Noranda Aluminum Holding CORP
Form 10-Q
November 03, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2014
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from [_____________ to _______________]
Commission file number: 001-34741

NORANDA ALUMINUM HOLDING CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation)	20-8908550 (I.R.S. Employer Identification Number)
801 Crescent Centre Drive, Suite 600 Franklin, Tennessee (Address of Principal Executive Offices)	37067 (Zip Code)

Registrant's Telephone Number, Including Area Code: (615) 771-5700
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 ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
YES x NO ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer x	Non-accelerated filer (Do not check if a smaller reporting company) ¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES¨ NO x
As of October 16, 2014, there were 68,867,409 shares of Noranda common stock outstanding.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except par value)
(unaudited)

	September 30, 2014 $	December 31, 2013 $
ASSETS		
Current assets:		
Cash and cash equivalents	24.3	79.4
Accounts receivable, net	126.8	86.7
Inventories, net	198.6	178.7
Other current assets	20.4	19.5
Total current assets	370.1	364.3
Property, plant and equipment, net	676.6	677.2
Goodwill	137.6	137.6
Other intangible assets, net	50.8	55.2
Other assets	87.2	87.8
Total assets	1,322.3	1,322.1
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	132.2	89.2
Accrued liabilities	79.8	65.0
Deferred tax liabilities	17.4	2.1
Current portion of long-term debt	8.5	4.9
Total current liabilities	237.9	161.2
Long-term debt, net	654.7	654.2
Pension and other post-retirement benefit (“OPEB”) liabilities	110.5	115.8
Other long-term liabilities	47.1	50.0
Long-term deferred tax liabilities	149.9	193.6
Shareholders’ equity:		
Preferred stock (25.0 shares authorized, $0.01 par value; no shares issued and outstanding at September 30, 2014 and December 31, 2013)	—	—
Common stock (200.0 shares authorized; $0.01 par value; 68.9 shares issued and outstanding at September 30, 2014; 68.1 shares issued and outstanding at December 31, 2013)	0.7	0.7
Capital in excess of par value	242.8	239.7
Accumulated deficit	(69.2)	(38.7)
Accumulated other comprehensive loss	(58.1)	(60.4)
Total shareholders’ equity	116.2	141.3
Non-controlling interest	6.0	6.0
Total equity	122.2	147.3
Total liabilities and equity	1,322.3	1,322.1

See accompanying notes

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NORANDA ALUMINUM HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share information)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	$	$	$	$
Sales	361.4	339.9	1,018.9	1,030.3
Operating costs and expenses:				
Cost of sales	335.5	333.3	962.9	973.1
Selling, general and administrative expenses	19.6	23.7	58.1	69.8
Total operating costs and expenses	355.1	357.0	1,021.0	1,042.9
Operating income (loss)	6.3	(17.1)	(2.1)	(12.6)
Other (income) expense:				
Interest expense, net	12.6	12.6	37.7	34.9
(Gain) loss on hedging activities, net	(2.6)	2.4	(2.2)	—
Debt refinancing expense	—	—	—	2.5
Total other expense, net	10.0	15.0	35.5	37.4
Loss before income taxes	(3.7)	(32.1)	(37.6)	(50.0)
Income tax expense (benefit)	0.2	(13.9)	(9.3)	(20.1)
Net loss	(3.9)	(18.2)	(28.3)	(29.9)
Net loss per common share:				
Basic	$(0.06)	$(0.27)	$(0.41)	$(0.44)
Diluted	$(0.06)	$(0.27)	$(0.41)	$(0.44)
Weighted-average common shares outstanding:				
Basic (shares, in millions)	68.85	68.01	68.61	67.90
Diluted (shares, in millions)	68.85	68.01	68.61	67.90
Cash dividends declared per common share	$0.01	$0.04	0.03	$0.12

See accompanying notes

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NORANDA ALUMINUM HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net loss	$ (3.9)	$ (18.2)	$ (28.3)	$ (29.9)
Other comprehensive income:				
Reclassification of pension and OPEB amounts realized in net loss	1.2	3.5	3.7	10.4
Reclassification of derivative amounts realized in net loss	—	—	—	(6.4)
Total other comprehensive income, before tax	1.2	3.5	3.7	4.0
Income tax expense related to components of other comprehensive income	0.5	1.3	1.4	1.7
Total other comprehensive income, net of tax	0.7	2.2	2.3	2.3
Total comprehensive loss	(3.2)	(16.0)	(26.0)	(27.6)

See accompanying notes

NORANDA ALUMINUM HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(in millions)
(unaudited)

	Preferred stock	Common stock	Capital in excess of par value	Accumulated deficit	Accumulated other comprehensive loss	Non-controlling interest	Total equity
	$	$	$	$	$	$	$
Balance, December 31, 2013	—	0.7	239.7	(38.7)	(60.4)	6.0	147.3
Net loss	—	—	—	(28.3)	—	—	(28.3)
Other comprehensive income	—	—	—	—	2.3	—	2.3
Shares tendered for taxes, net of issuance of common shares for share-based payment arrangements	—	—	(1.1)	—	—	—	(1.1)
Stock compensation expense related to equity-based awards	—	—	2.5	—	—	—	2.5
Vesting of awards, share-based plans	—	—	0.1	(0.1)	—	—	—
Vesting of awards, incentive compensation	—	—	1.6	—	—	—	1.6
Dividends to shareholders @ $0.03 per share	—	—	—	(2.1)	—	—	(2.1)
Balance, September 30, 2014	—	0.7	242.8	(69.2)	(58.1)	6.0	122.2

See accompanying notes

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NORANDA ALUMINUM HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Nine months ended September 30,	
	2014	2013
	$	$
OPERATING ACTIVITIES		
Net loss	(28.3)	(29.9)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	65.7	70.9
Non-cash interest expense	2.0	2.0
Last in, first out and lower of cost or market inventory adjustments	3.2	1.1
Asset impairment	—	2.7
(Gain) loss on disposal of assets	0.2	(0.5)
Gain on hedging activities, excluding cash settlements	(0.8)	(5.7)
Debt refinancing expense	—	2.5
Deferred income taxes	(29.7)	(23.1)
Share-based compensation expense	2.5	3.4
Changes in other assets	(5.7)	(2.5)
Changes in pension, other post-retirement and other long-term liabilities	(4.4)	7.8
Changes in current operating assets and liabilities:		
Accounts receivable, net	(40.1)	0.8
Inventories, net	(23.7)	1.3
Taxes receivable and taxes payable	13.5	(2.8)
Other current assets	(3.2)	9.7
Accounts payable	47.2	(7.6)
Accrued liabilities	5.8	10.7
Cash provided by operating activities	4.2	40.8
INVESTING ACTIVITIES		
Capital expenditures	(59.9)	(55.7)
Proceeds from sale of property, plant and equipment	0.2	0.9
Cash used in investing activities	(59.7)	(54.8)
FINANCING ACTIVITIES		
Shares tendered for taxes, net of proceeds from issuance of common shares for share-based payment arrangements	(1.1)	(0.1)
Dividends paid to shareholders	(2.1)	(8.2)
Repayments of long-term debt	(3.6)	(278.8)
Borrowings on revolving credit facility	86.0	11.0
Repayments on revolving credit facility	(86.0)	(11.0)
Borrowings on long-term debt, net	7.2	331.8
Payments of financing costs	—	(2.9)
Cash provided by financing activities	0.4	41.8
Change in cash and cash equivalents	(55.1)	27.8
Cash and cash equivalents, beginning of period	79.4	36.1
Cash and cash equivalents, end of period	24.3	63.9

See accompanying notes

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

1. ACCOUNTING POLICIES

Organization, Consolidation and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements represent the consolidation of Noranda Aluminum Holding Corporation and all companies that we directly or indirectly control ("Noranda," "the Company," "we," "us," and "our"). "Noranda HoldCo" refers only to Noranda Aluminum Holding Corporation, excluding its subsidiaries. "Noranda AcquisitionCo" refers only to Noranda Aluminum Acquisition Corporation, the wholly-owned direct subsidiary of Noranda HoldCo, excluding its subsidiaries.

These unaudited condensed consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") for interim financial information. The condensed consolidated financial statements, including these condensed notes, are unaudited and exclude some of the disclosures required in annual consolidated financial statements. Condensed consolidated balance sheet data as of December 31, 2013 was derived from our audited condensed consolidated financial statements. In management's opinion, these unaudited consolidated financial statements include all adjustments (including normal recurring accruals) that are considered necessary for the fair presentation of our financial position and operating results. All intercompany transactions and accounts have been eliminated in consolidation.

The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. For example, our interim operating results are affected by peak power usage rates from June through September each year which affect our operating costs at the New Madrid smelter. We are also subject to seasonality associated with the demand cycles of our end-use customers, which results in lower shipment levels from November to February relative to other periods during the year.

These unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission ("SEC") on March 3, 2014.

Reclassifications

Certain reclassifications have been made to the condensed consolidated balance sheet for the year ended December 31, 2013 to conform to the September 30, 2014 presentation. Taxes receivable and prepaid assets totaling $2.6 million and $4.6 million, respectively, were combined with other current assets. Derivative liabilities, net totaling $4.0 million were combined with accrued liabilities. Long-term derivative liabilities, net totaling $0.2 million were combined with other long-term liabilities.

Certain reclassifications have also been made to the condensed consolidated statement of cash flows for the nine months ended September 30, 2013 to conform to the 2014 presentation. Asset impairment totaling $2.7 million and gain on disposal of assets totaling $0.5 million were disclosed as separate line items. Also, borrowings on the revolving credit facility of $11.0 million and repayments on the revolving credit facility of $11.0 million were disclosed as separate line items.

These reclassifications had no impact on net income or net cash flows.

New Accounting Guidance

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers." The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The ASU provides alternative methods of initial adoption and is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is not permitted. We are currently evaluating the impact that this standard will have on our consolidated financial statements.

