



December 19, 2003

Dear KRP Participant:

On December 16, Kaiser Aluminum was notified by the Pension Benefit Guaranty Corporation (PBGC) that the PBGC intended to assume responsibility for the Kaiser Aluminum Salaried Employees Retirement Plan (KRP) as of December 17, 2003. After appropriate consultation with our advisors, the Unsecured Creditors' Committee, the Asbestos Claimants Committee, and certain other constituents, the company has reluctantly agreed to the termination of the plan.

You may recall that the company has stated since the inception of its Chapter 11 reorganization proceedings that pension obligations were one of the significant legacy factors that would have to be addressed during the reorganization process. Further, the company has stated that it did not expect to make any pension contributions in respect of its domestic pension plans during the pendency of the cases because it believes that virtually all of such amounts are pre-petition obligations. In addition, the company also has previously stated that termination of the pension plans was a possibility.

The PBGC action does not address seven other defined benefit plans sponsored by the Company and thus does not resolve all the pertinent issues surrounding the Company's material pension obligations. As previously disclosed, the Company is discussing modification or termination of hourly retiree benefits pursuant to collective bargaining with the appropriate union representatives.

Despite this latest development, I would like to emphasize that the company expects to provide a suitable compensation and benefits package to retain and motivate active employees.

Sincerely,

James McAuliffe
Vice President, Human Resources