

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
A This return/report is for:	☐ a multiemployer plan	☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan	☐ a DFE (specify) _____	
B This return/report is:	☐ the first return/report	☐ the final return/report	
	☒ an amended return/report	☐ a short plan year return/report (less than 12 months)	
C If the plan is a collectively-bargained plan, check here.	☒		
D Check box if filing under:	☒ Form 5558	☐ automatic extension	☐ the DFVC program
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan	<u>NICHOLS ALUMINUM LLC UNION EMPLOYEE 401(K) PLAN</u>	1b Three-digit plan number (PN) ▶	<u>001</u>
		1c Effective date of plan	<u>10/01/1987</u>
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)			
<u>NICHOLS ALUMINUM LLC</u>			
<u>25825 SCIENCE PARK DR.</u> <u>BEACHWOOD, OH 44122</u>			
	2b Employer Identification Number (EIN)	<u>20-8451513</u>	
	2c Plan Sponsor's telephone number	<u>216-910-3400</u>	
	2d Business code (see instructions)	<u>339900</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/13/2017</u>	<u>MELISSA OLMSTEAD</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN
	3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 448
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).	
a(1) Total number of active participants at the beginning of the plan year.....	6a(1) 337
a(2) Total number of active participants at the end of the plan year	6a(2) 407
b Retired or separated participants receiving benefits.....	6b 0
c Other retired or separated participants entitled to future benefits	6c 74
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d 481
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e 1
f Total. Add lines 6d and 6e	6f 482
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g 367
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 10
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2G 2J 2K 3H	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016	
A Name of plan NICHOLS ALUMINUM LLC UNION EMPLOYEE 401(K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 NICHOLS ALUMINUM LLC	D Employer Identification Number (EIN) 20-8451513

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRINCIPAL

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	OTHER SERVICES	14205	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 60 64 65	RECORDKEEPER	-11760	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
AF EUROPAC GRTH R4 - AMERICAN FUND 95-2566717	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
AF GRTH FUND AMER R4 - AMERICAN FU 95-2566717	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
ALZGI NFJ SMCPVL IS - BOSTON FINAN P.O. BOX 8480 BOSTON, MA 02266	0.10%	

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
BARON GROWTH - DST SYSTEMS INC 43-1581814	0.40%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
BARON GROWTH INST - DST SYSTEMS IN 43-1581814	0.15%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
TRP HIGH YIELD - T. ROWE PRICE SER 52-2269240	0.15%	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016		
A Name of plan NICHOLS ALUMINUM LLC UNION EMPLOYEE 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 NICHOLS ALUMINUM LLC	D Employer Identification Number (EIN) 20-8451513	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	6555602	8190404
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other.....	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common.....	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property).....	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans.....	1c(8)	896522	879669
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities.....	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	31393009	27496617
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	38845133	36566690

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	38845133	36566690
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1094758	
(B) Participants	2a(1)(B)	742743	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1837501
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	4475	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	37386	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		41861
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1190077	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1190077
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1424031
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		4493470

Expenses**e** Benefit payment and payments to provide benefits:

(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	6713485	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		6713485
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		54822
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	0	
(3) Investment advisory and management fees.....	2i(3)	0	
(4) Other	2i(4)	3606	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		3606
j Total expenses. Add all expense amounts in column (b) and enter total	2j		6771913

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-2278443
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **BDO USA, LLP**

(2) EIN: **13-5381590**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>NICHOLS ALUMINUM LLC UNION EMPLOYEE 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NICHOLS ALUMINUM LLC</u>	D Employer Identification Number (EIN) <u>20-8451513</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment	☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)	
	a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%	
	b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more	
	c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____	

Part VII	IRS Compliance Questions
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20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number .	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	



Nichols Aluminum LLC Union Employee 401(k) Plan

Financial Statements

And Supplemental Schedule

As of December 31, 2016 and 2015 and for the Year
Ended December 31, 2016

Nichols Aluminum LLC Union Employee 401(k) Plan

Index to Financial Statements and Supplemental Schedule

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Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2016.....	11