In August 2014, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") No. 2014-15, "Presentation of Financial Statements - Going Concern". The ASU provides guidance on determining when and how to disclose going-concern uncertainties in financial statements. The Company will be required to perform interim and annual assessments of its ability to continue as a going concern within one year of the date that the financial statements are issued. The Company must provide certain disclosures if conditions or events raise substantial doubt about its ability to continue as a going concern. The ASU provides alternative methods of initial adoption and is effective for annual periods beginning after December 15, 2016 and interim periods within those annual periods. Early adoption is permitted. We are currently evaluating the impact that this standard will have on our consolidated financial statements.

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

2. SEGMENTS

We manage and operate our business segments based on the markets we serve and the products we produce.
Segment profit (in which certain items, primarily non-recurring costs or non-cash expenses, are not allocated to the segments and in which certain items, primarily the income statement effects of current period cash settlements of hedges, are allocated to the segments) is a measure used by management as a basis for resource allocation.
Our five reportable segments are Bauxite, Alumina, Primary Aluminum, Flat-Rolled Products and Corporate.

- Bauxite – Our bauxite mining operation in St. Ann, Jamaica ("St. Ann") mines and produces the bauxite used for alumina production at our alumina refinery. St. Ann sells the remaining bauxite to a third party.
- Alumina – Our alumina refinery in Gramercy, Louisiana ("Gramercy") chemically refines and converts bauxite into alumina, which is the principal raw material used in the production of primary aluminum. The Gramercy refinery is the source for the majority of our aluminum smelter's alumina requirements. Gramercy sells the remaining alumina production in the form of smelter grade alumina and alumina hydrate, or chemical-grade alumina, to third parties.
- Primary Aluminum – Our aluminum smelter in New Madrid, Missouri ("New Madrid") produces value-added aluminum products in several forms, including billet, rod, high purity sow and foundry. The Primary Aluminum segment also produces commodity grade sow.
- Flat-Rolled Products – Our rolling mills produce rolled aluminum products such as finstock and container stock.
- Corporate – Our corporate segment reflects the cost of corporate operations.

The accounting policies of the segments are the same as those described in Note 1, "Accounting Policies".

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

The following tables present operating and asset information for our reportable segments (in millions):

	Three months ended September 30, 2014						
	Bauxite	Alumina	Primary Aluminum	Flat-Rolled Products	Corporate	Eliminations	Consolidated
	$	$	$	$	$	$	$
Sales:							
External customers	11.9	57.3	135.0	157.2	—	—	361.4
Intersegment	18.9	35.4	31.2	—	—	(85.5)	—
Total sales	30.8	92.7	166.2	157.2	—	(85.5)	361.4
Capital expenditures	5.1	3.9	16.7	2.5	0.6	—	28.8
Reconciliation of segment profit (loss) to operating income (loss):							
Segment profit (loss)	(1.5)	6.5	20.4	17.6	(6.0)	(0.4)	36.6
Depreciation and amortization	(2.5)	(5.0)	(9.2)	(4.8)	(0.2)	—	(21.7)
Last in, first out and lower of cost or market inventory adjustments	—	—	(0.7)	(1.3)	—	(0.2)	(2.2)
Loss on disposal of assets	—	—	—	(0.1)	—	—	(0.1)
Non-cash pension, accretion and stock compensation	—	(0.2)	(0.8)	(0.4)	(1.0)	—	(2.4)
Restructuring, relocation and severance	—	—	(0.6)	(0.1)	—	—	(0.7)
Cash settlements on hedging transactions	—	—	(0.2)	(2.5)	—	—	(2.7)
Other, net	—	(0.2)	—	(0.1)	(0.3)	0.1	(0.5)
Operating income (loss)	(4.0)	1.1	8.9	8.3	(7.5)	(0.5)	6.3
Interest expense, net							12.6
Gain on hedging activities, net							(2.6)
Total other expense, net							10.0
Loss before income taxes							(3.7)

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

	Three months ended September 30, 2013						
	Bauxite	Alumina	Primary Aluminum	Flat-Rolled Products	Corporate	Eliminations	Consolidated
	$	$	$	$	$	$	$
Sales:							
External customers	11.1	49.5	133.4	145.9	—	—	339.9
Intersegment	19.8	35.7	19.6	—	—	(75.1)	—
Total sales	30.9	85.2	153.0	145.9	—	(75.1)	339.9
Capital expenditures	1.5	4.2	7.5	2.5	0.5	—	16.2
Reconciliation of segment profit (loss) to operating income (loss):							
Segment profit (loss)	2.3	3.9	(1.1)	13.6	(7.5)	(0.2)	11.0
Depreciation and amortization	(2.9)	(6.0)	(10.2)	(5.1)	(0.1)	—	(24.3)
Last in, first out and lower of cost or market inventory adjustments	—	—	2.3	(1.1)	—	(0.1)	1.1
Loss on disposal of assets	(0.1)	—	—	—	—	—	(0.1)
Asset impairment	—	—	—	(1.5)	—	—	(1.5)
Non-cash pension, accretion and stock compensation	—	(0.2)	(1.8)	(1.5)	(1.6)	—	(5.1)
Restructuring, relocation and severance	—	—	0.1	—	(0.9)	—	(0.8)
Cash settlements on hedging transactions	—	—	0.6	2.3	—	—	2.9
Other, net	0.1	(0.1)	—	0.1	(0.5)	0.1	(0.3)
Operating income (loss)	(0.6)	(2.4)	(10.1)	6.8	(10.6)	(0.2)	(17.1)
Interest expense, net							12.6
Loss on hedging activities, net							2.4
Total other expense, net							15.0
Loss before income taxes							(32.1)

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

	Nine months ended September 30, 2014						
	Bauxite	Alumina	Primary Aluminum	Flat-Rolled Products	Corporate	Eliminations	Consolidated
	$	$	$	$	$	$	$
Sales:							
External customers	36.5	150.4	391.4	440.6	—	—	1,018.9
Intersegment	54.4	97.3	80.2	—	—	(231.9)	—
Total sales	90.9	247.7	471.6	440.6	—	(231.9)	1,018.9
Capital expenditures	7.4	9.0	33.0	9.5	1.0	—	59.9
Reconciliation of segment profit (loss) to operating income (loss):							
Segment profit (loss)	(0.3)	(8.6)	63.9	43.6	(20.0)	(0.9)	77.7
Depreciation and amortization	(7.4)	(15.2)	(28.8)	(13.8)	(0.5)	—	(65.7)
Last in, first out and lower of cost or market inventory adjustments	—	—	(3.1)	0.1	—	(0.2)	(3.2)
Gain (loss) on disposal of assets	—	—	0.1	(0.3)	—	—	(0.2)
Non-cash pension, accretion and stock compensation	(0.1)	(0.6)	(2.3)	(1.3)	(2.8)	—	(7.1)
Restructuring, relocation and severance	—	—	(0.7)	0.3	0.1	—	(0.3)
Consulting fees	—	—	—	—	(0.3)	—	(0.3)
Cash settlements on hedging transactions	—	—	(0.4)	(2.6)	—	—	(3.0)
Other, net	—	(0.4)	—	(0.1)	(0.1)	0.6	—
Operating income (loss)	(7.8)	(24.8)	28.7	25.9	(23.6)	(0.5)	(2.1)
Interest expense, net							37.7
Gain on hedging activities, net							(2.2)
Total other expense, net							35.5
Loss before income taxes							(37.6)

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

	Nine months ended September 30, 2013						
	Bauxite	Alumina	Primary Aluminum	Flat-Rolled Products	Corporate	Eliminations	Consolidated
	$	$	$	$	$	$	$
Sales:							
External customers	33.8	142.9	408.6	445.0	—	—	1,030.3
Intersegment	62.7	115.5	62.2	—	—	(240.4)	—
Total sales	96.5	258.4	470.8	445.0	—	(240.4)	1,030.3
Capital expenditures	8.7	13.1	23.2	8.7	2.0	—	55.7
Reconciliation of segment profit (loss) to operating income (loss):							
Segment profit (loss)	7.2	10.8	37.0	41.6	(24.3)	—	72.3
Depreciation and amortization	(7.9)	(16.6)	(31.4)	(14.4)	(0.6)	—	(70.9)
Last in, first out and lower of cost or market inventory adjustments	—	—	2.7	(3.4)	—	(0.4)	(1.1)
Gain (loss) on disposal of assets	(0.1)	0.5	0.1	—	—	—	0.5
Asset impairment	—	—	—	(2.7)	—	—	(2.7)
Non-cash pension, accretion and stock compensation	0.1	(0.7)	(5.3)	(4.4)	(4.4)	—	(14.7)
Restructuring, relocation and severance	—	(0.2)	(0.3)	(0.1)	(1.3)	—	(1.9)
Consulting fees	—	—	—	—	(0.4)	—	(0.4)
Cash settlements on hedging transactions	—	—	1.3	5.3	—	—	6.6
Other, net	—	(0.3)	—	—	(0.4)	0.4	(0.3)
Operating income (loss)	(0.7)	(6.5)	4.1	21.9	(31.4)	—	(12.6)
Interest expense, net							34.9
Debt refinancing expense							2.5
Total other expense, net							37.4
Loss before income taxes							(50.0)

	September 30, 2014	December 31, 2013
Segment assets:	$	$
Bauxite	158.2	152.9
Alumina	226.3	229.2
Primary Aluminum	546.1	514.6
Flat-Rolled Products	362.3	334.2
Corporate	61.2	121.2
Eliminations	(31.8)	(30.0)
Total assets	1,322.3	1,322.1

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

3. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Condensed consolidated statements of cash flows:

Depreciation and amortization in the accompanying unaudited condensed consolidated statements of cash flows included the following (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	$	$	$	$
Depreciation of property, plant and equipment	18.9	22.2	57.0	63.5
Amortization of intangible assets	1.4	1.4	4.4	4.4
Amortization of other long-term assets	1.4	0.7	4.3	3.0
Total depreciation and amortization	21.7	24.3	65.7	70.9

Cash paid for interest and income taxes was as follows (in millions):

	Nine months ended September 30,	
	2014	2013
	$	$
Interest paid	32.5	24.6
U.S. Federal and state income taxes paid, net of refunds received	6.9	6.1

Non-cash accruals for additions and other non-cash adjustments to property, plant and equipment were $1.7 million and $2.2 million for the nine months ended September 30, 2014 and 2013, respectively, and were not reflected as capital expenditures in the unaudited condensed consolidated statements of cash flows. During the nine months ended September 30, 2014 and 2013, we capitalized interest of $1.5 million and $1.2 million, respectively, related to long-term capital projects. As of September 30, 2014 and December 31, 2013 cash and cash equivalents includes $10.8 million and $7.0 million, respectively, of cash intended to be used for ongoing capital and operational productivity improvements in Jamaica.

