



## **Kaiser Aluminum Reports Results For Fourth Quarter, Full Year Of 2003; Continues To Make Progress In Restructuring**

HOUSTON, Texas, March 30, 2004 -- Kaiser Aluminum today reported a net loss of \$573.2 million, or \$7.16 per share, for the fourth quarter of 2003, compared to a net loss of \$270.8 million, or \$3.37 per share, for the fourth quarter of 2002.

Kaiser President and Chief Executive Officer Jack A. Hockema said, "Although we are never pleased to report a net loss, the company's financial results for the fourth quarter reflect a number of significant operating charges resulting from the continuing progress we are making in our restructuring efforts, as outlined below. "

For the full year 2003, Kaiser's net loss was \$788.3 million, or \$9.83 per share, compared to a net loss of \$468.7 million, or \$5.82 per share, for 2002.

The non-cash pre-tax charges in the fourth quarter and full year 2003 results include \$368.0 million to impair the assets of the Gramercy, Louisiana, alumina refinery and the 49%-owned KJBC bauxite mining operation and \$121.2 million associated with the termination of the company's salaried pension plan in December 2003. The accompanying tables detail all such non-cash charges.

Full-year and quarterly results for 2002 also included a number of special items that are presented in the accompanying tables.

Net sales in the fourth quarter and full year of 2003 were \$340.4 million and \$1,365.3 million, compared to \$364.7 million and \$1,469.6 million, for the same periods of 2002.

Hockema said, "Separate and apart from the non-cash items, Kaiser's operating loss in the fourth quarter of 2003 was somewhat greater than that of the fourth quarter of 2002. Unfavorable factors, which were largely related to the company's commodities businesses, included higher energy costs, reduced shipments of primary aluminum due to the energy-related curtailment of the 90%-owned Valco smelter, and lower income from metal hedging contracts. Favorable factors included improved cost performance and higher realized prices for alumina and primary aluminum. We also witnessed improvement in demand in the fabricated products market. Specifically, our shipments of fabricated products increased almost 14% from those of the year-ago period and were at the highest level we've reported since the second quarter of 2002."

Hockema said the unfavorable factors cited above, in combination with significant retiree medical expenses, largely accounted for the company's full-year 2003 operating results.

"Clearly, we are not satisfied with the financial results for 2003. Nonetheless, we can point to a number of accomplishments that promise to strengthen the company's long-term competitive position," said Hockema. He cited the following examples:

- Significant improvement in Kaiser's 2003 cost performance, as measured by an internal reporting system;
- Steady advancement in the company's Chapter 11 case, including:
- Ongoing progress toward completion of the sale of the company's interests in Mead, Valco, Alpart, Gramercy/KJBC, and QAL;
- A major initiative to resolve many of the issues related to pensions and retiree medical liabilities, the latter of which alone resulted in more than \$60 million of negative cash flow in 2003;
- The generation of positive net cash flow in the Fabricated Products business in 2003, despite extremely challenging market conditions, as that business continued to strengthen its market position;
- The ability to maintain adequate liquidity.

Hockema said, "We expect the reorganized Kaiser to be focused primarily on the fabricated products business and to have manageable leverage and financial flexibility. The anticipated filing of our formal Plan of Reorganization and related Disclosure Statement by mid year will put us on a path to emerge from Chapter 11 as early as late in the third quarter of this year."

Kaiser Aluminum (OTCBB: KLUCQ) is a leading producer of fabricated products, alumina, and primary aluminum.

Company press releases may contain statements that constitute "forward-looking statements" within the meaning of

the Private Securities Litigation Reform Act of 1995. The company cautions that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may vary materially from those expressed or implied in the forward-looking statements as a result of various factors.

Statements of Consolidated Income (Loss), Selected Operational and Financial Information, and Condensed Consolidated Balance Sheets Follow