



Department of Energy

Official File

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

CORPORATE

January 13, 2006

In reply refer to: DK-7

Mr. Dan Seligman
Attorney-at-Law
Columbia Research Corporation
P.O. Box 99249
Seattle, WA 98139

RE: FOIA Request #06-012

Dear Mr. Seligman:

Thank you for your fax of January 12, 2006, requesting information under the Freedom of Information Act. In your letter, you requested copies of the following:

1. All communications (whether in hard copy or e-mail) between BPA and members of Congress and their staffs regarding BPA's curtailment (buy back) contract (#01PB-10786) and other agreements that BPA signed with Longview Aluminum LLC and McCook Metals between 2000 and the present.
2. All communications (whether in hard copy or e-mail) between BPA and Randy Hardy and/or Hardy Energy Consulting regarding Longview Aluminum LLC and McCook Metals between 2000 and present.
3. All analysis performed by BPA which evaluated whether Lonview Aluminum LLC and/or McCook Metals complied with Section 10 (Qualified Expenditures) of BPA's curtailment contract and spent BPA funds according to the provisions of this section.

Your request was received by our office on January 12, 2006, and has been logged in as FOIA #06-012. In your letter, you expressed a willingness to pay processing fees up to \$100 for your request. BPA will contact you if your request exceeds this amount.

Mr. Gary Insley, supervisory public utilities specialist, has been designated as Authorizing Official for your request. Mr. Insley has 20 working days, until February 10, 2006, to provide a response. Should you have any questions, Mr. Insley may be reached at Mail Stop PTS-5 or by calling 503-230-3715.

Sincerely,

/s/ Christina J. Brannon

Christina J. Brannon
Freedom of Information Officer

Department of Energy

Official File

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

CORPORATE

February 9, 2006

In reply refer to: DK-7

Mr. Dan Seligman
Attorney-at-Law
Columbia Research Corporation
P.O. Box 99249
Seattle, WA 98139

RE: FOIA Request #06-012

Dear Mr. Seligman:

This letter responds to your Freedom of Information Act request, dated January 12, 2006. In your letter, you requested copies of the following:

1. All communications (whether in hard copy or e-mail) between BPA and members of Congress and their staffs regarding BPA's curtailment (buy back) contract (#01PB-10786) and other agreements that BPA signed with Longview Aluminum LLC and McCook Metals between 2000 and the present.
2. All communications (whether in hard copy or e-mail) between BPA and Randy Hardy and/or Hardy Energy Consulting regarding Longview Aluminum LLC and McCook Metals between 2000 and present.
3. All analysis performed by BPA which evaluated whether Lonview Aluminum LLC and/or McCook Metals complied with Section 10 (Qualified Expenditures) of BPA's curtailment contract and spent BPA funds according to the provisions of this section.

BPA is hereby providing the document in response to the above request. No information has been redacted from the documents. In your letter, you expressed a willingness to pay processing fees up to \$100 for your request. You will be sent an invoice in the amount of \$100 under separate cover by our accounting document.

If you are dissatisfied with this determination, you may make an appeal within thirty (30) days of receipt of this letter to Director of Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue S.W., Washington, D.C. 20585. Both the envelope and the letter must be clearly marked "Freedom of Information Act Appeal."

Sincerely,

/s/ Christina J. Brannon

Christina J. Brannon
Freedom of Information Officer



Department of Energy

Official File

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

JUL 1 2002

In reply refer to: KR-7C

The Honorable Mark Doumit
Washington House of Representatives
P.O. Box 40600
Olympia, WA 98504-0600

Dear Representative Doumit:

This is in response to your letter of May 14, 2002, to the Bonneville Power Administration (Bonneville) conveying the concerns of your constituents and expressing concerns about McCook Metals' plans for the Longview Aluminum Plant.

Bonneville entered into the Curtailment Agreement with Longview Aluminum, LLC (Longview) in the spring of 2001. Bonneville was seeking to reduce its exposure to the wholesale power market at a time of record high power prices and severe Northwest drought. The agency paid Longview \$226 million to forego its Bonneville power supply through June 30, 2002.

Bonneville understands from the United Steelworkers of America (USWA) that Longview stopped paying "at least some" of its workers as of April 1, 2002. While we are not familiar with the rationale or circumstances surrounding Longview's decision to stop paying some of its employees, Bonneville is very concerned about reports that Longview may not be complying fully with its commitments. Section 9 of the Curtailment Agreement requires Longview to provide compensation and benefits through June 30, 2002, to employees who were laid off due to the curtailment. At the time the Curtailment Agreement was executed, Bonneville and USWA representatives jointly determined that the details of that compensation would be specified in agreements between Longview and the USWA. Bonneville is not a party to those agreements.

As part of the negotiations leading to the Curtailment Agreement, Longview did state its intention to restart the plant at the end of the curtailment. However, the Power Sales Agreement (which extends through September 30, 2006) does allow the facility to curtail production, as long as Bonneville is made whole for any power not used by Longview. Largely because of the expectation that Longview would become energy-independent, the Power Sales Agreement specifies very clearly that federal power service to the plant will not continue past September 2006.

Bonneville has tried, with the curtailment agreements, to help preserve the long-term operation of the Northwest's aluminum plants. A key part of this strategy was to retain a skilled workforce

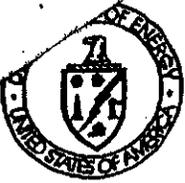
and to help make plant operations more efficient. Unfortunately, with current power prices and low aluminum prices, the future of the Longview plant remains unclear.

I trust this is responsive to your concerns. If I can answer other questions, please contact me or have your staff contact Mark Miller, Longview Account Executive, at 503-230-4003.

Sincerely,

(Sgd.) Stephen J. Wright

Stephen J. Wright
Administrator and
Chief Executive Officer



Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

June 25, 2002

In reply refer to: KR-7C

The Honorable Maria Cantwell
United States Senate
Washington, D.C. 20510

Dear Senator Cantwell:

The Secretary of Energy has forwarded your letter to him of May 20, 2002, to the Bonneville Power Administration (Bonneville) for a reply. In the letter, you express concerns about McCook Metals' plans for the Longview Aluminum Plant.

Bonneville entered into the Curtailment Agreement with Longview Aluminum, LLC (Longview) in the spring of 2001. Bonneville was seeking to reduce its exposure to the wholesale power market at a time of record high power prices and severe Northwest drought. The agency paid Longview \$226 million to forego its Bonneville power supply through June 30, 2002.

Bonneville understands from the United Steelworkers of America (USWA) that Longview stopped paying "at least some" of its workers as of April 1, 2002. While we are not familiar with the rationale or circumstances surrounding Longview's decision to stop paying some of its employees, Bonneville is very concerned about reports that Longview may not be complying fully with its commitments. Section 9 of the Curtailment Agreement requires Longview to provide compensation and benefits through June 30, 2002, to employees who were laid off due to the curtailment. In addition, at the time the Curtailment Agreement was executed, Bonneville and USWA representatives jointly determined that the details of Longview's compensation obligations to its laid-off workers would be specified in agreements between Longview and the USWA. Bonneville is not a party to those agreements.

Your letter asks whether McCook (or Longview) "accurately represent[ed] its intentions to restart the plant" when negotiating its current power contract with Bonneville. As part of the negotiations leading to the Agreement, Longview did state its intention to restart the plant at the end of the curtailment. However, the Power Sales Agreement (which extends through September 30, 2006) does allow the facility to curtail production, as long as Bonneville is made whole for any power not used by Longview. Bonneville did not conduct an extensive financial review prior to execution of the Power Sales Agreement, primarily because Bonneville did not have a policy at that time limiting service to Direct Service Industrial customers based on a financial review.

At the time the Curtailment and Power Sales Agreements were signed, Longview did indicate that it intended for some of the curtailment proceeds to be used to develop its own sources of generation to meet the smelter's power needs after 2006. Our contract with Longview lists spending on new generation as one of the allowed uses of the funds, but does not require any particular amount to be spent in that way. We are not aware of any such spending by Longview to date. Largely because of the expectation that Longview would become energy-independent, the Power Sales Agreement specifies very clearly that federal power service to the plant will not continue past September 2006.

Consistent with the Curtailment Agreement, Bonneville is in the process of reviewing Longview's use of the proceeds from the Agreement to ensure those proceeds were used for approved purposes. Longview has been very slow to respond to Bonneville's requests for information. We will do everything possible to make the findings public.

Bonneville has tried, with the curtailment agreements, to help preserve the long-term operation of the Northwest's aluminum plants. A key part of this strategy was to retain a skilled workforce and to help make plant operations more efficient. Unfortunately, with current power prices and low aluminum prices, the future of the Longview plant remains unclear.

I trust this is responsive to your concerns. If I can answer other questions, please contact me or have your staff contact Mark Miller, Longview Account Executive, at 503-230-4003.

Sincerely,



Stephen J. Wright
Administrator and
Chief Executive Officer

cc:

The Honorable Patty Murray
United States Senate
Washington, DC 20510

The Honorable Brian Baird
United States House of Representatives
Washington, DC 20515

STATE REPRESENTATIVE
19th DISTRICT
MARK L. DOUMIT

State of
Washington
House of
Representatives



NATURAL RESOURCES
CHAIR
APPROPRIATIONS
VICE CHAIR

RECEIVED BY BPA ADMINISTRATOR'S CFC-LOG #: 02-0163
RECEIPT DATE: 5-17-02
DUE DATE: 5-31-02

14 May 2002

Marilyn Showalter, Chair
WA Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

ASSIGN: KR-7C
cc: FO3, KN/Wash, P-6, PT-5,
Mark Miller-PT-5, Al Paschke-TM/Ditt2

Stephen Wright, Administrator
Bonneville Power Administration
P. O. Box 3621
Portland, OR 97208-3621

Rick Bender, President
WA State Labor Council AFL-CIO
314 First Avenue West
Seattle, WA 98119

Dear Ms. Showalter, Mr. Wright and Mr. Bender:

I received the enclosed letters from two of my constituents regarding the Longview Aluminum plant, owned by Michigan Avenue Partners. I am quite concerned about the issues raised in these letters.