Condensed consolidated statements of equity:

Changes in accumulated other comprehensive income (loss) (“AOCI”) were as follows (in millions):

	Unrealized net actuarial gain (loss), prior service cost and other related to pension and OPEB	Accumulated tax (benefit) expense related to unrealized net actuarial gain or loss, prior service cost and other related to pension and OPEB	Total, net of tax
	$	$	$
Balance, December 31, 2013	(95.0)	(34.6)	(60.4)
Reclassification of amounts realized in net loss	3.7	1.4	2.3
Balance, September 30, 2014	(91.3)	(33.2)	(58.1)

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Reclassifications out of AOCI were included in the unaudited condensed consolidated statements of operations as follows (in millions):

Details about accumulated other comprehensive loss components	Amount reclassified from accumulated other comprehensive loss				Affected line item in the unaudited condensed consolidated statements of operations
	Three months ended September 30,		Nine months ended September 30,		
	2014	2013	2014	2013	
	$	$	$	$	
Selling, general and administrative expenses (“SGA”)					
Actuarial gain/loss	0.3	0.7	0.7	2.1	[1]
Prior service costs	0.1	0.1	0.2	0.2	[1]
Total pension amounts reclassified into SGA	0.4	0.8	0.9	2.3	Selling, general and administrative expenses
Cost of sales (“COS”)					
Actuarial gain/loss	0.7	2.5	2.2	7.5	[1]
Prior service costs	0.1	0.2	0.6	0.6	[1]
Total pension amounts reclassified into COS	0.8	2.7	2.8	8.1	Cost of sales
Reclassification of pension and OPEB amounts realized in net loss	1.2	3.5	3.7	10.4	
Income tax benefit related to reclassifications of pension and OPEB amounts	(0.5)	(1.3)	(1.4)	(3.7)	Income tax benefit
Reclassification of pension and OPEB amounts realized in net loss, net of tax	0.7	2.2	2.3	6.7	Net income (loss)
Reclassification of derivative amounts realized in net loss	—	—	—	(6.4)	Gain on hedging activities, net
Income tax expense related to reclassifications of derivative amounts	—	—	—	2.0	Income tax expense
Reclassification of derivative amounts realized in net loss, net of tax	—	—	—	(4.4)	Net loss

(1) These accumulated other comprehensive income components are included in the computation of net periodic pension cost shown in Note 10, "Pension and Other Post-Retirement Benefits."

Condensed consolidated balance sheets:
Cash and cash equivalents consisted of the following (in millions):

	September 30, 2014	December 31, 2013
	$	$
Cash	24.3	59.2
Money market funds	—	20.2
Total cash and cash equivalents	24.3	79.4

Accounts receivable, net, consisted of the following (in millions):

	September 30, 2014	December 31, 2013
	$	$

Trade	126.9	86.9
Allowance for doubtful accounts	(0.1)	(0.2)
Total accounts receivable, net	126.8	86.7

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Other current assets consisted of the following (in millions):

	September 30, 2014	December 31, 2013
	$	$
Current foreign deferred tax asset	1.1	1.1
Employee loans receivable, net	1.9	1.8
Current derivative assets (see Note 12, “Derivative Financial Instruments”)	4.8	4.5
Taxes receivable	—	2.6
Prepaid assets	4.4	4.6
Other current assets	8.2	4.9
Total other current assets	20.4	19.5

Other assets consisted of the following (in millions):

	September 30, 2014	December 31, 2013
	$	$
Deferred financing costs, net of amortization	6.3	7.7
Cash surrender value of life insurance	28.2	27.8
Pension asset	5.8	5.9
Restricted cash (see Note 9, “Asset Retirement and Other Obligations”)	12.8	12.9
Supplies	5.1	7.6
Prepaid Jamaican income taxes	12.7	12.7
Derivative asset	0.2	0.2
Other	16.1	13.0
Total other assets	87.2	87.8

Accrued liabilities consisted of the following (in millions):

	September 30, 2014	December 31, 2013
	$	$
Compensation and benefits	19.6	23.7
Workers’ compensation	5.0	5.1
Other operating expenses	15.9	9.3
Accrued interest	7.0	2.0
Asset retirement obligations (see Note 9, “Asset Retirement and Other Obligations”)	2.4	2.2
Land obligation (see Note 9, “Asset Retirement and Other Obligations”)	3.7	3.7
Taxes payable	10.9	—
Derivative liabilities (see Note 12, “Derivative Financial Instruments”)	3.5	4.0
Reclamation obligation (see Note 9, “Asset Retirement and Other Obligations”)	1.4	1.4
Environmental remediation obligations (see Note 9, “Asset Retirement and Other Obligations”)	1.7	1.7
Obligations to the Government of Jamaica	7.7	5.7
Pension and OPEB liabilities (see Note 10, “Pensions and Other Post-Retirement Benefits”)	0.9	0.9
Restructuring liability (see Note 11, “Restructuring”)	0.1	5.3
Total accrued liabilities	79.8	65.0

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Other long-term liabilities consisted of the following (in millions):

	September 30, 2014	December 31, 2013
	$	$
Reserve for uncertain tax positions	0.7	0.7
Workers' compensation	16.1	15.7
Asset retirement obligations (see Note 9, "Asset Retirement and Other Obligations")	13.7	14.3
Land obligation (see Note 9, "Asset Retirement and Other Obligations")	6.6	6.8
Environmental remediation obligations (see Note 9, "Asset Retirement and Other Obligations")	1.1	1.2
Long-term derivative liabilities (see Note 12, "Derivative Financial Instruments")	0.1	0.2
Deferred compensation and other	8.8	11.1
Total other long-term liabilities	47.1	50.0

4. FAIR VALUE MEASUREMENTS

The tables below set forth by level the fair value hierarchy of our assets and liabilities that were measured at fair value on a recurring basis (in millions):

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Derivative assets	—	1.1	3.9	5.0
Derivative liabilities	—	(3.6)	—	(3.6)
Total	—	(2.5)	3.9	1.4
	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash equivalents	20.2	—	—	20.2
Derivative assets	—	2.9	1.8	4.7
Derivative liabilities	—	(4.2)	—	(4.2)
Total	20.2	(1.3)	1.8	20.7

We made no transfers between fair value hierarchy levels during the nine months ended September 30, 2014.

Cash equivalents as of December 31, 2013 related to temporary cash investments with high credit quality financial institutions, which included money market funds invested in U.S. treasury securities, short-term treasury bills and commercial paper. These instruments were valued based upon unadjusted, quoted prices in active markets and were classified within Level 1 of the fair value hierarchy.

We discuss our derivative instruments in Note 12, "Derivative Financial Instruments." Fair values of all derivative instruments classified as Level 2 were primarily measured using industry standard models that incorporated inputs including quoted forward prices for commodities, interest rate curves, and current market prices for those assets and liabilities. Substantially all of the inputs were observable throughout the full term of the instrument. Our variable-price Midwest premium contracts were classified as Level 3 and were primarily measured using management's estimate of future U.S. Midwest premium prices, based on current market prices and quoted forward prices.

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Changes in the fair value of the variable-price Midwest Premium contracts were included in gain on hedging activities, net in the unaudited condensed consolidated statements of operations. The changes in fair value of these Level 3 derivative instruments were as follows:

	Nine months ended September 30, 2014
	$
Fair value, beginning of year	1.8
New contracts entered into during the period	1.9
Changes in fair value	5.3
Settlements	(5.1)
Fair value, end of period	3.9

In Note 8, "Long-Term Debt," we disclose the fair values of our debt instruments. We classify all of these fair value measurements within Level 2 of the fair value hierarchy. The fair value of our AcquisitionCo Notes was based on recent market transactions. While the AcquisitionCo Notes have quoted market prices used to determine fair value, we do not believe transactions of those instruments occur in sufficient frequency or volume for a Level 1 classification. The fair values of our Term B Loan and our project specific financing borrowings were based on interest rates available at each balance sheet date.

5. INVENTORIES

Inventories are stated at the lower of cost or market (“LCM”). We use the last-in, first-out (“LIFO”) method of valuing raw materials, work-in-process and finished goods inventories at our New Madrid smelter and our rolling mills. Supplies inventories at our rolling mills are valued at FIFO. Inventories at Gramercy and St. Ann, Jamaica (“St. Ann”) and supplies at New Madrid are valued at weighted-average cost and are not subject to the LIFO adjustment. Gramercy and St. Ann inventories comprise approximately 24% and 30% of total inventories, at cost, at September 30, 2014 and December 31, 2013, respectively.

Inventories, net, consisted of the following (in millions):

	September 30, 2014	December 31, 2013
	$	$
Raw materials, at cost	70.9	57.8
Work-in-process, at cost	54.7	49.3
Finished goods, at cost	25.9	25.2
Total inventories, at cost	151.5	132.3
LIFO adjustment	14.2	24.9
LCM reserve	(6.1)	(16.2)
Inventories, at lower of cost or market	159.6	141.0
Supplies	39.0	37.7
Total inventories, net	198.6	178.7

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6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net, consisted of the following (in millions):

	Estimated useful lives in years	September 30, 2014	December 31, 2013
		$	$
Land		51.9	51.2
Buildings and improvements	10 — 47	163.0	161.9
Machinery and equipment	3 — 50	915.4	898.8
Construction in progress		70.6	50.1
Property, plant and equipment, at cost		1,200.9	1,162.0
Accumulated depreciation		(524.3)	(484.8)
Total property, plant and equipment, net		676.6	677.2

7. COMMITMENTS AND CONTINGENCIES

Labor Commitments

We are a party to seven collective bargaining agreements with five different unions. Our collective bargaining agreements are with the following unions:

In the US: the United Steelworkers of America (“USWA”); the International Association of Machinists and Aerospace Workers (“IAMAW”).

