Noranda Aluminum Holding CORP
Form 10-Q
April 28, 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 March 31, 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 April 15, 2014, there were 68,571,508 shares of Noranda common stock outstanding.

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NORANDA ALUMINUM HOLDING CORPORATION

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2014	December 31, 2013
	$	$
ASSETS		
Current assets:		
Cash and cash equivalents	51.2	79.4
Accounts receivable, net	112.6	86.7
Inventories, net	191.8	178.7
Taxes receivable	—	2.6
Prepaid expenses	4.4	4.6
Other current assets	15.3	12.3
Total current assets	375.3	364.3
Property, plant and equipment, net	671.7	677.2
Goodwill	137.6	137.6
Other intangible assets, net	53.8	55.2
Other assets	87.4	87.8
Total assets	1,325.8	1,322.1
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	110.8	89.2
Accrued liabilities	62.1	61.0
Taxes payable	5.1	—
Derivative liabilities, net	5.2	4.0
Deferred tax liabilities	4.3	2.1
Current portion of long-term debt	6.0	4.9
Total current liabilities	193.5	161.2
Long-term debt, net	658.5	654.2
Pension and other post-retirement benefit ("OPEB") liabilities	115.5	115.8
Other long-term liabilities	49.2	50.0
Long-term deferred tax liabilities	177.8	193.6
Shareholders' equity:		
Preferred stock (25.0 shares authorized, $0.01 par value; no shares issued and outstanding at March 31, 2014 and December 31, 2013)	—	—
Common stock (200.0 shares authorized; $0.01 par value; 68.5 shares issued and outstanding at March 31, 2014; 68.1 shares issued and outstanding at December 31, 2013)	0.7	0.7
Capital in excess of par value	240.2	239.7
Accumulated deficit	(56.3)	(38.7)
Accumulated other comprehensive loss	(59.3)	(60.4)
Total shareholders' equity	125.3	141.3
Non-controlling interest	6.0	6.0
Total equity	131.3	147.3

Total liabilities and equity	1,325.8	1,322.1

See accompanying notes

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

	Three months ended March 31	
	2014	2013
	$	$
Sales	311.6	338.4
Operating costs and expenses:		
Cost of sales	302.0	305.6
Selling, general and administrative expenses	20.7	24.6
Total operating costs and expenses	322.7	330.2
Operating income (loss)	(11.1)	8.2
Other (income) expense:		
Interest expense, net	12.5	10.1
(Gain) loss on hedging activities, net	0.3	(5.4)
Debt refinancing expense	—	2.5
Total other expense, net	12.8	7.2
Income (loss) before income taxes	(23.9)	1.0
Income tax expense (benefit)	(7.1)	0.4
Net income (loss)	(16.8)	0.6
Net income (loss) per common share:		
Basic	$(0.25)	$0.01
Diluted	$(0.25)	$0.01
Weighted-average common shares outstanding:		
Basic	68.23	67.78
Diluted	68.23	69.06
Cash dividends declared per common share	$0.01	$0.04

See accompanying notes

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

	Three months ended March 31	
	2014	2013
	$	$
Net income (loss)	(16.8)	0.6
Other comprehensive income (loss):		
Reclassification of pension and OPEB amounts realized in net income (loss)	1.8	3.5
Reclassification of derivative amounts realized in net income (loss)	—	(6.4)
Total other comprehensive income (loss), before tax	1.8	(2.9)
Income tax expense (benefit) related to components of other comprehensive income (loss)	0.7	(0.7)
Total other comprehensive income (loss), net of tax	1.1	(2.2)
Total comprehensive loss	(15.7)	(1.6)

See accompanying notes

NORANDA ALUMINUM HOLDING CORPORATION
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	—	—	—	(16.8)	—	—	(16.8)
Other comprehensive income	—	—	—	—	1.1	—	1.1
Shares tendered for taxes, net of issuance of common shares for share-based payment arrangements	—	—	(0.4)	—	—	—	(0.4)
Stock compensation expense related to equity-based awards	—	—	0.7	—	—	—	0.7
Vesting of awards, share-based plans	—	—	0.2	(0.1)	—	—	0.1
Dividends to shareholders @ $0.01 per share	—	—	—	(0.7)	—	—	(0.7)
Balance, March 31, 2014	—	0.7	240.2	(56.3)	(59.3)	6.0	131.3

See accompanying notes

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

	Three months ended March 31	
	2014	2013
	$	$
OPERATING ACTIVITIES		
Net income (loss)	(16.8)	0.6
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Depreciation and amortization	21.7	23.2
Non-cash interest expense	0.7	0.7
Last in, first out and lower of cost or market inventory adjustments	(0.2)	0.8
Gain on disposal of assets	(0.1)	(0.2)
Gain on hedging activities, excluding cash settlements	(0.5)	(5.4)
Debt refinancing expense	—	2.5
Deferred income taxes	(14.3)	1.5
Share-based compensation expense	0.7	1.0
Changes in other assets	(1.6)	(1.4)
Changes in pension, other post-retirement and other long-term liabilities	0.7	0.7
Changes in current operating assets and liabilities:		
Accounts receivable, net	(26.0)	(18.3)
Inventories, net	(12.8)	(8.4)
Taxes receivable and taxes payable	7.7	(1.1)
Other current assets	(1.2)	12.3
Accounts payable	21.4	(11.3)
Accrued liabilities	1.1	0.7
Cash used in operating activities	(19.5)	(2.1)
INVESTING ACTIVITIES		
Capital expenditures	(13.1)	(18.9)
Proceeds from sale of property, plant and equipment	0.2	0.2
Cash used in investing activities	(12.9)	(18.7)
FINANCING ACTIVITIES		
Shares tendered for taxes, net of proceeds from issuance of common shares for share-based payment arrangements	(0.4)	(0.2)
Dividends paid to shareholders	(0.7)	(2.7)
Repayments of long-term debt	(1.2)	(276.4)
Borrowings on long-term debt, net	6.5	282.3
Payments of financing costs	—	(2.2)
Cash provided by financing activities	4.2	0.8
Change in cash and cash equivalents	(28.2)	(20.0)
Cash and cash equivalents, beginning of period	79.4	36.1
Cash and cash equivalents, end of period	51.2	16.1

See accompanying notes

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

1. ACCOUNTING POLICIES

Organization, Consolidation and Basis of Presentation

The accompanying unaudited 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 consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") for interim financial information. The consolidated financial statements, including these condensed notes, are unaudited and exclude some of the disclosures required in annual consolidated financial statements. Consolidated balance sheet data as of December 31, 2013 was derived from our audited 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. Certain reclassifications have been made to previously issued consolidated financial statements to conform to the current period presentation. These reclassifications had no impact on net income or net cash flows.

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 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.

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 Consolidated Financial Statements

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

	Three months ended March 31, 2014						
	Bauxite	Alumina	Primary Aluminum	Flat-Rolled Products	Corporate	Eliminations	Consolidated
	$	$	$	$	$	$	$
Sales:							
External customers	11.7	45.8	120.8	133.3	—	—	311.6
Intersegment	18.4	31.4	28.7	—	—	(78.5)	—
Total sales	30.1	77.2	149.5	133.3	—	(78.5)	311.6
Capital expenditures	0.8	2.0	7.0	3.1	0.2	—	13.1
Reconciliation of segment profit (loss) to operating income (loss):							
Segment profit (loss)	2.5	(11.9)	18.4	10.9	(7.8)	(1.4)	10.7
Depreciation and amortization	(2.5)	(5.0)	(9.7)	(4.3)	(0.2)	—	(21.7)
Last in, first out and lower of cost or market inventory adjustments	—	—	(0.1)	0.3	—	—	0.2
Gain on disposal of assets	—	—	0.1	—	—	—	0.1
Non-cash pension, accretion and stock compensation	—	(0.2)	(1.0)	(0.7)	(0.9)	—	(2.8)
Restructuring, relocation and severance	0.1	(0.1)	(0.1)	0.4	0.1	—	0.4
Consulting fees	—	—	—	—	(0.2)	—	(0.2)
Cash settlements on hedging transactions	—	—	0.2	0.7	—	—	0.9
Other, net	—	(0.1)	0.1	(0.1)	—	1.4	1.3
Operating income (loss)	0.1	(17.3)	7.9	7.2	(9.0)	—	(11.1)
Interest expense, net							12.5
Loss on hedging activities, net							0.3
Total other expense, net							12.8
Loss before income taxes							(23.9)

