



February 28, 2005

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

In Today's Hearing

The most noteworthy action was the Court's approval of our request to reject the lease on our Houston office. We continue to work on transition issues related to the consolidation of the headquarters office in Foothill Ranch, California.

Recap of Recent Events

The past several months have been exceptionally busy as we continue to gain momentum toward the planned filing of our Plan of Reorganization (POR) and Disclosure Statement within the next few months. The milestones summarized below have all been previously disclosed at various times and in various formats, but I want to recap the major accomplishments. Specifically, within the past two months we obtained Court approval of:

- The disclosure statements for two separate liquidating plans relating to the subsidiaries through which Kaiser has conducted alumina operations in Jamaica and Australia;
- An extension of exclusivity through April 30 for these liquidating subsidiaries – and through June 30 for the remainder of Kaiser Aluminum;
- A new \$200 million Debtor-in-Possession (DIP) credit facility, which was completed on February 11, and a commitment for a multi-year exit financing arrangement;
- The Intercompany Settlement Agreement, which resolves the treatment of intercompany claims among the various Kaiser entities;
- The company's settlement with the Pension Benefit Guaranty Corporation.

In addition, we executed a term sheet concerning the resolution of the company's major personal injury tort claims and demands (including claims and demands associated with asbestos) within the context of the upcoming POR.

Liquidity

Liquidity – defined as cash and borrowing availability – has continued to be adequate under our new DIP. As expected, we made a smooth transition to the new facility and have retained comparable borrowing availability, which has been above the \$100 million range.

Jack A. Hockema
President and Chief Executive Officer