It would be very helpful to know your thoughts, comments and recommendations as to the appropriate next steps.

Thank you in advance for any assistance you can provide. Your prompt response would be greatly appreciated.

Sincerely,

Mark L. Doumit
State Representative

cc: Representative Jeff Morris, Chair, House Committee on Technology,
Telecommunications and Energy
Representative Steve Conway, Chair, House Committee on Commerce and Labor

United States Senate

WASHINGTON, DC 20510-4705

May 15, 2002

RECEIVED BY EPA ADMINISTRATOR'S OFC-LOG #: 02-0184
RECEIPT DATE: 6-14-02
DATE: 6-28-02

Mr. Steve Wright
Administrator
Department of Energy
Bonneville Power Administration
PO Box 3621
Portland, Oregon 97208

ASSIGN: **KR-7C**
cc: FO3, KN/Wash, P-6, PT-5, TM/Ditt2,
Mark Miller-PT-5, Al Paschke-TM/Ditt2

RE: Mr. James Cox
2333 48th Ave
Longview, Washington 98632

Dear Mr. Wright:

My constituent, Mr. James Cox, has contacted my office for assistance with an issue within your jurisdiction. The following document(s) provide an explanation of my constituent's concern or request. I would appreciate your prompt attention to this matter, and I look forward to your response.

Please direct your response to Jay Pearson in my Seattle District Office at Jackson Federal Building, 915 2nd Avenue, Suite 3206 Seattle, Washington, 98174. Jay Pearson can be reached via: phone: 206-220-6400, fax: 206-220-6404, or email: jay_pearson@cantwell.senate.gov.

If I can provide any additional information, please do not hesitate to contact my office. Again, thank you for your assistance in this matter.

Sincerely,



Maria Cantwell
United States Senator

MC:jp
Enclosure

PLEASE REPLY TO:

U.S. FEDERAL COURTHOUSE
WEST 920 RIVERSIDE, SUITE 697
SPOKANE, WA 99201
(509) 353-2507
FAX: (509) 353-2547

JACKSON FEDERAL BUILDING
915 2ND AVENUE, SUITE 3206
SEATTLE, WA 98174-1003
(206) 220-6400
TOLL FREE: 1-888-648-7328
FAX: (206) 220-6404

1313 OFFICERS' ROW
FIRST FLOOR
VANCOUVER, WA 98661
(360) 696-7838
FAX: (360) 696-7844

717 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510-4705
(202) 224-3441
FAX: (202) 228-0514



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

April 24, 2001

In reply refer to: KR-7C

The Honorable Brian Baird
U.S. House of Representatives
Washington, DC 20515

Dear Representative Baird:

Thank you for your letter asking about employment issues at the McCook Metals smelting facility. You ask that Bonneville Power Administration (BPA) insist that McCook provide compensation and benefits to its salaried workers as well as its union employees during this plant closure.

Because of your letter and phone calls we have received from concerned employees, BPA has contacted McCook about your concerns. We asked McCook to spend more time with the affected workers (about five percent of its workforce) to help them better understand the benefits and rights they had under the severance package they have been offered. McCook has agreed to extend the deadline for the employees to accept the severance package by another week, to April 25. McCook executives believe the severance package is very generous. We believe that by offering the severance package, McCook has met the terms of its BPA contract.

As you know, BPA has worked very hard to make sure that workers' families are taken care of during these difficult times of aluminum plant closures. If there is something else I can do in this situation, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stephen J. Wright".

Stephen J. Wright
Acting Administrator and
Chief Executive Officer

BRIAN BAIRD
THIRD DISTRICT, WASHINGTON

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

WATER RESOURCES AND
ENVIRONMENT SUBCOMMITTEE

COAST GUARD AND MARITIME
SUBCOMMITTEE

SMALL BUSINESS COMMITTEE

SCIENCE COMMITTEE



Congress of the United States
House of Representatives

Washington, DC 20515-4703

DISTRICT OFFICES:

1220 MAIN STREET
SUITE 900
VANCOUVER, WA 98660
(360) 583-8282

608 COLUMBIA STREET NW
SUITE 220
OLYMPIA, WA 98501
(360) 382-8788

WASHINGTON, DC OFFICE:

1721 LONGWORTH HOB
WASHINGTON, DC 20515
(202) 225-3536

April 10, 2001

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0162	web address: http://www.house.gov/baird e-mail address: brian.baird@mail.house.gov
RECEIPT DATE: 4.11.01	
DUE DATE: 4.25.01	

Acting Administrator Steven Wright
Bonneville Power Administration
Post Office Box 3621
Portland, Oregon 97208-3621

ASSIGN: **NR-701**
cc: A-7, D-7, KN/Wash, L-7, P-6, PT-5
PAT|BART|CINDY

Dear Mr. Steve:

Last week it was announced that more than 40 salaried employees at the McCook Aluminum smelting facility in Southwest Washington would be terminated. According to reports, salaried employees have until April 18, 2001 to sign severance agreements which will effectively end their employment at the smelter.

It is our opinion that this situation is contrary to the terms agreed upon by the Bonneville Power Administration (BPA) and McCook which stipulated that the company would maintain its employment base at existing levels and provide those employees with compensation and benefits. The initial agreement did not differentiate between salaried and hourly employees. Therefore, I would respectfully request that BPA insist that the terms of the agreement be honored, and that salaried employees be treated in the same manner as other employees at the smelter in this regard.

Given the extremely time-sensitive nature of this situation, I would request your response as expeditiously as possible. I would be pleased to work with your agency in whatever way might be helpful to benefit the working families in Southwest Washington who are impacted by this decision.

Sincerely,

Brian Baird
Member of Congress

United States Senate
WASHINGTON, DC 20510

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 2000-0482
RECEIPT DATE: 10.27.00
DUE DATE: 11.13.00

October 26, 2000

Judi Johansen, Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

ASSIGN: KR-7C
cc: A-7, D-7, K-7, KN/Wash, P-6, **PLS**

Dear Administrator Johansen:

Recent price spikes in the West Coast electricity market have had devastating impacts on electricity-dependent sectors of the Northwest economy. This is especially the case for any entity that is exposed to the wholesale market. There are a variety of causes, but the flawed structure of the California market has been a significant contributor to this condition.

As you know, the aluminum industry has been particularly hard-hit by these higher costs. Hundreds of workers have lost jobs, and the uncertainty is threatening thousands more.

Recently, a company has announced its intent to purchase the aluminum smelter in Longview, Washington, a facility that employs over 900 people. This company—McCook Metals of Illinois—is a large aluminum producer and supplies key products to NASA and the Department of Defense.

The company proposes a novel approach toward its participation in the Northwest economy. McCook Metals is interested in developing its own generating resources and becoming independent of BPA after 2011. However, in order to accomplish this goal, McCook will need some creative help from Bonneville in the near term.

This proposal seems to have three distinct advantages. First, it helps assure the continued employment of the workers at the Longview smelter. Secondly, it could add a significant amount of electricity to the regional grid at a time when the Northwest power system is in deficit. And third, it would phase out a significant amount of load from BPA, when the power it markets is increasingly in demand from other entities with statutory preference.

We specifically want to avoid micro-managing BPA. However, if the proposal meets the advantages outlined above without impacting Northwest ratepayers, we urge you to support it and work to implement it.

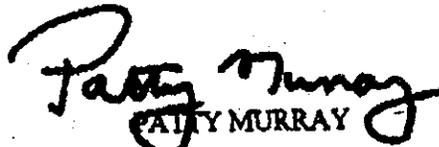
Sincerely,



SLADE GORTON



GORDON SMITH



PATTY MURRAY



RON WYDEN

Miller, Mark E - PT

From: Miller, Mark - PT-5
Sent: Friday, December 13, 2002 1:14 PM
To: Randy Hardy (E-mail)
Subject: Curtailment notice

I will be out of the office the week of New Years day. I'll be in and out the week of Xmas, so we should probably get the January curtailment notice done next week.

Miller, Mark - PT-5

From: Miller, Mark - PT-5
Sent: Thursday, August 09, 2001 11:04 AM
To: 'Jeff Smith'
Cc: 'Randy Hardy'
Subject: Chapter 11



7_.doc



MW080601.P

DF

As we discussed the press (see attached) has picked up on Michigan Avenue Partners' (MAP) trouble with its Scottsboro Aluminum L.L.C company. We have also heard rumors MAP or McCook L.L.C. has filed for bankruptcy. BPA needs to understand whether the Scottsboro bankruptcy will implicate BPA's contracts with Longview Aluminum LLC. In particular, we would like Longview Aluminum's opinion regarding the likelihood that Longview Aluminum assets, including the contracts between BPA and Longview, could become part of the Scottsboro bankruptcy estate. In addition to this e-mail I will be sending a written request to Michael Lynch today regarding this issue, as well as a request for some clarification regarding MAP's merger or divestiture plans, and MAP's view of the implications for BPA of such actions, if any. Thank you.

CONTACT: Holly Bartecki, 312/437-5485 (cell)

**MICHIGAN AVENUE PARTNERS TO DIVEST OR MERGE
ALL ALUMINUM ASSETS BY YEAR-END**

*Monopolistic Market Conditions Take Toll on Chicago Investment Group's
McCook, Scottsboro and Longview Aluminum Facilities*

FOR IMMEDIATE RELEASE

August 7, 2001

CHICAGO – Officials at Michigan Avenue Partners, a Chicago based investment group whose affiliated holdings include Scottsboro Aluminum L.L.C., McCook Metals L.L.C., and Longview Aluminum L.L.C. announced today their intent to divest or merge all aluminum assets by year-end.

