SUMMARY PLAN DESCRIPTION

KAISER ALUMINUM
SALARIED RETIREES VEBA PLAN

June 11, 2010

NOTE:

The information contained in this Summary Plan Description provides a limited description of the relevant provisions of the Kaiser Aluminum Salaried Retirees VEBA Plan (VEBA Plan), which is the official Plan document. In the event of any conflict between the provisions of the official Plan document and the information contained in this Summary Plan Description, the provisions of the official Plan document shall control. The official Plan document is available for your review at the offices of the Plan Administrator and you may request a copy from the Third Party Administrator for a nominal charge.

The Board of Trustees intends to maintain the VEBA Plan indefinitely, but is under no obligation to continue the VEBA Plan and can amend or terminate the Plan at any time by a vote of the Board of Trustees.

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About the VEBA Plan

- ***Name and Purpose***. The Kaiser Aluminum Salaried Retirees VEBA Plan (VEBA Plan) has been established to provide welfare benefits for eligible retirees of Kaiser Aluminum Corporation, Kaiser Aluminum & Chemical Corporation, and their subsidiaries and affiliates (Kaiser) and for their eligible spouses and dependents.

- ***History***. Kaiser terminated all salaried retiree medical and life insurance benefits during its reorganization proceedings under the U.S. Bankruptcy Code. These benefits were terminated subject to the provisions of an Amended and Restated Settlement Agreement dated as of January 9, 2006 (Settlement Agreement) approved by the Bankruptcy Court. The Kaiser Aluminum Salaried Retirees VEBA (VEBA) was created as contemplated by the Settlement Agreement. The VEBA is a voluntary employees' beneficiary association within the meaning of Section 501(c)(9) of the Internal Revenue Code of 1986 (Internal Revenue Code). The VEBA is a type of trust (Trust) formed for the purpose of providing medical benefits. The Trust was created as of May 31, 2004 under an agreement (Trust Agreement) between three salaried retirees of Kaiser (Trustees or Board of Trustees) and the Union Bank, N.A. (Corporate Trustee). The Board of Trustees adopted the VEBA Plan as of May 31, 2004 as contemplated under the Trust Agreement.

- ***Sponsorship and Administration***. The Board of Trustees is the sponsor of the VEBA Plan (Plan Sponsor) and is the administrator of the VEBA Plan (Plan Administrator). Kaiser is not a sponsor of the VEBA Plan and has no role in the administration of the VEBA Plan. Kaiser is obligated, however, to make certain contributions to the Trust and to pay a certain portion of the administrative costs incurred in the operation of the Trust and the VEBA Plan as provided under the Settlement Agreement. See *Contributions by Kaiser* and *Reimbursement of Administrative and Operating Expenses by Kaiser* below.

The Corporate Trustee receives all contributions to the Trust. Under the direction of the Board of Trustees, the Corporate Trustee invests the proceeds received, disburses funds to cover the administrative costs of the Trust and the VEBA Plan, and disburses funds to pay benefits, if and when benefits are distributed under the VEBA Plan.

The Board of Trustees has engaged a professional employee benefit plan administrator (Third Party Administrator) to carry out a majority of the tasks associated with the day-to-day administration of the VEBA Plan, such as maintenance of a list (furnished initially by Kaiser) of persons eligible to participate in the VEBA Plan, distributing and receiving enrollment and benefit materials, creating and maintaining a list of persons enrolled in the VEBA Plan and entitled to benefits, if any, paid under the VEBA Plan, receiving and validating benefit payment requests (if and when the Board of Trustees declares benefits payable under the VEBA Plan), issuing benefit payment checks, and responding to inquiries.

- ***Type***. The VEBA Plan is intended to qualify as a medical reimbursement plan within the meaning of Section 105 of the Internal Revenue Code and a welfare benefit plan within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974 (ERISA).

- ***Amendment and Termination***. **The Board of Trustees intends to maintain the VEBA Plan indefinitely, but is under no obligation to continue the VEBA Plan and can amend or terminate the VEBA Plan at any time by a vote of the Board of Trustees.**

- ***Other Information Concerning the VEBA Plan***.