- The agreement at Gramercy with the USWA will expire in September 2015.
- An agreement at New Madrid with the USWA will expire in August 2017.
- An agreement at our Salisbury rolling mill with the USWA will expire in November 2016.
- The agreement in place with the IAMAW at our Newport rolling mill originally extended through May 2014. During April 2014, a one-year extension was ratified, extending the expiration of the agreement to May 2015.

At St. Ann, Jamaica: the University and Allied Workers Union (“UAWU”); the Union of Technical, Administrative and Supervisory Personnel (“UTASP”); and the Bustamante Industrial Trade Union (“BITU”).

- An agreement at St. Ann with the UTASP representing supervisory and technical salaried workers expired in December 2013. We received a claim for a new contract in July 2014 and negotiations have started. It is anticipated that we will close the negotiations during the first quarter of 2015.
- The agreement at St. Ann with the BITU expired in December 2012. This contract covered a small portion of our St. Ann workforce. We received a claim for a new contract in January 2014 and negotiations commenced in the second quarter of 2014. It is expected that we will complete negotiations by December 2014.
- An agreement at St. Ann with the UAWU, covering operators, expired in April 2013. We received a claim for a new contract in June 2013 and commenced negotiations in August 2013. We closed negotiations in November 2014.

Legal Contingencies

We are a party to legal proceedings incidental to our business. We assess the likelihood of an unfavorable outcome of each legal proceeding based upon the available facts and our historical experience with similar matters. We do not accrue a liability when we assess the likelihood of an unfavorable outcome to be remote. Where the risk of loss is probable and the costs can be reasonably estimated, we accrue a liability based on the factors mentioned above. Where the risk of loss is considered reasonably possible, we estimate the range of reasonably possible losses and disclose any reasonably possible losses, if material. We update our loss assessment as matters progress over time. Based on current knowledge, we do not believe any probable losses in excess of our accrual or reasonably possible losses would be material to our unaudited condensed consolidated financial statements.

Environmental Matters

We cannot predict what environmental laws or regulations will be enacted or amended in the future, how existing or future laws or regulations will be interpreted or enforced or the amount of future expenditures that may be required to comply with such laws or regulations. Such future requirements may result in liabilities which may have a material adverse effect on our financial condition, results of operations or cash flows.

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The Environmental Protection Agency ("EPA") has developed National Ambient Air Quality Standards ("NAAQS") for six compounds currently identified as criteria pollutants. The NAAQS establishes acceptable ambient air levels of each pollutant based on a review of their effects to human health and the environment. Sulfur dioxide ("SO_2"), an emission from our New Madrid smelter facility, is one such criteria pollutant. To determine our smelter's compliance with NAAQS, we measure emissions using currently acceptable methods.

In 2010, the EPA issued regulations that increased the stringency of the SO_2 NAAQS. Federal and state regulators are in the process of developing measurement methods and time lines that will govern the implementation of those regulations. Once finalized, these implementation requirements may present material implications for our smelter's compliance with NAAQS. Failure to meet NAAQS requirements may require us to incur material capital and operational costs to bring our smelter into compliance and could have negative implications for permits necessary to support increases in production volumes at our smelter.

Power Contract

Electricity is our largest cash cost component in the production of primary aluminum and is a key factor to our long-term competitive position in the primary aluminum business. We have a long-term contract with Ameren Corporation for our electricity supply at New Madrid, pursuant to which we have agreed to purchase substantially all of New Madrid's electricity. Included in the contract is a minimum purchase requirement equal to five megawatts, calculated at peak and non-peak demand charges, or approximately $2.8 million over the remaining life of the contract. This minimum purchase requirement represents significantly less power usage than we require, given the power-intensive nature of our smelter facility. The power supply contract provides that the rate for power will be established by the Missouri Public Service Commission based on two components: a base rate and a fuel adjustment clause.

Purchase Commitment

In July 2012, we announced a project to invest $45.0 million to build a new rod mill at our facility in New Madrid, Missouri, the scope of which includes infrastructure development and construction of a new, state-of-the-art mill to produce redraw rod. In April 2013, we entered into a financing arrangement with a third party to finance the off-site construction of the rod production line, which comprises certain machinery, equipment and other components. Pursuant to the terms of the third party arrangement, upon closing of the agreement, we will repay the third party for amounts paid to the construction company throughout the construction phase, plus interest and fees, and assume any remaining payments. Closing on the new production line was originally scheduled to occur in September 2014; however, an extension was awarded and the transaction is now scheduled to close in early November 2014. Total payments related to the construction of the rod production line are expected to be approximately €11.5 million in the aggregate.

8. LONG-TERM DEBT

The carrying values and fair values of our outstanding debt were as follows (in millions):

	September 30, 2014			December 31, 2013		
	Carrying value	Fair value	Interest rate	Carrying value	Fair value	Interest rate
	$	$	%	$	$	%
AcquisitionCo Notes, net	173.2	178.5	11.00	173.1	146.8	11.00
Term B Loan, net	471.8	471.8	5.75	475.0	475.0	5.75
Project specific financing	17.5	17.5	9.00	11.0	11.0	9.00
Mid-Stream Loan	0.7	0.7	8.00	—	—	—
Total debt, net	663.2			659.1		
Less: Current portion	(8.5	)		(4.9	)	
Long-term debt, net	654.7			654.2		

The carrying value of the AcquisitionCo Notes was recorded net of unamortized underwriting discount of $1.8 million and $1.9 million, respectively, at September 30, 2014 and December 31, 2013.

As of September 30, 2014 and December 31, 2013 the carrying value of our Term B Loan was recorded net of unamortized discount of $2.5 million and $2.8 million, respectively. We are required to repay $1.2 million of the aggregate outstanding Term B Loan quarterly.

The Revolver had no outstanding balance at September 30, 2014 and December 31, 2013 and outstanding letters of credit totaled $35.1 million at September 30, 2014 and $34.6 million at December 31, 2013. Availability under the Revolver is subject to a calculated borrowing base. Our available borrowing capacity calculated as of September 30, 2014 was $159.2 million.

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During the first quarter of 2014, we borrowed $6.5 million from a third party under a facility (the "project specific financing" arrangement) which provides available borrowings up to a total of $20.0 million. The available borrowings are intended for use in the port expansion and railing improvements which are designed to increase shipping capacity and improve the cost structure at our St. Ann bauxite mining operation. Available borrowings remaining under this arrangement were $2.5 million as of September 30, 2014. As of September 30, 2014, the outstanding balance was $17.5 million at an interest rate of 9%. Based on the current outstanding balance, we will repay $4.4 million annually, in monthly installments, beginning January 2015 through December 2018.

We had no debt refinancing expenses during the nine months ended September 30, 2014. We recorded debt refinancing expense of $2.5 million in the nine months ended September 30, 2013, representing the write-off of deferred financing fees and third party fees related to the AcquisitionCo Notes due 2015, which were redeemed in connection with the 2013 Refinancing.

9. ASSET RETIREMENT AND OTHER OBLIGATIONS

Reclamation Obligation

St. Ann has an obligation to rehabilitate land disturbed by St. Ann's Bauxite mining operations.

Our reclamation obligation activity at St. Ann follows (in millions):

	Nine months ended September 30, 2014	
	$	
Balance, beginning of period	1.4	
Additional liabilities incurred	0.7	
Liabilities settled	(0.7	)
Balance, end of period	1.4	

Land Obligation

In cases where land to be mined is privately owned, St. Ann acquires the right to mine either through a purchase of the land or by compensating the owner for disturbing the owner's surface rights. In the case of a purchase of the land, the consideration is typically cash and or a commitment to resettle the owner to another area ("St. Ann Land Obligation"). Additional consideration is paid for crops, homes, and other structures that may exist on the land but which may be destroyed or damaged by the mining activities.

Our St. Ann Land Obligation activity follows (in millions):

	Nine months ended September 30, 2014	
	$	
Balance, beginning of period	10.5	
Additional liabilities incurred	0.5	
Liabilities settled	(0.3	)
Revisions to the obligation	(0.4	)
Balance, end of period	10.3	

Asset Retirement Obligations

Our asset retirement obligations consist of costs related to the disposal of certain spent pot liners associated with the New Madrid smelter, as well as costs associated with the future closure and post-closure care of "red mud lakes" at the Gramercy facility, where Gramercy disposes of wastes from its refining process. Asset retirement obligations are estimated based on cash flows discounted at a credit-adjusted risk-free rate.

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Our asset retirement obligations activity follows (in millions):

	Nine months ended September 30, 2014
	$
Balance, beginning of period	16.5
Additional liabilities incurred	0.7
Liabilities settled	(1.9)
Accretion	0.8
Balance, end of period	16.1

As of September 30, 2014 and December 31, 2013, we had $9.2 million of restricted cash in an escrow account as security for the payment of red mud lake closure obligations that will arise under state environmental laws if we were to cease operations at the Gramercy facility. This amount is included in other assets in the accompanying unaudited condensed consolidated balance sheets. The remaining restricted cash in other assets relates primarily to funds for workers' compensation claims.

Environmental Remediation Obligations

In addition to our asset retirement obligations, we have identified certain environmental conditions requiring remedial action or ongoing monitoring at the Gramercy refinery. As of September 30, 2014 and December 31, 2013, we had undiscounted liabilities of $1.7 million in accrued liabilities and had $1.1 million and $1.2 million, respectively, in other long-term liabilities for remediation of Gramercy's known environmental conditions. Monitoring costs are expensed as incurred. No other responsible parties are involved in any ongoing environmental remediation activities.

10. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

We sponsor defined benefit pension plans for hourly and salaried employees. Benefits under our sponsored defined benefit plans are based on years of service and/or eligible compensation prior to retirement. We also sponsor other post-employment benefit ("OPEB") plans for certain employees. These benefits include life and health insurance. In addition, we provide supplemental executive retirement benefits for certain executive officers.

Net periodic benefit costs related to the pension plans included the following (in millions):

	Noranda Pension Plans Three months ended September 30,		St. Ann Pension Plans Three months ended September 30,	
	2014	2013	2014	2013
	$	$	$	$
Service cost	3.5	3.8	0.2	0.1
Interest cost	4.7	4.5	0.3	0.4
Expected return on plan assets	(5.6)	(5.0)	(0.5)	(0.5)
Recognized actuarial loss	1.0	3.3	—	—
Amortization of prior service cost	0.3	0.2	0.1	—
Net periodic cost	3.9	6.8	0.1	—

	Noranda Pension Plans Nine months ended September 30,		St. Ann Pension Plans Nine months ended September 30,	
	2014	2013	2014	2013
	$	$	$	$
Service cost	10.3	11.5	0.5	0.4
Interest cost	14.6	13.5	1.1	1.2
Expected return on plan assets	(17.0)	(15.2)	(1.4)	(1.7)
Recognized actuarial loss	2.9	9.7	—	—
Amortization of prior service cost	0.8	0.8	0.2	—

Net periodic cost	11.6	20.3	0.4	(0.1)

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Net periodic benefit costs related to the OPEB plans included the following (in millions):

	Noranda OPEB Plans Three months ended September 30,		St. Ann OPEB Plans Three months ended September 30,	
	2014	2013	2014	2013
	$	$	$	$
Service cost	0.1	0.1	—	—
Interest cost	0.1	0.1	0.1	0.2
Recognized actuarial loss	—	0.1	—	—
Amortization of prior service cost	—	—	—	(0.1)
Net periodic cost	0.2	0.3	0.1	0.1

	Noranda OPEB Plans Nine months ended September 30,		St. Ann OPEB Plans Nine months ended September 30,	
	2014	2013	2014	2013
	$	$	$	$
Service cost	0.3	0.4	0.1	0.1
Interest cost	0.4	0.4	0.3	0.4
Recognized actuarial loss	—	0.1	—	—
Amortization of prior service cost	—	—	—	(0.1)
Net periodic cost	0.7	0.9	0.4	0.4

Expected Employer Contributions

We contributed $13.2 million and $0.3 million to the Noranda Pension Plans and the St. Ann Pension Plans, respectively, during the nine months ended September 30, 2014. We anticipate making approximately $1.7 million and $0.1 million of pension funding payments to the Noranda Pension Plans and the St. Ann Pension Plans, respectively, for the remainder of the year ending December 31, 2014.

11. RESTRUCTURING

We announced workforce reductions on October 30, 2013 and December 17, 2013, which affected approximately 160 employees through a combination of voluntary retirement packages and involuntary terminations.

We completed substantially all activities associated with these workforce reductions as of December 31, 2013. The majority of these restructuring costs were paid in the first quarter of 2014. Additionally, the liability was reduced by $0.6 million, $0.2 million, and $0.1 million, respectively, in the first, second, and third quarters of 2014 mainly due to the expiration of elective benefits. The remaining balance of the restructuring accrual of $0.1 million at September 30, 2014, which is included in accrued liabilities, primarily represents health benefits related to the voluntary retirement packages.

The following table summarizes our restructuring activities by segment (in millions):

	Total restructuring liability
	$
Balance, December 31, 2013	5.3
Expense:	
Primary Aluminum	0.2
Adjustments:	
Primary Aluminum	(0.3)
Alumina	(0.1)

Flat-Rolled Products	(0.5)
Benefits paid	(4.5)
Balance, September 30, 2014	0.1

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During the third quarter of 2014, we began a workforce reduction in our New Madrid location. In September 2014, 23 employees were involuntarily terminated and early retirement incentive packages were offered to an additional 27 retirement eligible employees. The retirement eligible employees must provide notifications of their election to the Company by November 7, 2014, with terminations effective during December 2014.

12. DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative instruments to mitigate the risks associated with fluctuations in aluminum prices. All derivatives are held for purposes other than trading.

We enter into forward contracts with our customers to sell aluminum in the future at fixed-prices in the normal course of business. We do not elect normal sale accounting on certain customer contracts and instead record those contracts as derivatives (“fixed-price aluminum customer contracts”). Because these fixed-price aluminum customer contracts expose us to aluminum and Midwest premium (“MWP”) market price fluctuations, we economically hedge these risks by entering into variable-price aluminum swap contracts (“variable-price aluminum offset swaps”) and variable-price MWP contracts with various brokers, typically for terms of one year or less.

As of September 30, 2014, our outstanding fixed-price aluminum customer contracts were as follows:

	Average price per pound	Pounds
Year	$	(in millions)
2014	1.03	15.9
2015	1.13	33.3

As of September 30, 2014, our outstanding variable-price aluminum offset swaps were as follows:

	Average hedged price per pound	Pounds hedged
Year	$	(in millions)
2014	0.88	17.6
2015	0.92	36.5

As of September 30, 2014, our outstanding variable-price MWP contracts were as follows:

	Average hedged price per pound	Pounds hedged
Year	$	(in millions)
2014	0.14	17.5
2015	0.19	36.5

We recognize all derivative instruments as either assets or liabilities at their estimated fair value in our accompanying unaudited consolidated balance sheets. The following table presents the carrying values, which were recorded at fair value, of our derivative instruments outstanding (in millions):

	September 30, 2014	December 31, 2013
	$	$
Fixed-price aluminum customer contracts	(2.2)	2.9
Variable-price aluminum offset swaps	(0.3)	(4.2)
Variable-price MWP contracts	3.9	1.8
Total	1.4	0.5

We have four counterparties for our variable-price aluminum offset swaps. Our variable-price MWP contracts are with various other counterparties. With each of the counterparties of our variable-price aluminum offset swaps; we have a master netting arrangement which is subject to the same guarantee and security provisions as the senior secured credit facilities. The master netting arrangements do not require us to post additional collateral, or cash margin. We present the fair values of derivatives which are subject to a master netting arrangement in a net position on the unaudited consolidated balance sheets. The following is a presentation of the gross components of our net derivative balances (in millions):

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Counterparty	As of September 30, 2014 Gross derivative assets offset	Amount offset	Net derivative assets offset	Derivative assets not offset	Derivative assets, net
	$	$	$	$	$
Master netting arrangement with counterparty three	0.3	—	0.3	—	0.3
Various counterparties not subject to a master netting arrangement	—	—	—	4.5	4.5
Total current derivative assets	0.3	—	0.3	4.5	4.8
Various counterparties not subject to a master netting arrangement	—	—	—	0.2	0.2
Total long-term derivative assets	—	—	—	0.2	0.2

Counterparty	As of September 30, 2014 Gross derivative liabilities offset	Amount offset	Net derivative liabilities offset	Derivative liabilities not offset	Derivative liabilities, net
	$	$	$	$	$
Master netting arrangement with counterparty one	(0.7)	0.2	(0.5)	—	(0.5)
Master netting arrangement with counterparty four	(0.3)	0.3	—	—	—
Various counterparties not subject to a master netting arrangement	—	—	—	(3.0)	(3.0)
Total current derivative liabilities	(1.0)	0.5	(0.5)	(3.0)	(3.5)
Various counterparties not subject to a master netting arrangement	—	—	—	(0.1)	(0.1)
Total long-term derivative liabilities	—	—	—	(0.1)	(0.1)

Counterparty	As of December 31, 2013 Gross derivative assets offset	Amount offset	Net derivative assets offset	Derivative assets not offset	Derivative assets, net
	$	$	$	$	$
Various counterparties not subject to a master netting arrangement	—	—	—	4.5	4.5
Total current derivative assets	—	—	—	4.5	4.5
Various counterparties not subject to a master netting arrangement	—	—	—	0.2	0.2
Total long-term derivative assets	—	—	—	0.2	0.2

Counterparty	As of December 31, 2013 Gross derivative liabilities offset	Amount offset	Net derivative liabilities offset	Derivative liabilities not offset	Derivative liabilities, net
	$	$	$	$	$
	(2.3)	—	(2.3)	—	(2.3)

Master netting arrangement with counterparty one						
Master netting arrangement with counterparty two	(1.7	)—	(1.7	)—	(1.7	)
Total current derivative liabilities	(4.0	)—	(4.0	)—	(4.0	)
Master netting arrangement with counterparty two	(0.2	)—	(0.2	)—	(0.2	)
Total long-term derivative liabilities	(0.2	)—	(0.2	)—	(0.2	)

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

As of September 30, 2014 and December 31, 2013, none of our derivative instruments were designated and qualified as fair value or cash flow hedges. We discontinued hedge accounting for all fixed-price aluminum swaps on January 29, 2009. At that date, amounts were frozen in AOCI to be reclassified into earnings in the period the hedged sales occur, or until we determined that the original forecasted sales were no longer probable of occurring. During first quarter 2013, we reclassified the final $6.4 million of gains into (gain) loss on hedging activities, net in the unaudited condensed consolidated statements of operations, resulting in no derivative gains or losses on hedging activities remaining in AOCI.

Derivatives that do not qualify for hedge accounting or have not been designated for hedge accounting treatment are adjusted to fair value through (gain) loss on hedging activities, net in the unaudited condensed consolidated statements of operations.