The announcement comes as a result of an overall downward trend in the aluminum market caused by the monopolistic behavior of major multinational competitors. Last week, Scottsboro Aluminum L.L.C. confirmed that the company had been forced into involuntary Chapter 11 bankruptcy in Chicago, Illinois by its lender, PPM Financing, Inc. Operations at that facility are under temporary curtailment as terms of the restructuring agreement are finalized.

"The weakness in the U.S. aluminum market is a direct result of predatory pricing," said Michael Lynch, chairman of Michigan Avenue Partners. "But we can't be the only ones out there fighting for the American aluminum industry and its manufacturing jobs. Without support from the U.S. Department of Justice, this is our only option."

Lynch continued, "We are in conversations with numerous potential buyers and joint venture partners and will do the best we can to protect the livelihood of the 2,200 employees of our facilities."

Michigan Avenue Partners is a Chicago-based investment group whose aluminum industry holdings include Scottsboro Aluminum L.L.C., McCook Metals L.L.C., and Longview Aluminum L.L.C.

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Metals Week

Precious Metals

Strike averted at South African gold mines

Johannesburg—A strike planned for Aug 1 at South African gold mines was averted last week after an 11th-hour labor deal was reached between South Africa's National Union of Mine-

workers (NUM) and three major gold companies over wage increases. The strike was set for operations at Durban Roodepoort Deep (DRD), Gold Fields and Harmony, and would have involved about 50,000 workers.

NUM was able to convince its members to accept the revised offers that had been tabled by the companies.

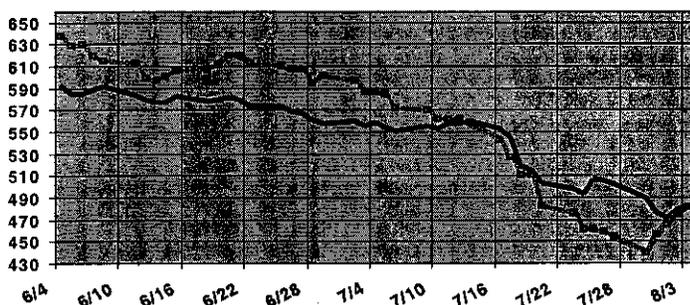
Gold Fields and Harmony agreed to increase the wages of their lowest-paid workers to Rand 2,000/month (\$241.84) by 2003. This is an average 22% increase over current wages for these workers. Gold Fields and Harmony are already paying some workers Rand 2,000/month.

DRD's wage offer was Rand 1,600 (\$194.17), which is also to be implemented by 2003.

The union asked for an increase in annual leave to 30 days. DRD agreed to increase annual leave to 23 days this year and 24 days next year. NUM vice-president Crosby Moni said the union was "happy" with this agreement with Durban Deep. Gold Fields and Harmony increased annual leave to 23 days starting immediately and to 25 days, beginning next year.

Continued on page 13

Platinum, Palladium Prices At Par
London PM Fix, \$/oz



Palladium prices (top), which soared above platinum to near \$1,100/oz early this year, have taken a steep plunge in recent weeks, slipping below platinum last week. However, palladium quickly bounced back to reach par with platinum at \$482/oz on Aug 3 in London, following similar events in the Asian market. "They felt the markets were oversold, so they came in and bought it back," said one trader.

Aluminum

Scottsboro Al halts production, files for bankruptcy

Henderson, Kentucky—Scottsboro Aluminum LLC has halted production indefinitely at its 300-mil lb/year rolling mill at Scottsboro, Alabama, after being forced into involuntary bankruptcy by its lender, PPM Financing, a United Steelworkers union official said Aug 3.

"They shut all production down" on Aug 2, David Nix, recording secretary for USW Local 7468 at Scottsboro, told *Platts*. "They're just going to keep a skeleton maintenance crew of 15 to 20 people." How long the plant will be idled is uncertain.

The company, an affiliate of Chicago-based Michigan Avenue Partners, was said to be in negotiations Aug 3 with PPM. Scottsboro Aluminum, MAP and PPM officials could not be reached for comment at press time.

MAP spokeswoman Holly Bartecki said she tried unsuccessfully to reach Michael Lynch, MAP president and Scottsboro Aluminum chairman. Lynch was believed to be involved in the meetings. Nix said the Chapter 11 involuntary bankruptcy caught the union by surprise. Troy Carter, president of United Steelworkers union Local 7468 at Scottsboro, called the bankruptcy "a sad statement about our nation's economic future. Companies will continue to dump cheap imported products if we let them."

Bob McDole, Scottsboro Aluminum vice-president of operations, said the company will continue to make changes to run its business, which he did not specify.

On Jul 9, Scottsboro Aluminum laid off 94 salaried and hourly employees—nearly 20% of

Continued on page 11

This Week in Metals...

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PD won't cut output unless prices stay low long-term

Washington—US copper producer Phelps Dodge is unlikely to cut production unless copper prices stay depressed for months. In a teleconference Jul 31, PD told analysts it expects copper prices will either stagnate or possibly recover later this year, although the company will plan for the worst-case scenario.

CEO J Steven Whisler said PD is ready to react with employee cuts and other cash-saving steps should copper prices plunge and appear likely to stay down. Whisler said a US-led world economic slowdown could trigger such a market sell-off, but he called that possibility the least proba-

ble of three market scenarios. The most likely market scenario "falls somewhere in the middle" of the recovery-stagnation outlook, with a bias toward stagnation, he said.

Asked at what copper price PD would cut output, Whisler would only say that at cash prices of 70¢/lb or higher, production economics are clearly favorable, but it becomes a "much more difficult question" as prices approach 60¢. COMEX spot copper closed Aug 3 at 67.30¢/lb, down 45 basis points from Aug 2.

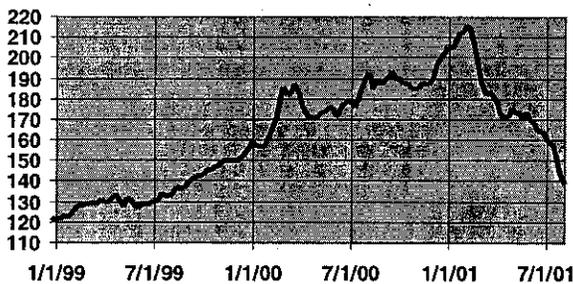
A factor in PD's decision to cut or not to cut is how long prices stay depressed, Whisler said, since short shutdowns are often impractical. If a copper property is idled, for example, it usually needs to stay idle for at least six months to be economical, due to employee layoff terms and equipment shutdown costs.

There are also concerns about raw materials balancing. PD's acid supply, for example, is internally balanced between consumption and production. (Sulfuric acid is a byproduct of smelting and is used in copper leaching and refining.) Meanwhile, PD's power situation has stabilized, thanks to the power stabilization program it implemented in response to high US energy costs. The company should actually have surplus electrical power available in the US Southwest during the third quarter, and it will sell some or all of the surplus back into the electrical grid if market conditions dictate, PD

METALS WEEK PRICE INDEX

	Aug 2	Week Ago	Month Ago	Year Ago
MW Base Metals.....	125.5	126.3	129.8	149.9
MW Precious Metals.....	159.6	168.3	203.2	257.3
MW Nonferrous Composite	139.2	143.1	159.2	192.9

Nonferrous Composite Index



platts Metals Week Volume 72 Number 32

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Elsewhere in
copper...

said. Energy costs should hold steady for the rest of the year at about 15¢/lb of copper produced. PD's power stabilization program includes fixed-price power supply contracts, rolling summertime curtailments at its Southwest US facilities and construction of a 50MW co-generation plant in New Mexico—due to come on line this month.

Low prices clip Noranda's income....: Noranda's second-quarter earnings dropped 66.7% to C\$28-mil (C\$0.09/share) (\$18.3-mil) from C\$84-mil (C\$0.33/share) in Q2 2000, mainly due to lower metals prices, weaker demand and lower copper smelter throughput due to scheduled maintenance shutdowns, the company said last week. The drop was partially offset by a tax credit of C\$11-mil from a cut in future tax rates in Ontario and a C\$45-mil after-tax gain from the sale of its investment in gold producer Newmont Mining. Mined copper output in Q2 dropped to 72,000mt from 82,000mt in Q2 2000.

Because of low copper prices, PD expects to lose \$1.10 to \$1.20/share in the third quarter. To illustrate how difficult market conditions are, Whisler noted that even PD's large copper-consuming customers are demanding longer payment terms, reflecting cash flow crunches caused by weak US industrial demand.

...Antamina at capacity by Q4: The Antamina copper-zinc mine in Peru has shipped 27,000mt of copper concentrate and stockpiled another 70,000mt at the port of Huarney, 33.75% owner Noranda told analysts during a conference call last week. Noranda expects the mine to be at full production of 70,000mt/day of ore milled early in the fourth quarter, but said it hopes to reach capacity before then. Besides Noranda, Antamina is owned by BHP Billiton (33.75%), Teck (22.5%) and Mitsubishi (10%). Expected output is 675-mil lb/year of copper and 625-mil lb/year of zinc in its first ten years.

Commodities

Mitsui exit as LME market-maker could prompt exodus

Platts Bureaus—Mitsui Bussan Commodities' (MBCL) decision to suspend market-making on the LME could prompt others to follow as liquidity diminishes and metals prices retreat further, a source told *Platts* last week. MBCL said Jul 26 it would relinquish its market-making role "in view of the current difficult and changing market conditions" and focus instead on brokering, while retaining its LME membership.

Peter Allan, head of MBCL's global metal trading operations, told *Platts* that Mitsui's intention was to relieve itself of the risk of market-making "and pass that onto third parties." He said the market has been too illiquid to take on large positions. "When we wanted to get out of our position, it was difficult, almost impossible," Allan said. "So we decided to take a back seat, risk-wise."