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Hanna Building, 1422 Euclid Avenue
Suite 1500
Cleveland, OH 44115

Independent Auditor's Report

To the Benefits Committee
Nichols Aluminum LLC Union Employee 401(k) Plan
Beachwood, Ohio

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nichols Aluminum LLC Union Employee 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2016 and 2015, and for the year ended December 31, 2016, that the information provided to the plan administrator by the trustee is complete and accurate.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2016 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

BDO USA, LLP

Cleveland, Ohio
October 11, 2017

Nichols Aluminum LLC Union Employee 401(k) Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2016	2015
Assets		
Investments: Shares of registered investment companies	\$ 35,687,021	\$ 37,948,611
Notes receivable from participants	1,441,531	1,396,276
Net assets available for benefits	<u>\$ 37,128,552</u>	<u>\$ 39,344,887</u>

See accompanying notes to financial statements.

Nichols Aluminum LLC Union Employee 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2016

Additions:

Investment income:

Net appreciation in fair value of investments	\$ 1,424,031
Interest and dividends	1,194,552
	<u>2,618,583</u>

Interest income on notes receivable from participants	44,672
--	--------

Contributions:

Employer	1,094,758
Employees	742,743
	<u>1,837,501</u>

Total additions	4,500,756
-----------------	-----------

Deductions:

Benefit payments	6,713,485
Administrative Expenses	3,606
	<u>6,717,091</u>

Total deductions	<u>6,717,091</u>
------------------	------------------

Net decrease	(2,216,335)
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Net assets available for benefits:

Beginning of year	<u>39,344,887</u>
End of year	<u><u>\$ 37,128,552</u></u>

See accompanying notes to financial statements.

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements

December 31, 2016

1. Description of the Plan

The following description of the Nichols Aluminum LLC Union Employee 401(k) Plan (the “Plan”) is provided for general information only. Participants should refer to the Plan document for a complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering substantially all union employees of Nichols Aluminum LLC (the “Plan Sponsor”), a subsidiary of Aleris International, Inc. (the “Company”) at the following locations: Davenport, Iowa (“Davenport”); Lincolnshire, Illinois (“Lincolnshire”); and Decatur, Alabama (“Decatur”). During 2015, operations at the Decatur facility were discontinued and participants in the Plan from that facility were terminated. The Plan is designed to conform to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The Plan allows for participation for employees who have completed one hour of eligible service.

Plan Administration

Overall responsibility for administering the Plan rests with the Company’s Benefits Committee, which is appointed by the Board of Directors of the Company. Fidelity Management Trust Company (“Fidelity” or the “Trustee”) is the trustee of the Plan and is responsible for the management and control of the Plan’s assets.

Contributions

An employee may contribute up to 50% of their eligible pay (as defined) to the Plan, but may not exceed certain Internal Revenue Service (“IRS”) maximum amounts. The maximum amount was \$18,000 in 2016 and 2015. Employees who were 50 years of age or older by the end of the Plan year, and were making the maximum elective contribution for the year, were eligible to make additional pretax contributions of up to \$6,000 in 2016 and 2015 (“Catch-up Contributions”). Catch-up Contributions are not matched by the Company. The Plan also provides that participants may roll over all or part of a qualified total distribution from another tax-qualified plan.

The Company makes a supplemental employer contribution based on a percentage of the participant’s compensation for each individual with at least one year of service, and in some cases, the Company also makes a matching contribution. The percentage contributed varies by location, as described below:

	Supplemental Employer Contribution	Employer Matching Contribution
Davenport: Employees hired on or before February 12, 2012	6.5% of eligible compensation.	None.
Davenport: Employees hired after February 12, 2012	4.0% of eligible compensation.	50% of the first 5% of eligible compensation saved.
Lincolnshire: Employees hired on or before January 31, 2013	6.5% of eligible compensation.	None.
Lincolnshire: Employees hired after January 31, 2013	4.0% of eligible compensation.	50% of the first 5% of eligible compensation saved.
Decatur	5.5% of eligible compensation.	None.

