

BOARD OF TRUSTEES
KAISER ALUMINUM SALARIED RETIREES VEBA TRUST
60 Westwood Drive, Kentfield, CA 94904

April 2011

**Re: Kaiser Aluminum Salaried Retirees VEBA Plan
2011 Qualified Benefit Reimbursement Program**

Dear Fellow Retiree or Surviving Spouse and Family:

We are pleased to advise you that the Board of Trustees has agreed to declare a Qualified Benefit of up to \$2,100 per Family Unit for 2011 under the Kaiser Aluminum Salaried Retirees VEBA Plan (VEBA Plan). Enclosed are a 2011 Qualified Benefit Reimbursement Request Form and a return envelope to be used for the purpose of claiming your 2011 Qualified Benefit.

Please note that all 2011 Qualified Benefit Reimbursement Request Forms must be filed with the Third Party Administrator at the address indicated at the top of the Form on or before December 31, 2012. If the Form is not filed by that date, then all rights to receive a Qualified Benefit for the 2011 VEBA Plan Year (or any portion thereof not already claimed) shall expire and be forfeit.

MEDICARE PART B OR PART D PREMIUMS

If you intend to claim Medicare Part B or Part D premium expenses for 2011, please read the following:

Excess Medicare Part B Premiums. The premiums paid for Medicare Part B coverage during 2011 are not the same for each individual. The standard premium applicable to most individuals will continue to be \$96.40 per month for 2011 as was the case in 2010 provided (a) that the Social Security Administration withholds the amount of your Medicare Part B premium from your Social Security benefit payments, and (b) you have income of \$85,000 or less (as a single individual) or \$170,000 or less (as a married couple, filing jointly). If your Medicare Part B premiums are not withheld, or your income (as reported for 2009) exceeds these amounts, the standard premium for 2011 will be \$110.50 or higher.

Single individuals who had “modified adjusted gross income” of more than \$85,000 in 2009, and married couples, filing jointly, who had “modified adjusted gross income” of more than \$170,000 in 2009, are required to pay even higher 2011 Medicare Part B premiums (\$115.40 plus an additional amount based on the income-related monthly adjustment amount). The Social Security Administration determines the amount of any excess Medicare Part B Premiums you may be required to pay for 2011 based upon your income tax return for 2009. If you are required to pay excess Medicare Part B Premiums for 2011, you should already have received a notice from the Social Security Administration indicating the amount to be deducted from your Social Security benefit payments.

If you are not required to pay more than the standard 2011 Medicare Part B premium of \$96.40 per month (or if you are required to pay higher 2011 Medicare Part B premiums but do not wish to claim reimbursement of more than \$96.40 per month), you need only attach a copy of your Medicare Card to your 2011 Qualified Benefit Reimbursement Request Form.

Reimbursement will be made at the standard 2011 Medicare Part B premium rate per month based upon the total number of whole months that have elapsed prior to the receipt of your Qualified Benefit Reimbursement Request Form by the Third Party Administrator. However, if you are required to pay and wish to claim reimbursement of Medicare Part B premiums in excess of the standard 2011 amount, you must also attach Proof of Payment of such higher premiums. See the 2011 Qualified Benefit Reimbursement Request Form – *Excess Medicare Part B Premiums* – for further information.

Medicare Part D Prescription Drug Premiums. Participation in the Medicare Part D prescription drug program is voluntary or may be included in a Medicare HMO program such as the Kaiser Permanente Senior Advantage program where participation is a mandatory feature of the program. Individuals wishing to obtain prescription drugs outside of a mandatory Medicare Part D program have a wide variety of policies, plans and programs from which to choose. Medicare Part D premiums are payable directly or through deductions to Social Security benefits. For these reasons there is no standard 2011 Medicare Part D premium rate that the VEBA Plan could use for reimbursement of 2011 Medicare Part D premiums. Accordingly, if you are claiming reimbursement of 2011 Medicare Part D premiums, you will have to attach both Proof of Coverage under the Medicare Part D policy, plan or program in which you participate and Proof of Payment of the Medicare Part D premiums you have paid. See the 2011 Qualified Benefit Reimbursement Request Form – *Medicare Part D Premiums* – for further information.

CONTACTING THE THIRD PARTY ADMINISTRATOR

As we noted last year, Delta Health Systems became the Third Party Administrator for the VEBA Plan in 2008. Effective as of March 1, 2011, Delta Health Systems has changed its corporate structure by creating a separate entity known as Allied/Delta Fund administrators, LLC which will service our account. Although the toll-free telephone number remains the same, the mailing address and the e-mail address have changed. **Please note the following current contact information for your records:**

Allied/Delta Fund Administrators, LLC
P.O. Box 2308
Stockton, CA 95201-2308
Tel.: Toll-Free (888) 344-8322
E-mail: dfs.veba@delapro.com

Some retirees are uncertain who to call with questions they have concerning benefits. **If you have questions concerning the VEBA Plan or require additional benefit forms and materials, please contact the VEBA Plan's Third Party Administrator at the above mailing address, telephone number, or e-mail address.**

If you are receiving COBRA or Bankruptcy COBRA benefits from Kaiser Aluminum and have questions concerning those benefit plans, please contact:

Steve Brown, Vice President, Benefits & Compensation
Kaiser Aluminum Corporation
27422 Portola Parkway, Suite 350
Foothill Ranch, CA 92610
Tel.: (949) 614-1773

The VEBA Plan's Third Party Administrator is not able to answer any questions concerning COBRA or Bankruptcy COBRA benefits from Kaiser Aluminum or any questions concerning Kaiser Aluminum's benefit plans.

One final very important point – when you move, please remember to notify the Third Party Administrator of your change of address. At present, we are unable to locate a number of retirees and surviving spouses who have moved and have left no forwarding address. When this happens, our mail is returned by the Post Office as “undeliverable.” If we are unable to contact you, you may miss out on important information concerning the VEBA Plan, including benefit amounts, and benefit claim filing deadlines.

Sincerely,

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

Douglas G. Allen,
Trustee

Arthur S. Donaldson,
Trustee

John E. Daniel,
Trustee