MBCL, however, might one day return to market-making: "When the market improves, we might go back," Allan said, adding that the US economy must improve first. "We will keep the door open, but the market does not warrant it at the moment. The LME is changing so much at the moment that we decided to sit back and see how it develops."

MBCL's suspension from market-making was expected by Aug 3, said an Asian source close to MBCL and its Japanese shareholder, Mitsui.

MBCL's customers won't notice any change as a result of the move and Mitsui will continue base metals trading as usual, Allan said.

But a US source close to Mitsui speculated that Mitsui might exit the base metals business altogether by March 2002. He said Mitsui's staff layoffs, and what he called "changing priori-

ties," showed a lack of commitment to the company's relatively small base metals group. Besides the resignation of co-managing director Simon Underhill, two of MBCL's traders also left the company: Graham Powis and Paul Finster. Finster had joined Mitsui about six months before.

A market source said other LME floor members who act as market makers may also decide to concentrate solely on brokering. "Some LME floor members want to remain in metals without the [market makers'] risk of taking positions in the market amid plummeting volumes across the complex," the source said. He pointed to the 50% drop in LME volumes year-on-year in the copper and aluminum contracts and the 80% drop in more junior contracts, such as lead.

A trade source was not surprised by MBCL's move since the "LME business is no longer profitable." He said various factors have caused this. They include producer consolidations in recent years—notably, Alcoa, Reynolds Metals and Alumax, and Alcan and Alusuisse—long-term producer deals between Alcan and General Motors and Alcan and Ford and the exit of several physical trading companies, including Sumitomo, Wise Metals and Barclays, from the market.

In aluminum, the roughly 1.8-mil mt/year of production capacity curtailed in North America and Brazil has trimmed volumes.

Meanwhile, Mitsui hopes to consolidate its Asian regional brokerage operations, possibly focusing on China, the Asian source said. "It is difficult to earn money in New York and London under the current market conditions," the source said.

Kuala market starts e-trading: Malaysia's Kuala Lumpur Tin Market (KLTM) began trials of electronic trading Aug 1 in a move to do away with the open-outcry system, according to a KLTM trader. "The members still come in to sit around the pit, but instead of shouting the bids and offers, they bring in a laptop," he said. "This trial will last until the end of this month. If all goes well, we are looking to start e-trading and end open-outcry trading officially in October." Last year, the KLTM announced plans for electronic trading to begin on Jun 15, 2001, but trials were delayed. The KLTM has seven members: Toyota Tsusho, Bhatt, Sinar Berlian, Malaysia Smelting Corp, RMT Metals, Mitsui and Thaisarco. It is looking to invite China's Yunnan Tin and Indonesia's PT Tambang Timah to participate.

Chinese prices slide...: China's tin metal prices have continued sliding despite a recent move by the Tin and Tin Products Coordinating Committee to limit exports, Chinese industry sources said last week. "Most producers in the industry agreed to stop giving new offers back in May...on falling prices. But that has failed to give the desired support as some smaller plants have gone back on the agreement and continued to sell at the lower levels," a source from major producer Yunnan Tin said. A Beijing trader said: "As a result, the market is in a very depressed state and the outlook for the rest of 2001 is equally pessimistic."

...expect boost in domestic sales: The outlook for the second half of 2001 is dim "because tin reserves are quite high, so even if prices rebound...the upward move will be small. The only possible good news is that prices are unlikely to fall much further as China will probably not issue any new export quotas for H2," the trader said. "Most quotas issued earlier are running out." Chinese producers have used the quotas to satisfy earlier long-term contracts, the Yunnan source said. With reduced exports, many Chinese producers hope to increase domestic sales. "Besides the move to control exports, it is more profitable to sell domestically," the trader said. "Domestic prices have fallen, but they remain much more attractive than LME levels." Current quotes are at Yuan 43,000/mt (\$5,193) ex-plant, down from Yuan 46,000/mt in the first half.

European premiums rise: Concern over availability of Chinese refined tin in Europe has pushed up premiums for 99.9% material, in-warehouse Rotterdam, to \$60-70/mt over LME cash from \$50-60/mt a fortnight earlier, traders said last week. Even traders skeptical that Chinese producers—like the country's largest, Yunnan—were curtailing output conceded supply had tightened. "I think there is metal being held off warrant as people wait for higher premiums," said one European trader.

Traders doubted the flooding of a tin mine in China's southern Guangxi province would have a significant effect on production. Also, much tin delivered on warrant in recent weeks has gone into out-of-the-way Barcelona, northeast Spain, rather than Rotterdam. Traders were adamant in their views that low tin prices are more a reflection of hedge funds' gloomy sentiment toward the uncertain global economic outlook than tin's fundamentals. "Business is not so bad for this time of the year, and we saw an improvement in July in the US at least," said one trader, "I think the worst has past."

Hundreds feared dead in flood: A high-ranking team was set up Jul 31 to probe the latest mining tragedy in China in which more than 200 people are feared to have died amid claims of a cover-up, police and reports said, AFP reported Jul 31. Several newspapers and websites have reported that more than 200 people were trapped inside the Longquan tin mine in Chehe township, in the southern province of Guangxi, following the Jul 16 flooding accident, with 70 dead bodies found so far, AFP reported.

Korean tin imports decline: South Korea's imports of tin ingot in January-May dropped 21.8% to 5,350mt compared with 6,841mt imported in the same period of 2000, according to the Korean Nonferrous Metals Assn. Tin imports for all of 2001 are expected to be 13,000mt, which would be 17.3% lower 2000. The lower forecast is based on expectations that domestic demand for tin will fall in 2001. Domestic demand for tin is estimated at 12,700mt for 2001, a 17.7% decrease from demand of 15,427mt in 2000. There are no tin smelters or refineries in South Korea.

LME delists HAMCO brand: The LME has delisted the HAMCO brand of Grade A refined tin ingot for good delivery against the LME tin contract, the LME said last week. It was decided to delist the brand as no more stocks were being held on LME warrant, the LME explained. HAMCO was produced by India's Hamco Mining and Smelting. The LME also said it has listed three warehouses in New Orleans, with immediate effect, for delivery against LME contracts. The warehouses, owned by Metro International Trade Services of Michigan, will be listed for good delivery of LME tin.

US tin market reports out of joint: US tin prices went up a penny Aug 2 with Grade A tin set at 194¢/lb and low lead set at 197¢/lb. Traders generally reported a very low level of activity. However, one fantasized that consumers were calling all day from all consuming sectors of the industry buying spot, buying forward, although he admitted that nothing of the sort had happened, while another claimed that all that buying was exactly what was happening, and business was turning around.

Prices for tantalum ore slip as producers grow desperate

London—Prices for tantalum ore in Europe continued to fall in June and July as small-scale African producers grew increasingly desperate to sell material in a market almost completely free of buyers, traders said last week.

Prices were quoted last week around \$30-45/lb of contained tantalum, in-warehouse Europe, from \$40-60/lb two months ago. The market is so poor that producers refuse to transport material into Europe without first finding a buyer, sources said.

Traders and European tantalum processors said they had been overwhelmed by offers from firms with product in Africa. "It is now very difficult to find material in Europe as none of the African producers are prepared to fly material over only to see the price drop another \$10/lb sitting in the warehouse," said one European trader. He said he expects prices to drift further the rest of the year.

The number of small-scale companies producing tantalum ore multiplied in Africa after prices for the material rocketed to a peak above \$300/lb in fourth-quarter 2000. But after a rush for tantalum ore late last year, demand for tantalum metal has fallen as capacitor producers found they had overestimated the market for 2001, leaving them with large stockpiles of the metal and unsold finished goods.

The world's largest producer of capacitors, Kemet, for example, had stockpiles worth \$264-mil—mostly tantalum material plus finished capacitors—the company said last month. With little demand for tantalum metal, many of the producers had no need for spot material, especially considering long-term contracts signed with the major Australian and South American producers.

US capacitor producer Vishay Intertechnology said last week it did "not anticipate having to purchase tantalum ore again in the foreseeable future." Western Australia's

Sons of Gwalia, the world's largest tantalum ore producer, is believed to have signed a major supply contract with Western tantalum processors in late 2000 at prices far above current spot prices.

Sabena ban on shipping coltan

Meanwhile, traders doubted the African producers were having trouble transporting tantalum into Europe despite a ban by Belgian airline Sabena on transporting coltan (a form of tantalum ore) on its Belgium-Rwanda flights. The coltan ban was introduced in June and followed a report by the United Nations alleging that trade in the mineral was prolonging the war in the neighboring Democratic Republic of Congo. "If they can find a buyer, then the company will be able to find a carrier" despite the Sabena airline ban, said one trader.

A Sabena spokesman said the company was reviewing the ban but expected to keep it in place at least until the completion of a second, more in-depth report by the UN (requested by the UN Security Council and due in September).

In Australia, Haddington International Resources made the first concentrate shipment from its new Bald Hill tantalum operation, three months after the start of project construction. Bald Hill plans to produce about 145,000lb/year of tantalite from a 200,000mt/year treatment facility. The project is expected to generate revenue of around A\$52-mil (\$26.5-mil) over its six-year life.

Haddington managing director Colin McCavana said the outlook represented a significant improvement on the company's original forecasts, due to recent exploration which has resulted in the raising of the Bald Hill resource by 41% to 1.2-mil lb of Ta2O5. Haddington plans to develop its Cattle Creek project by early 2002, giving it tantalite output of almost 300,000lb/year.

Elsewhere in ferroalloys...