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

Participant Accounts

Each participant's account is credited with the participant's contributions, supplemental employer contributions, employer matching contributions, rollover contributions, and allocations of actual earnings (losses) thereon. Participants direct their accounts into various investment options offered by the Plan. Upon the occurrence of a distribution event, the benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Notes Receivable From Participants

The Plan permits participants to borrow from their account a minimum of \$1,000 and up to the lesser of \$50,000 or 50% of their vested account balance. Loans must be paid through payroll deductions over a period of time not to exceed five years, unless used for the purchase of a primary residence (in which case the loan repayment period will not exceed seven years). Participants can only have one loan outstanding under the Plan at any time. The loans are secured by the balance in the participant's account and each loan shall bear a reasonable fixed rate of interest as determined by the plan administrator, ranging from 4.25% to 9.25% as of December 31, 2016. A loan is deemed to be in default if principal and interest are not paid within 30 days of the due date, set forth in the loan agreement.

Vesting Provision

Participants are immediately vested in their employee contributions and actual earnings thereon. Vesting in the employer's supplemental contributions and matching contributions for all locations is 20% for each year of credited service and the participant is fully vested after five years. Upon death, retirement or total and permanent disability, the participant or beneficiary becomes fully vested in the employer's contributions.

Forfeited Accounts

Upon termination of employment, participants forfeit their nonvested balances. In accordance with Plan provisions, if a participant is rehired and becomes an eligible employee under the Plan, they may have their forfeited account balance reinstated subject to repayment of their distributed vested balance. Forfeited balances are used: first, to restore participant's forfeitures; second, to reduce expenses of the Company incurred in the operation of the Plan; and third, to reduce future Company contributions. There was \$0 and \$10,780 remaining in the forfeiture account as of December 31, 2016 and 2015, respectively. For the year ended December 31, 2016, \$43,845 was used to reduce Company contributions or pay administrative expenses.

Withdrawals During Employment

A participant who has attained age 59½ may withdraw any part of their vested account at any time. A participant may withdraw any part of their vested account in the event of financial hardship due to an immediate and heavy financial need (as defined). Participants must take a loan from the Plan before requesting a hardship withdrawal. Participants who applied for withdrawal of before-tax contributions are suspended from making further contributions for the next six months.

Benefits Provision

When a participant reaches normal retirement, becomes disabled or is deceased, the full value of the account balance is payable to the participant (or beneficiary, if the participant is deceased). Account balances are paid in a single lump sum payment in cash.

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, all participant accounts shall be fully vested and nonforfeitable.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Notes Receivable From Participants

Notes receivable from participants are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are recorded when they are incurred. Delinquent notes receivable from participants are reclassified as distributions based on the terms of the Plan document.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Investment Valuation and Income Recognition

Investments held by the Plan are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In conformity with Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's judgment about the assumptions

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Benefit Payments

Benefits are recorded when paid.

Evaluation of Subsequent Events

Plan management has evaluated subsequent events through October 11, 2017, which is the date the financial statements were available to be issued.

Effective January 1, 2017, the Plan was frozen as to new Participants and all benefits such that no further benefits under the Plan are available. The Plan accounts of participants formerly and currently employed at the Lincolnshire facility were spun-off and transferred to the Aleris 401(k) Plan for Lincolnshire Union (the "Lincolnshire Plan"). The Plan accounts of participants formerly and currently employed at the Davenport facility were spun-off and transferred to the Aleris 401(k) Plan for Davenport Union (the "Davenport Plan"). All remaining Plan accounts, including those formerly employed at the closed Decatur facility, were spun-off and merged into the Aleris 401(k) Plan for G.M.P. and Allied Workers, Local 4513, Cleveland.

The Plan trustee for the Lincolnshire Plan, Davenport Plan and Cleveland Plan is the Delaware Charter Guarantee and Trust Company d/b/a Principal Trust Company ("Principal"). On January 1, 2017, all assets were transferred from Fidelity to Principal and the investment elections available to Plan participants were changed.