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

	Three months ended March 31, 2013						
	Bauxite	Alumina	Primary Aluminum	Flat-Rolled Products	Corporate	Eliminations	Consolidated
	$	$	$	$	$	$	$
Sales:							
External customers	11.8	42.0	138.7	145.9	—	—	338.4
Intersegment	23.7	44.1	22.5	—	—	(90.3)	—
Total sales	35.5	86.1	161.2	145.9	—	(90.3)	338.4
Capital expenditures	0.8	5.1	8.4	3.4	1.2	—	18.9
Reconciliation of segment profit (loss) to operating income (loss):							
Segment profit (loss)	4.2	4.1	24.2	13.8	(8.7)	(1.3)	36.3
Depreciation and amortization	(2.0)	(5.3)	(11.1)	(4.6)	(0.2)	—	(23.2)
Last in, first out and lower of cost or market inventory adjustments	—	—	1.7	(2.5)	—	—	(0.8)
Gain on disposal of assets	—	0.1	0.1	—	—	—	0.2
Non-cash pension, accretion and stock compensation	—	(0.2)	(1.8)	(1.3)	(1.4)	—	(4.7)
Relocation and severance	—	(0.1)	(0.2)	—	(0.3)	—	(0.6)
Consulting fees	—	—	—	—	(0.3)	—	(0.3)
Cash settlements on hedging transactions	—	—	0.1	0.5	—	—	0.6
Other, net	—	(0.1)	—	(0.1)	—	0.9	0.7
Operating income (loss)	2.2	(1.5)	13.0	5.8	(10.9)	(0.4)	8.2
Interest expense, net							10.1
Gain on hedging activities, net							(5.4)
Debt refinancing expense							2.5
Total other expense, net							7.2
Income before income taxes							1.0

	March 31, 2014	December 31, 2013
Segment assets:	$	$
Bauxite	160.7	152.9
Alumina	222.7	229.2
Primary Aluminum	530.1	514.6
Flat-Rolled Products	359.8	334.2
Corporate	86.3	121.2
Eliminations	(33.8)	(30.0)
Total assets	1,325.8	1,322.1

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

3. SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Consolidated statements of cash flows:

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

	Three months ended March 31	
	2014	2013
	$	$
Depreciation of property, plant and equipment	18.8	20.6
Amortization of intangible assets	1.5	1.5
Amortization of other long-term assets	1.4	1.1
Total depreciation and amortization	21.7	23.2

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

	Three months ended March 31	
	2014	2013
	$	$
Interest paid	7.5	10.2
U.S. Federal and state income taxes refunded	(0.5)	—

Non-cash accruals for additions and other non-cash adjustments to property, plant and equipment were $4.3 million and $3.9 million for the three months ended March 31, 2014 and 2013, respectively, and were not reflected as capital expenditures in the unaudited consolidated statements of cash flows. During the three months ended March 31, 2014 and 2013, we capitalized interest of $0.4 million and $0.3 million, respectively, related to long-term capital projects.

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 income (loss)	1.8	0.7	1.1
Balance, March 31, 2014	(93.2)	(33.9)	(59.3)

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

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

Details about accumulated other comprehensive income (loss) components	Amount reclassified from accumulated other comprehensive income (loss) Three months ended March 31		Affected line item in the unaudited consolidated statements of operations
	2014	2013	
	$	$	
Selling, general and administrative expenses ("SGA")			
Actuarial gain/loss	0.3	0.7	(1)
Prior service costs	—	0.1	(1)
Total pension amounts reclassified into SGA	0.3	0.8	Selling, general and administrative expenses
Cost of sales ("COS")			
Actuarial gain/loss	1.3	2.5	(1)
Prior service costs	0.2	0.2	(1)
Total pension amounts reclassified into COS	1.5	2.7	Cost of sales
Reclassification of pension and OPEB amounts realized in net income (loss)	1.8	3.5	
Income tax expense (benefit) related to reclassifications of pension and OPEB amounts	0.7	1.3	Income tax expense (benefit)
Reclassification of pension and OPEB amounts realized in net income (loss), net of tax	1.1	2.2	Net income (loss)
Reclassification of derivative amounts realized in net income (loss)	—	(6.4)	(Gain) loss on hedging activities, net
Income taxes related to reclassifications of derivative amounts	—	2.0	Income tax expense (benefit)
Reclassification of derivative amounts realized in net income (loss), net of tax	—	(4.4)	Net income (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."

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

	March 31, 2014	December 31, 2013
	$	$
Cash	51.0	59.2
Money market funds	0.2	20.2
Total cash and cash equivalents	51.2	79.4

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

	March 31, 2014	December 31, 2013
	$	$
Trade	112.8	86.9
Allowance for doubtful accounts	(0.2)	(0.2)

Total accounts receivable, net	112.6	86.7

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

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

	March 31, 2014	December 31, 2013
	$	$
Current foreign deferred tax asset	1.1	1.1
Employee loans receivable, net	1.7	1.8
Current derivative assets (see Note 12, "Derivative Financial Instruments")	6.2	4.5
Other current assets	6.3	4.9
Total other current assets	15.3	12.3

Other assets consisted of the following (in millions):

	March 31, 2014	December 31, 2013
	$	$
Deferred financing costs, net of amortization	7.2	7.7
Cash surrender value of life insurance	28.4	27.8
Pension asset	5.9	5.9
Restricted cash (see Note 9, "Asset Retirement and Other Obligations")	12.9	12.9
Supplies	6.8	7.6
Prepaid Jamaican income taxes	12.7	12.7
Derivative asset	0.2	0.2
Other	13.3	13.0
Total other assets	87.4	87.8

Accrued liabilities consisted of the following (in millions):

	March 31, 2014	December 31, 2013
	$	$
Compensation and benefits	19.5	23.7
Workers’ compensation	5.9	5.1
Other operating expenses	11.3	9.3
Accrued interest	6.8	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
Reclamation obligation (see Note 9, "Asset Retirement and Other Obligations")	1.5	1.4
Environmental remediation obligations (see Note 9, "Asset Retirement and Other Obligations")	1.7	1.7
Obligations to the Government of Jamaica	7.9	5.7
Pension and OPEB liabilities (see Note 10, "Pensions and Other Post-Retirement Benefits")	0.9	0.9
Restricted stock unit ("RSU") liability awards (see Note 14, "Share-Based Payments")	0.1	—
Restructuring liability (see Note 11, "Restructuring")	0.4	5.3
Total accrued liabilities	62.1	61.0

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

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

	March 31, 2014	December 31, 2013
	$	$
Reserve for uncertain tax positions	0.7	0.7
Workers' compensation	15.7	15.7
Asset retirement obligations (see Note 9, "Asset Retirement and Other Obligations")	14.2	14.3
Land obligation (see Note 9, "Asset Retirement and Other Obligations")	6.7	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")	0.2	0.2
Deferred compensation and other	10.6	11.1
Total other long-term liabilities	49.2	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):

	March 31, 2014			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash equivalents	0.2	—	—	0.2
Derivative assets	—	0.8	5.6	6.4
Derivative liabilities	—	(5.4)	—	(5.4)
RSU liability awards	(0.1)	—	—	(0.1)
Total	0.1	(4.6)	5.6	1.1

	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 first quarter 2014.

Cash equivalents as of March 31, 2014 and 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.

In Note 14 "Share-Based Payments," we discuss RSU liability awards. The fair value of this Level 1 liability was determined based on the closing market price of our common stock at each balance sheet date.

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.

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

	Three months ended March 31, 2014
	$
Fair value, beginning of year	1.8
New contracts entered into during the period	0.4
Changes in fair value	4.7
Settlements	(1.3)
Fair value, end of year	5.6

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, revolving credit facility 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 26% and 30% of total inventories, at cost, at March 31, 2014 and December 31, 2013, respectively.

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

	March 31, 2014	December 31, 2013
	$	$
Raw materials, at cost	62.2	57.8
Work-in-process, at cost	59.3	49.3
Finished goods, at cost	23.4	25.2
Total inventories, at cost	144.9	132.3
LIFO adjustment	23.3	24.9
LCM reserve	(16.0)	(16.2)
Inventories, at lower of cost or market	152.2	141.0
Supplies	39.6	37.7
Total inventories, net	191.8	178.7

6. PROPERTY, PLANT AND EQUIPMENT

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

	Estimated useful lives in years	March 31, 2014	December 31, 2013
		$	$
Land		51.5	51.2
Buildings and improvements	10 — 47	162.7	161.9
Machinery and equipment	3 — 50	906.9	898.8
Construction in progress		51.3	50.1
Property, plant and equipment, at cost		1,172.4	1,162.0
Accumulated depreciation		(500.7)	(484.8)
Total property, plant and equipment, net		671.7	677.2

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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 are expecting to receive a claim for a new contract in second quarter 2014.
- 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 plan to commence negotiations in the second quarter of 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.