  - The address of the Third Party Administrator is:

    Delta Health Systems
    P.O. Box 2308
    Stockton, CA 95201-2308
    Telephone: Toll-Free (888) 344-8322
    E-mail: dfs.veba@delapro.com

Except as otherwise noted in *ERISA Rights* and *COBRA Rights* below, all inquiries concerning the VEBA Plan and its provisions, including eligibility to participate in the VEBA Plan, enrollment in the VEBA Plan, benefit claims, and other VEBA Plan matters should be addressed to the Third Party Administrator at the above mailing or e-mail address and telephone number.

  - The address of the VEBA Plan Sponsor, VEBA Plan Administrator, and the Trustees is:

    Trustees of the Kaiser Aluminum Salaried Retirees VEBA
    60 Westwood Drive
    Kentfield, CA 94904
    Telephone: (415) 461-3912

  - The employer identification number (EIN) of the VEBA Plan Sponsor is 68-6244507.

  - The VEBA Plan number is 501.

  - The effective date of the VEBA Plan is May 31, 2004 (Effective Date).

  - The VEBA Plan Year begins on January 1st and ends on December 31st.

  - The Agent for Service of Legal Process is:

    Trustees of the Kaiser Aluminum Salaried Retirees VEBA
    C/o Alfred B. Fowler, Attorney at Law
    60 Westwood Drive
    Kentfield, CA 94904
    Telephone: (415) 461-3912

Eligibility to Participate in the VEBA Plan

- ***Retirees***. Former salaried employees of Kaiser who began to accrue credited service (Credited Service) with Kaiser under the Kaiser Retirement Plan (KRP) prior to February 1, 2002 and who meet the requirements for "Normal Retirement," "Full Early Retirement," "Early Retirement," "Thirty Years Retirement," or "Active Death Retirement" as of their retirement date (Retirement Date) are eligible to participate in the VEBA Plan as a retiree (Retiree). The terms "Normal Retirement," "Full Early Retirement," "Early Retirement," "Thirty Years Retirement," and "Active Death Retirement" are as defined in the VEBA Plan. Such terms have essentially the same meanings as those terms had under the KRP.

A Retiree is either a current Retiree (Current Retiree) or a future Retiree (Future Retiree) under the VEBA Plan. A Current Retiree is a Retiree who was eligible for retiree medical benefits from Kaiser on May 31, 2004 (the Effective Date of the VEBA Plan), or would have been eligible for those benefits if he or she had not died on or prior to the Effective Date. A Future Retiree is a Retiree whose Retirement Date occurs after the Effective Date.

- ***Spouses***.

  - *Spouses of Current Retirees*. The spouse of a Current Retiree is eligible to participate in the VEBA Plan provided that he or she was covered on the Effective Date as that Current Retiree's spouse under a retiree medical plan sponsored by Kaiser, or, if the Current Retiree died on or before the Effective Date, was covered as the surviving spouse of that Current Retiree (Current Retiree Spouse), subject to the limitations set forth below under *Limitations on Spousal Eligibility.*

  - *Spouses of Future Retirees*. The spouse of a Future Retiree is eligible to participate in the VEBA Plan provided that the Future Retiree has attained his or her Retirement Date and that he or she was covered as that Future Retiree's spouse (Future Retiree Spouse) under a retiree medical plan sponsored by Kaiser (or would have been so covered had the Future Retiree's Retirement Date occurred on the Effective Date), subject to the limitations set forth below under *Limitations on Spousal Eligibility.*

  - *Limitations on Spousal Eligibility*. To be eligible to participate in the VEBA Plan as a Current or Future Retiree Spouse, he or she must have been legally married to the Current or Future Retiree prior to the 1st day of the month following the Current or Future Retiree's Retirement Date. A Current or Future Retiree Spouse ceases to be eligible to participate in the VEBA Plan as a Current or Future Retiree Spouse in the event of (a) a divorce or legal separation from the Current or Future Retiree, (b) the Current or Future Retiree's death, unless the surviving Current or Future Retiree Spouse was legally married to the Current or Future Retiree for at least the full 12-month period prior to the Current or Future Retiree's death, or (c) a remarriage of the surviving Current or Future Retiree Spouse. Individuals who marry a Current Retiree after the Effective Date and individuals who marry a Future Retiree on or after the Future Retiree's Retirement Date are not eligible to participate in the VEBA Plan.

- *Surviving Spouses*. Upon the death of a Retiree, the surviving spouse has the same eligibility rights to participate in the VEBA Plan as the Retiree had prior to his or her death provided that he or she otherwise continues to qualify for participation in the VEBA Plan as a Current Retiree Spouse or a Future Retiree Spouse.