3. Investments and Notes Receivable from Participants (unaudited)

All investment information disclosed in the accompanying financial statements and supplemental schedule, including investments held and notes receivable from participants at December 31, 2016 and 2015, and net appreciation (depreciation) in fair value of investments, interest and dividends and interest income on notes receivable from participants for the year ended December 31, 2016, was obtained or derived from information provided to the plan administrator and certified as complete and accurate by the Trustee.

4. Fair Value Measurements

The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy in ASC 820 are described in Note 2.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety. Following is a description of the valuation techniques and inputs used for each major class of assets measured at fair value.

Registered Investment Companies (mutual funds) held in the Plan are valued at quoted prices from an active market which represents the net asset value of shares held by the Plan at year-end.

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets carried at fair value as of December 31, 2016 and 2015:

Assets at Fair Value as of December 31, 2016				
	Total	Level 1	Level 2	Level 3
Registered Investment Companies:				
Target date funds	\$ 10,028,771	\$ 10,028,771	\$ -	\$ -
Blend stock funds	9,270,384	9,270,384	-	-
Money market stock fund	8,190,404	8,190,404	-	-
Growth stock funds	5,927,342	5,927,342	-	-
Bond funds	1,342,319	1,342,319	-	-
Value stock funds	865,518	865,518	-	-
Real estate funds	62,283	62,283	-	-
Total assets at fair value	<u>\$ 35,687,021</u>	<u>\$ 35,687,021</u>	<u>\$ -</u>	<u>\$ -</u>

Assets at Fair Value as of December 31, 2015				
	Total	Level 1	Level 2	Level 3
Registered Investment Companies:				
Blend stock funds	\$ 10,644,519	\$ 10,644,519	\$ -	\$ -
Target date funds	10,162,720	10,162,720	-	-
Growth stock funds	8,269,527	8,269,527	-	-
Money market stock fund	6,555,602	6,555,602	-	-
Bond funds	1,217,600	1,217,600	-	-
Value stock funds	987,212	987,212	-	-
Real estate funds	111,431	111,431	-	-
Total assets at fair value	<u>\$ 37,948,611</u>	<u>\$ 37,948,611</u>	<u>\$ -</u>	<u>\$ -</u>

5. Administrative Expenses

All administrative expenses are paid by the Plan, except for audit fees that are paid by the Plan Sponsor.

6. Tax Status

The IRS determined and informed the Company by a letter dated December 10, 2009, that the Plan and related trust were designed in accordance with applicable sections of the Internal Revenue Code (the "Code"). The Plan was amended and restated since the date of the determination letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain qualification. The Plan administrator and the Plan's tax counsel believe the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

more likely than not, based on the technical merits, to not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016 and 2015, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

7. Transactions With Parties-in-Interest

Several investments of the Plan are investment funds managed by the Trustee. Purchases and sales of investment units of such funds qualify as party-in-interest transactions, as defined by ERISA. Loans to participants are also considered party-in-interest transactions as such participants are employed by the Plan Sponsor. These party-in-interest transactions are exempt from the prohibited rules under ERISA.

8. Reconciliation of Financial Statements to the Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2016	2015
Net assets available for benefits per the financial statements	\$ 37,128,552	\$ 39,344,887
Deemed distributions of participant loans	(561,862)	(499,754)
Net assets available for benefits per the Form 5500	<u>\$ 36,566,690</u>	<u>\$ 38,845,133</u>

The following is a reconciliation of the net decrease per the financial statements to the net loss per the Form 5500 for the year ended December 31, 2016:

Net decrease per the financial statements	\$ (2,216,335)
Change in deemed distributions of participant loans	(62,108)
Net loss per the Form 5500	<u>\$ (2,278,443)</u>

Nichols Aluminum LLC Union Employee 401(k) Plan

EIN # 20-8451513 Plan # 001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2016