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 or reasonably possible losses in excess of our accruals would be material to our unaudited 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.

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

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purchase requirement equal to five megawatts, calculated at peak and non-peak demand charges, or approximately $3.2 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 delivery of the production line to our facility, 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. We anticipate delivery of the rod production line in September 2014. Total payments related to the construction of the rod production line are expected to be approximately €11.5 million in the aggregate, however the amount and timing of the payments are subject to variability due to the progression of the construction.

8. LONG-TERM DEBT

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

	March 31, 2014			December 31, 2013		
	Carrying value	Fair value	Interest rate	Carrying value	Fair value	Interest rate
	$	$	%	$	$	%
AcquisitionCo Notes, net	173.1	159.1	11.00	173.1	146.8	11.00
Term B Loan, net	473.9	473.9	5.75	475.0	475.0	5.75
Project specific financing	17.5	17.5	9.00	11.0	11.0	9.00
Total debt, net	664.5			659.1		
Less: Current portion	(6.0)			(4.9)		
Long-term debt, net	658.5			654.2		

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

As of March 31, 2014 and December 31, 2013 the carrying value of our Term B Loan was recorded net of unamortized discount of $2.7 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 March 31, 2014 and December 31, 2013 and outstanding letters of credit totaled $34.6 million at both March 31, 2014 and December 31, 2013. Availability under the Revolver is subject to a calculated borrowing base. Our available borrowing capacity calculated as of March 31, 2014 was $139.9 million.

During the quarter ended March 31, 2014, we borrowed $6.5 million from a third party (the "project specific financing" arrangement)which provides available borrowings up to a total of $20.0 million. We are using the borrowings for the port expansion and railing improvements 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 March 31, 2014.

As of March 31, 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 three months ended March 31, 2014. We recorded debt refinancing expense of $2.5 million in first quarter 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.

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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):

	Three months ended March 31, 2014
	$
Balance, beginning of period	1.4
Additional liabilities incurred	0.8
Liabilities settled	(0.7)
Balance, end of period	1.5

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):

	Three months ended March 31, 2014
	$
Balance, beginning of period	10.5
Additional liabilities incurred	0.1
Liabilities settled	(0.1)
Revisions to the obligation	(0.1)
Balance, end of period	10.4

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.
Our asset retirement obligations activity follows (in millions):

	Three months ended March 31, 2014
	$
Balance, beginning of period	16.5
Additional liabilities incurred	0.2
Liabilities settled	(0.4)
Accretion	0.3
Balance, end of period	16.6

As of March 31, 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 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 March 31, 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

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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 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		St. Ann Pension Plans	
	Three months ended March 31		Three months ended March 31	
	2014	2013	2014	2013
	$	$	$	$
Service cost	3.6	3.8	0.2	0.1
Interest cost	4.9	4.5	0.4	0.4
Expected return on plan assets	(5.3)	(5.1)	(0.6)	(0.5)
Recognized actuarial loss	1.6	3.2	—	—
Amortization of prior service cost	0.2	0.3	0.1	—
Net periodic cost	5.0	6.7	0.1	—

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

	Noranda OPEB Plans		St. Ann OPEB Plans	
	Three months ended March 31		Three months ended March 31	
	2014	2013	2014	2013
	$	$	$	$
Service cost	0.1	0.1	—	—
Interest cost	0.2	0.2	0.1	0.1
Net periodic cost	0.3	0.3	0.1	0.1

Expected Employer Contributions

We contributed $3.1 million and $0.1 million to the Noranda Pension Plans and the St. Ann Pension Plans, respectively, during the quarter ended March 31, 2014. We anticipate making approximately $15.7 million and $0.3 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 $0.6 million for expiration of elective benefits in the first quarter of 2014. Unpaid restructuring costs are recorded in accrued liabilities in the accompanying unaudited consolidated balance sheets.

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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	(0.2)
Flat-Rolled Products	(0.4)
Benefits paid in 2014	(4.5)
Balance, March 31, 2014	0.4

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 March 31, 2014, our outstanding fixed-price aluminum customer contracts were as follows:

	Average price per pound	Pounds
Year	$	(in millions)
2014	0.99	55.4
2015	1.04	6.9

As of March 31, 2014, our outstanding variable-price aluminum offset swaps were as follows:

	Average hedged price per pound	Pounds hedged
Year	$	(in millions)
2014	0.86	60.6
2015	0.87	7.0

As of March 31, 2014, our outstanding variable-price MWP contracts were as follows:

	Average hedged price per pound	Pounds hedged
Year	$	(in millions)
2014	0.12	60.0
2015	0.14	6.1

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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):

	March 31, 2014	December 31, 2013
	$	$
Fixed-price aluminum customer contracts	(0.4)	2.9
Variable-price aluminum offset swaps	(4.2)	(4.2)
Variable-price MWP contracts	5.6	1.8
Total	1.0	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):

	As of March 31, 2014				
Counterparty	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	—	—	—	6.2	6.2
Total current derivative assets	—	—	—	6.2	6.2
Various counterparties not subject to a master netting arrangement	—	—	—	0.2	0.2
Total long-term derivative assets	—	—	—	0.2	0.2

	As of March 31, 2014				
Counterparty	Gross derivative liabilities offset	Amount offset	Net derivative liabilities offset	Derivative liabilities not offset	Derivative liabilities, net
	$	$	$	$	$
Master netting arrangement with counterparty one	(1.5)	—	(1.5)	—	(1.5)
Master netting arrangement with counterparty two	(2.3)	—	(2.3)	—	(2.3)
Master netting arrangement with counterparty three	(0.2)	—	(0.2)	—	(0.2)
Various counterparties not subject to a master netting arrangement	—	—	—	(1.2)	(1.2)
Total current derivative liabilities	(4.0)	—	(4.0)	(1.2)	(5.2)
Various counterparties not subject to a master netting arrangement	—	—	—	(0.2)	(0.2)
Total long-term derivative liabilities	—	—	—	(0.2)	(0.2)

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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
	$	$	$	$	$
Master netting arrangement with counterparty one	(2.3)	—	(2.3)	—	(2.3)
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)

As of March 31, 2014 and December 31, 2013, respectively, 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 consolidated statements of operations. As of March 31, 2014, there were 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 consolidated statements of operations.

The following table presents how our hedging activities affected our unaudited 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 March 31, 2014			
Fixed-price aluminum customer contracts	—	3.3	3.3

Variable-price aluminum offset swaps	—	0.8	0.8
Variable-price MWP contracts	—	(3.8)	(3.8)
Total	—	0.3	0.3
Three months ended March 31, 2013			
Fixed-price aluminum swaps	(6.4)	—	(6.4)
Fixed-price aluminum customer contracts	—	(5.2)	(5.2)
Variable-price aluminum offset swaps	—	6.3	6.3
Variable-price MWP contracts	—	(0.1)	(0.1)
Total	(6.4)	1.0	(5.4)

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13. SHAREHOLDERS' EQUITY

Dividends declared and paid during the three months ended March 31, 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

On April 22, 2014, the Board declared a regular quarterly dividend of $0.01 per share to be paid on May 28, 2014 to shareholders of record as of May 5, 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 March 31	
	2014	2013
	$	$
Stock options	—	0.1
Restricted stock and restricted stock unit equity awards	0.7	0.9
Total stock compensation expense	0.7	1.0

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.

As of March 31, 2014, total unrecognized stock compensation expense related to share-based payment awards was $3.4 million. We will recognize this amount over a weighted-average period of 1.2 years. 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 because the performance conditions had not been determined as of March 31, 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)
		$	$		$	$
Outstanding, December 31, 2013	1,183,449	1.92	2.0	140,000	9.00	—
Exercised	(92,970)	1.61	0.2	—	—	—
Outstanding, March 31, 2014	1,090,479	1.95	2.7	140,000	9.00	—
Fully vested and exercisable, March 31, 2014 (weighted-average remaining contractual term of 4.0 years and 3.6 years, respectively)	1,001,044	2.02	2.4	140,000	9.00	—

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

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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	5,658	3.31	507,897	4.09	—	—	(507,897)
Dividend equivalent units granted	1,920	4.29	1,446	4.29	399	4.29	1,015
Vested (aggregate intrinsic value of $2.2 million)	(257,620)	12.79	(190,259)	13.98	—	—	(385)
Forfeited	(48,434)	7.29	(19,156)	11.92	(21,566)	2.16	(14,762)
Cancelled	—	—	(159,982)	12.98	—	—	(40,336)
Non-vested, March 31, 2014 (aggregate intrinsic value of $7.6 million)	597,634	5.57	440,386	3.03	171,899	2.16	440,765

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 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 March 31, 2014 for performance-vesting awards granted in 2013 because the performance conditions had not yet been determined.

