

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

June, 2010

Dear Fellow Retiree or Surviving Spouse and Family:

Summary Annual Report

We are pleased to enclose a copy of our 2009 Summary Annual Report for the Kaiser Aluminum Salaried Retirees VEBA Plan (VEBA Plan). The value of VEBA Plan assets, after subtracting the liabilities of the VEBA Plan, was \$58,483,090 as of December 31, 2009, compared to \$53,925,300 as of January 1, 2009. The VEBA Plan experienced an increase in net assets of \$4,557,790 during the year. The VEBA Plan had total additions of \$9,338,080 including contributions of \$440,800 from Kaiser Aluminum, and investment gains of \$8,897,280, due largely to the partial recovery experienced during the year from the nearly unprecedented worldwide decline in the market value of equity and fixed income securities in 2008. VEBA Plan expenses for 2009 were \$4,780,290, consisting of \$564,493 in administrative expenses (down slightly from \$572,862 in 2008), and the balance in benefits paid.

VEBA Plan Benefits Paid

The VEBA Plan paid out \$4,215,797 in benefits during the year, down from \$5,927,017 in 2008. This was due in part to the reduction in the maximum annual family unit benefit, from \$2,000 for 2008 to \$1,750 for 2009. More importantly, the amount of benefits paid out during the year was lower than allowed, as a number of enrolled retirees and surviving spouses did not claim all of the 2008 benefits to which they were entitled prior to the December 31, 2009 deadline for doing so. **A number of retirees and surviving spouses who were enrolled in the VEBA Plan prior to December 31, 2009 and are entitled to claim the \$1,750 benefit for the 2009 VEBA Plan Year have not yet done so. The 2009 VEBA Plan Year benefit must be claimed before the December 31, 2010 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 that regard. In January, 2009, the VEBA Plan secured additional information from Kaiser in the form of a complete salaried retirees' database, allowing the VEBA Plan for the first time to independently determine, through a complete review of the retiree database, if there were any Eligible Participants that were either not on the original list furnished by Kaiser or had been mistakenly misclassified as ineligible. This involved a review of thousands of files. As a result of the review, 65 additional individuals have been identified as Eligible Participants. The VEBA

Plan will attempt to contact all of these individuals during the year and give them an opportunity to enroll in the VEBA Plan and to apply for the benefits to which they would have been entitled but for the administrative errors involved. We will continue to work on resolving eligibility issues with Kaiser so 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.

Summary Plan Description

Enclosed with this letter is a revised Summary Plan Description for the VEBA Plan. It updates the information contained in the last Summary Plan Description issued in 2006. Please retain it for your files and refer to it if you have questions concerning the VEBA Plan.

Notice of Privacy Practices

The VEBA Plan is required by law to give to Eligible Participants 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. A revised Notice of Privacy Practices is enclosed. It supersedes the Notice of Privacy Practices issued in 2005. Please retain it for 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.

VEBA Plan Third Party Administrator

As you are aware, the VEBA Plan has engaged **Delta Health Systems** to act as the Third Party Administrator of the VEBA Plan. The Third Party Administrator has been delegated responsibility and authority for 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.

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 the VEBA Plan's Third Party Administrator at the following mailing address, telephone number or e-mail address:

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

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 the Third Party Administrator 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

Arthur S. Donaldson,
Trustee

David L. Perry,
Trustee