- ***Dependents***.

- *Children of Current Retirees*. A dependent child of a Current Retiree is eligible to participate in the VEBA Plan provided (a) that he or she was covered on the Effective Date as a dependent under a retiree medical plan sponsored by Kaiser, and (b) that he or she is principally supported by the Current Retiree and/or the Current Retiree's Spouse, except that a dependent child between the ages of 19 and 26 does not require such support, if they do not have access to other group health care insurance coverage.

- *Children of Future Retirees*. A dependent child of a Future Retiree is eligible to participate in the VEBA Plan provided (a) that he or she was covered as a dependent under a retiree medical benefit plan sponsored by Kaiser on the Future Retiree's Retirement Date (or, in the event that the retiree medical benefit plan is discontinued or terminated after the Effective Date of the VEBA Plan, would have been so covered had the retiree medical benefit plan not been so discontinued or terminated), and (b) that he or she is principally supported by the Future Retiree and/or the Future Retiree's Spouse, except that a dependent child between the ages of 19 and 26 does not require such support, if they do not have access to other group health care insurance coverage.

- *Dependent Children*. A child (Child) for purposes of the VEBA Plan means (a) a blood descendent of the first degree, (b) a legally adopted child (including a child living at home during any period of probation), (c) a step-child who is living in the household of the Retiree or the Retiree's surviving Spouse, (d) a child related to the Retiree or the Retiree's surviving Spouse by blood or marriage who is living in the household of the Retiree or the Retiree's surviving Spouse, and (e) a child for whom the Retiree or the Retiree's surviving Spouse is the child's legal guardian. In the event that a dependent Child is orphaned at any time by virtue of the death of a Retiree and a Retiree's Spouse, the dependent Child shall continue to be eligible to participate in the VEBA Plan until his or her eligibility is terminated. See *Termination of Eligibility as a Dependent* below.

- *Termination of Eligibility as a Dependent*. A Child who <u>is not disabled</u> ceases to be eligible to participate in the VEBA Plan at age 26. A Child who <u>is disabled</u> ceases to be eligible to participate in the VEBA Plan on the later of (a) the date on which he or she ceases to be disabled, and (b) age 26.

- *Disabled Children*. A Child is considered to be disabled if the Child is incapable of self-support because of a disabling sickness or injury that began prior to age 19, provided that (a) the Child was covered as a dependent under a Kaiser-sponsored retiree medical benefit plan on the day before his or her 19th birthday (or would have been so covered as a dependent had his or her birthday occurred on the Effective Date), and (b) the Child was, on the day before his or her 19th birthday, so disabled as to be incapable of performing any self-sustaining employment.

- *Newborn and Adopted Children*. A Child born after the Effective Date or placed in the home of a Retiree or the Retiree's surviving Spouse for adoption by the Retiree or the Retiree's surviving Spouse after the Effective Date shall be eligible to participate in the VEBA Plan while such Child is a dependent of the Retiree or the Retiree's surviving Spouse.

- ***Cessation of Eligibility***. Notwithstanding any other provisions of the VEBA Plan, you will cease to be eligible to participate in the VEBA Plan upon the earliest of the following events (a) death, (b) a decree of divorce or legal separation from a Retiree (in the case of a Spouse), (c) termination of eligibility (in the case of a dependent Child), (d) failure to satisfy such enrollment requirements as the VEBA Plan Administrator or the Third Party Administrator may require from time to time in order to remain a participant in the VEBA Plan, (e) failure to pay required contributions (if any) on a timely basis, (f) termination of an eligible class, or (g) termination of the VEBA Plan.

Contributions and Funding

- ***Contributions by Kaiser***. Kaiser is required to make certain limited variable annual contributions under a retiree insurance profit sharing plan established as provided in the Settlement Agreement. Such contributions, if earned, depend entirely on Kaiser's profitability as a reorganized company and certain other factors. Such contributions are limited to a maximum of $2.9 million in any year.

- ***Reimbursement of Administrative and Operating Expenses by Kaiser***. Kaiser is required under the Settlement Agreement to reimburse the Trust for a portion of the administrative and operating expenses of the Trust and the VEBA Plan not to exceed $36,250 in any year.

