



October 26, 2004

*Monthly Update to Customers, Employees, Suppliers, and Friends of Kaiser Aluminum:*

*In Yesterday's Hearing*

The Court approved an extension of exclusivity to February 28, 2005 – although, consistent with the recently filed Intercompany Settlement Agreement, exclusivity could be terminated earlier with respect to the four alumina subsidiaries that own or owned the company's interests in Jamaica and Australia. Even if an earlier termination of exclusivity were to occur for the four alumina subsidiaries, this would not be expected to have material implications for the company's fabricated products operations.

The Court also conditionally approved the seventh amendment to Kaiser's Post-Petition Credit Agreement, subject to the lenders agreeing to modify the latest date upon which Kaiser might file a Plan of Reorganization. The Court's required modification would change the specified date for Kaiser to file its Plan of Reorganization from no later than December 31, 2004 to no later than February 13, 2005, which is currently the expiration date of the Credit Agreement. The Credit Agreement lenders have consented to this change and the company expects that the Court will enter an order approving the seventh amendment, as modified, before the October 31, 2004 expiration of an existing waiver. The amendment, once effective, resets a financial covenant and permits, among other things, the sale of Kaiser's interests in and related to the QAL alumina refinery in Australia.

*QAL Auction Later This Week*

As previously disclosed, the company will conduct an auction on October 28 for the sale of its interests in and related to QAL. The Court has scheduled a hearing on November 8 to rule on the successful bid. On this schedule, we would expect to close on the transaction during the first quarter of 2005.

*Liquidity*

Liquidity - defined as cash and borrowing availability - continues to be adequate. As I have said previously, we expect that the amount of the borrowing base available under our Credit Agreement will decline as the company completes the commodity asset sales. However, with reduced exposure to the variability of the commodities business, we also expect that the remaining availability will be adequate to support liquidity requirements through the remainder of our Chapter 11 case. Based on recent primary aluminum prices and recent market conditions for fabricated aluminum products, we currently expect availability under the Credit Agreement to remain near or above the \$100 million range.

Jack A. Hockema  
President and Chief Executive Officer