Chambishi cobalt furnace to restart: Zambia's Chambishi cobalt operation was to restart a furnace that was shut in May because of a water leak as soon as Aug 4, a source close to production said last week. The furnace is part of Chambishi's "Cosac" operation, which is expected to have a capacity of 4,000mt/year of cobalt. The source could not say when the plant would be producing metal. "We are not going to speculate on that," he said, as the process of restarting the furnace involves several stages. Chambishi expects Cosac's cobalt will be "a premium grade." Chambishi's toll-conversion operation is separate from Cosac and was unaffected by the furnace shutdown. That operation has a capacity to toll-convert 2,500mt/year of

cobalt from cobalt concentrate. Chambishi's primary owner is Anglovaal Mining; its US marketing unit is Chambishi Metals plc.

Molycorp to produce 7-mil lb in 2001: US molybdenum producer Molycorp, located in Questa, New Mexico, expects to produce about 7-mil lb of moly oxide in 2001, which would be up from just under 1-mil lb in 2000, Kirsten Myers, spokesman for Molycorp owner Unocal, said last week. A US moly trader said this is probably the result of Molycorp starting to mine a new high-grade ore body. A source at Molycorp's mining operation in Questa had no comment. Less than 1-mil lb of Molycorp's annual production is shipped to the company's Washington, Pennsylvania, plant for roasting

into ferromoly, Meyers said. Molycorp's capacity is about 12-mil lb/year. Meyers would not provide further details. Molycorp's production is insignificant considering global moly consumption of about 260-mil lb/year, but with moly oxide in a state of oversupply in recent years, the more moly "units" in the market the less likely it is prices will recover, traders said. "Molycorp's production is not insignificant given the way the market is," the US trader said. "In a market like this, every unit counts."

US moly/tungsten plant shut: CSM Industries' Cleveland, Ohio, molybdenum/tungsten plant shut down Jul 27 for two weeks, a CSM source said last week. The plant, which also produces nickel- and cobalt-based alloys, is set to reopen Aug 13. CSM's Coldwater, Michigan, moly plant and its Latrobe, Pennsylvania, plating operation will not shut down this summer. "We don't stop at all," a CSM source at Coldwater said. CSM is part of Germany's H C Starck Group.

Russian low-C chrome US exports plunge:

Russian exports of low-carbon ferrochrome to the US are down substantially this year, in large part because of US DLA sales, a source close to a large Russian producer said last week. "There's a lot of truth to that," said a US importer of ferrochrome and other bulk alloys. "The DLA has become the world's low-cost, low-carbon supplier." Russia and Kazakhstan are the world's largest low-carbon ferrochrome producers, accounting for an estimated 63% of global production. The source close to Russian production said that in 2000, Russia's largest producer, Chelyabinsk, exported about 30,000mt to the US and by the end of 2001 will have shipped at most about 10,000mt. Last week, the DLA awarded about 12,000st of low-carbon ferrochrome, at a "provisional value" of \$8-mil, to Hochschild Partners, Minerais US and Glencore, the DLA said. The DLA has already sold about 16,900st (15,331mt) of low-carbon ferrochrome this year. The US stainless steel industry consumes about 30,000st/year of low-carbon. It is typically used as a "trim" in post-production. "Basically, the Russians have cut production because of the DLA [sales]," the source close to Russian production said. Global low-carbon consumption has fallen sharply in the last decade—in 1999 it was estimated at 437,000mt, down from 780,000mt in 1989—in part because new technology has allowed high-carbon ferrochrome to replace low-carbon in stainless production.

Cobalt may have bottomed: After months of falling prices, the US cobalt market may have bottomed. Trader/supplier and buyer sources said last week that a mix of declining inventories at plants and a pick-up in demand expected

in the fourth quarter from several sectors, including aerospace, is making traders bullish and consumers resigned to higher prices as early as September. "Inventories are thin in the US for most people," said a source with a large consumer. "I feel the market has reached a bottom." The low-grade market remains snarled under \$9/lb for the low—despite protests from some suppliers refusing to sell under \$9—with the high being near \$9.25/lb, supplier sources said. WMC Marketing, a major supplier of Falconbridge high-grade, sold 10mt on Aug 1 to a European consumer at \$9.60/lb (delivered works). One bearish factor on the supply side remains the US DLA, offering about 600,000lb/month every month, with its next offering just three weeks off on Aug 22, although it remains unclear how much cobalt the DLA will offer in fiscal year 2002, which begins Oct 1, 2001. The DLA in recent years has been selling about 6-mil lb/year of cobalt and is seen by many as the world's most reliable source. At this rate it has enough cobalt left to continue selling for as long as about three years.

Murrin reached 80% of capacity: Anaconda Nickel's 60%-owned Murrin Murrin project in Western Australia operated at about 80% of capacity production for 45 days until the end of July, senior company executives said last week. Anaconda said nickel production in July was 3,017mt, with cobalt at 173mt.

Chinese chrome ore imports drop: China's chrome ore imports decreased 26.4% to 450,000mt year-on-year for the first half of the year, according to the country's General Administration of Customs. The import value of chrome ore also dropped 35.8% to \$34.5-mil. Imports of manganese ore, however, surged 43.6% to 780,000mt, with the value jumping 34.1% to \$57.4-mil. Meanwhile, 240,000mt of ferrosilicon was exported during the period, edging up from 0.5% a year ago. Exports of manganese were 13.5% higher at 52,963mt for the period, with the value increasing 27.4% to \$54.6-mil.

China's JDC to shut moly line: China's Jinduicheng Molybdenum Mining in Shaanxi province plans to shut down its moly oxide line for annual maintenance around November, the producer said last week. "The shutdown, which will last for about one month, will mean an output loss of 1,500mt," one JDC official said. The company's moly oxide capacity could reach 14,000-15,000mt/year, "but due to the one-month shutdown, our total output for 2001 will only be around 10,000mt, down from 11,000mt produced one year ago," he said. JDC produced 5,000mt of moly oxide in the first half of 2001, stable from the same period in 2000, according to the official. About one-third of the company's moly oxide is exported to Europe.

Renco Metals, Magnesium Corp file Chapter 11

New York—Renco Metals and its wholly owned subsidiary, Magnesium Corp of America (Magcorp), have filed for Chapter 11 bankruptcy protection/reorganization, Renco said Aug 3. The filings were made in the US Bankruptcy Court for the Southern District of New York.

Magcorp operates a 43,000mt/year primary magnesium plant near Salt Lake City, Utah.

Magcorp has reached an agreement with its "capital lender" and, subject to court approval, expects to have debtor-in-possession financing in place shortly. Magcorp believes the financing will provide funding "to maintain normalized business relationships with its vendors and uninterrupted supply of products to its custom-

ers and for necessary capital expenditures," Renco said. "While Magcorp has been able to meet its short-term debt obligations, liquidity problems arising primarily from price pressures created by foreign imports have prevented Magcorp from generating sufficient profits to enable Renco Metals to service its long-term debt."

Renco Metals and Magcorp have been negotiating with "an informal committee of holders of Renco Metals' 11.5% Senior Notes due 2003, following Renco Metals' default on a semi-annual interest payment due Jan 1, 2001. These discussions have not yet resulted in a mutually acceptable restructuring agreement," Renco said.

Elsewhere in light metals...

Rossborough-Remacor deal done: The consolidation of US magnesium desulfurizers Rossborough Manufacturing and Remacor was completed Jul 31, the companies announced. Both service the global steel industry by providing hot metal desulfurization products, equipment, metallurgical additives, technology and field services. Rossborough-Remacor is expected to have global sales in excess of \$80-mil and will be better able to compete in a problem-plagued industry, they said. Overcapacity, antidumping actions and industry maturation have imposed severe economic hardships on the market segment, they maintain. The companies added that the consolidation was driven by the urgent need to achieve higher efficiencies and lower costs. The companies said they were "confident that the efficiencies, eliminations and synergies generated by the consolidation will benefit its customers, employees, suppliers and stakeholders." Rossborough's operations include two 100%-owned plants in the US, at Avon Lake and Walkerton, Indiana. Remacor, headquartered in West Pittsburgh, Pennsylvania, operates plants in Gary, Indiana, and Linden, Utah. Rossborough is also the majority owner of Magscape Taiyuan Magnesium Co, a joint venture in China's Shanxi province, and holds stakes in plants in Belgium, the Slovak Republic and France. Remacor also owns a plant in Fort Erie, Ontario, Canada, which it idled last fall.

China's magnesium output up 45%: China's magnesium output for the first half of 2001 hit 94,300mt, up 45% from H1 2000, an official with China Magnesium Assn said last week. Antidumping policies against Chinese magnesium exports have affected some local plants' output, "[but] overall production has increased for the past six months due to stronger domestic demand by the Chinese automobile sector," he said. China's current magnesium output capacity is around 300,000mt/year, "but due to poor

prices, many plants have operated at below full capacity," the official said. The official expects China's magnesium output for 2001 to reach 200,000mt, compared to 194,000mt in 2000.

Jinghua to build magnesium alloy line: China's Jinghua Magnesium in Shanxi province plans to build a new 10,000mt/year magnesium alloy line by the end of 2001, the producer said last week. An estimated Yuan 50-mil (\$6-mil) will be injected into the expansion, which will take about six months to complete. "Construction is expected to start either by year-end or early in 2002. If everything is smooth, the line will be completed by mid-2002," one Jinghua official said. The plant plans to produce 4,000mt in 2001, unchanged from 2000. "Our magnesium alloy is mainly exported to the US and Europe," he said. Although the firm's output is below capacity (6,000mt/year) this year, "we see potential in future demand for magnesium alloy, so we have planned the new line," the official said. Jinghua plans to produce 10,000mt of magnesium powder in 2001, about the same as in 2000. The company has a magnesium powder capacity of 16,000-17,000mt/year, but due to overseas' antidumping policies has operated below capacity, the Jinghua official said.

Australian Mg reworks funding: Australian Magnesium Corp is restructuring its failed A\$680-mil (\$346-mil) equity raising and expects to return to the market with a new proposal "in very short order," chairman Roland Williams said in an interview last week. "I think we will have a very clear picture of our new structure within a matter of days. And we will then engage the process to get this back into the market as soon as we can," Williams said, adding that the end of August was his deadline for the new proposal. AMC fell around A\$100-mil short of its equity raising target after a poor response from overseas institutions.

