



January 24, 2005

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

In Today's Hearing

With two key issues being covered in specially scheduled hearings during the month of January, today's regularly scheduled monthly hearing addressed mainly routine matters.

Special Hearings

The special hearings represent two major milestones in our restructuring. First, after considering the evidence presented at the January 18 hearing, the Court has issued an order approving the PBGC settlement. Second, the Court is scheduled to begin three days of hearings on January 31 on our previously announced Intercompany Settlement Agreement.

Timing of POR and Disclosure Statement

While agreement was not forthcoming in December, we continue to move closer to reaching consensus with our major creditors on the principal elements of the Kaiser Plan of Reorganization and Disclosure Statement so that we can file these documents with the Court within the next few months.

New Financing Arrangement

Many of you probably saw our January 15 announcement that we have signed a commitment letter with JPMorgan and The CIT Group regarding a replacement for our existing Debtor-in-Possession (DIP) financing, which expires on February 13, and a commitment for a multi-year exit financing facility. The new arrangement has been designed to provide us with the size, terms, and flexibility that we expect to need as we complete our reorganization and look ahead to our future as a highly competitive fabricated products company. The exit financing, in particular, is expected to enable Kaiser to emerge from Chapter 11 with a sound financial profile and the liquidity necessary to support continued growth. We have asked the Court to schedule a hearing on this matter for February 2.

Liquidity

Liquidity – defined as cash and borrowing availability – has continued to be adequate. Assuming Court approval of our new DIP on February 2, we expect to make a smooth transition to the new facility and to retain comparable borrowing availability, which has been near or above the \$100 million range.

Jack A. Hockema
President and Chief Executive Officer