

BOARD OF TRUSTEES
KAISER ALUMINUM SALARIED RETIREES VEBA TRUST

60 Westwood Drive, Kentfield, CA 94904

Questions & Answers

April 16, 2014

Re: Kaiser Aluminum Salaried Retirees VEBA Trust Questions & Answers

Dear Fellow Retiree or Surviving Spouse,

By now, most of you are familiar with the VEBA Plan and how it works. We have prepared and updated the original set of Questions and Answers regarding the VEBA and present them to you as a refresher. We have broken the subject matter into two general areas: General Information and Administrative Questions. Please note that the best source of information about the Plan is your Summary Plan Description. We urge you and the members of your family to read your Summary Plan Description carefully.

General Information About the Plan

1. Question: What is a VEBA trust?

Answer: VEBA stands for a voluntary employees' beneficiary association. It is a trust established for the purpose of providing qualified benefits to its beneficiaries (reimbursement of amounts paid as health care premiums by or on behalf of eligible retirees, spouses and dependents for coverage under a health care plan in our case). The trust receives certain tax advantages under Section 501(c)(9) of the Internal Revenue Code. For further information, see "*About the Plan*" on page 1 of your Summary Plan Description.

2. Question: How is the Kaiser Aluminum Salaried Retirees VEBA funded?

Answer: Kaiser Aluminum Corporation (the Company) is required to make certain limited contributions to the VEBA Trust out of future profits for the payment of benefits and administrative expenses. This, together with income received from the investment and/or sale of assets held in the VEBA Trust from time to time, are the sole sources of funding for the VEBA Trust and for making any benefit payments under the VEBA Plan. At the present time, you are not required to make any contributions to the VEBA Trust or Plan in order to participate in the Plan. For further information, see our answer in Question 11 and the "*Contributions and Funding*" on pages 5 and 6 of your Summary Plan Description.

3. Question: What does the VEBA Plan cover?

Answer: The VEBA Plan is a medical reimbursement plan within the meaning of Section 105 of the Internal Revenue Code. It provides partial reimbursement for amounts you pay as health care premiums under a health care plan to an insurance company, an HMO, or through payroll deductions to an employer-sponsored health plan (other than a health care plan sponsored by the Company). Medicare Part B premiums and premiums paid under any qualified Medicare supplemental policy or plan are also included, as well as Medicare Part D premiums. The Plan will only reimburse the health care premiums that are solely for medical, prescription drug, dental and/or vision care. It will not reimburse any co-payments, co-insurance or deductible amounts required under a health care plan or similar out-of-pocket medical expense. It also will not reimburse the cost of prescription drug discount cards, premiums paid for hospital or other types of indemnity insurance, or for premiums paid for disability insurance, since these expenses are not for the payment of qualified medical, prescription drug, dental and/or vision care benefits under a health care plan. For further information, see "*Benefits and Benefit Limitations*" on pages 7 and 8 of your Summary Plan Description.

4. Question: Who is eligible for participation in the VEBA Plan?

Answer: Eligible retirees are former salaried employees of the Company who began to accrue credited service with the Company under the Kaiser Retirement Plan (KRP) prior to February 1, 2002 and who retired or who will retire in

the future. To be eligible for the VEBA Plan, the employee must be eligible under the original Kaiser Aluminum Salaried Retirees Medical Plan (i.e. full retirement under KRP). For a full explanation of eligibility rules, see “*Eligibility to Participate in the Plan*” on pages 3 through 5 of your Summary Plan Description.

5. Question: Why are some current employees allowed to participate in the VEBA when they retire?

Answer: As a result of a Settlement Agreement between the Company and its Creditors, as approved by the Bankruptcy Court, employees of the Company hired prior to February 1, 2002 who continue to accrue service after that date will be entitled to participate and receive benefits from the VEBA provided that they would have been entitled to receive retiree medical benefits based on age and years of service had the Company not discontinued providing such benefits.