China may cut lead-zinc output if prices don't improve

Singapore, Hong Kong—China's lead and zinc producers are watching metal prices and plan to adjust output accordingly.

Last week Huludao Zinc in Liaoning province announced a 4.33% year-on-year increase in its January-June output of refined electrolytic zinc and zinc ingot, for a total of 172,000mt. "We pushed for a higher output in H1 despite low prices because we want to gain in bulk production, which reduces cost," a Huludao source said. "But if prices continue to slide, we may resort to cutting back output in H2."

Huludao's refined zinc and zinc ingot exports were 74,900mt in H1 2001, a 27% year-on-year increase. The company attributed the rise to "increased sales from expanding markets in Europe and Korea, because the US market had slowed." In H1 2000, 58,900mt of zinc was exported, of which 40,500mt was zinc ingot and 16,100mt refined electrolytic zinc.

Despite the increase in exports, the value of the exports was much lower this year than last. In January-June, the export value stood at Yuan 272-mil (\$32.85-mil), 36.5% lower than in H1 2000. "As a result [of the falling LME prices], our net profit as a whole has been affected," the company source said. In the first half of 2001, Huludao posted a net profit of Yuan 142.08-mil, a significant 48.25% drop from the net profit in H1 2000. Net profit for 2000 overall was Yuan 418.37-mil, "but it is unlikely we can reach that again this year," the company source said.

An official from the Nanjing lead-zinc-silver mine said his company produced 35,000mt of lead-zinc concentrate in 2000 but that "output of our lead-zinc concentrates this year would definitely be lower than last year due to weak prices. We have stopped exporting our products and are focusing on the domestic market." Nanjing has a capacity of 25,000mt/year of zinc-in-concentrate and is aiming to produce 20,000mt in 2001. It also has a production capacity of 10,000mt of lead-in-concentrate.

S Korea lead production up...: South Korea has seen a 5.4% rise in lead output in January-May at 88,193mt, compared with 83,668mt in the same period of 2000, according to the Korean Nonferrous Metals Assn. Of this, 67,393mt was primary ingot and 20,800mt secondary ingot. Imports of lead ingot were 56,268mt in the first five months, of 2001, 15.6% higher than the year-earlier period. Imports of primary ingot for the period climbed 22.3% on year to 49,394mt, while those of secondary ingot dropped 17.4% to 6,874mt.

...zinc output up as well: Korea's zinc ingot production for January-May edged up 3.1% year-on-year to 211,541mt, the association re-

Xuzhou to complete lead line

Xuzhou Nonferrous Alloy Factory, a subsidiary of Jiangsu Chunxing Group, is expected to complete a new 60,000mt/year lead alloy line in 2002, a producer source said. This will raise the company's lead alloy output capacity to 100,000mt/year from 40,000mt/year. In 2001, the plant plans to produce 42,000-45,000mt of lead alloy, exceeding its capacity of 40,000mt/year. In 2000, the firm produced 38,000mt. "Output this year is higher because we have signed more contracts with key domestic storage battery plants," the producer source said.

Meanwhile, Xuzhou plans to export 3,000mt of lead alloy in 2001, stable from one year ago. "The first half of this year we exported 2,000mt," the source said. "We have mainly sold our lead alloy in the domestic market as local prices are higher than export values." The company recently stopped exporting refined lead due to poor prices. "In 2000, we exported 1,000mt of refined lead, but so far this year, we have exported only 200mt," the source said. Of the plant's 42,000-45,000mt of output this year, about 50% is refined lead and 50% lead alloy. "Due to tight lead concentrate supplies, we mainly use recycled lead for processing," the source said.

Another lead producer, Henan Yuguang Gold and Lead Group Co, appears to be doing well in the domestic market. It plans to produce about 12,000mt of lead oxide in 2001, up from less than 10,000mt in 2000, according to a company source. "Our production increase is on the back of increasing sales orders received from domestic clients. We conduct domestic business these days instead of exports in response to dwindling export prices," the source said.

The company also plans to produce about 8,000mt of zinc oxide in 2001. "Ever since we started producing zinc oxide about two years ago, our production remains steady at this level," he added.

ported. There are no projections for total output in 2001, but the association's figures show expected shipments for the year at 532,000mt, which would be 12% higher than the year-earlier period. Domestic demand for zinc ingot is estimated to dip 4.2% in 2001 to 392,000mt, while export demand is expected to rise 24.8% to 245,000mt. Imports of zinc ingot for the year are forecast to fall 19.6% to 105,000mt, compared with 130,530mt imported in 2000.

LME mulls jumbo ingots for good delivery:

The LME zinc committee has been asked to consider the introduction of jumbo ingots for good delivery against the current LME Special

Elsewhere in
lead & zinc...

High Grade zinc contract, the LME said last week. The zinc committee will consult with members and listed zinc producers. The committee has proposed that the jumbo ingots weigh between 0.8-2.5mt. US zinc sources said that if the LME proceeds with the idea it would not affect the market but would be a convenience for producers and consumers. This is because there are now more jumbos made than there are slabs and consumers prefer to use jumbos because of their cost-effectiveness: They require less labor to handle the same tonnage of zinc, a trader explained.

Grupo Mexico's zinc output down: Grupo Mexico's zinc production fell to 14,105mt in the second quarter from 15,429mt in Q2 2000 as the base metals producer closed operations in Mexico and the US and saw a reduction in sales volume. The quarter saw the closure of the Velardena and Rosario facilities in Mexico, together with the closure of a low-grade area at its mines in Tennessee. Sales of lead and silver also decreased on a temporary shutdown at the East Helena smelter in Montana. "The smelter will remain closed until lead concentrate market conditions improve," Grupo Mexico said.

Teck Cominco to lay off 121 at Trail: Teck Cominco Metals announced last week that it would lay off 91 unionized employees at its Trail Metallurgical Operations, effective Nov 14, 2001, and 30 other non-union employees before the end of the year. The long layoff notice is required under British Columbia labor relations legislation. The company hopes that many of the layoffs will instead be early retirements or voluntary severances. The company said the reductions are in response to the industry's competitive environment and low metal prices. The Trail, British Columbia, smelting and refining complex produced 273,000mt of zinc and 91,000mt of lead in 2000. The complex was closed in July because the company was able to sell self-generated electric power more profitably than it could produce metal, but will return to producing zinc and lead in September 2001.

DLA sells 1,280mt of lead: The US DLA said last week that it has sold 1,280mt of defense stockpile lead at 22.177-23.05¢/lb to four companies. The awards are as follows: Amerway, 40mt at 23.05¢/lb; Powercom Services, 40mt at 22.69¢, 60mt at 22.64¢ and 100mt at 22.45¢; Canada Metal (Western), 20mt at 22.21¢; and Standard Bank London, 1,020mt at 22.177¢. The next DLA lead bid opening will be Sep 5.

Mitsui lowers August zinc price: Mitsui Mining & Smelting, Japan's largest zinc producer, Aug 1 set its August zinc price for domestic delivery at Yen 148,000/mt (\$1,185/mt), down Yen 1,400 from the average price for July, a spokesman said. The company attributed the

fall to weakening market fundamentals and fluctuations in the yen's value. Japanese base metal producers change their domestic list prices regularly based on fluctuations in the supply/demand balance, price movements on the LME and changes in exchange rates.

Mitsubishi raises August lead price: Mitsubishi Materials, Japan's second largest lead producer, has set its domestic delivered lead list price for August at Yen 98,000 (\$791.95)/mt, Yen 3,000/mt higher than its July price, a company spokesman said Aug 3. Mitsubishi attributed the price rise to increased demand from battery producers and the firmer prices on the London Metal Exchange.

Zinc output down 9% at Cajamarquilla: Canadian miner Teck Cominco's 120,000mt/year Cajamarquilla zinc refinery in Peru saw refined zinc output drop 9% in the second quarter over Q2 2000, the company said Aug 2. Refined output totaled 27,800mt in Q2 after strikes shut down production for 22 days in June. The company said it would make up for the lost production during the third quarter, as the refinery had stockpiled zinc cathode during the strike. At the end of the strike, Teck Cominco signed a three-year deal with workers to ensure labor stability during a \$250-mil, two-year expansion at the plant to double zinc capacity to 240,000mt/year. *Platts* reported Jul 26 that Teck Cominco had delayed the expansion decision until 2002. The refinery is 82% owned by Teck Cominco, 17% by Japan's Marubeni Corp and 1% by the refinery's workforce.

Japanese lead prices firm: Rising demand from Japanese battery producers continues to push domestic lead prices higher, local traders said last week. "Demand is still firming, and the price rises on the LME are boosting local prices," a Japanese trader said. The Japanese August domestic lead price was set Friday at Yen 98,000 (\$791.95)/mt, Yen 3,000/mt higher than the July price. "The prices firmed on higher LME prices," a source at Mitsubishi Materials, Japan's second largest lead producer, said. Lead demand for use in acid car batteries tends to increase over the summer and winter periods. Traders expect medium-term forecast prices to remain strong on increased demand. Meanwhile, the three-month lead price has broken through the \$500/mt level, trading at \$500-502/mt during Tokyo kerb Aug 3.

LME delists Gecamines UZK zinc: The London Metal Exchange has delisted the UZK 99995+ brand of Special High Grade zinc as good delivery to LME-registered warehouses as there are no stocks of the brand on LME warrant, the exchange said. The UZK brand was produced by La Generale des Carrieres et des Mines of the Democratic Republic of Congo.

