

**BOARD OF TRUSTEES**  
**KAISER ALUMINUM SALARIED RETIREES VEBA TRUST**  
60 WESTWOOD DRIVE  
KENTFIELD, CA 94904

June 29, 2012

Dear Fellow Retiree or Surviving Spouse and Family:

*Summary Annual Report*

We are pleased to enclose a copy of our 2011 Summary Annual Report for the Kaiser Aluminum Salaried Retirees VEBA Plan (Plan). The value of VEBA Plan assets, after subtracting the liabilities of the VEBA Plan, was \$53,921,503 as of December 31, 2011, compared to \$58,689,501 as of January 1, 2011. The VEBA Plan had total additions of \$1,672,498 including contributions of \$36,250 from Kaiser Aluminum, and investment gains of \$1,636,248. VEBA Plan expenses for 2011 were \$6,440,496, consisting of \$591,437 in administrative expenses (up slightly from \$573,679 in 2010) and the balance in benefits paid.

*VEBA Plan Benefits Paid*

The VEBA Plan paid out \$5,849,059 in benefits during the year, up from \$5,655,622 in 2010. The amount of benefits paid out during the year was less than the maximum available, as a number of enrolled retirees and surviving spouses did not claim the full amount of the 2010 benefits to which they were entitled prior to the December 31, 2011 deadline for doing so. **A number of retirees and surviving spouses who were enrolled in the Plan prior to December 31, 2011 and are entitled to claim the \$2,100 benefit for the 2011 Plan year have not yet done so. The 2011 Plan year benefit must be claimed before the December 31, 2012 deadline in order for it to be paid. Please check your records to be sure that you claim your benefit before this deadline, if you have not already done so.**

*VEBA Plan Enrollment*

Enrollment in the VEBA Plan during the year remained at approximately 92% of eligible Family Units consisting of salaried retirees, spouses, surviving spouses, and dependents (Eligible Participants). From time to time we receive inquiries concerning the eligibility of an individual to participate in the VEBA Plan. Because eligibility depends upon the length of a salaried retiree's service with Kaiser Aluminum, we must rely upon the information provided by Kaiser in conjunction with the database we previously acquired from Kaiser. Additionally, the Board of Trustees has obtained further information regarding eligible recent retirees and has notified them of their rights under the Plan. We will continue to work to assure that everyone who is eligible to participate in the VEBA Plan has an opportunity to do so and to receive the benefits to which they are entitled.

### *Notice of Privacy Practices*

The VEBA Plan is required by law to give to Eligible Participants every three years a notice of the practices it employs to protect the privacy of the health information it obtains and uses in connection with the administration of the VEBA Plan. If you would like a copy of this notice, please contact Delta Health Systems at the address below. You should have a copy in your files and refer to it if you have questions concerning how medical information about you may be used and disclosed by the VEBA Plan and how you can get access to this information.

### *Plan Amendment: Summary of Material Modification*

Occasionally, a Kaiser Aluminum salaried retiree returns to work at the request of the Company and elects coverage under the Company's medical plan. At its meeting of May 7, 2012, the Board of Trustees voted to amend the VEBA Plan to suspend the retiree's eligibility for coverage under the VEBA Plan for the period the retiree participates in the Company medical plan. Once that coverage ends, the retiree and family will become eligible once again for coverage under the VEBA Plan.

### *VEBA Plan Third Party Administrator*

As you are aware, the VEBA Plan has engaged **Delta Health Systems** (Delta) to act as the Third Party Administrator of the VEBA Plan. On or about October 1, 2011, Delta established a separate entity to be known as Delta Fund Administrators, LLC, the name which shows on our 2012 enrollment and reimbursement request materials.

The Trustees have delegated the responsibility and authority for the day-to-day administration of the VEBA Plan to Delta, 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.

**If you have questions concerning the VEBA Plan or require an enrollment or benefit claim form or additional information concerning the VEBA Plan, please contact Delta 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  
E-mail: VEBA@Deltafund.com

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

*Changes of Address*

We are finding it increasingly difficult to trace the whereabouts of Eligible Participants who forget when they move to advise the Third Party Administrator of their change of address or to leave a current mail forwarding notice with the U.S. Post Office.

**When you move, please remember to notify Delta of your change of address so that you receive timely information concerning the VEBA Plan. If we cannot locate you, you may miss important filing deadlines and, by doing so, will not be able to receive the benefits to which you are entitled.**

Sincerely,

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

Douglas G. Allen,  
Trustee

John E. Daniel,  
Trustee

Arthur S. Donaldson,  
Trustee

Enclosure