The following table presents how our hedging activities affected our unaudited condensed consolidated statements of operations for each period (in millions):

	Derivatives qualified as hedges	Derivatives not qualified as hedges	
	Amount reclassified from AOCI	Change in fair value	Total (gain) loss on hedging activities, net
	$	$	$
Three months ended September 30, 2014			
Fixed-price aluminum customer contracts	—	(0.3)	(0.3)
Variable-price aluminum offset swaps	—	(0.5)	(0.5)
Variable-price MWP contracts	—	(1.8)	(1.8)
Total	—	(2.6)	(2.6)
Three months ended September 30, 2013			
Fixed-price aluminum customer contracts	—	1.9	1.9
Variable-price aluminum offset swaps	—	(1.4)	(1.4)
Variable-price MWP contracts	—	2.0	1.9
Total	—	2.5	2.4

	Derivatives qualified as hedges	Derivatives not qualified as hedges	
	Amount reclassified from AOCI	Change in fair value	Total (gain) loss on hedging activities, net
	$	$	$
Nine months ended September 30, 2014			
Fixed-price aluminum customer contracts	—	5.1	5.1
Variable-price aluminum offset swaps	—	(0.1)	(0.1)
Variable-price MWP contracts	—	(7.2)	(7.2)
Total	—	(2.2)	(2.2)
Nine months ended September 30, 2013			
Fixed-price aluminum swaps	(6.4)	—	(6.4)
Fixed-price aluminum customer contracts	—	(5.3)	(5.3)
Variable-price aluminum offset swaps	—	10.7	10.7
Variable-price MWP contracts	—	1.0	1.0
Total	(6.4)	6.4	—

13. SHAREHOLDERS' EQUITY

Dividends declared and paid during the nine months ended September 30, 2014 were as follows:

	Per share dividend amount	Date paid	Total cash payment
Declaration date	$/share		$ in millions
February 19, 2014	0.01	March 26, 2014	0.7
April 22, 2014	0.01	May 28, 2014	0.7
August 11, 2014	0.01	September 17, 2014	0.7

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

On November 3, 2014, the Board declared a regular quarterly dividend of $0.01 per share to be paid on December 8, 2014 to shareholders of record as of November 13, 2014. Cash payments related to this dividend will total approximately $0.7 million.

14. SHARE-BASED PAYMENTS

We recorded stock compensation expense as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	$	$	$	$
Stock options	—	—	—	0.1
Restricted stock and restricted stock unit equity awards	0.9	1.3	2.5	3.3
Total stock compensation expense	0.9	1.3	2.5	3.4

Share-based payment awards held by employee and non-employee directors include stock options, restricted stock, and restricted stock units ("RSUs"). Restricted stock and RSU awards have either service-vesting and/or performance-vesting requirements, and some also have market-based conditions. We account for RSUs granted to the investor director provider group, which consists of the full-time employees of our principal shareholders affiliated with Apollo Management VI, L.P. ("Apollo") who serve on our board of directors, as liability awards.

In May 2014, our Board of Directors adopted the Noranda 2014 Incentive Award Plan (the "2014 Incentive Award Plan"). The 2014 Incentive Award Plan replaces the Third Amended and Restated Noranda Aluminum Holding Corporation 2007 Long-Term Incentive Plan and the Noranda Aluminum Holding Corporation 2010 Incentive Award Plan (the "Prior Plans"), under which we granted equity awards from 2007 to 2014. No additional equity awards will be granted under the Prior Plans. The 2014 Incentive Award Plan provides for a variety of share-based awards, including non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, dividend equivalents, performance share awards, performance-based cash awards and stock payment awards. Option terms will be set by our Board of Directors subject to the condition that no option term shall be longer than ten years from the date of grant. Upon termination of an outstanding optionholder's services with us, the holder may exercise his or her options within the period of time specified in the option grant, to the extent that the options were vested at the time of termination. Our Board of Directors is generally authorized to adopt, amend and rescind rules relating to the administration of the 2014 Incentive Plan, and our Board of Directors is authorized to amend, suspend and terminate the 2014 Incentive Award Plan once put in place. We reserved 5,000,000 shares of common stock for issuance under the 2014 Incentive Plan.

As of September 30, 2014, total unrecognized stock compensation expense related to share-based payment awards was $4.4 million. We will recognize this amount over a weighted-average period of one year, four months. During first quarter 2014, we began recognizing stock compensation expense for performance-vesting RSUs awarded in 2012 because the performance conditions have now been determined. We have not yet recognized stock compensation expense for performance-vesting restricted stock or RSUs awarded in 2013 or 2014 because the performance conditions had not been determined as of September 30, 2014. Outstanding share-based payment awards include dividend equivalent units issued to restricted stock and RSU holders in connection with dividend payments to shareholders.

Our stock option activity was as follows:

	Employee options and non-employee director options			Investor director provider options		
	Common shares	Weighted-average exercise price	Intrinsic value (in millions)[1]	Common shares	Weighted-average exercise price	Intrinsic value (in millions)[1]

		$	$		$	$
Outstanding, December 31, 2013	1,183,449	1.92	2.0	140,000	9.00	—
Exercised	(110,070)	1.66	0.3	—	—	—
Forfeited	(3,500)	1.85	—	—	—	—
Expired	(20,000)	9.00	—	—	—	—
Outstanding, September 30, 2014	1,049,879	1.81	3.0	140,000	9.00	—
Fully vested and exercisable, September 30, 2014 (weighted-average remaining contractual term of 3.6 years and 3.1 years, respectively)	963,944	1.87	2.7	140,000	9.00	—

(1) Options that were not in-the-money at September 30, 2014 and December 31, 2013, and therefore have a negative intrinsic value, have been excluded from intrinsic value calculations.

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

Restricted stock and RSU equity award activity was as follows:

	Service-vesting restricted stock and RSUs		Performance-vesting RSUs with grant date		Performance-vesting restricted stock (with market condition) with grant date		Performance-vesting restricted stock and RSUs without grant date
	Awards	Weighted-average grant date fair value	Awards	Weighted-average grant date fair value	Awards	Weighted-average grant date fair value	Awards
	#	$	#	$	#	$	#
Non-vested, December 31, 2013	896,110	7.76	300,440	5.15	193,066	2.16	1,003,130
Granted	1,171,458	4.15	—	—	—	—	440,775
Grant date determined during the period	—	—	507,897	4.09	—	—	(507,897)
Dividend equivalent units granted	7,721	4.14	3,568	4.15	1,244	4.14	5,218
Vested (aggregate intrinsic value of $4.3 million)	(767,676)	7.07	(190,259)	13.98	—	—	(385)
Forfeited	(110,628)	6.08	(33,099)	11.75	(21,566)	2.16	(44,643)
Cancelled	—	—	(168,414)	12.89	—	—	(60,844)
Non-vested, September 30, 2014 (aggregate intrinsic value of $11.9 million)	1,196,985	4.79	420,133	3.76	172,744	2.17	835,354

During the second quarter of 2013, we granted performance shares with market-based vesting conditions to certain senior level employees under our Noranda 2010 Incentive Award Plan. These performance shares can be earned upon the achievement of a specified fair market value of the Company's common stock during the defined performance period. These performance shares are also subject to a three-year continued service vesting provision with earlier vesting permitted under certain conditions, such as upon a change of control of the Company.

We determined the grant date fair value of service-vesting and performance-vesting restricted stock and RSUs based on the closing price of our common stock on the grant date. For market-based restricted stock, the effect of the market conditions is reflected in the fair value of the awards on the date of grant using a Monte-Carlo simulation model. A Monte-Carlo simulation model estimates the fair value of the market-based award based on the expected term, risk-free interest rate, expected dividend yield and expected volatility measure for the Company.

We estimate a forfeiture rate for share-based payment awards based on historical forfeiture rates of similar awards, which was 7% for restricted stock and RSUs granted to employees during 2014. We expect all share-based payment awards granted to executives and directors to vest. Service-vesting restricted stock and RSUs will generally vest over three years, on the anniversary of the grant date, in the following increments: 25% on the first anniversary, 25% on the second anniversary and 50% on the third anniversary. A grant date had not been determined as of September 30, 2014 for performance-vesting awards granted in 2013 or 2014 because the performance conditions had not yet been determined.

As of September 30, 2014, accrued liabilities in the accompanying unaudited consolidated balance sheets included less than $0.1 million related to RSU liability awards.

RSU liability award activity was as follows:

	RSUs
	#
Non-vested, December 31, 2013	20,347

Granted	60,000
Dividend equivalent units granted	222
Vested	(20,457)
Non-vested, September 30, 2014	60,112

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

15. NET LOSS PER COMMON SHARE

Basic and diluted net loss per common share (“EPS”) were calculated as follows (in millions, except per share):

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net loss	$(3.9)	$(18.2)	$(28.3)	$(29.9)
Weighted-average common shares outstanding:				
Basic	68.85	68.01	68.61	67.90
Effect of dilutive securities	—	—	—	—
Diluted	68.85	68.01	68.61	67.90
Net loss per common share:				
Basic	$(0.06)	$(0.27)	$(0.41)	$(0.44)
Diluted	$(0.06)	$(0.27)	$(0.41)	$(0.44)

Certain share-based payment awards whose terms and conditions are described in Note 14 "Share-Based Payments," could potentially dilute basic EPS in the future, but were not included in the computation of diluted EPS because to do so would have been antidilutive. Those antidilutive securities were as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Options	1.19	1.34	1.23	0.98
Service-vesting restricted stock and RSUs and Dividend equivalent units	1.23	0.97	1.00	0.78
Performance-vesting restricted stock and RSUs and Dividend equivalent units	0.24	0.18	0.20	0.12
Antidilutive securities	2.66	2.49	2.43	1.88

16. INCOME TAXES

Our effective income tax rate was approximately (5.4)% for the three months ended September 30, 2014 and 43.3% for the three months ended September 30, 2013. Our effective income tax rate was approximately 24.7% for the nine months ended September 30, 2014 and 40.2% for the nine months ended September 30, 2013. The effective income tax rates for the three months and nine months ended September 30, 2014 were primarily impacted by state income taxes, the Internal Revenue Code Section 199 manufacturing deduction, and a foreign deferred tax asset valuation allowance. The effective income tax rate for the three months and nine months ended September 30, 2013 was primarily impacted by state income taxes, the Internal Revenue Code Section 199 manufacturing deduction, and accrued interest related to unrecognized tax benefits. In regards to state income taxes, our effective income tax rates for the three months and nine months ended September 30, 2013 were impacted by enacted changes in state income tax laws which affected apportionment methods and income tax rates in certain states. As a result of these changes, we recorded a $3.7 million income tax benefit for the three months and nine months ended September 30, 2013.