- ***Sources of Funding and Funding Limitations***. The limited contribution and reimbursement obligations of Kaiser, together with the income received from the investment and/or sale of assets held by the Trust are expected to be the sole sources of funding for the Trust and the VEBA Plan.

These sources of funding may or may not be adequate for the payment of benefits on a sustained basis or for the discharge of all expenses incurred in connection with the administration and operation of the Trust and the VEBA Plan. You should not expect the Trust or the VEBA Plan to provide regular benefits, or any at all, and you should therefore not count on receiving such benefits and should plan accordingly.

- ***Contributions by Participants***. You are not required to make any contributions to the Trust or the VEBA Plan at the present time in order to participate in the VEBA Plan. The Board of Trustees may amend the VEBA Plan at any time, however, to provide for such contributions and may condition your future ability to participate in the VEBA Plan upon the making of such contributions. In the event you elect to receive COBRA continuation coverage under the VEBA Plan, you will be required to make certain premium payments for that coverage. See *COBRA Rights* and *What is COBRA Continuation Coverage?* below.

Enrollment Requirements

- ***Participation in the VEBA Plan***. If you are eligible to participate in the VEBA Plan, you must first enroll in the VEBA Plan in order to become a participant (Participant). If you are not currently enrolled as a Participant in the VEBA Plan, you are not entitled to receive any benefits under the VEBA Plan.

- ***Enrollment Forms***. You should receive an enrollment form along with the initial distribution of this Summary Plan Description. If you did not receive an enrollment form or have lost it, you may request a copy from the Third Party Administrator at the address indicated in *Other Information Concerning the VEBA Plan* above. The enrollment form may be used to enroll all eligible family members in the VEBA Plan at the same time or to enroll one or more eligible family members individually. The enrollment form must be completed with all of the required information for each individual being enrolled in the VEBA Plan and it must be returned to the Third Party Administrator at the above address. If the enrollment form is not properly completed with respect to any individual, that individual cannot be enrolled in the VEBA Plan as a Participant until the missing information is supplied.

- ***Designation and Function of a Family Unit Representative***. On the enrollment form you will be requested to designate a person to represent all of the Participants in your family (Family Unit Representative). Generally, this will be the Retiree or the Retiree's surviving spouse if they are competent to act in that capacity, but, if they are not, an adult child of the Retiree or a conservator, guardian or other legal representative may be designated to act as the Family Unit Representative. If a conservator, guardian or legal representative is the Family Unit Representative, a copy of the court order, official letter of appointment or power of attorney appointing the Family Unit Representative as conservator, guardian or legal representative must be filed with the Third Party Administrator. The Family Unit Representative deals with the Third Party Administrator and the VEBA Plan Administrator on behalf of all of the Participants in a family (Family Unit) on all matters concerning the VEBA Plan, including the submission of benefit requests and the receipt of benefit payments.

- ***Enrollment Periods***. Eligible individuals may be enrolled as Participants in the VEBA Plan at any time on or prior to December 31st in any Plan Year for that Plan Year. If you are not enrolled as a Participant for any Plan Year, you are not entitled to receive any benefits that are payable during or for that Plan Year. See *Participation in the VEBA Plan* above. **Once you have enrolled in the VEBA Plan you do not need to reenroll in the VEBA Plan for any subsequent Plan Year unless your enrollment in the VEBA Plan has been terminated by you and you elect to reenroll, or you have been disqualified from participation in the VEBA Plan and the reason for the disqualification no longer applies.** See *Enrollment Disqualification* below.

- ***Enrollment Disqualification***. In the event that you become ineligible to participate in the VEBA Plan after you have enrolled as a Participant in the VEBA Plan, you will be disqualified from further participation in the VEBA Plan and your enrollment in the VEBA Plan will be discontinued. See *Cessation of Eligibility* above. If the reason for your disqualification no longer

applies, you may be eligible to reenroll in the VEBA Plan during a regular enrollment period. See *Enrollment Periods* above.