As of March 31, 2014, accrued liabilities in the accompanying unaudited consolidated balance sheets included $0.1 million related to RSU liability awards.

RSU liability award activity was as follows:

	RSUs
	#
Non-vested, December 31, 2013	20,347
Dividend equivalent units granted	48
Non-vested, March 31, 2014	20,395

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15. NET INCOME (LOSS) PER COMMON SHARE

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

	Three months ended March 31	
	2014	2013
Net income (loss)	$(16.8)	$0.6
Weighted-average common shares outstanding:		
Basic	68.23	67.78
Effect of dilutive securities	—	1.28
Diluted	68.23	69.06
Net income (loss) per common share:		
Basic	$(0.25)	$0.01
Diluted	$(0.25)	$0.01

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 March 31	
	2014	2013
Antidilutive securities	2.18	0.67

16. INCOME TAXES

Our effective income tax rate was approximately 29.7% for the three months ended March 31, 2014 and 40.0% for the three months ended March 31, 2013.The effective income tax rate for the three months ended March 31, 2014 and for the three months ended March 31, 2013 was primarily impacted by state income taxes, the Internal Revenue Code Section 199 manufacturing deduction, and a foreign deferred tax asset valuation allowance.

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 March 31	
	2014	2013
	$	$
Berry Plastics Corporation	1.9	1.9
Metals USA Holdings Corp.[1]	—	3.3

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

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

	March 31, 2014	December 31, 2013
	$	$
Berry Plastics Corporation	0.6	0.3
Metals USA Holdings Corp. [1]	—	—

(1) As of April 12, 2013 Metals USA Holding Corp. was no longer affiliated with Apollo, therefore accounts receivable for Metals USA Holding Corp. as of March 31, 2014 are not disclosed as related party accounts receivable.

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.

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

18. NON-CONTROLLING INTEREST

Through St. Ann, we hold a 49% partnership interest in Noranda Jamaica Bauxite Partners ("NJBP"), in which the 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 consolidated balance sheets as follows (in millions):

	March 31, 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	14.7	(14.7)	—	13.3	(13.3)	—
Inventories, net (consisting of maintenance supplies, inventory and fuel)	15.6	—	15.6	15.6	—	15.6
Other current assets	3.0	—	3.0	2.0	—	2.0
Property, plant and equipment, net	41.0	—	41.0	42.6	—	42.6
Other assets	5.5	—	5.5	5.1	—	5.1
Accounts payable	(64.6)	55.5	(9.1)	(62.1)	55.5	(6.6)
Accrued liabilities	(3.5)	—	(3.5)	(3.8)	—	(3.8)
Environmental, land and reclamation liabilities	(1.5)	—	(1.5)	(1.4)	—	(1.4)
Non-controlling interest	(6.0)	—	(6.0)	(6.0)	—	(6.0)
St. Ann's net investment and advances to NJBP	5.7	40.8	46.5	5.9	42.2	48.1

19. SUBSIDIARY ISSUER OF GUARANTEED NOTES

The AcquisitionCo Notes are fully and unconditionally guaranteed on a senior unsecured, joint and several bases 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.

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.

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Consolidating Balance Sheet as of March 31, 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	0.5	29.3	5.3	16.1	—	51.2
Accounts receivable, net:						
Trade	—	—	107.4	5.2	—	112.6
Affiliates	19.2	11.9	6.3	8.1	(45.5)	—
Inventories, net	—	—	160.3	31.5	—	191.8
Prepaid expenses	0.3	—	3.4	0.7	—	4.4
Other current assets	—	—	8.7	6.6	—	15.3
Total current assets	20.0	41.2	291.4	68.2	(45.5)	375.3
Investments in affiliates	333.4	1,562.5	—	—	(1,895.9)	—
Advances due from affiliates	—	122.2	702.7	63.5	(888.4)	—
Property, plant and equipment, net	—	—	608.0	63.7	—	671.7
Goodwill	—	—	137.6	—	—	137.6
Other intangible assets, net	—	—	53.8	—	—	53.8
Other assets	—	7.2	51.5	28.7	—	87.4
Total assets	353.4	1,733.1	1,845.0	224.1	(2,829.8)	1,325.8
LIABILITIES AND EQUITY						
Current liabilities:						
Accounts payable:						
Trade	—	—	101.9	8.9	—	110.8
Affiliates	—	19.2	8.1	18.2	(45.5)	—
Accrued liabilities	0.1	6.8	33.4	21.8	—	62.1
Taxes Payable	5.0	—	(0.2)	0.3	—	5.1
Derivative liabilities, net	—	—	5.2	—	—	5.2
Deferred tax liabilities	0.2	1.1	3.0	—	—	4.3
Current portion of long-term debt	—	4.9	—	1.1	—	6.0
Total current liabilities	5.3	32.0	151.4	50.3	(45.5)	193.5
Long-term debt, net	—	642.1	—	16.4	—	658.5
Pension and other post-retirement liabilities	—	—	109.5	6.0	—	115.5
Other long-term liabilities	—	—	38.0	11.2	—	49.2
Advances due to affiliates	186.9	701.5	—	—	(888.4)	—
Long-term deferred tax liabilities	35.9	24.1	116.6	1.2	—	177.8
Shareholders' equity:						
Common stock	0.7	—	—	—	—	0.7
Capital in excess of par value	240.2	352.1	1,199.7	83.5	(1,635.3)	240.2

Retained earnings (accumulated deficit)	(56.3)	40.6	285.2	53.2	(379.0)	(56.3)
Accumulated other comprehensive income (loss)	(59.3)	(59.3)	(55.4)	(3.7)	118.4	(59.3)
Total shareholders' equity	125.3	333.4	1,429.5	133.0	(1,895.9)	125.3
Non-controlling interest	—	—	—	6.0	—	6.0
Total equity	125.3	333.4	1,429.5	139.0	(1,895.9)	131.3
Total liabilities and equity	353.4	1,733.1	1,845.0	224.1	(2,829.8)	1,325.8

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
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
Taxes receivable	1.6	—	1.3	(0.3)	—	2.6
Prepaid expenses	0.2	—	3.7	0.7	—	4.6
Other current assets	—	—	6.8	5.5	—	12.3
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	38.4	20.6	—	61.0
Derivative liabilities net	—	—	4.0	—	—	4.0
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

Retained earnings (accumulated 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 Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Consolidating Statement of Operations
Three months ended March 31, 2014
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
Sales	—	—	300.0	30.1	(18.5)	311.6
Operating costs and expenses:						
Cost of sales	—	—	294.5	25.9	(18.4)	302.0
Selling, general and administrative expenses	1.1	0.1	15.5	4.1	(0.1)	20.7
Total operating costs and expenses	1.1	0.1	310.0	30.0	(18.5)	322.7
Operating income (loss)	(1.1)	(0.1)	(10.0)	0.1	—	(11.1)
Other (income) expense:						
Interest expense, net	(0.1)	12.5	—	0.1	—	12.5
Loss on hedging activities, net	—	—	0.3	—	—	0.3
Total other (income) expense, net	(0.1)	12.5	0.3	0.1	—	12.8
(Loss) before income taxes	(1.0)	(12.6)	(10.3)	—	—	(23.9)
Income tax (benefit) expense	0.2	(4.0)	(3.1)	(0.2)	—	(7.1)
Equity in net income (loss) of subsidiaries	(15.6)	(7.0)	—	—	22.6	—
Net income (loss)	(16.8)	(15.6)	(7.2)	0.2	22.6	(16.8)
Other comprehensive income (loss)	1.1	1.1	1.3	—	(2.4)	1.1
Total comprehensive income (loss)	(15.7)	(14.5)	(5.9)	0.2	20.2	(15.7)

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Consolidating Statement of Operations
Three months ended March 31, 2013
(in millions)
(unaudited)

