

**BOARD OF TRUSTEES
KAISER ALUMINUM SALARIED RETIREES VEBA TRUST**

c/o Trucker Huss, One Embarcadero Center, 12th Floor, San Francisco, CA 94111

May 2017

**Re: Kaiser Aluminum Salaried Retirees VEBA Plan
2017 Qualified Benefit Reimbursement Program**

Dear Fellow Retiree or Surviving Spouse and Family:

We are pleased to advise you that the Board of Trustees has declared an available benefit amount of up to \$4,200 per Family Unit for 2017 under the Kaiser Aluminum Salaried Retirees VEBA Plan (“Plan”). This amount is per Family Unit (for 2017 covered expenses only), and does not depend on the number of eligible individuals in your Family Unit. Please note that if both members of a couple each qualify as a retiree under the Plan, each will be considered a separate Family Unit entitled to the full \$4,200 annual benefit for 2017 expenses. If one member of your Family Unit passes away or otherwise becomes ineligible during 2017, the entire \$4,200 amount remains available to the remaining eligible Family Unit members. Enclosed are a 2017 Qualified Benefit Reimbursement Request Form and a return envelope to be used for the purpose of claiming your 2017 Qualified Benefits.

Please note that all 2017 Qualified Benefit Reimbursement Request Forms must be filed with the Third Party Administrator, Delta Fund Administrators, LLC (“Delta”), at the address indicated at the top of the Request Form on or before December 31, 2018. If your Request Form is not filed by that date, then your rights to receive a Qualified Benefit for the 2017 Plan Year (or any portion thereof not already claimed) shall expire and be forfeited.

IMPORTANT: CHANGES FOR 2017

Below is a brief discussion of changes being made to the Plan, effective January 1, 2017. For more information, see the revised summary plan description included in this mailing.

The Plan will now reimburse premiums paid for a “qualified long-term care insurance contract.” A qualified long-term care insurance contract is defined by Internal Revenue Code Section 7702B(b) as any insurance policy where (A) the policy only covers qualified long term care services, (B) the policy does not cover expenses covered by Medicare as a primary payor, (C) the policy is guaranteed renewable, (D) the policy does not provide for a cash surrender value or other money that can be paid, assigned, or pledged as collateral for a loan, or borrowed, except in limited circumstances, (E) all premium refunds and policyholder dividends are, with limited exceptions, applied as a reduction in future premiums or to increase future benefits, and (F) the policy satisfies the consumer protection provisions in Internal Revenue Code Section 7702B(g). Please contact your long term care insurance carrier or broker to determine if your policy qualifies as a “qualified long-term care insurance contract.” Only qualified long term care insurance contact premiums paid for 2017 coverage that you do not deduct on your federal personal income tax return and that do not exceed the Plan’s 2017 annual limits set forth in Appendix A to the 2017 claim form are reimbursable by the Plan.

Only a portion of the premiums you pay for a qualified long term care insurance contract is reimbursable by the Plan. You are not entitled to a benefit in excess of the annual maximum benefit under the Plan to reimburse your long term care insurance premiums; reimbursements of long term care insurance premiums reduce the amount of your annual Plan benefit available for other coverage. Please keep this in mind when deciding whether to purchase long term care insurance.

Due to rules under the Affordable Care Act, if you are rehired by Kaiser Aluminum or any of its affiliates or subsidiaries, you and your Family Unit members will immediately cease to be eligible for this Plan, regardless of whether you are eligible or enrolled for employee health benefits from Kaiser Aluminum while a rehired employee. You may not submit any expenses incurred by any member of your Family Unit during your period of re-employment to the Plan for reimbursement. Upon a subsequent termination of employment, you will once again become covered under the Plan without the need to re-enroll.

Also due to the Affordable Care Act, if you or a member of your Family Unit is age 65 or older, that person must enroll in Medicare Part A as of their first date of eligibility (generally, the first day of the month in which you reach age 65 or, if born on the first day of a month, the first day of the month before the month in which you reach age 65) or contact Delta to request a waiver of this requirement before reaching age 65, or, if later, June 30, 2017. Please be advised that the Trustees have retained new legal counsel, effective immediately: Trucker Huss, APC. Their contact information is Trucker Huss, care of Callan Carter, One Embarcadero center, Suite 1200, San Francisco, CA 94111.

A REMINDER ON ELIGIBILITY

To be eligible to participate in the Plan as a retiree, you must have begun to accrue credited service under the Kaiser Retirement Plan (KRP) prior to February 1, 2002 and have retired or will retire in the future, as well as 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 the revised summary plan description included in this mailing.