Benefits and Benefit Limitations

- ***Type of Benefits***. The only benefits that may be paid under the VEBA Plan are qualified benefits (Qualified Benefits). Qualified Benefits are reimbursements for amounts paid as health care premiums (Health Care Premiums) for a Family Unit for a Plan Year in compliance with the requirements of Sections 105 and 501(c)(9) of the Internal Revenue Code. Health Care Premiums are amounts paid to (a) an insurance company, (b) a health maintenance organization, or (c) an employer-sponsored health plan through payroll deduction on behalf of a Participant to obtain medical, prescription drug, dental and/or vision care benefits under a health care plan (Health Care Plan). This means Health Care Premiums paid pursuant to (i) any policy, plan or contract for the provision of medical, prescription drug, dental, and/or vision care benefits that is issued, maintained or provided by any insurance company or health maintenance organization, (ii) Medicare, and (iii) any qualified Medicare supplemental policy or plan. Health Care Premiums include amounts paid for Medicare Part B and Part D coverage, for example, but do not include any co-payments or any payments of any co-insurance or deductible amounts required under a Health Care Plan. Health Care Premiums also do not include, for example, the cost of prescription drug discount cards, premiums paid for hospital or other types of indemnity insurance or premiums paid for disability insurance.

- ***Benefit Determinations and Payments***. The Board of Trustees will determine the amount and timing of the payment of Qualified Benefits, if any, under the VEBA Plan. For the purpose of paying any Qualified Benefits, all Participants will be grouped together in their own Family Unit. Evidence of any Health Care Premiums paid for or on behalf of any Participant in the Family Unit for the Plan Year in question may be submitted to the Third Party Administrator for reimbursement up to the maximum Qualified Benefit amount per Family Unit set by the Board of Trustees for that Plan Year. No Qualified Benefit payments shall be made in reimbursement of Health Care Premiums that are paid by or on behalf of any member of a Retiree's Family Unit prior to that Retiree's Retirement Date. In order to receive payment of a Qualified Benefit, your Family Unit Representative must submit a request for reimbursement on behalf of the Family Unit (Reimbursement Request) within the time period established by the Board of Trustees (Reimbursement Request Period). See *Reimbursement Requests and Reimbursement Request Periods* below.

- ***Reimbursement Requests and Reimbursement Request Periods***. If the Board of Trustees determines to pay a Qualified Benefit for a Plan Year, it will so notify Participants. The notice will include the maximum amount of the Qualified Benefit payable for that Plan Year, the Plan Year in which Health Care Premiums incurred by members of the Family Unit are eligible for reimbursement, and the length of the Reimbursement Request Period within which Reimbursement Requests must be filed.

Reimbursement Requests must be supported by evidence sufficient to prove to the Third Party Administrator or the VEBA Plan Administrator that the Reimbursement Request is for qualified Health Care Premiums paid by or on behalf of Participants within the Family

Unit during the Plan Year specified in the notice. **Reimbursement Requests must be submitted by the Family Unit Representative within the Reimbursement Request Period specified in the notice or all rights to receive a Qualified Benefit for that Plan Year (or any portion thereof not already claimed) shall expire and be forfeit.**

- ***Non-Discriminatory Benefits***. The benefits payable under the VEBA Plan shall be paid in a manner consistent with the non-discrimination requirements of Section 105 and Section 501(c)(9) of the Internal Revenue Code.

- ***Benefit Limitations***.

The amount of cash that the Trust may have available for the payment of Qualified Benefits under the VEBA Plan, if any, or for the payment of administrative and operating expenses, if any, may vary substantially from year to year. You should not expect the Trust or the VEBA Plan to provide regular benefits, or any at all, and you should therefore not count on receiving such benefits and should plan accordingly.

The Board of Trustees intends to maintain the VEBA Plan indefinitely, but is under no obligation to continue the VEBA Plan and can amend or terminate the VEBA Plan at any time by a vote of the Board of Trustees. See *Amendment and Termination of the VEBA Plan* below.

VEBA Plan Administrator's Rights, Duties and Obligations

- ***Fiduciary Duties***. The Board of Trustees is a "plan fiduciary" (Plan Fiduciary) for purposes of ERISA. The Board of Trustees will discharge its duties with respect to the VEBA Plan (a) solely in the interest of persons eligible to receive benefits under the VEBA Plan, (b) for the exclusive purpose of providing benefits to persons eligible to receive benefits under the VEBA Plan and of defraying reasonable expenses of administering the VEBA Plan, and (c) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

- ***Designation of Other Administrators***. The Board of Trustees may designate any individual, partnership or corporation as an administrator to carry out its duties and responsibilities with respect to the administration of the VEBA Plan. Such designation shall be in writing and such writing shall be kept with the records of the VEBA Plan. The Board of Trustees has designated the Third Party Administrator for this purpose. See *Other Information Concerning the VEBA Plan* above.