17. RELATED PARTY TRANSACTIONS

We sell flat-rolled products to two customers that have been affiliated with Apollo. On April 12, 2013 one of those customers, Metals USA Holdings Corp., was acquired by Reliance Steel & Aluminum Co., a public company not affiliated with Apollo. Sales to these companies were as follows (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	$	$	$	$

Berry Plastics Corporation	1.5	2.2	5.1	6.5
Metals USA Holdings Corp.(1)	—	—	—	4.2

(1) Sales to Metals USA Holding Corp. include the period in which Metals USA Holdings Corp was affiliated with Apollo through April 12, 2013.

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

Accounts receivable from these related parties were as follows (in millions):

	September 30, 2014	December 31, 2013
	$	$
Berry Plastics Corporation	0.2	0.3

On March 17, 2014, we completed a secondary offering of 10.0 million shares of common stock by investment funds affiliated with or managed by Apollo Global Management, LLC. We did not receive any of the proceeds from the offering.

18. NON-CONTROLLING INTEREST

Through St. Ann, we hold a 49% partnership interest in Noranda Jamaica Bauxite Partners ("NJBP"), in which the Government of Jamaica ("GOJ") holds a 51% interest. NJBP mines bauxite, approximately 64% of which was sold to Gramercy during 2013, with the remaining majority sold to Sherwin Alumina Company.

We have determined that NJBP is a variable interest entity under U.S. GAAP, and St. Ann is NJBP's primary beneficiary. The determination that St. Ann is the primary beneficiary was based on the fact that St. Ann absorbs the profits and losses associated with the partnership, while the GOJ receives certain fees from St. Ann (royalties, production and asset usage fees, etc.). We consolidate NJBP into our unaudited condensed consolidated balance sheets as follows (in millions):

	September 30, 2014			December 31, 2013		
	NJBP balances	Impact of Eliminations	Impact on consolidated statements	NJBP balances	Impact of Eliminations	Impact on consolidated statements
	$	$	$	$	$	$
Cash and cash equivalents	1.5	—	1.5	0.6	—	0.6
Accounts receivable, net	12.9	(12.9)	—	13.3	(13.3)	—
Inventories, net (consisting of maintenance supplies, inventory and fuel)	14.9	—	14.9	15.6	—	15.6
Other current assets	6.7	—	6.7	2.0	—	2.0
Property, plant and equipment, net	41.3	—	41.3	42.6	—	42.6
Other assets	7.5	—	7.5	5.1	—	5.1
Accounts payable	(68.2)	55.5	(12.7)	(62.1)	55.5	(6.6)
Accrued liabilities	(3.6)	—	(3.6)	(3.8)	—	(3.8)
Environmental, land and reclamation liabilities	(1.4)	—	(1.4)	(1.4)	—	(1.4)
Non-controlling interest	(6.0)	—	(6.0)	(6.0)	—	(6.0)
St. Ann's net investment and advances to NJBP	5.6	42.6	48.2	5.9	42.2	48.1

The liabilities recognized as a result of consolidating NJBP do not represent additional claims on our general assets. NJBP's creditors have claims only on the specific assets of NJBP and St. Ann. Similarly, the assets of NJBP do not represent additional assets available to satisfy claims against our general assets.

St. Ann receives bauxite from NJBP at cost, excluding the mining lease fees described above; therefore, NJBP operates at breakeven. Further, all returns to the GOJ are provided through the payments from St. Ann under the various fees, levies and royalties described above. In these circumstances, no portion of NJBP's net income (loss) or consolidated comprehensive income (loss) is allocated to the non-controlling interest. We do not expect the balance of the non-controlling interest to change from period to period unless there is an adjustment to the fair value of inventory or property, plant and equipment, as may occur in an LCM or asset impairment scenario.

19. SUBSIDIARY ISSUER OF GUARANTEED NOTES

The AcquisitionCo Notes are fully and unconditionally guaranteed on a senior unsecured, joint and several basis by the existing and future domestic subsidiaries of Noranda AcquisitionCo that guarantee the senior secured credit facilities. NHB and St. Ann are not guarantors of the senior secured credit facilities and, are not guarantors of the AcquisitionCo Notes. Noranda HoldCo fully and unconditionally guarantees the AcquisitionCo Notes on a joint and several basis with the subsidiary guarantors. Noranda HoldCo has no independent operations or any assets other than its interest in Noranda AcquisitionCo. Noranda AcquisitionCo is a wholly owned finance subsidiary of Noranda HoldCo with no operations independent of its subsidiaries.

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

The following unaudited condensed consolidating financial statements present separately the financial condition and results of operations and cash flows for Noranda HoldCo (as parent guarantor), Noranda AcquisitionCo (as the issuer), the subsidiary guarantors, the subsidiary non-guarantors and eliminations (“the guarantor financial statements”). The guarantor financial statements have been prepared and presented in accordance with SEC Regulation S-X Rule 3-10 “Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered.”
The accounting policies used in the preparation of the guarantor financial statements are consistent with those found elsewhere in the accompanying unaudited consolidated financial statements. Intercompany transactions have been presented gross in the guarantor financial statements; however these transactions eliminate in consolidation.

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Balance Sheet as of September 30, 2014
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
ASSETS						
Current assets:						
Cash and cash equivalents	0.4	7.8	2.5	13.6	—	24.3
Accounts receivable, net:						
Trade	—	—	123.8	3.0	—	126.8
Affiliates	19.4	12.0	9.5	5.9	(46.8)	—
Inventories, net	—	—	170.0	28.6	—	198.6
Other current assets	0.2	—	8.9	11.3	—	20.4
Total current assets	20.0	19.8	314.7	62.4	(46.8)	370.1
Investments in affiliates	332.9	1,558.4	—	—	(1,891.3)	—
Advances due from affiliates	—	129.7	715.1	63.5	(908.3)	—
Property, plant and equipment, net	—	—	612.2	64.4	—	676.6
Goodwill	—	—	137.6	—	—	137.6
Other intangible assets, net	—	—	50.8	—	—	50.8
Other assets	—	6.3	49.5	31.4	—	87.2
Total assets	352.9	1,714.2	1,879.9	221.7	(2,846.4)	1,322.3
LIABILITIES AND EQUITY						
Current liabilities:						
Accounts payable:						
Trade	—	—	120.6	11.6	—	132.2
Affiliates	—	19.4	5.9	21.5	(46.8)	—
Accrued liabilities	10.1	7.1	39.8	23.0	(0.2)	79.8
Deferred tax liabilities	1.9	19.0	(3.5)	—	—	17.4
Current portion of long-term debt	—	4.9	0.3	3.3	—	8.5
Total current liabilities	12.0	50.4	163.1	59.4	(47.0)	237.9
Long-term debt, net	—	640.1	0.4	14.2	—	654.7
Pension and other post-retirement liabilities	—	—	104.5	6.0	—	110.5
Other long-term liabilities	—	—	36.8	10.3	—	47.1
Advances due to affiliates	192.9	715.3	—	—	(908.2)	—
Long-term deferred tax liabilities	31.8	(24.5)	141.4	1.1	0.1	149.9
Shareholders' equity:						
Common stock	0.7	—	—	—	—	0.7
Capital in excess of par value	242.8	352.1	1,199.7	83.7	(1,635.5)	242.8
Accumulated earnings (deficit)	(69.2)	38.9	288.3	44.7	(371.9)	(69.2)
Accumulated other comprehensive income (loss)	(58.1)	(58.1)	(54.3)	(3.7)	116.1	(58.1)
Total shareholders' equity	116.2	332.9	1,433.7	124.7	(1,891.3)	116.2

Non-controlling interest	—	—	—	6.0	—	6.0
Total equity	116.2	332.9	1,433.7	130.7	(1,891.3)	122.2
Total liabilities and equity	352.9	1,714.2	1,879.9	221.7	(2,846.4)	1,322.3

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Balance Sheet as of December 31, 2013
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
ASSETS						
Current assets:						
Cash and cash equivalents	0.4	66.7	1.1	11.2	—	79.4
Accounts receivable, net:						
Trade	—	—	81.6	5.1	—	86.7
Affiliates	19.1	11.9	5.3	7.4	(43.7)	—
Inventories, net	—	—	148.8	29.9	—	178.7
Other current assets	1.8	—	11.8	5.9	—	19.5
Total current assets	21.3	78.6	248.6	59.5	(43.7)	364.3
Investments in affiliates	341.9	1,565.5	—	—	(1,907.4)	—
Advances due from affiliates	—	122.2	730.3	63.5	(916.0)	—
Property, plant and equipment, net	—	—	612.0	65.2	—	677.2
Goodwill	—	—	137.6	—	—	137.6
Other intangible assets, net	—	—	55.2	—	—	55.2
Other assets	—	7.7	51.8	28.3	—	87.8
Total assets	363.2	1,774.0	1,835.5	216.5	(2,867.1)	1,322.1
LIABILITIES AND EQUITY						
Current liabilities:						
Accounts payable:						
Trade	—	0.2	79.3	9.7	—	89.2
Affiliates	—	19.1	7.4	17.2	(43.7)	—
Accrued liabilities	—	2.0	42.4	20.6	—	65.0
Deferred tax liabilities	0.1	—	2.0	—	—	2.1
Current portion of long-term debt	—	4.9	—	—	—	4.9
Total current liabilities	0.1	26.2	131.1	47.5	(43.7)	161.2
Long-term debt	—	643.2	—	11.0	—	654.2
Pension and other post-retirement liabilities	—	—	109.9	5.9	—	115.8
Other long-term liabilities	—	—	38.4	11.6	—	50.0
Advances due to affiliates	186.3	729.7	—	—	(916.0)	—
Long-term deferred tax liabilities	35.5	33.0	124.0	1.1	—	193.6
Shareholders’ equity:						
Common stock	0.7	—	—	—	—	0.7
Capital in excess of par value	239.7	352.1	1,199.7	83.7	(1,635.5)	239.7
Accumulated earnings (deficit)	(38.7)	50.2	289.1	53.4	(392.7)	(38.7)
Accumulated other comprehensive income (loss)	(60.4)	(60.4)	(56.7)	(3.7)	120.8	(60.4)
Total shareholders’ equity	141.3	341.9	1,432.1	133.4	(1,907.4)	141.3

