshold performance level below which no payout is made, a target performance level at which the target award is available and a performance level at or above which the maximum payout is available, and (2) minimum and maximum payout opportunities ranging from zero up to three times the target payout amount. The table below sets forth the estimated future payouts that can be earned by each of the following Named Executive Officers (other than Messrs. Rinkenberger and Barneson) under the 2019 STI Plan below the threshold performance level and at the threshold, target and maximum performance levels.

Name	Below Threshold	Threshold	Target	Maximum
Jack A. Hockema	\$0	\$361,500	\$723,000	\$2,169,000
Keith A. Harvey	\$0	\$240,000	\$480,000	\$1,440,000
John M. Donnan	\$0	\$157,750	\$315,500	\$946,500
Neal E. West	\$0	\$150,000	\$300,000	\$900,000

The preceding description of the 2019 STI Plan is qualified in its entirety by the Kaiser Aluminum Fabricated Products 2019 Short-Term Incentive Plan for Key Managers Summary, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

2019 - 2021 LTI Plan

The 2019 - 2021 LTI Plan is designed to reward participants with (i) a fixed number of time-vested restricted stock units and (ii) a fixed number of performance shares that vest, if at all, based on the Company's achievement of the performance objectives described below. The performance objective for 40% of the performance shares is based on the Company's total controllable cost performance and for the remaining 60% of the performance shares is based on the Company's total shareholder return ("TSR") performance relative to its peer companies in the S&P 600 Small Cap Materials index, each over the 2019 through 2021 performance period.

The restricted stock units issued to members of senior management, including the Named Executive Officers, subject to certain limited exceptions, vest on March 5, 2022, and entitle the participant to receive one share of the Company's common stock for each vesting restricted stock unit. The 2019 - 2021 LTI Plan provides for minimum and maximum vesting opportunities ranging from zero up to two times the pro rata portion of the target number of performance shares depending upon the Company's performance. Each performance share that becomes earned and vested entitles the participant to receive one share of the Company's common stock.

On March 5, 2019, the Compensation Committee approved the following grants of restricted stock units and performance shares, effective as of March 5, 2019, to the following Named Executive Officers pursuant to the terms of the 2019 - 2021 LTI Plan:

Name	Number of Target Restricted Stock Units (1)	Number of Performance Shares (2)
Jack A. Hockema	8,488	18,024
Keith A. Harvey	4,000	9,699
John M. Donnan	3,223	3,849
Neal E. West	3,075	3,673

(1) The restrictions on 100% of the restricted stock units granted will lapse on March 5, 2022 or earlier if the Named Executive Officer's employment terminates as a result of death or disability or in the event of a change in control of the Company. If the Named Executive Officer's employment is terminated by the Named Executive Officer on or after retirement at age 65 or older, the restricted stock units granted will remain outstanding and the restrictions on a pro-rated portion of such units, determined based on the number of days the Named Executive Officer was employed by the Company during the restriction period, will lapse on March 5, 2022.

(2) The tables below set forth the number of performance shares that will become vested for each of the following Named Executive Officers under the 2019 - 2021 LTI Plan below the threshold performance levels and at the threshold, target and maximum performance levels based on the Company's performance objectives described above:

Name	Below Threshold	Threshold	Target	Maximum
Jack A. Hockema	0	9,012	18,024	36,048
Keith A. Harvey	0	4,849	9,699	19,398
John M. Donnan	0	1,924	3,849	7,698
Neal West	0	1,836	3,673	7,346

The number of performance shares, if any, that are earned will be determined based on the Company performance and will vest on the later to occur of March 5, 2022 and the date on which the Compensation Committee approves the multipliers for the performance shares based on the Company's achievement of each of the performance objectives described above. Notwithstanding the foregoing, the respective target number of performance shares will be earned

and immediately vest if prior to December 31, 2021 the Named Executive Officer's employment terminates as a result of death or disability, and if

there is a change in control of the Company before December 31, 2021, the number of performance shares, if any, that are earned will be determined based on the Company's achievements during the performance period through the date of such change in control and will immediately vest on such date. However, if the Named Executive Officer's employment is terminated by the Company without cause or is voluntarily terminated by the Named Executive Officer for good reason, the number of performance shares, if any, that are earned will be determined based on the actual performance achieved during the performance period and will vest as described above. If the Named Executive Officer's employment is terminated by the Named Executive Officer on or after normal retirement at age 65 or older, the number of performance shares, if any, that are earned will be determined based on the actual performance achieved during the performance period and pro-rated for the number of days the Named Executive Officer was employed by the Company during the performance period.

The grants of restricted stock units and performance shares were made pursuant to the Company's 2016 Equity and Incentive Compensation Plan (the "Equity Plan"). A copy of the Equity Plan is filed as Exhibit 10.1 to the Current Report on Form 8-K, filed by the Company on May 26, 2016. The form of Restricted Stock Unit Award Agreement used to evidence the grants of restricted stock units made to the Company's executive officers under the 2019 - 2021 LTI Plan is attached hereto as Exhibit 10.2 and incorporated herein by reference. The form of Performance Shares Award Agreement used to evidence the grants of performance shares made to the Company's executive officers under the 2019 - 2021 LTI Plan is filed as Exhibits 10.3 hereto and incorporated herein by reference. A summary of the performance objectives for determining the number of performance shares earned under the 2019 - 2021 LTI Plan is attached hereto as Exhibit 10.4 and incorporated herein by reference.

Appointment of Chief Accounting Officer

On March 5, 2019, Kaiser Aluminum Corporation (the "Company") appointed Jennifer Huey as Vice President and Chief Accounting Officer. Ms. Huey, 38, joined the Company in January 2014 as Director, Consolidation and External Reporting. Ms. Huey has a Bachelor of Arts degree in Economics from the University of California, Berkeley and a Master's of Science in Accountancy from the University of Virginia. Ms. Huey is also a Certified Public Accountant.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit

Number Description

- 10.1 Kaiser Aluminum Fabricated Products 2019 Short-Term Incentive Plan For Key Managers Summary.
- 10.2 2019 Form of Executive Officer Restricted Stock Unit Award Agreement.
- 10.3 2019 Form of Executive Officer Performance Shares Award Agreement.
- 10.4 Kaiser Aluminum Corporation 2019 - 2021 Long-Term Incentive Plan Management Objectives and Formula for Determining Performance Shares Earned Summary.

SIGNATURES

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 hereunto duly authorized.

KAISER ALUMINUM CORPORATION
(Registrant)

By: /s/ Cherrie I. Tsai
Cherrie I. Tsai

Vice President, Deputy General Counsel, and Corporate Secretary

Date: March 5, 2019