- ***Interpretation of the VEBA Plan***. The Board of Trustees has the duty and authority to interpret and construe the VEBA Plan in regard to all questions of eligibility, the status and rights of any Participant under the VEBA Plan, and the manner, time and amount of payment of any benefits under the VEBA Plan.

- ***Rules and Procedures***. The Board of Trustees may adopt such rules and procedures as it deems desirable for the administration of the VEBA Plan, provided that any such rules and procedures shall be consistent with provisions of the VEBA Plan and ERISA.

- ***Amendment and Termination of the VEBA Plan***. **The Board of Trustees intends to maintain the VEBA Plan indefinitely, but is under no obligation to continue the VEBA Plan and can amend or terminate the VEBA Plan at any time by a vote of the Board of Trustees.** In amending or terminating the VEBA Plan, the Board of Trustees cannot retroactively reduce the benefits to which a Participant is entitled prior to the termination or amendment.

Your Rights and Obligations

- ***Right to Appeal the Denial of a Claim***. You must follow the procedures outlined below to appeal the denial of a claim for Qualified Benefits under the VEBA Plan.

  - *Initial Claim Determination by the Third Party Administrator*. The Family Unit Representative should direct all questions concerning the payment of Qualified Benefits under the VEBA Plan to the Third Party Administrator. The Third Party Administrator has the right to deny a claim for Qualified Benefits if, in its judgment, payment would be inconsistent with the terms of the VEBA Plan and the Trust.

  - *Notification of an Initial Claim Denial*. If the Third Party Administrator denies your claim for Qualified Benefits, it shall notify the Family Unit Representative accordingly, state the reason for the denial of benefits and provide the Family Unit Representative with a copy of the VEBA Plan's written Benefit Claim Review & Appeals Procedures (Appeals Procedures). The denial of benefits notification shall also include (a), if additional information or documentation is required, a description of the additional information or documentation necessary for the Family Unit Representative to properly complete the Reimbursement Request and an explanation as to why such information or documentation is necessary, (b) a reference to the specific VEBA Plan provision(s) or other VEBA Plan document(s) on which the decision is based, (c) an explanation of the VEBA Plan's applicable Appeals Procedures, and (d) your right to bring a civil action under ERISA Section 502(a). The denial of benefits notification shall be transmitted in a reasonable period of time following the Third Party Administrator's denial, but not more than 30 days following receipt of the Reimbursement Request, unless any material or information necessary to complete the Reimbursement Request has not been provided. This 30-day period may be extended by the VEBA Plan for up to an additional 15 days under certain circumstances. If any material or information necessary to complete the Reimbursement Request has not been provided, the Family Unit Representative will be afforded at least 45 days from receipt of the denial of benefits notification within which to provide such material or information. The period of time within which a benefit determination is required to be made shall begin at the time a claim is received by the Third Party Administrator or, if additional material or information necessary to substantiate the claim has been requested by the Third Party Administrator, on the earlier of (a) the date upon which such additional material or information is provided, and (b) if such additional material or information is not provided within the required 45-day period for the submission of such additional material or information, the expiration date of such period.

- *Right to Appeal a Denial of Benefits*. Within 180 days after the receipt of the above material, the Family Unit Representative shall have a reasonable opportunity to appeal the benefit denial to the VEBA Plan Administrator for a full and fair review. The Family Unit Representative may (a) request a review by providing written notice to the VEBA Plan Administrator, (b) submit written comments, documents, records and other information relating to the Reimbursement Request, and (c) upon request, have reasonable access to and copies of all documents, records, and other information relevant to the Reimbursement Request and the denial of benefits notification.

- *Timing of an Appeal*. The period of time within which the VEBA Plan's determination is required to be made shall begin at the time an appeal is filed in accordance with the procedures of the VEBA Plan, without regard to whether all information necessary to make the determination accompanies the filing.

- *Full and Fair Review*. The VEBA Plan Administrator, as a Plan Fiduciary, shall take into account all comments, documents and other information submitted by or on behalf of the Family Unit Representative without regard to whether the information was submitted with the original Reimbursement Request and without deference to the original determination by the Third Party Administrator.