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost**	Current Value
	<u>Registered Investment Companies</u>			
	* Fidelity Investments	Retirement Government Money Market Fund - 8,190,404 units	\$	8,190,404
	* Fidelity Investments	Spartan Total Market Index Fund - Institutional Class - 108,963 units		7,030,265
	American Funds	Growth Fund of America - R4 - 105,194 units		4,385,530
	* Fidelity Investments	Freedom 2025 Fund - 284,322 units		3,653,544
	* Fidelity Investments	Freedom 2035 Fund - 173,496 units		2,262,393
	* Fidelity Investments	Spartan Extended Market Index Advantage - 23,383 units		1,298,701
	* Fidelity Investments	Freedom 2020 Fund - 83,925 units		1,258,031
	* Fidelity Investments	Freedom 2030 Fund - 78,976 units		1,247,031
	American Funds	Europacific Growth Fund -R4 - 17,751 units		785,478
	Baron	Growth Institutional Fund - 12,436 units		756,334
	* Fidelity Investments	Freedom 2050 Fund - 62,060 units		644,178
	PIMCO	Total Return Fund - Institutional Class - 62,066 units		622,524
	Vanguard	Small-Cap Index Admin Fund - 9,885 units		610,610
	Vanguard	Windsor II Admin Fund - 9,709 units		605,357
	* Fidelity Investments	Freedom 2040 Fund - 47,165 units		431,559
	* Fidelity Investments	Freedom 2045 Fund - 39,403 units		407,032
	T. Rowe Price	High Yield Fund - Institutional Class - 39,658 units		350,971
	* Fidelity Investments	Freedom Income Fund - 29,275 units		330,808
	Vanguard	Short Term Bond Index Admin Fund - 27,437 units		286,173
	Allianz Funds	NFJ Small-Cap Value Fund - Institutional Class - 9,972 units		260,161
	* Fidelity Investments	Freedom 2015 Fund - 8,580 units		105,443
	Vanguard	Inflation Protected Admin Fund - 3,244 units		82,650
	E.I.I. Capital Management	Global Property Fund - Institutional Class - 17,301 units		62,283
	* Fidelity Investments	Freedom 2010 Fund - 1,155 units		17,306
	* Fidelity Investments	Freedom 2005 Fund - 191 units		2,254
	Total Registered Investment Companies			35,687,021
	* Participant Loans	Interest rates ranging from 4.25% to 9.25%		879,669
				<u>\$ 36,566,690</u>

*Denotes a party-in-interest to the Plan.

**Cost is not required to be presented as all of the investments are participant-directed.



Nichols Aluminum LLC Union Employee 401(k) Plan

Financial Statements

And Supplemental Schedule

As of December 31, 2016 and 2015 and for the Year
Ended December 31, 2016

Nichols Aluminum LLC Union Employee 401(k) Plan

Index to Financial Statements and Supplemental Schedule

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Cleveland, OH 44115

Independent Auditor's Report

To the Benefits Committee
Nichols Aluminum LLC Union Employee 401(k) Plan
Beachwood, Ohio

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Nichols Aluminum LLC Union Employee 401(k) Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2016 and 2015, and for the year ended December 31, 2016, that the information provided to the plan administrator by the trustee is complete and accurate.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2016 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on the supplemental schedule.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

BDO USA, LLP

Cleveland, Ohio
October 11, 2017

Nichols Aluminum LLC Union Employee 401(k) Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2016	2015
Assets		
Investments: Shares of registered investment companies	\$ 35,687,021	\$ 37,948,611
Notes receivable from participants	1,441,531	1,396,276
Net assets available for benefits	<u>\$ 37,128,552</u>	<u>\$ 39,344,887</u>

See accompanying notes to financial statements.

Nichols Aluminum LLC Union Employee 401(k) Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2016

Additions:

Investment income:

Net appreciation in fair value of investments	\$ 1,424,031
Interest and dividends	1,194,552
	<u>2,618,583</u>

Interest income on notes receivable from participants	44,672
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Contributions:

Employer	1,094,758
Employees	742,743
	<u>1,837,501</u>

Total additions	4,500,756
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Deductions:

Benefit payments	6,713,485
Administrative Expenses	3,606
	<u>6,717,091</u>

Total deductions	<u>6,717,091</u>
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Net decrease	(2,216,335)
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Net assets available for benefits:

Beginning of year	39,344,887
End of year	<u><u>\$ 37,128,552</u></u>

See accompanying notes to financial statements.