Metals Week

July 2001

Major Metals

	Last Mo	% Chg.	Last Year	% Chg.	2001 High	2001 Low
ALUMINUM						
c/lb						
MW US Market	68.063	69.688	-2.3	76.750	-11.3	80.500 67.000
\$/mt						
LME HG Cash	1416.386	1466.130	-3.4	1563.500	-9.4	1737.000 1375.500
LME HG 3-Mo	1441.466	1488.260	-3.1	1585.150	-9.1	1642.000 1398.000
LME HG 15-Mo	1495.500	1521.310	-1.7	1557.260	-4.0	1585.000 1465.000
LME HG 27-Mo	1491.455	1506.190	-1.0	1543.020	-3.3	1557.000 1475.000
LME Settle	1416.727	1466.550	-3.4	1563.880	-9.4	1737.000 1376.000
LME Alloy Cash	1164.773	1194.240	-2.5	1223.550	-4.8	1290.000 1098.000
LME Alloy 3-Mo	1190.068	1225.560	-2.9	1264.070	-5.9	1310.000 1140.000
LME Alloy 15-Mo	1285.909	1331.430	-3.4	1373.810	-6.4	1370.000 1210.000
c/lb						
MW A-381 Alloy	63.417	64.750	-2.1	64.313	-1.4	68.000 62.000
MW 319	67.722	68.813	-1.6	68.750	-1.5	73.000 66.000
MW 356	75.750	76.750	-1.3	77.000	-1.6	82.000 74.000
MW F132	68.722	69.750	-1.5	69.750	-1.5	74.000 67.000
MW US Transaction	68.132	70.152	-2.9	76.675	-11.1	81.289 66.314
COPPER						
c/lb						
COMEX HG 1ST Pos	69.438	72.583	-4.3	83.929	-17.3	86.700 67.400
COMEX HG 2ND Pos	70.143	73.302	-4.3	84.505	-17.0	86.150 67.850
COMEX HG 3RD Pos	73.317	76.510	-4.2	83.921	-12.6	84.950 71.200
\$/mt						
LME Grade A Cash	1524.841	1608.110	-5.2	1798.990	-15.2	1837.000 1464.500
LME Grade A 3-Mo	1544.636	1621.980	-4.8	1823.980	-15.3	1830.500 1492.000
LME Grade A 15-Mo	1619.000	1687.450	-4.1	1812.360	-10.7	1843.000 1572.000
LME Grade A 27-Mo	1648.273	1707.600	-3.5	1798.120	-8.3	1830.000 1610.000
LME Settle	1525.205	1608.450	-5.2	1799.360	-15.2	1837.000 1465.000
c/lb						
MW No.1 Burnt Scrap	64.307	67.350	-4.5	76.800	-16.3	76.000 5.000
MW No.1 Bare Bright	66.707	69.725	-4.3	81.063	-17.7	80.000 3.000
MW No.2 Scrap	58.107	61.725	-5.9	66.800	-13.0	69.000 12.000
MW ATL Seaboard	64.982	68.757	-5.5	77.418	-16.1	79.125 62.251
MW CIF Europe	69.182	72.957	-5.2	81.618	-15.2	83.325 66.451
MW Composite	73.661	76.901	-4.2	88.234	-16.5	91.018 71.618
NY Dir Prem Cath	2.375	2.475	-4.0	3.125	-24.0	3.000 2.250
MW US Prod Cath.	73.661	76.901	-4.2	88.234	-16.5	91.018 71.618
MW US Prod Ref.	72.261	75.501	-4.3	86.834	-16.8	89.618 70.218
LEAD						
\$/mt						
LME Cash	461.170	443.762	3.9	451.714	2.1	522.500 430.000
LME 3-Mo	470.000	455.726	3.1	462.250	1.7	521.000 443.500
LME 15-Mo	493.273	489.500	0.8	481.310	2.5	530.000 473.000
LME Settle	461.545	444.143	3.9	452.119	2.1	522.500 430.500
MW Four Corners	465.585	449.744	3.5	456.982	1.9	521.375 437.000
c/lb						
MW NA Prod.	43.596	43.538	0.1	43.563	0.1	43.780 43.496
Secondary Producer	45.338	45.338	0.0	45.338	0.0	45.338 45.338
TIN						
\$/mt						
LME Cash	4347.386	4824.760	-9.9	5340.950	-18.6	5250.000 4075.000
LME 3-Mo	4384.545	4809.050	-8.8	5377.980	-18.5	5310.000 4130.000
LME 15-Mo	4523.636	4909.520	-7.9	5427.380	-16.7	5425.000 4270.000
LME Settle	4350.909	4828.330	-9.9	5343.810	-18.6	5250.000 4080.000
c/lb						
MW Composite	306.981	332.747	-7.7	366.032	-16.1	359.890 291.500
MW NY Dealer	204.944	226.906	-9.7	249.500	-17.9	246.000 192.000
Kuala Lumpur	194.537	214.293	-9.2	241.629	-19.5	236.100 181.480
ZINC						
\$/mt						

LME SHG Cash	852.057	894.571	-4.8	1135.860	-25.0	1053.000 836.000
LME SHG 3-Mo	874.023	915.655	-4.5	1151.670	-24.1	1065.000 860.500
LME SHG 15-Mo	942.773	975.643	-3.4	1138.210	-17.2	1092.000 925.000
LME SHG 27-Mo	980.955	996.024	-1.5	1112.210	-11.8	1100.000 968.000
LME Settle	852.409	894.929	-4.8	1136.210	-25.0	1053.000 837.000
MW Four Corners	863.040	905.113	-4.6	1143.760	-24.5	1058.620 848.625
c/lb						
MW NA SHG	42.415	44.343	-4.3	56.038	-24.3	52.013 41.716
MW NA GAL	48.415	50.343	-3.8	62.038	-22.0	58.263 47.716
MW Alloy No. 3	51.415	53.343	-3.6	65.038	-20.9	61.263 50.716

Precious Metals

GOLD						
\$/tr oz						
COMEX 1ST Pos	267.524	270.714	-1.2	280.663	-4.7	287.400 255.100
COMEX 2ND Pos	273.581	276.481	-1.0	295.558	-7.4	293.400 263.300
Engelhard Unfab	268.871	271.339	-0.9	282.135	-4.7	292.400 257.040
Handy & Harman	267.529	270.231	-1.0	281.008	-4.8	291.250
London Final	267.532	270.231	-1.0	281.586	-5.0	291.250 255.950
London Initial	267.711	270.738	-1.1	282.152	-5.1	288.350 256.700
PALLADIUM						
\$/tr oz						
JM Base NA	525.095	618.952	-15.2	721.368	-27.2	1110.000 445.000
Engelhard Unfab	526.381	619.667	-15.1	721.158	-27.0	1100.000 445.000
London PM Fix	524.500	613.714	-14.5	704.190	-25.5	1090.000 440.000
NYMEX EX NEARBY	523.474	613.538	-14.7	714.750	-26.8	1082.800 437.050
MW Dealer mean	540.625	615.250	-12.1	693.125	-22.0	1100.000 455.000
MW NY Dealer	526.250	601.750	-12.5	678.750	-22.5	1040.000 455.000
PLATINUM						
\$/tr oz						
JM Base NA	532.619	582.143	-8.5	568.474	-6.3	645.000 481.000
Engelhard Unfab	532.762	582.714	-8.6	568.421	-6.3	645.000 481.000
London PM Fix	530.841	579.095	-8.3	560.286	-5.3	639.500 476.000
NYMEX EX NEARBY	530.619	579.319	-8.4	571.632	-7.2	641.100 473.000
NY Dealer mean	538.375	580.375	-7.2	559.375	-3.8	660.000 490.000
NY Dealer	526.750	573.750	-8.2	550.000	-4.2	620.000 490.000
RHODIUM						
\$/tr oz						
NY Dealer	1626.250	1625.000	0.1	2381.250	-31.7	2150.000 1530.000
Dealer mean	1664.375	1673.750	-0.6	2409.380	-30.9	2260.000 1530.000
JM Base N. AMERI	1695.000	1718.810	-1.4	2453.950	-30.9	2300.000 1600.000
Engelhard Unfab	1695.238	1735.710	-2.3	2453.950	-30.9	2275.000 1600.000
SILVER						
c/tr oz, P/tr oz						
COMEX 1ST Pos	422.838	434.790	-2.7	498.363	-15.2	480.500 418.700
COMEX 2ND Pos	425.333	437.567	-2.8	502.842	-15.4	483.700 420.800
COMEX 3ND Pos	437.990	449.667	-2.6	518.705	-15.6	499.100 433.600
Handy & Harman	425.452	436.810	-2.6	501.816	-15.2	486.500 422.000
Engelhard Unfab	425.714	436.952	-2.6	501.526	-15.1	486.500 422.000
London Spot (pence)	300.905	311.457	-2.6	329.347	29.3	329.710 294.796
London Spot/US Eq	425.432	436.262	-2.5	496.917	-14.4	482.000 421.500

Minor Metals

ANTIMONY						
c/lb						
NY Dealer	59.500	63.000	-5.6	67.750	-12.2	72.000 58.000
Cadmium						
\$/lb						
NY Dealer	0.250	0.250	0.0	0.180	38.9	0.250 0.180
MERCURY						
\$/FL						
Free Market	140.000	140.000	0.0	140.000	0.0	42.000 38.000

Light Metals

MAGNESIUM						
c/lb						
US Spot West mean	125.500	125.500	0.0	138.000	-9.1	130.000 121.000

US Dir Imp't mean	106.250	105.750	0.5	113.500	-6.4	115.000	98.000
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Ferroalloys