- *Decision*. The Board of Trustees as the VEBA Plan Administrator shall have final authority for adjudicating all claims and making a full review of the decision on such claims by the Third Party Administrator in accordance with the provisions of the VEBA Plan, other VEBA Plan document(s) and ERISA. The decision of the VEBA Plan Administrator shall be written and shall include specific reasons for the decision, with specific references and copies of the pertinent VEBA Plan provisions or other VEBA Plan document(s) on which the decision is based. You have a right to bring a civil action under ERISA Section 502(a) if your appeal is denied.

- *Notice of Benefit Determination on Review*. Your Family Unit Representative will receive a notice of benefit determination on review. The notice of benefit determination on review shall be written in a manner calculated to be understood by you and, if your claim is denied, shall set forth (a) the specific reason(s) for the denial, (b) specific references to the pertinent VEBA Plan provisions on which the denial is based, including a copy of any VEBA Plan document(s) on which the decision is based, (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary, (d) an explanation of the VEBA Plan's applicable benefit claim review and appeals procedures, and (e) your right to bring a civil action under ERISA Section 502(a). The VEBA Plan Administrator shall notify the Family Unit Representative of the VEBA Plan's benefit determination on review within a reasonable period of time, but not later than 60 days after receipt of the appeal.

- *Second Appeal*. If a claim is denied on appeal by the VEBA Plan Administrator, the Family Unit Representative has the right to file a second appeal with the VEBA Plan Administrator. The second appeal must be filed by the Family Unit Representative no later than 30 days following receipt of the notice of benefit determination on review. The response to the

second appeal shall be made in accordance with the same procedures as those outlined for the first appeal.

- ***ERISA Rights***. As a Participant in the VEBA Plan you are entitled to certain rights and protections under ERISA. ERISA provides that all VEBA Plan Participants shall be entitled to:

  - *Receive Information About Your Plan and Benefits.*

    Examine, without charge, at the VEBA Plan Administrator's office, all documents governing the VEBA Plan, and a copy of the latest annual report (Form 5500) filed by the VEBA Plan with the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor and available at EBSA's Public Disclosure Room.

    Obtain, upon written request to the VEBA Plan Administrator, copies of documents governing the operation of the VEBA Plan, a copy of the latest annual report (Form 5500 Series), and a current Summary Plan Description. The VEBA Plan Administrator may make a reasonable charge for the copies.

    Receive a summary of the VEBA Plan's annual financial report. The VEBA Plan Administrator is required by law to furnish each Participant with a copy of this Summary Annual Report.

  - *Continue Group Health Plan Coverage*. Under certain circumstances, you may have a right to continue health care coverage for yourself, spouse or dependents if there is a loss of coverage under the VEBA Plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this Summary Plan Description and the documents governing the VEBA Plan for the rules governing your COBRA continuation coverage rights.

  - *Reduction or Elimination of Exclusionary Periods of Coverage for Preexisting Conditions*. You should be provided a certificate of creditable coverage, free of charge, from the VEBA Plan when you lose coverage under the VEBA Plan, when you become entitled to elect COBRA continuation coverage, when your COBRA continuation coverage ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to a preexisting condition exclusion for 12 months (18 months for late enrollees) after your enrollment date in your coverage.

  - *Prudent Actions by Plan Fiduciaries*. In addition to creating rights for VEBA Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the VEBA Plan. The people who operate the VEBA Plan, called "fiduciaries" of the VEBA Plan, have a duty to do so prudently and in the interest of you and other VEBA Plan Participants and beneficiaries. No one may discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

  - *Enforce Your Rights*. If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a

copy of VEBA Plan documents or the latest annual report from the VEBA Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the VEBA Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the VEBA Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the VEBA Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in a Federal court. If it should happen that plan fiduciaries misuse the VEBA Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

- *Assistance with Your Questions*. If you have any questions about your VEBA Plan, you should contact the VEBA Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the VEBA Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration of the U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

- ***COBRA Rights***. Under certain circumstances, you may have the right to elect to continue coverage under a health plan maintained by the VEBA Plan Sponsor. In those limited situations, you will receive notice of those rights. The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

- *Introduction*. You are receiving this notice because you have recently become covered under a group health plan (the VEBA Plan). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the VEBA Plan. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.**

COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage under the VEBA Plan. It can also become available to other members of your family who are covered under the VEBA Plan when they would otherwise lose their group health coverage under the VEBA Plan. For additional information about your rights and obligations under the VEBA Plan and under Federal law, you should contact the VEBA Plan Administrator.