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements

December 31, 2016

1. Description of the Plan

The following description of the Nichols Aluminum LLC Union Employee 401(k) Plan (the “Plan”) is provided for general information only. Participants should refer to the Plan document for a complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering substantially all union employees of Nichols Aluminum LLC (the “Plan Sponsor”), a subsidiary of Aleris International, Inc. (the “Company”) at the following locations: Davenport, Iowa (“Davenport”); Lincolnshire, Illinois (“Lincolnshire”); and Decatur, Alabama (“Decatur”). During 2015, operations at the Decatur facility were discontinued and participants in the Plan from that facility were terminated. The Plan is designed to conform to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The Plan allows for participation for employees who have completed one hour of eligible service.

Plan Administration

Overall responsibility for administering the Plan rests with the Company’s Benefits Committee, which is appointed by the Board of Directors of the Company. Fidelity Management Trust Company (“Fidelity” or the “Trustee”) is the trustee of the Plan and is responsible for the management and control of the Plan’s assets.

Contributions

An employee may contribute up to 50% of their eligible pay (as defined) to the Plan, but may not exceed certain Internal Revenue Service (“IRS”) maximum amounts. The maximum amount was \$18,000 in 2016 and 2015. Employees who were 50 years of age or older by the end of the Plan year, and were making the maximum elective contribution for the year, were eligible to make additional pretax contributions of up to \$6,000 in 2016 and 2015 (“Catch-up Contributions”). Catch-up Contributions are not matched by the Company. The Plan also provides that participants may roll over all or part of a qualified total distribution from another tax-qualified plan.

The Company makes a supplemental employer contribution based on a percentage of the participant’s compensation for each individual with at least one year of service, and in some cases, the Company also makes a matching contribution. The percentage contributed varies by location, as described below:

	Supplemental Employer Contribution	Employer Matching Contribution
Davenport: Employees hired on or before February 12, 2012	6.5% of eligible compensation.	None.
Davenport: Employees hired after February 12, 2012	4.0% of eligible compensation.	50% of the first 5% of eligible compensation saved.
Lincolnshire: Employees hired on or before January 31, 2013	6.5% of eligible compensation.	None.
Lincolnshire: Employees hired after January 31, 2013	4.0% of eligible compensation.	50% of the first 5% of eligible compensation saved.
Decatur	5.5% of eligible compensation.	None.

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

Participant Accounts

Each participant's account is credited with the participant's contributions, supplemental employer contributions, employer matching contributions, rollover contributions, and allocations of actual earnings (losses) thereon. Participants direct their accounts into various investment options offered by the Plan. Upon the occurrence of a distribution event, the benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Notes Receivable From Participants

The Plan permits participants to borrow from their account a minimum of \$1,000 and up to the lesser of \$50,000 or 50% of their vested account balance. Loans must be paid through payroll deductions over a period of time not to exceed five years, unless used for the purchase of a primary residence (in which case the loan repayment period will not exceed seven years). Participants can only have one loan outstanding under the Plan at any time. The loans are secured by the balance in the participant's account and each loan shall bear a reasonable fixed rate of interest as determined by the plan administrator, ranging from 4.25% to 9.25% as of December 31, 2016. A loan is deemed to be in default if principal and interest are not paid within 30 days of the due date, set forth in the loan agreement.

Vesting Provision

Participants are immediately vested in their employee contributions and actual earnings thereon. Vesting in the employer's supplemental contributions and matching contributions for all locations is 20% for each year of credited service and the participant is fully vested after five years. Upon death, retirement or total and permanent disability, the participant or beneficiary becomes fully vested in the employer's contributions.