	Parent guarantor (Noranda HoldCo)	Issuer (Noranda AcquisitionCo)	Subsidiary guarantors	Subsidiary non-guarantors	Eliminations	Consolidated
	$	$	$	$	$	$
Sales	—	—	326.5	35.6	(23.7)	338.4
Operating costs and expenses:						
Cost of sales	—	—	299.3	30.0	(23.7)	305.6
Selling, general and administrative expenses	1.3	0.4	19.6	3.3	—	24.6
Total operating costs and expenses	1.3	0.4	318.9	33.3	(23.7)	330.2
Operating income (loss)	(1.3)	(0.4)	7.6	2.3	—	8.2
Other (income) expense:						
Interest expense, net	(0.1)	10.2	—	—	—	10.1
Gain on hedging activities, net	—	—	(5.4)	—	—	(5.4)
Debt refinancing expense	—	2.5	—	—	—	2.5
Total other (income) expense, net	(0.1)	12.7	(5.4)	—	—	7.2
Income (loss) before income taxes	(1.2)	(13.1)	13.0	2.3	—	1.0
Income tax (benefit) expense	(0.3)	(4.4)	4.7	0.4	—	0.4
Equity in net income of subsidiaries	1.5	10.2	—	—	(11.7)	—
Net income (loss)	0.6	1.5	8.3	1.9	(11.7)	0.6
Other comprehensive income (loss)	(2.2)	(2.2)	(2.2)	—	4.4	(2.2)
Total comprehensive income (loss)	(1.6)	(0.7)	6.1	1.9	(7.3)	(1.6)

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NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Statement of Cash Flows
Three months ended March 31, 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	0.3	(25.4)	16.3	(10.7)	—	(19.5)
INVESTING ACTIVITIES						
Capital expenditures	—	—	(12.3)	(0.8)	—	(13.1)
Proceeds from sale of property, plant and equipment	—	—	0.2	—	—	0.2
Cash used in investing activities	—	—	(12.1)	(0.8)	—	(12.9)
FINANCING ACTIVITIES						
Shares tendered for taxes, net of proceeds from issuance of common shares for share-based payment arrangements	(0.4)	—	—	—	—	(0.4)
Dividends paid to shareholders	(0.7)	—	—	—	—	(0.7)
Repayments of long-term debt	—	(1.2)	—	—	—	(1.2)
Borrowings on long-term debt, net	—	(9.9)	—	16.4	—	6.5
Distribution (to parent) from subsidiary	0.9	(0.9)	—	—	—	—
Cash provided by (used in) financing activities	(0.2)	(12.0)	—	16.4	—	4.2
Change in cash and cash equivalents	0.1	(37.4)	4.2	4.9	—	(28.2)
Cash and cash equivalents, beginning of period	0.4	66.7	1.1	11.2	—	79.4
Cash and cash equivalents, end of period	0.5	29.3	5.3	16.1	—	51.2

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Notes to Unaudited Consolidated Financial Statements

NORANDA ALUMINUM HOLDING CORPORATION
Condensed Consolidating Statement of Cash Flows
Three months ended March 31, 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	(0.1)	(18.6)	17.2	(0.6)	—	(2.1)
INVESTING ACTIVITIES						
Capital expenditures	—	—	(18.1)	(0.8)	—	(18.9)
Proceeds from sale of property, plant and equipment	—	—	0.2	—	—	0.2
Cash used in investing activities	—	—	(17.9)	(0.8)	—	(18.7)
FINANCING ACTIVITIES						
Shares tendered for taxes, net of proceeds from issuance of common shares for share-based payment arrangements	(0.2)	—	—	—	—	(0.2)
Dividends paid to shareholders	(2.7)	—	—	—	—	(2.7)
Repayments of long-term debt	—	(276.4)	—	—	—	(276.4)
Borrowings on long-term debt	—	282.3	—	—	—	282.3
Payments of financing costs	—	(2.2)	—	—	—	(2.2)
Distribution (to parent) from subsidiary	2.7	(2.7)	—	—	—	—
Cash provided by (used in) financing activities	(0.2)	1.0	—	—	—	0.8
Change in cash and cash equivalents	(0.3)	(17.6)	(0.7)	(1.4)	—	(20.0)
Cash and cash equivalents, beginning of period	0.5	27.9	3.3	4.4	—	36.1
Cash and cash equivalents, end of period	0.2	10.3	2.6	3.0	—	16.1

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, excluding its subsidiaries, and (c) "Noranda," the "Company," "we," "our," and "us" refer collectively to Noranda HoldCo and its subsidiaries on a consolidated basis. "AcquisitionCo Notes" refer to senior unsecured notes due 2019, issued by Noranda AcquisitionCo.

Overview and Recent Developments

We are a leading North American integrated producer of value-added primary aluminum and high-quality rolled aluminum coils. We have two businesses: our upstream business and downstream business. Our upstream business is one of the largest U.S. producers of primary aluminum, and consists of three reportable segments: Primary Aluminum, Alumina and Bauxite. These three segments are closely integrated and consist of a smelter near New Madrid, Missouri, which we refer to as "New Madrid," and supporting operations at our bauxite mining operation ("St. Ann") and alumina refinery ("Gramercy"). In 2013, New Madrid produced approximately 586 million pounds (266,000 metric tonnes) of primary aluminum, representing approximately 14% of total 2013 U.S. primary aluminum production, based on statistics from CRU. Our downstream business comprises our Flat-Rolled Products segment, which is one of the largest aluminum foil producers in North America, and consists of four rolling mill facilities with a combined maximum annual production capacity of 410 to 495 million pounds, depending on production mix.

We experienced unusually extreme winter weather in the first quarter 2014; however, we returned our facilities to normal operating levels by quarter end. The negative effects from those extreme conditions to alumina and primary aluminum production had a $14.9 million pre-tax impact on first quarter results. At the same time, we experienced robust aluminum product demand during the first quarter 2014. We managed through challenging conditions to mitigate the impact on our liquidity and to meet our customers needs.

- The negative impact of extreme weather conditions included $3.6 million from a first quarter 2014 weather-driven spike in natural gas prices and $11.3 million from higher production costs. At our alumina refinery, unusually extreme cold temperatures created process instability which caused unfavorable usage rates for key production materials. Similar conditions at our aluminum smelter hampered electrical efficiency, decreased metal purity, increased anode production costs and drove higher maintenance and overtime costs.
- The impact of extreme weather on production costs was partially offset by the favorable impact of lower prices for certain raw materials and by savings under the Company's CORE productivity program.
- The average realized Midwest Transaction Price decreased to $0.95 in first quarter 2014 from $1.03 in first quarter 2013.
- Integrated primary aluminum net cash cost ("Net Cash Cost") increased to $0.90 per pound shipped in first quarter 2014 compared to $0.81 per pound shipped in first quarter 2013, reflecting the negative impact from lower LME-linked prices in the Alumina segment and an $0.11 impact from extreme winter weather conditions during first quarter 2014. These negatives were partially offset by lower costs for certain key raw materials, and by the incremental impact of CORE productivity savings.

On April 16, 2014, the PSC issued two orders related to the Company’s February 2014 petition to obtain a reduced power rate for the New Madrid smelter. First, the Missouri Public Service Commission ("PSC") denied a motion to dismiss the Company’s petition. Second, the PSC established a schedule to hear and rule on the Company’s petition which will allow a timely decision regarding the rate request. On April 23, 2014, the PSC revised the approved schedule. Evidentiary hearings will be held June 16 through 17, 2014, and the PSC anticipates making a decision in this case by August 6, 2014.

Forward-looking Statements

This report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements about future, not past, events and involve certain important risks and uncertainties, any of which could cause the Company's actual results to differ materially from those expressed in forward-looking statements, including, without limitation: the cyclical nature of the aluminum industry and fluctuating commodity prices, which cause variability in earnings and cash flows; a downturn in general economic conditions, including changes in interest rates, as well as a downturn in the end-use markets for certain of the Company's products; fluctuations in the relative cost of certain raw materials and energy compared to the price of primary aluminum and aluminum rolled products; the effects of competition in Noranda's business lines; Noranda's ability to retain customers, a substantial number of which do not have long-term contractual arrangements with the Company; the ability to fulfill the business's substantial capital investment needs; labor relations (i.e. disruptions, strikes or work stoppages) and labor costs; unexpected issues arising in connection with Noranda's operations outside of the United States; the ability to retain key management personnel; and Noranda's expectations with respect to its acquisition activity, or difficulties encountered in connection with acquisitions, dispositions or similar transactions. Forward-looking statements contain words such as "believes," "expects," "may," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates" or similar expressions that relate to Noranda's strategy, plans or intentions. All statements Noranda makes relating to its estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to the Company's expectations regarding future industry trends are forward-looking statements. Noranda undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made and which reflect management's current estimates, projections, expectations or beliefs. All forward-looking statements herein are based upon information available to us on the date of this report on Form 10-Q.