- *What is COBRA Continuation Coverage?* COBRA continuation coverage is a continuation of VEBA Plan coverage when coverage would otherwise end because of a life event

known as a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse and your dependent children could become qualified beneficiaries if coverage under the VEBA Plan is lost because of the qualifying event. Under the VEBA Plan, qualified beneficiaries who elect COBRA continuation coverage will be required to pay for COBRA continuation coverage at an annual premium equal to 102% of the VEBA Plan's cost of providing a benefit equal to the maximum Qualified Benefit for a Family Unit for that Plan Year.

If you are the spouse of a Retiree, you will become a qualified beneficiary if you lose your coverage under the VEBA Plan if you become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the VEBA Plan because their parents become divorced or legally separated, or because the Child stops being eligible for coverage under the VEBA Plan as a dependent child.

- *When is COBRA Coverage Available?* The VEBA Plan will offer COBRA continuation coverage to qualified beneficiaries only after the VEBA Plan Administrator has been notified that a qualifying event has occurred.

- *You must Give Notice of Some Qualifying Events*. **In the event of a divorce or legal separation of a Retiree and his or her spouse or a dependent child's losing eligibility for coverage as a dependent child, you must notify the VEBA Plan Administrator in writing within 60 days after the qualifying event occurs. Your notice must provide the type of qualifying event, the date of the qualifying event, and the name and address of the employee, spouse or dependent who underwent the qualifying event.** You must provide this notice to the VEBA Plan Administrator at the address given below under *VEBA Plan Contact Information*.

- *How is COBRA Coverage Provided?* Once the VEBA Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered Retirees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is your divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months subject to the timely payment of premiums for such coverage.

- *If you have Questions*. Questions concerning your VEBA Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified below. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits

Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website).

- *Keep Your VEBA Plan Informed of Address Changes*. **In order to protect your family's rights, you should keep the VEBA Plan Administrator informed of any changes in the address of family members. You should also keep a copy, for your records, of any notices you send to the VEBA Plan Administrator.**

- *VEBA Plan Contact Information*.

  Trustees of the Kaiser Aluminum Salaried Retirees VEBA
  C/o Delta Health Systems
  P.O. Box 2308
  Stockton, CA 95201-2308
  Telephone: Toll-Free (888) 344-8322
  E-mail: dfs.veba@delapro.com

- ***Qualified Medical Child Support Orders***. Participants in the VEBA Plan and their beneficiaries may obtain a copy of the procedures governing qualified medical child support order (QMCSO) determinations by the VEBA Plan, without charge, from the VEBA Plan Administrator.

- ***Privacy of Information***. The VEBA Plan Administrator and/or the Third Party Administrator may be required to use or disclose protected health information that they receive in connection with the administration of the VEBA Plan. Federal regulations require the VEBA Plan Administrator to distribute a Notice of Privacy Practices that describes how medical information about you may be used or disclosed. A current Notice of Privacy Practices has been sent to you in a separate booklet. Additional copies may be obtained from the Third Party Administrator upon request.

- ***Obligation to Furnish Information***. Each individual who is eligible to participate in the VEBA Plan or who is enrolled in the VEBA Plan as a Participant shall, from time to time, upon request of The Board of Trustees or the Third Party Administrator, furnish to The Board of Trustees and/or the Third Party Administrator such data and information as The Board of Trustees and/or the Third Party Administrator shall require in the performance of its or their duties under the VEBA Plan.

As an individual claiming benefits under the VEBA Plan, you will be responsible for supplying, at such times and in such manner as the Board of Trustees and/or Third Party Administrator may require, written proof that the expenses were incurred or that the benefit is covered under the VEBA Plan. If the Board of Trustees and/or Third Party Administrator shall determine that you have not incurred a covered expense or that the benefit is not covered under the VEBA Plan, or if you have failed to furnish such proof as is requested, no benefits shall be payable to you under the VEBA Plan.

The Family Unit Representative and other Participants in the VEBA Plan should inform the Third Party Administrator promptly of any changes in their address. If the VEBA Plan is unable to contact you, you may lose benefits under the VEBA Plan for failure to receive timely notification of Qualified Benefit determinations by the Board of Trustees and for failure to timely file the required Reimbursement Requests during the applicable Reimbursement Request Periods.