Forfeited Accounts

Upon termination of employment, participants forfeit their nonvested balances. In accordance with Plan provisions, if a participant is rehired and becomes an eligible employee under the Plan, they may have their forfeited account balance reinstated subject to repayment of their distributed vested balance. Forfeited balances are used: first, to restore participant's forfeitures; second, to reduce expenses of the Company incurred in the operation of the Plan; and third, to reduce future Company contributions. There was \$0 and \$10,780 remaining in the forfeiture account as of December 31, 2016 and 2015, respectively. For the year ended December 31, 2016, \$43,845 was used to reduce Company contributions or pay administrative expenses.

Withdrawals During Employment

A participant who has attained age 59½ may withdraw any part of their vested account at any time. A participant may withdraw any part of their vested account in the event of financial hardship due to an immediate and heavy financial need (as defined). Participants must take a loan from the Plan before requesting a hardship withdrawal. Participants who applied for withdrawal of before-tax contributions are suspended from making further contributions for the next six months.

Benefits Provision

When a participant reaches normal retirement, becomes disabled or is deceased, the full value of the account balance is payable to the participant (or beneficiary, if the participant is deceased). Account balances are paid in a single lump sum payment in cash.

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, all participant accounts shall be fully vested and nonforfeitable.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Notes Receivable From Participants

Notes receivable from participants are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are recorded when they are incurred. Delinquent notes receivable from participants are reclassified as distributions based on the terms of the Plan document.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes and supplemental schedule. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Investment Valuation and Income Recognition

Investments held by the Plan are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In conformity with Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Fair value is based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect management's judgment about the assumptions

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Benefit Payments

Benefits are recorded when paid.

Evaluation of Subsequent Events

Plan management has evaluated subsequent events through October 11, 2017, which is the date the financial statements were available to be issued.

Effective January 1, 2017, the Plan was frozen as to new Participants and all benefits such that no further benefits under the Plan are available. The Plan accounts of participants formerly and currently employed at the Lincolnshire facility were spun-off and transferred to the Aleris 401(k) Plan for Lincolnshire Union (the "Lincolnshire Plan"). The Plan accounts of participants formerly and currently employed at the Davenport facility were spun-off and transferred to the Aleris 401(k) Plan for Davenport Union (the "Davenport Plan"). All remaining Plan accounts, including those formerly employed at the closed Decatur facility, were spun-off and merged into the Aleris 401(k) Plan for G.M.P. and Allied Workers, Local 4513, Cleveland.

The Plan trustee for the Lincolnshire Plan, Davenport Plan and Cleveland Plan is the Delaware Charter Guarantee and Trust Company d/b/a Principal Trust Company ("Principal"). On January 1, 2017, all assets were transferred from Fidelity to Principal and the investment elections available to Plan participants were changed.

3. Investments and Notes Receivable from Participants (unaudited)

All investment information disclosed in the accompanying financial statements and supplemental schedule, including investments held and notes receivable from participants at December 31, 2016 and 2015, and net appreciation (depreciation) in fair value of investments, interest and dividends and interest income on notes receivable from participants for the year ended December 31, 2016, was obtained or derived from information provided to the plan administrator and certified as complete and accurate by the Trustee.

4. Fair Value Measurements

The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy in ASC 820 are described in Note 2.

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Registered Investment Companies (mutual funds) held in the Plan are valued at quoted prices from an active market which represents the net asset value of shares held by the Plan at year-end.

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

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The following tables set forth by level, within the fair value hierarchy, the Plan's assets carried at fair value as of December 31, 2016 and 2015:

Assets at Fair Value as of December 31, 2016				
	Total	Level 1	Level 2	Level 3
Registered Investment Companies:				
Target date funds	\$ 10,028,771	\$ 10,028,771	\$ -	\$ -
Blend stock funds	9,270,384	9,270,384	-	-
Money market stock fund	8,190,404	8,190,404	-	-
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Value stock funds	865,518	865,518	-	-
Real estate funds	62,283	62,283	-	-
Total assets at fair value	<u>\$ 35,687,021</u>	<u>\$ 35,687,021</u>	<u>\$ -</u>	<u>\$ -</u>