Important factors that could cause actual results to differ materially from our expectations, which we refer to as cautionary statements, are disclosed herein under Part II, Item 1A "Risk Factors," and in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2013. All forward-looking information in this report on Form 10-Q and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by our cautionary statements. In light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this report on Form 10-Q may not in fact occur. Accordingly, investors should not place undue reliance on those statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Critical Accounting Policies and Estimates

Our accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). Preparation of these financial statements requires management to make significant judgments and estimates. See Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1, "Accounting Policies" in our audited consolidated financial statements for the year ended December 31, 2013, included in our Annual Report on Form 10-K, as filed March 3, 2014, for a discussion of our critical accounting policies and estimates.

Goodwill Impairment

Goodwill represents the excess of acquisition consideration paid over the fair value of identifiable net tangible and identifiable intangible assets acquired. Goodwill and other indefinite-lived intangible assets are not amortized, but are reviewed for impairment at least annually, in the fourth quarter, or upon the occurrence of certain triggering events. Effective January 1, 2012, we adopted new accounting standards that allow a qualitative assessment to determine whether further impairment testing is necessary in certain circumstances. We elected to continue to evaluate goodwill and other indefinite-lived intangible assets for impairment using a two-step process, which is based on a quantitative assessment. The first step is to compare the fair value of each of our reporting units to their respective book values, including goodwill. If the fair value of a reporting unit exceeds its book value, reporting unit goodwill is not considered impaired and the second step of the impairment test is not required. If the book value of a reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment loss, if any. The second step of the impairment test compares the implied fair value of the reporting unit’s goodwill with the book value of that goodwill. If the book value of the reporting unit’s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination.

The carrying value of our Primary Aluminum segment's goodwill was $137.6 million at March 31, 2014. As of October 1, 2013, the date of our last annual goodwill impairment test, the fair value of the Primary Aluminum Segment exceeded its carrying value by approximately 22%. Our 2013 fair value analysis included assumptions about key factors affecting the Primary Aluminum segment's future profitability and cash flows, including the long-term price for primary aluminum. We continue to monitor our Primary Aluminum segment's expected future cash flows for risk of impairment. Factors that could cause a decline in expected future cash flows include a further decline in expected aluminum prices without corresponding decreases in expected prices for production inputs, significant increases in the cost of production inputs such as electricity, potential negative effects of proposed legislation related to sulfur dioxide ("SO_2") emissions, or a significant increase in cash flow discount rates. Additionally, a sustained decline in our stock price or a downgrading of our credit ratings, when combined with the factors noted above, may cause us to further evaluate our impairment risk. We may perform interim goodwill impairment testing during 2014 based on our evaluation of the above factors.

Inventory Valuation

An actual valuation of inventory under the last-in, first-out ("LIFO") method is made only at the end of each year based on the inventory costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory costs. Because these calculations are subject to many factors beyond management's control, interim results are subject to the final year-end LIFO inventory valuation which could significantly differ from interim estimates. To estimate the effect of LIFO on interim periods, we calculate a LIFO reserve each quarter, giving consideration to expected year-end inventory pricing.

The following table illustrates the sensitivity of our LIFO adjustment by showing the amount by which pre-tax income would have changed for the quarter ended March 31, 2014, given certain specified changes in inventory costs:

Inventory item	Sensitivity	Increase (decrease) in pre-tax income ($ in millions)	
Primary Aluminum segment:			
Carbon-based products	10% increase in price	(1.4	)
Alumina	$0.10 increase in LME per pound	(1.9	)
Flat-Rolled Products segment:			
Metal	$0.10 increase in LME per pound	(5.3	)

Results of operations

To aid the reader in understanding the results of operations of each of these distinctive periods, we have provided the following discussion. You should read the following discussion of the results of operations and financial condition with the unaudited consolidated financial statements and related notes included herein.

Results of Operations

The following table sets forth certain unaudited consolidated financial information for the periods ended March 31, 2014 and 2013 (in millions, except per share data and where noted):

	Three months ended March 31	
	2014	2013
	$	$
Statements of operations data:		
Sales	311.6	338.4
Operating costs and expenses:		
Cost of sales	302.0	305.6
Selling, general and administrative expenses	20.7	24.6
Total operating costs and expenses	322.7	330.2
Operating income (loss)	(11.1)	8.2
Other (income) expense:		
Interest expense, net	12.5	10.1
(Gain) loss on hedging activities, net	0.3	(5.4)
Debt refinancing expense	—	2.5
Total other expense, net	12.8	7.2
Income (loss) before income taxes	(23.9)	1.0
Income tax expense (benefit)	(7.1)	0.4
Net income (loss)	(16.8)	0.6
Net income (loss) per common share:		
Basic	$(0.25)	$0.01
Diluted	$(0.25)	$0.01
Weighted-average common shares outstanding:		
Basic	68.23	67.78
Diluted	68.23	69.06
Cash dividends declared per common share	$0.01	$0.04
External sales by segment:		
Bauxite	11.7	11.8
Alumina	45.8	42.0
Primary Aluminum	120.8	138.7
Flat-Rolled Products	133.3	145.9
Total	311.6	338.4
Segment profit (loss):		
Bauxite	2.5	4.2
Alumina	(11.9)	4.1
Primary Aluminum	18.4	24.2
Flat-Rolled Products	10.9	13.8
Corporate	(7.8)	(8.7)
Eliminations	(1.4)	(1.3)
Total	10.7	36.3
Financial and other data:		
Average realized Midwest transaction price (per pound)	$0.95	$1.03
Net Cash Cost (per pound shipped)	$0.90	$0.81
Shipments:		
External shipments:		
Bauxite (kMts)	520.7	506.0
Alumina (kMts)	150.6	125.0
Primary Aluminum (pounds, in millions)	111.7	119.5

Flat-Rolled Products (pounds, in millions)	92.4	93.8
Intersegment shipments:		
Bauxite (kMts)	622.7	703.0
Alumina (kMts)	127.3	151.0
Primary Aluminum (pounds, in millions)	30.2	22.3

Discussion of consolidated operating results for the three months ended March 31, 2014 compared to the three months ended March 31, 2013

Sales

Sales for the three months ended March 31, 2014 were $311.6 million compared to $338.4 million in the three months ended March 31, 2013, a decrease of 7.9%. Lower realized prices and volumes decreased sales by $24.5 million and $2.3 million, respectively. The extreme winter conditions minimally impacted shipments to external customers during first quarter 2014.

Sales to external customers from our Primary Aluminum segment decreased to $120.8 million in the three months ended March 31, 2014 from $138.7 million in the three months ended March 31, 2013, driven primarily by lower realized prices and lower volume.

- Our average realized MWTP for the three months ended March 31, 2014 was $0.95 per pound, compared to $1.03 per pound in the three months ended March 31, 2013.
- Lower external shipments from the Primary Aluminum segment decreased external sales by $9.1 million in the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

Sales to external customers from our Alumina segment in the three months ended March 31, 2014 were $45.8 million compared to $42.0 million in the three months ended March 31, 2013. Higher volumes increased external sales by $8.6 million offset by $4.8 million lower sales primarily due to lower LME-linked realized pricing.

Sales to external customers from our Bauxite segment in the three months ended March 31, 2014 were $11.7 million compared to $11.8 million in the three months ended March 31, 2013. Lower external sales prices resulted in a $0.4 million sales decrease, offset by external shipment volumes that were higher by 2.9%, resulting in a $0.3 million external sales increase.

Sales to our external customers in our Flat-Rolled Products segment were $133.3 million during the three months ended March 31, 2014 compared to $145.9 million in the three months ended March 31, 2013. Lower volume and the negative impact of lower LME prices decreased external sales by $2.2 million and $10.4 million, respectively.

Cost of sales

Cost of sales for the three months ended March 31, 2014 was $302.0 million compared to $305.6 million in the three months ended March 31, 2013.

Total cost of sales in the Primary Aluminum segment decreased to $137.6 million for first quarter 2014 from $142.9 million for first quarter 2013. The decrease primarily related to lower input cost pricing for both alumina and carbon based products and incremental CORE productivity savings, offset by the $1.9 million higher production costs due to extreme winter weather conditions.

Total cost of sales in the Alumina segment was $92.4 million for first quarter 2014 compared to $85.5 million for first quarter 2013. The increase in cost of sales was primarily due to extreme weather conditions resulting in higher natural gas prices and production costs in first quarter 2014 totaling $13.0 million, partially offset by favorable impact from lower first quarter 2014 bauxite and caustic soda prices and by incremental CORE productivity savings.

Total cost of sales in the Bauxite segment was $25.9 million for first quarter 2014 compared to $30.0 million for first quarter 2013. The decrease in cost of sales was primarily a result of lower fuel prices and productivity-driven reductions in mine operations.