6. Question: If I am not enrolled in the Plan, how do I enroll?

Answer: Enclosed with this year’s Annual Benefit Announcement materials you will find an Enrollment Form to be used to enroll yourself and your eligible dependents in the VEBA Plan for 2014. You should complete the Enrollment Form with all of the required information for each individual family member being enrolled in the VEBA Plan. If you already have enrolled in the VEBA Plan, you do not need to enroll again. **The completed Enrollment Form must be returned to the third party administrator (TPA) prior to December 31, 2014 in order for you to participate in the VEBA Plan and to receive benefits under the VEBA Plan for 2014.** The TPA’s address is shown on the Enrollment Form and in the answer to Administrative Question No. 1 on Page 3. For further information, see “*Enrollment Requirements*” on pages 6 and 7 of your Summary Plan Description.

7. Question: What is a Family Unit Representative?

Answer: This is a person you designate to represent all the VEBA Plan participants in your family. Generally, the Family Unit Representative will be you, your spouse, an adult child or, in some cases, a conservator, guardian or other legal representative. The Family Unit Representative submits qualified benefit reimbursement requests to the TPA and deals with the TPA and the Plan Administrator on behalf of the family. For further information, see “*Enrollment Requirements*” on page 6 of your Summary Plan Description.

8. Question: How are benefits paid?

Answer: Each year the Board of Trustees determines the amount and timing of benefits, if any, for that year. For the purpose of paying benefits, all participants will be grouped together in their own Family Units. Each Family Unit will be eligible for the maximum benefit amount, if any, for that year based on the premiums paid for that year. The Family Unit Representative must submit a Qualified Benefit Reimbursement Request Form on behalf of the Family Unit requesting reimbursement of health care premiums paid by or on behalf of Family Unit participants under a health care plan during any year for which a benefit is authorized, together with proof of payment of such health care premiums and proof of coverage under such health care plans. The Qualified Benefit Reimbursement Request Form must be submitted within the Reimbursement Request Period. The TPA’s address is shown on the Qualified Benefit Reimbursement Request Form enclosed with the Summary Plan Description and other VEBA Plan materials and can be found on page 2 of your Summary Plan Description. For further information, see “*Benefit and Benefit Limitations*” on pages 7 and 8 of your Summary Plan Description.

9. Question: What is the Reimbursement Request Period?

Answer: The Reimbursement Request Period begins on the date the Board of Trustees announces the Qualified Benefit (usually April of each year) and ends on December 31 of the year following the year in which the Qualified Benefit is declared. For example, the Board of Trustees, with this letter, has announced the 2014 Qualified Benefit Amount. You can claim your 2014 Qualified Benefit by completing and filing the Qualified Benefit Reimbursement Request Form with the third party administrator (Delta Fund Administrators) postmarked no later than December 31, 2015.

10. Question: How do the Trustees determine the annual benefit?

Answer: Although the VEBA Trust has a considerable sum of money available for paying benefits, it also must have enough money to provide benefits long into the future. To assure that result, the Trustees retain an actuary to provide an annual benefit capacity study. This study is based on our current and future retiree and surviving spouse population, the condition of our economy at the time, and various other traditional economic assumptions. The report provides the trustees with proposed benefit amounts intended to meet the Trust's goals of providing the largest benefit it can while assuring continuity for the life of the VEBA Plan. As the membership shrinks, the benefits may or may not increase based on the economic factors at that time. In theory, there should be no money left at the time the Trust completes its purpose.

11. Question: Why not just distribute the Trust assets and be done with it?

Answer: By way of background, the VEBA Plan currently provides tax-free reimbursement of medical premium expenses to approximately 3,150 family units composed of 4,750 retirees, spouses, and dependents. Our average retiree's age is approximately 78. We have a small number of future retirees who may become eligible to receive VEBA benefits.

During the Bankruptcy, the Official Salaried Retirees' Committee and the United Steelworkers of America, recognizing that the Company would be unable to continue a retiree health plan of any kind and acknowledging that employees of the Company had full expectations for retiree medical benefits, jointly sought the Bankruptcy Court's approval for a retiree medical benefit program out of bankruptcy proceeds.