Assets at Fair Value as of December 31, 2015				
	Total	Level 1	Level 2	Level 3
Registered Investment Companies:				
Blend stock funds	\$ 10,644,519	\$ 10,644,519	\$ -	\$ -
Target date funds	10,162,720	10,162,720	-	-
Growth stock funds	8,269,527	8,269,527	-	-
Money market stock fund	6,555,602	6,555,602	-	-
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Value stock funds	987,212	987,212	-	-
Real estate funds	111,431	111,431	-	-
Total assets at fair value	<u>\$ 37,948,611</u>	<u>\$ 37,948,611</u>	<u>\$ -</u>	<u>\$ -</u>

5. Administrative Expenses

All administrative expenses are paid by the Plan, except for audit fees that are paid by the Plan Sponsor.

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The IRS determined and informed the Company by a letter dated December 10, 2009, that the Plan and related trust were designed in accordance with applicable sections of the Internal Revenue Code (the "Code"). The Plan was amended and restated since the date of the determination letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain qualification. The Plan administrator and the Plan's tax counsel believe the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is

Nichols Aluminum LLC Union Employee 401(k) Plan

Notes to Financial Statements (continued)

more likely than not, based on the technical merits, to not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016 and 2015, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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Deemed distributions of participant loans	(561,862)	(499,754)
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Nichols Aluminum LLC Union Employee 401(k) Plan

EIN # 20-8451513 Plan # 001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2016

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost**	Current Value
	<u>Registered Investment Companies</u>			
	* Fidelity Investments	Retirement Government Money Market Fund - 8,190,404 units	\$	8,190,404
	* Fidelity Investments	Spartan Total Market Index Fund - Institutional Class - 108,963 units		7,030,265
	American Funds	Growth Fund of America - R4 - 105,194 units		4,385,530
	* Fidelity Investments	Freedom 2025 Fund - 284,322 units		3,653,544
	* Fidelity Investments	Freedom 2035 Fund - 173,496 units		2,262,393
	* Fidelity Investments	Spartan Extended Market Index Advantage - 23,383 units		1,298,701
	* Fidelity Investments	Freedom 2020 Fund - 83,925 units		1,258,031
	* Fidelity Investments	Freedom 2030 Fund - 78,976 units		1,247,031
	American Funds	Europacific Growth Fund -R4 - 17,751 units		785,478
	Baron	Growth Institutional Fund - 12,436 units		756,334
	* Fidelity Investments	Freedom 2050 Fund - 62,060 units		644,178
	PIMCO	Total Return Fund - Institutional Class - 62,066 units		622,524
	Vanguard	Small-Cap Index Admin Fund - 9,885 units		610,610
	Vanguard	Windsor II Admin Fund - 9,709 units		605,357
	* Fidelity Investments	Freedom 2040 Fund - 47,165 units		431,559
	* Fidelity Investments	Freedom 2045 Fund - 39,403 units		407,032
	T. Rowe Price	High Yield Fund - Institutional Class - 39,658 units		350,971
	* Fidelity Investments	Freedom Income Fund - 29,275 units		330,808
	Vanguard	Short Term Bond Index Admin Fund - 27,437 units		286,173
	Allianz Funds	NFJ Small-Cap Value Fund - Institutional Class - 9,972 units		260,161
	* Fidelity Investments	Freedom 2015 Fund - 8,580 units		105,443
	Vanguard	Inflation Protected Admin Fund - 3,244 units		82,650
	E.I.I. Capital Management	Global Property Fund - Institutional Class - 17,301 units		62,283
	* Fidelity Investments	Freedom 2010 Fund - 1,155 units		17,306
	* Fidelity Investments	Freedom 2005 Fund - 191 units		2,254
	Total Registered Investment Companies			35,687,021
	* Participant Loans	Interest rates ranging from 4.25% to 9.25%		879,669
				<u>\$ 36,566,690</u>

*Denotes a party-in-interest to the Plan.

**Cost is not required to be presented as all of the investments are participant-directed.