Flat-Rolled Products segment cost of sales decreased to $124.6 million for first quarter 2014 from $137.1 million for first quarter 2013. The decrease related principally to lower LME related raw material input costs.

Selling, general and administrative expenses

Selling, general and administrative expenses in the three months ended March 31, 2014 were $20.7 million, compared to $24.6 million in the three months ended March 31, 2013. In first quarter 2014, selling, general and administrative expenses decreased primarily due to lower compensation expenses and benefits as a result of 2013 workforce reductions and decreased relocation, severance and professional fees.

Operating income (loss)

Operating loss for the three months ended March 31, 2014 was $11.1 million compared to operating income of $8.2 million in the three months ended March 31, 2013. The decrease in operating income primarily related to the sales margin decline of $23.2 million, offset by a $3.9 million decrease in selling, general and administrative expenses.

Sales margin was $9.6 million for the three months ended March 31, 2014 compared to $32.8 million in the three months ended March 31, 2013. This decrease resulted from the unfavorable impacts of lower LME aluminum prices and effects of extreme weather conditions on alumina and primary aluminum production costs.

Interest expense, net

Interest expense during first quarter 2014 increased to $12.5 million compared to $10.1 million in first quarter 2013. Our average outstanding indebtedness increased to $665.6 million in first quarter 2014 from $601.2 million in first quarter 2013.

(Gain) loss on hedging activities, net

Loss on hedging activities was $0.3 million in the three months ended March 31, 2014 compared to a gain on hedging activities of $5.4 million in the three months ended March 31, 2013. During the three months ended March 31, 2013, we reclassified $6.4 million of aluminum and natural gas hedge net gains from AOCI into earnings. There were no remaining derivative gains or losses on hedging activities in AOCI to reclassify into earnings during the three months ended March 31, 2014.

Income (loss) before income taxes

Loss before income taxes was $23.9 million in the three months ended March 31, 2014, compared to income before income taxes of $1.0 million in the three months ended March 31, 2013. The special items outlined below impacted the comparability of our pre-tax income (in millions):

	Three months ended March 31	
	2014	2013
	$	$
	Increase (decrease) to net income	
Special items:		
Transaction costs	—	(2.5)
Gain (loss) on hedging activities	(0.3)	5.4
Total special items (pre-tax)	(0.3)	2.9

Income tax expense (benefit)

Income tax benefit was $7.1 million in the three months ended March 31, 2014, compared to income tax expense of $0.4 million in the three months ended March 31, 2013.

Our effective income tax rate was approximately 29.7% for the three months ended March 31, 2014 and 40.0% for the three months ended March 31, 2013. The effective income tax rate for the three months ended March 31, 2014 and for the three months ended March 31, 2013 was primarily impacted by state income taxes, the Internal Revenue Code Section 199 manufacturing deduction, and a foreign deferred tax asset valuation allowance.

Net income (loss)

Net loss was $16.8 million in the three months ended March 31, 2014, compared to net income of $0.6 million in the three months ended March 31, 2013. The decrease in net income resulted from a $19.3 million decrease in operating income, a $5.7 million decrease in gain on hedging activities, and a $2.4 million increase in interest expense, offset by a $7.5 million decrease in income tax expense.

Discussion of quarterly segment results

Bauxite

Bauxite segment sales, including intersegment sales, for the three months ended March 31, 2014 were $30.1 million, compared to $35.5 million for the three months ended March 31, 2013. Lower realized pricing decreased sales by $3.5 million and lower shipment volume decreased sales by $1.9 million.

Segment profit in the three months ended March 31, 2014 was $2.5 million compared to $4.2 million in the three months ended March 31, 2013. The decrease in segment performance was driven by lower internal and external selling prices, which offset favorably lower fuel prices and productivity-driven reductions in mine operating costs.

Alumina

Alumina segment sales, including intersegment sales, for the three months ended March 31, 2014 were $77.2 million compared to $86.1 million for the three months ended March 31, 2013. This decrease is primarily related to lower LME-linked prices.

Segment loss in the three months ended March 31, 2014 was $11.9 million compared to segment profit of $4.1 million in the three months ended March 31, 2013. Lower Alumina segment profit reflects the combination the $13.0 million impact of extreme winter weather conditions and a $7.8 million unfavorable impact from lower LME-linked prices.These negatives factors were partially offset by the $3.4 million favorable impact from lower first quarter 2014 bauxite and caustic soda prices and by incremental CORE productivity savings in first quarter 2014.

Primary Aluminum

Primary Aluminum segment sales, including intersegment sales, decreased to $149.5 million in the three months ended March 31, 2014 from $161.2 million in the three months ended March 31, 2013.

- The average realized MWTP decreased 7.8% in the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

Segment profit in the three months ended March 31, 2014 was $18.4 million compared to $24.2 million in the three months ended March 31, 2013. This decline was driven largely by a net $7.9 million negative impact from lower LME-linked prices and a $1.9 million impact of extreme winter weather conditions during first quarter 2014. These negative factors were partially offset by the $4.1 million impact from incremental CORE productivity savings, as well as lower input cost pricing. Medical and workers compensation costs were also higher in first quarter 2014 than in first quarter 2013.

Flat-Rolled Products

Sales in our Flat-Rolled Products segment were $133.3 million in the three months ended March 31, 2014 compared to $145.9 million in the three months ended March 31, 2013. The sales decrease was the result of lower volume of $2.2 million and lower pricing of $10.4 million.

Segment profit in three months ended March 31, 2014 was $10.9 million compared to $13.8 million in the three months ended March 31, 2013. Compared to first quarter 2013, segment profit decreased due to the negative effects of product mix changes, higher natural gas prices and an increase in workers compensation and medical costs. These negatives were partially offset by the incremental impact of CORE productivity savings.

Corporate

Corporate expenses were approximately $0.9 million lower in the three months ended March 31, 2014 compared to the three months ended March 31, 2013, due primarily to the impact of CORE productivity savings.

Liquidity and Capital Resources

Our primary sources of liquidity are available cash balances, cash provided by operating activities and available borrowings under our asset-based revolving credit facility and project specific financing arrangements.

- At March 31, 2014, we had $51.2 million of cash and cash equivalents.
- There were no borrowings outstanding as of March 31, 2014 under our asset-based revolving credit facility and outstanding letters of credit totaled $34.6 million. Available borrowing capacity under the facility was $139.9 million, calculated as of March 31, 2014. Together with cash and cash equivalents, total available liquidity at March 31, 2014 was $191.1 million.
- In the quarter ended March 31, 2014, operating activities used $19.5 million of cash.
- During the quarter ended March 31, 2014 we borrowed $6.5 million from a third party, pursuant to a project specific financing arrangement which provides available borrowings up to a total of $20.0 million. We are using the borrowings for the port expansion and railing improvements 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 March 31, 2014.
- During the quarter ended March 31, 2014, we made cash dividend payments to shareholders totaling $0.7 million.

In addition to financing the working capital needs of our business, our primary continuing liquidity requirements are to (i) fund capital expenditures, (ii) meet debt service obligations (iii) meet pension funding requirements and (iv) pay dividends. Based on our current level of operations, we believe the combination of cash flow from operations and available cash and borrowings will be adequate to meet our short-term liquidity needs. Our ability to make scheduled payments of principal, pay interest on, or to refinance our indebtedness, to pay dividends or to fund planned capital expenditures, will depend on our ability to generate cash in the future. This ability is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control.

The following table sets forth unaudited condensed consolidated cash flow information for the periods indicated (in millions):

	Three months ended March 31	
	2014	2013
	$	$
Cash used in operating activities	(19.5)	(2.1)

Cash used in investing activities	(12.9)	(18.7)
Cash provided by financing activities	4.2	0.8
Change in cash and cash equivalents	(28.2)	(20.0)

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Operating activities

Operating activities used $19.5 million of cash in the quarter ended March 31, 2014 compared to $2.1 million used in the quarter ended March 31, 2013. In the quarter ended March 31, 2014, we produced $10.7 million of segment profit. Unusually extreme weather conditions negatively impacted our first quarter 2014 segment profit by approximately $14.9 million. As summarized in the table below, the variability in operating cash flow is driven primarily by different levels of segment profit and seasonal working capital changes in each of the quarters (in millions):

(in millions)	Three months ended March 31 2014 $	2013 $
Segment profit	$10.7	$36.3
Prepaid expenses and other	(5.8)	9.8
Interest paid	(7.5)	(10.2)
Taxes refunded	0.5	—
Operating working capital (deficit)	(17.4)	(38.0)
Cash used in operating activities	$(19.5)	$(2.1)

Investing activities

Capital expenditures were $13.1 million in the quarter ended March 31, 2014 and $18.9 million in the quarter ended March 31, 2013.