Under the terms of the settlement agreement approved by the Bankruptcy Court, the Company was required to fund the salaried VEBA with an initial cash contribution, shares of common stock in the reorganized company, a portion of its future profits under a profit sharing plan, and an annual reimbursement of a small portion of each VEBA's operating expenses. The salaried VEBA has received the full amount of the Company's initial cash contribution as well as the shares of the Company's common stock. The Company remains obligated to fund the salaried VEBA with up to \$2.9 million annually to the extent earned under the profit sharing plan. Also, it will reimburse one-half of its operating expense up to \$36,250 annually. This obligation continues indefinitely, and for that reason, the salaried VEBA does not yet have all of the funds to which it and its participants are or will be entitled.

Were the VEBA to dissolve and distribute its assets among the existing retirees, there would be no future funding by the Company as provided for in the Settlement Agreement. Additionally, the full amount of the distribution would be taxable income to each beneficiary. By keeping the VEBA in place, you are assured of tax free assistance with your health care premium expenses for many years to come.

Administrative Questions

1. Question: Who should I contact with questions about the VEBA Plan?

Answer: You will find the answers to most of your questions in the Summary Plan Description. Other inquiries concerning the VEBA Plan and its provisions, including eligibility to participate, enrollment, benefit claims and other VEBA Plan matters should be addressed to the third party administrator at the following mailing address and telephone numbers:

**Delta Fund Administrators, LLC
P.O. Box 2308
Stockton, CA 95201-2308
Tel.: Toll-Free (888) 344-8322
E-mail: VEBA@Deltafund.com**

For Federal Express Delivery:
**Delta Fund Administrators, LLC
1234 West Oak Street
Stockton, CA 95203**

2. Question: If I enrolled previously and I skip a year before filing for new benefits, do I need to re-enroll?

Answer: No. Once you have enrolled, you remain enrolled, whether you use the benefit or not. It's important, though, that you keep us informed of any address changes or any change in the designated Family Unit Representative.

3. Question: Are my benefit reimbursements taxable income?

Answer: It is our understanding that, since the benefits are reimbursing you for medical premiums, the amount received is generally not reportable on your state or federal income tax filing. However, we recommend you seek the advice of a tax professional for an answer to this question.

4. Question: Will the Plan reimburse us for long term care policy premiums?

Answer: No.

5. Question: Will the Plan reimburse us for prescription drug premiums?

Answer: Yes. But it will not reimburse you for prescription drug co-pays or deductibles.

6. Question: If I know my annual medical plan premium amounts, will you reimburse the full annual amount before the premiums actually have been paid?

Answer: No. The Plan will reimburse you only for premium amounts paid based on proof of payment. It is okay for you to file for partial payment based on premiums already paid. If you submit a claim for reimbursement of premiums to date, the administrator, when it pays the first claim, will send you a new claim form reminding you that you have a balance available for future payments.

7. Question: Is the rule above any different for Medicare Part B or D premium reimbursements?

Answer: No. The Plan will pay on your Social Security award letter (Form SSA-1099) or other proof. Please refer to the Reimbursement Request Form for details. With proper proof, the Plan will pay up to the maximum benefit for the period through the month in which you file your claim.

8. Question: Do I need to complete separate Benefit Reimbursement Request Forms when filing on behalf of my spouse and myself?

Answer: No. You may file using one Form for the both of you.

9. Question: If I have lost my Reimbursement Request Form, what should I do?

Answer: Contact the Delta Fund Administrator's office. They will send you the forms you need.

10. Question: How long does it take to get my reimbursement?

Answer: Normally claims are paid on a weekly basis. If you file a claim and have not heard anything for four weeks, you should contact Delta Fund Administrators.

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The Board of Trustees of the Kaiser Aluminum Salaried Retirees VEBA Trust

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