Non-controlling interest	—	—	—	6.0	—	6.0
Total equity	141.3	341.9	1,432.1	139.4	(1,907.4)	147.3
Total liabilities and equity	363.2	1,774.0	1,835.5	216.5	(2,867.1)	1,322.1

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Statement of Operations
Three months ended September 30, 2014
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
Sales	—	—	349.5	30.8	(18.9)	361.4
Operating costs and expenses:						
Cost of sales	—	—	323.3	31.1	(18.9)	335.5
Selling, general and administrative expenses	1.3	0.1	14.6	3.6	—	19.6
Total operating costs and expenses	1.3	0.1	337.9	34.7	(18.9)	355.1
Operating income (loss)	(1.3)	(0.1)	11.6	(3.9)	—	6.3
Other (income) expense:						
Interest expense, net	(0.1)	12.4	—	0.3	—	12.6
Loss on hedging activities, net	—	—	(2.6)	—	—	(2.6)
Total other (income) expense, net	(0.1)	12.4	(2.6)	0.3	—	10.0
Income (loss) before income taxes	(1.2)	(12.5)	14.2	(4.2)	—	(3.7)
Income tax (benefit) expense	(0.5)	(4.2)	4.9	—	—	0.2
Equity in net income (loss) of subsidiaries	(3.2)	5.1	—	—	(1.9)	—
Net income (loss)	(3.9)	(3.2)	9.3	(4.2)	(1.9)	(3.9)
Other comprehensive income (loss)	0.7	0.7	0.7	—	(1.4)	0.7
Total comprehensive income (loss)	(3.2)	(2.5)	10.0	(4.2)	(3.3)	(3.2)

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Statement of Operations
Three months ended September 30, 2013
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
Sales	—	—	328.8	30.9	(19.8)	339.9
Operating costs and expenses:						
Cost of sales	—	—	325.6	27.5	(19.8)	333.3
Selling, general and administrative expenses	1.6	0.1	18.0	4.0	—	23.7
Total operating costs and expenses	1.6	0.1	343.6	31.5	(19.8)	357.0
Operating loss	(1.6)	(0.1)	(14.8)	(0.6)	—	(17.1)
Other (income) expense:						

Interest expense (income), net	(0.1)	12.6	0.1	—	—	12.6
Loss on hedging activities, net	—	—	2.4	—	—	2.4
Total other (income) expense, net	(0.1)	12.6	2.5	—	—	15.0
Loss before income taxes	(1.5)	(12.7)	(17.3)	(0.6)	—	(32.1)
Income tax (benefit) expense	(0.4)	(4.2)	(9.7)	0.4	—	(13.9)
Equity in net income (loss) of subsidiaries	(17.1)	(8.6)	—	—	25.7	—
Net income (loss)	(18.2)	(17.1)	(7.6)	(1.0)	25.7	(18.2)
Other comprehensive income (loss)	2.2	2.2	2.2	—	(4.4)	2.2
Total comprehensive income (loss)	(16.0)	(14.9)	(5.4)	(1.0)	21.3	(16.0)

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Statement of Operations
Nine months ended September 30, 2014
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
Sales	—	—	982.4	90.9	(54.4)	1,018.9
Operating costs and expenses:						
Cost of sales	—	—	930.0	87.3	(54.4)	962.9
Selling, general and administrative expenses	3.5	0.6	42.7	11.3	—	58.1
Total operating costs and expenses	3.5	0.6	972.7	98.6	(54.4)	1,021.0
Operating income (loss)	(3.5)	(0.6)	9.7	(7.7)	—	(2.1)
Other (income) expense:						
Interest expense, net	(0.3)	37.1	0.1	0.8	—	37.7
Loss on hedging activities, net	—	—	(2.2)	—	—	(2.2)
Total other (income) expense, net	(0.3)	37.1	(2.1)	0.8	—	35.5
Income (loss) before income taxes	(3.2)	(37.7)	11.8	(8.5)	—	(37.6)
Income tax (benefit) expense	(0.7)	(12.7)	4.1	—	—	(9.3)
Equity in net income (loss) of subsidiaries	(25.8)	(0.8)	—	—	26.6	—
Net income (loss)	(28.3)	(25.8)	7.7	(8.5)	26.6	(28.3)
Other comprehensive income (loss)	2.3	2.3	2.4	—	(4.7)	2.3
Total comprehensive income (loss)	(26.0)	(23.5)	10.1	(8.5)	21.9	(26.0)

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Statement of Operations
Nine months ended September 30, 2013
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
Sales	—	—	996.5	96.5	(62.7)	1,030.3
Operating costs and expenses:						
Cost of sales	—	—	948.8	87.0	(62.7)	973.1
Selling, general and administrative expenses	4.4	1.0	54.2	10.2	—	69.8
Total operating costs and expenses	4.4	1.0	1,003.0	97.2	(62.7)	1,042.9
Operating loss	(4.4)	(1.0)	(6.5)	(0.7)	—	(12.6)
Other (income) expense:						
Interest expense (income), net	(0.3)	35.0	0.2	—	—	34.9

Debt refinancing expense	—	2.5	—	—	—	2.5
Total other (income) expense, net	(0.3)	37.5	0.2	—	—	37.4
Loss before income taxes	(4.1)	(38.5)	(6.7)	(0.7)	—	(50.0)
Income tax benefit	(1.2)	(12.8)	(5.5)	(0.6)	—	(20.1)
Equity in net income (loss) of subsidiaries	(27.0)	(1.3)	—	—	28.3	—
Net income (loss)	(29.9)	(27.0)	(1.2)	(0.1)	28.3	(29.9)
Other comprehensive income (loss)	2.3	2.3	2.4	—	(4.7)	2.3
Total comprehensive income (loss)	(27.6)	(24.7)	1.2	(0.1)	23.6	(27.6)

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Statement of Cash Flows
Nine months ended September 30, 2014
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
OPERATING ACTIVITIES						
Cash provided by (used in) operating activities	0.4	(45.5)	53.7	(4.4)	—	4.2
INVESTING ACTIVITIES						
Capital expenditures	—	—	(52.5)	(7.4)	—	(59.9)
Proceeds from sale of property, plant and equipment	—	—	0.2	—	—	0.2
Cash used in investing activities	—	—	(52.3)	(7.4)	—	(59.7)
FINANCING ACTIVITIES						
Shares tendered for taxes, net of proceeds from issuance of common shares for share-based payment arrangements	(1.1)	—	—	—	—	(1.1)
Dividends paid to shareholders	(2.1)	—	—	—	—	(2.1)
Repayments of long-term debt	—	(3.6)	—	—	—	(3.6)
Borrowings on long-term debt, net	—	(7.0)	—	14.2	—	7.2
Repayments on revolving credit facility	—	(86.0)	—	—	—	(86.0)
Borrowings on revolving credit facility	—	86.0	—	—	—	86.0
Distribution (to parent) from subsidiary	2.8	(2.8)	—	—	—	—
Cash provided by (used in) financing activities	(0.4)	(13.4)	—	14.2	—	0.4
Change in cash and cash equivalents	—	(58.9)	1.4	2.4	—	(55.1)
Cash and cash equivalents, beginning of period	0.4	66.7	1.1	11.2	—	79.4
Cash and cash equivalents, end of period	0.4	7.8	2.5	13.6	—	24.3

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Condensed Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Statement of Cash Flows
Nine months ended September 30, 2013
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
OPERATING ACTIVITIES						
Cash provided by (used in) operating activities	(0.7)	(13.9)	48.8	6.6	—	40.8
INVESTING ACTIVITIES						
Capital expenditures	—	—	(47.0)	(8.7)	—	(55.7)
Proceeds from sale of property, plant and equipment	—	—	0.9	—	—	0.9
Cash used in investing activities	—	—	(46.1)	(8.7)	—	(54.8)
FINANCING ACTIVITIES						
Shares tendered for taxes, net of proceeds from issuance of common shares for share-based payment arrangements	(0.1)	—	—	—	—	(0.1)
Dividends paid to shareholders	(8.2)	—	—	—	—	(8.2)
Repayments of long-term debt	—	(278.8)	—	—	—	(278.8)
Borrowings on long-term debt	—	331.8	—	—	—	331.8
Repayments on revolving credit facility	—	(11.0)	—	—	—	(11.0)
Borrowings on revolving credit facility	—	11.0	—	—	—	11.0
Payments of financing costs	—	(2.9)	—	—	—	(2.9)
Distribution (to parent) from subsidiary	8.9	(8.9)	—	—	—	—
Cash provided by financing activities	0.6	41.2	—	—	—	41.8
Change in cash and cash equivalents	(0.1)	27.3	2.7	(2.1)	—	27.8
Cash and cash equivalents, beginning of period	0.5	27.9	3.3	4.4	—	36.1
Cash and cash equivalents, end of period	0.4	55.2	6.0	2.3	—	63.9

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Except as otherwise indicated herein or as the context otherwise requires, references in this report to (a) Noranda HoldCo refer only to Noranda Aluminum Holding Corporation, a Delaware corporation, excluding its subsidiaries, (b) Noranda AcquisitionCo refer only to Noranda Aluminum Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of Noranda HoldCo, exclu