Non-cash accruals for additions and other non-cash adjustments to property, plant and equipment were $4.3 million and $3.9 million for the quarter ended March 31, 2014 and 2013, respectively, and are not reflected as capital expenditures in the unaudited consolidated statements of cash flows.

We evaluate spending on capital growth projects on an ongoing basis, taking into consideration the specific benefit, scope and timing of each project, as well as overall market conditions, including the LME aluminum price, and our future liquidity expectations.

Financing activities

During the quarter ended March 31, 2014, our financing cash flows reflected the $6.5 million borrowing from our project specific financing arrangement, our quarterly Term B Loan repayment of $1.2 million and dividend payments to shareholders totaling $0.7 million.

On April 22, 2014, the Board declared a regular quarterly dividend of $0.01 per share to be paid on May 28, 2014 to shareholders of record as of May 5, 2014. Cash payments related to this dividend will total approximately $0.7 million.

Adjusted EBITDA

Management uses "Adjusted EBITDA", referred to as "EBITDA" in our debt agreements, as a liquidity measure. Our debt agreements do not require us to achieve any specified level of Adjusted EBITDA or ratio of Adjusted EBITDA to any other financial metric, in order to avoid a default (subject, in the case of the senior secured revolving credit facility, to our maintaining minimum availability thereunder). As used herein, Adjusted EBITDA means net income before income taxes, net interest expense, depreciation and amortization, adjusted to eliminate certain non-cash expenses and other specified items of income or expense as outlined below (in millions):

	Three months ended March 31		Twelve months ended	
	2014	2013	March 31, 2014	December 31, 2013
	$	$	$	$
Adjusted EBITDA	10.7	36.3	67.5	93.1
Last in, first out and lower of cost or market inventory adjustments [a]	0.2	(0.8)	3.6	2.6
Gain (loss) on disposal of assets	0.1	0.2	0.4	0.5
Asset impairment	—	—	(5.9)	(5.9)
Non-cash pension, accretion and stock compensation	(2.8)	(4.7)	(18.6)	(20.5)
Restructuring, relocation and severance	0.4	(0.6)	(6.9)	(7.9)
Consulting fees	(0.2)	(0.3)	(0.4)	(0.5)
Debt refinancing expense	—	(2.5)	—	(2.5)
Non-cash derivative gains [b]	0.6	6.0	1.4	6.8
Other, net	1.3	0.7	0.6	—
Depreciation and amortization	(21.7)	(23.2)	(94.5)	(96.0)
Interest expense, net	(12.5)	(10.1)	(49.9)	(47.5)
Income tax	7.1	(0.4)	37.7	30.2
Net income (loss)	(16.8)	0.6	(65.0)	(47.6)

(a) Our New Madrid smelter and our rolling mills use the LIFO method of inventory accounting for financial reporting and tax purposes. This adjustment restates net income to the FIFO method by eliminating LIFO expenses related to inventories held at the New Madrid smelter and the rolling mills. Product inventories at Gramercy and St. Ann and supplies inventories at New Madrid are stated at lower of weighted-average cost or market, and are not subject to the LIFO adjustment. We also reduce inventories to the lower of cost (adjusted for purchase accounting) or market value.

(b) We use derivative financial instruments to mitigate effects of fluctuations in aluminum and natural gas prices. This adjustment eliminates the non-cash gains and losses resulting from fair market value changes of aluminum swaps. Cash settlements (received) or paid, except settlements on hedge terminations, related to our derivatives are included in Adjusted EBITDA and are shown in the table below:

	Three months ended March 31		Twelve months ended	
	2014	2013	March 31, 2014	December 31, 2013
	$	$	$	$
Variable-price aluminum offset swaps and other	0.9	0.6	9.4	9.1

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP, and may not be comparable to similarly titled measures used by other companies in our industry. Adjusted EBITDA should not be considered in isolation from or as an alternative to net income (loss), income (loss) from continuing operations, operating income (loss) or any other performance measures derived in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. For example, Adjusted EBITDA excludes certain tax payments that may represent a reduction in cash available to us; does not reflect any cash requirements for the assets being depreciated and amortized that may have to be replaced in the future; does not reflect capital cash expenditures, future requirements for capital expenditures or contractual commitments; does not reflect changes in, or cash requirements for, our working capital needs; and does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness. Adjusted EBITDA also includes incremental stand-alone costs and adds back non-cash hedging gains and losses, and certain other non-cash charges that are deducted in calculating net income. However, these are expenses that may recur, vary greatly and are difficult to predict. In addition, certain of these expenses can represent the reduction of cash that could be used for other corporate purposes. You should not consider our Adjusted EBITDA as an alternative to operating income (loss) or net income (loss), determined in accordance with U.S. GAAP, as an indicator of our operating performance, or as an alternative to cash flows from operating activities, determined in accordance with U.S. GAAP, as an indicator of our cash flows or as a measure of liquidity.

The following table reconciles Adjusted EBITDA to cash flow from operating activities for the periods presented (in millions):

	Three months ended March 31		Twelve months ended	
	2014	2013	March 31, 2014	December 31, 2013
	$	$	$	$
Adjusted EBITDA	10.7	36.3	67.5	93.1
Share-based compensation expense	0.7	1.0	4.5	4.8
Changes in other assets	(1.6)	(1.4)	0.8	1.0
Changes in pension, other post-retirement liabilities and other long-term liabilities	0.7	0.7	7.2	7.2
Changes in current operating assets and liabilities	(9.8)	(26.1)	49.9	33.6
Changes in current income taxes	(7.2)	1.1	(10.7)	(2.4)
Changes in accrued interest	(11.8)	(9.4)	(47.3)	(44.9)
Non-cash pension, accretion and stock compensation	(2.8)	(4.7)	(18.6)	(20.5)
Restructuring, relocation and severance	0.4	(0.6)	(6.9)	(7.9)
Consulting and sponsor fees	(0.2)	(0.3)	(0.4)	(0.5)
Other, net	1.4	1.3	0.8	0.7
Cash provided by (used in) operating activities	(19.5)	(2.1)	46.8	64.2

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the market risks disclosed in our Annual Report on Form 10-K, as filed on March 3, 2014.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of March 31, 2014. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d 15(f) under the Exchange Act) during the quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes to the description of our legal proceedings previously disclosed in our Annual Report on Form 10-K, as filed on March 3, 2014.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10 K, as filed on March 3, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

Item 4. Mine Safety Disclosures

We believe ensuring the safety of our workforce is our number one accountability as an employer. We are committed to continuing and improving upon each facility's focus on safety in the workplace. We have a number of safety programs in place, which include regular safety meetings and training sessions to teach proper safe work procedures. Our executive management, along with site managers and union leadership, are actively involved in supporting and promoting the ongoing emphasis on workplace safety. Improvement in safety performance is a key metric used in determining annual incentive awards for our U.S. employees.

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 of this report, which is incorporated herein by reference.

Item 5. Other Information

None.

Item 6. Exhibits

See the index to Exhibits

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on our behalf by the undersigned thereunto duly authorized.

	NORANDA ALUMINUM HOLDING CORPORATION
April 28, 2014	/S/ LAYLE K. SMITH
	Layle K. Smith
	Chief Executive Officer
	(Principal Executive Officer)

INDEX TO EXHIBITS

Exhibit number	Description
2.1	Stock Purchase Agreement, dated April 10, 2007, by and among Noranda Aluminum Acquisition Corporation, Noranda Finance, Inc. and Xstrata (Schweiz) A.G. (incorporated by reference to Exhibit 2.1 of Noranda Aluminum Holding Corporation's Registration Statement on Form S-4 filed on January 31, 2008)
3.1	Amended and Restated Certificate of Incorporation of Noranda Aluminum Holding Corporation (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-8 (File No. 333-166947), filed on May 19, 2010)
3.2	Amended and Restated By-Laws, of Noranda Aluminum Holding Corporation (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-8 (File No. 333-166947), filed on May 19, 2010)
12.1	Computation of Ratio of Earnings to Fixed Charges
31.1	Chief Executive Officer Certification
31.2	Chief Financial Officer Certification
32.1	Certification of Chief Executive Officer and Chief Financial Officer
95.1	Mine Safety Disclosures
101. INS	XBRL Instance Document
101. SCH	XBRL Taxonomy Extension Schema Document
101. CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101. DEF	XBRL Taxonomy Extension Definition Linkbase Document
101. LAB	XBRL Taxonomy Extension Label Linkbase Document
101. PRE	XBRL Taxonomy Extension Presentation Linkbase Document