For your spouse to be eligible for benefits, your marriage must have taken place prior to the first day of the month following your retirement date. In the event of divorce or legal separation, your spouse will no longer be eligible for benefits under the Plan. In the event you remarry, your new spouse will not be eligible for benefits. A surviving spouse who remarries will lose eligibility under the Plan.

You may not receive a reimbursement for anyone who has not been listed on an Enrollment Form. You do not have to re-enroll every year.

PLAN BENEFITS

The Plan will reimburse you for health care premiums you paid (such as medical, dental, vision, and drug plan premiums) and for Medicare Part B or Part D premiums, or Medicare Supplement Plan premiums. This includes premiums you pay directly to insurance carriers or HMOs (e.g. Blue Cross, Kaiser, etc.) or contributions you make on an after-tax basis for employer-sponsored health care benefits. Beginning with the 2017 Plan Year, the Plan will also reimburse you and your eligible dependents for a portion of the premiums that you pay for qualified long term care insurance. The Plan only reimburses health care premiums and premiums for qualified long term care insurance that were paid on an after-tax basis and not claimed as a deduction on your personal income tax return. If you pay premiums under an employer-sponsored health plan through pre-tax payroll deduction or claim a deduction for the premiums on your personal income tax return, those expenses are not eligible for reimbursement under the Plan.

The Plan will not reimburse you, for disability insurance premiums, prescription drug discount cards, or for specific disease or hospital indemnity policies. It also will not reimburse you for any co-pays, deductibles or any other out-of-pocket expenses imposed by your health care plan or provider.

For further information, please review the summary plan description included in this mailing.

MEDICARE PART B OR PART D PREMIUMS

If you intend to claim Medicare Part B or Part D premium expenses for 2017, please read the following:

Medicare Part B Premiums. Because the amount of Social Security benefits was not increased by a cost of living adjustment in 2017, premiums paid for Medicare Part B coverage during 2017 are not the same for every enrollee. Medicare Part B premiums are payable directly or through deductions to Social Security benefits, and some individuals must pay an income-related monthly adjustment amount in addition to the standard Part B premium. For these reasons, there is no standard 2017 Medicare Part B premium rate that the Plan can use for reimbursement of 2017 Medicare Part B premiums, and even if you are only seeking reimbursement of your standard Medicare Part B premium amount, you will have to attach both proof of coverage under Medicare Part B and proof of the amount of and payment of the applicable premiums if you wish to claim more than the lowest cost of the Part B premium for 2017: \$104.90. If you are not required to pay more than \$104.90 per month or if you are required to pay a higher Part B premium but do not wish to claim reimbursement of more than \$104.90 per month, you need only attach a copy of your Medicare card to your 2017 Qualified Reimbursement Request Form.

Medicare Part D Prescription Drug Premiums. Prescription drug coverage 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. Medicare Part D premiums are payable directly or through deductions to their Social Security benefits, and some individuals must pay an income-related monthly adjustment amount in addition to the standard Part D premium. For these reasons, there is no standard 2017 Medicare Part D premium rate that the Plan can use for reimbursement of 2017 Medicare Part D premiums. Accordingly, if you are claiming reimbursement of 2017 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 the amount of and payment of the applicable premiums.

CONTACTING THE THIRD PARTY ADMINISTRATOR

If you have questions concerning the Plan or require additional benefit forms and materials, please contact the Plan's Third Party Administrator at the following mailing address, telephone number, or e-mail address.

Delta Fund Administrators, LLC
P.O. Box 2308
Stockton, CA 95201-2308
Tel.: Toll-Free (888) 344-8322
[Email: VEBA@Deltafund.com](mailto:VEBA@Deltafund.com)

For Federal Express Delivery

Delta Fund Administrators, LLC
1234 West Oak Street
Stockton, CA 95203

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

Samantha Seger
Kaiser Aluminum
27422 Portola Parkway, Suite 200
Foothill Ranch, CA 92610-2831
Tel.: (949) 614-1747
[E-mail: Samantha.Seger@kaiseral.com](mailto:Samantha.Seger@kaiseral.com)

Delta 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.

IF YOU MOVE

When you move, please remember to notify Delta of your change of address. If we are unable to contact you, you may miss out on important information concerning the Plan, including benefit amounts, Plan design changes and claim filing deadlines and forms.

HEALTH INCAPACITY

To assure continued participation in the Plan in the event you become incapacitated, it is important that you make another family member aware of the Plan and how it works. We also suggest that you maintain a Plan file for these benefit announcements and forms.

Sincerely,

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

Arthur S. Donaldson
Chair of Trustees

Douglas G. Allen,
Trustee

John E. Daniel,
Trustee