COBALT \$/lb							
99.8% US Spot cath mean	9.731	11.281	-13.7	13.563	-28.3	15.000	9.200
FERROCHROME							
¢/lb							
60-65% Imp't mean	29.250	31.625	-7.5	41.000	-28.7	—	—
LoC .10% imp't mean	50.250	52.875	-5.0	60.563	-17.0	57.000	43.000
LoC .05% imp't mean	63.125	64.875	-2.7	71.125	-11.2	68.000	59.000
FERROMANGANESE							
¢/lb							
MED C/Imp't mean	37.750	38.938	-3.1	52.000	-27.4	45.000	36.500
FERROMOLYBDENUM							
\$/lb							
US FeMo mean	3.160	3.181	-0.7	3.588	-11.9	3.400	2.900
EUR FeMo mean	6.788	6.750	0.6	7.306	-7.1	6.900	6.250
FERROSILICON							
¢/lb							
75% Si imp't mean	31.000	31.313	-1.0	35.594	-12.9	35.000	30.000
MOLYBDENUM							
\$/lb							

Dealer Oxide	2.395	2.488	-3.7	2.663	-10.1	2.500	2.150
Mean	2.433	2.545	-4.4	2.731	-10.9	2.650	2.150
NICKEL							
\$/lb							
NY Dealer/Cathode	2.773	3.088	-10.2	3.800	-27.0	3.360	2.660
NY Dealer/Melt	2.773	3.088	-10.2	3.800	-27.0	3.360	2.660
\$/mt							
LME Cash	5937.045	6641.190	-10.6	8164.400	-27.3	7535.000	5630.000
LME 3-Mo	5890.114	6602.980	-10.8	8028.570	-26.6	7440.000	5600.000
LME 15-Mo	5717.273	6356.430	-10.1	7032.140	-18.7	7260.000	5555.000
LME Settle	5940.227	6644.760	-10.6	8167.860	-27.3	7535.000	5640.000
SILICOMANGANESE							
¢/lb							
2% C/Imp't mean	24.500	24.500	0.0	25.281	-3.1	25.000	21.000
SILICON							
¢/lb							
Dealer Imp't	53.500	52.375	2.1	55.875	-4.3	56.000	46.000

Exchange Rates

Pound Sterling (SPOT)	1.414757	1.402010	0.9	1.507600	-6.2	1.504500	1.373000
3-mo 10AM Midpoint	1.414529	1.400980	1.0	1.508040	-6.2	1.505900	1.374100
Yen	0.008033	0.008175	-1.8	0.009242	-13.1	0.008752	0.007890

Aluminum

Scottsboro Aluminum halts production . . . from page 1

its workforce at the plant, which produces mill finished and painted sheet products. At the time, officials blamed the move on the company's difficulty in obtaining metal it needed for casting. USW officials said at the time they were confident the furlough would be brief, perhaps ending by late July or early August. Nix said the mill's management "had told us they would have raw material here Aug 1. We had plans to start casting back up. But the material didn't come."

Scottsboro, in announcing the bankruptcy filing Aug 2, blamed its predicament on unfair pricing in the aluminum market resulting from

the "monopolistic behavior" of multinational competitors. "We have really been impacted by the weakness in the US market for common alloy, which is a direct result of predatory pricing and increased imports of common alloy from Asian mills into the US," said Lynch. He said the company had contacted the US Dept of Justice previously about the issue "and we will continue to pursue this." Lynch claimed the restructuring Scottsboro Aluminum now must undergo "will only make us stronger and support us in our goal to remain the high-quality, low-cost producer of common alloy in the US."

IMCO looks at expansion in Brazil, England, Germany

Washington—US metals recycler IMCO Recycling wants to expand its aluminum recycling unit overseas to service customers under long-term contracts, Don Ingram, chairman and CEO, said during a conference call last week. IMCO's plans include building a new aluminum recycling facility in Latchford, England—a proposal it will present to its board of directors—and "...numerous opportunities for expansions in Germany and other countries..." Ingram said.

He noted that IMCO's joint venture with VAW in Germany has performed well. IMCO also is eyeing Brazil, "where we also have an opportunity to begin aluminum processing," Ingram said, calling Brazil "a market we have studied extensively." Ingram said IMCO people "are onsite evaluating the feasibility of a site there, and at the next conference call [in late October or early November], we hope to say we are moving ahead on it because it is a totally

new and very large market for us and one that would be under a long-term contract with a present customer."

This month, IMCO will begin operating its joint-venture aluminum recycling facility in Monterrey, Mexico. IMCO has an 80% stake in the joint venture with Nematik SA to recycle aluminum alloy dross as scrap under a long-term contract. It will use two furnaces that were transported from the now-closed Sikeston, Missouri, aluminum scrap and dross processing facility. The two furnaces have a capacity for 100-mil lb/year, but two more furnaces are expected to be built, which would add an additional 100-mil lb/year, giving the plant a total capacity of 200-mil lb/year when fully operational over the next few years.

Ingram said that while the project is small, "it will be profitable from the outset and is the first step in our expansion into the fast-growing

auto and component parts industry." He said the facility can be readily expanded. The Latchford, England, project would process material under a long-term contract and be partly supplied by the Swansea, Wales, aluminum recycling facility. The Latchford project would consist of one furnace initially but would be designed for "easy expansion as the company develops additional business with its current customers or other companies," said Ingram.

Meanwhile, in its specialty alloys division, IMCO is looking at tolling contracts for additional business in an effort to recoup margins that have for some time evaded most secondary aluminum alloy producers. But at the same time, despite fierce competition for business between its specialty alloys division, Alchem, and producers Wabash Alloys and Superior Aluminum Alloys, IMCO officials speaking during the conference call said Alchem is able to be profitable "mostly due to our pretty rigid cost-reduction program at our plants." They said that "[Alchem] will not pursue taking low-cost business for the sake of manufacturing metal units and not making profits. We started that stance early last year and will continue that policy."

Timco expanding in Texas

Despite competitive factors and the current state of overcapacity, another secondary alloy producer plans to expand production early next year. TST Inc, operator of US secondary aluminum producer Timco, plans to build a secondary aluminum alloy plant in Sweetwater, Texas, by the first quarter of 2002. A spokesman would not disclose what the capacity of the plant would be or how many furnaces it would have, but said the plant would produce foundry and diecast ingot and sow for A380, 319 and 356 alloys.

The plant—to be called Texas TST with about 50 employees—will produce specialized chemistries for the alloys to tailor them for customers, the spokesman said. The site was selected because of a combination of energy and labor costs and scrap availability to service customers in Mexico and the US. He said TST Texas' potential customers are in expansion programs, "and we need to be closer to them...and being closer to our customers provides us with other cost advantages." The spokesman admitted some might question why TST would build a plant at a time when most producers' margins are razor thin due to a persistent lack of business and high raw material costs. But he stressed that TST's philosophy is

to grow when the industry is slow. "We are a well-capitalized company and can take advantage of opportunities to utilize our experience and make expansions and what not when business is slow," he said, adding that TST is "definitely" eyeing a long-term approach to its strategy. "We have customers to justify a need for the facility," he said.

TST is not banking on much improvement in the secondary aluminum market by the first quarter of 2002, the spokesman noted. This expansion comes at a time when others are shutting furnaces or ceasing production altogether. California-based secondary producer Liston Aluminum has ceased production of secondary aluminum alloys after losing access to its line of credit from its bank, according to a source close to the company. The secondary had a capacity of about 10-mil/lb to 11-mil/lb of secondary alloys from three furnaces but had only been running one. Another producer plans to have a furnace down for about three months to help adjust its inventories amid lackluster demand, particularly from the automotive sector.

The IMCO officials noted that demand from the automotive sector in specialty alloys has not taken a significant upturn, and although auto sales are improving, the sales are being drawn from inventory. "But if the US economy turns around, we will look at a different situation looking forward in the automotive specialty alloy business," they said. July was a difficult month for specialty alloys due to the traditional closures of many automotive facilities, but they said 2001 is still expected to be the third or fourth best-ever car sales year.

As for input costs, IMCO's natural gas costs remained high in the second quarter from the previous year but are trending lower. IMCO has hedged some fuel costs and recovered some of the costs through "escalation clauses" that are part of its long-term contracts.

Overall, the IMCO officials suggested the fourth quarter could be better than the second, "but we don't see any great improvement this year in the metals sector of the economy." IMCO last week reported net earnings of \$918,000, or 6¢/common diluted share, for the second quarter, compared to \$1.5-mil, or 10¢/share, in Q2 2000. The company attributed the softness to higher natural gas costs and a 13% decline in processing volume due to the weak US manufacturing sector that includes all of the company's major aluminum and zinc markets.

Spot Al prices under pressure as Chinese imports slow

London—Spot alumina prices have fallen to a range of \$115-120/mt, from an average price of \$150-160/mt in mid-July, according to Macquarie Bank analyst Adam Rowley.

The fall was likely the result of the recent slowdown in Chinese imports, after the exceptionally high levels seen in the first half of 2001, and reports of an inventory build-up there,

Elsewhere in
aluminum...

Precious Metals

Rowley said. In the first half of this year, China imported about 1.6-mil mt of alumina compared to about 357,000mt in H1 2000 on a sharp increase in Chinese primary aluminum production. "A build-up of alumina at the ports is now being shifted to the smelters. There appears to be a glut of alumina in China," Rowley said.

Cuts in aluminum production in North America and Brazil, which have taken capacity shut off in the past year to nearly 1.8-mil mt, have further cut demand for alumina, Rowley noted.

The fall in the spot price may spark an adjustment in annual contracts, usually revised in September and October. Alumina contracts make up the bulk of business in the market, with the spot market accounting for around 5%. Deals are traditionally set for five- to ten-year periods, as well as some one- to two-year deals. If the spot price stays at the \$115-120/mt level, as recent price indications reveal, then contract revisions would be adjusted downward. "The spot market, despite being a small percentage of business, is usually the one that reacts fastest

to the market fundamentals," Rowley explained, "so the fall in prices may mean we will see an adjustment in the longer-term contracts." The alumina price is normally fixed at an average 12-12.5% of the LME primary aluminum cash price, but current price indications put that percentage at closer to 10%.

Last year, alumina prices spiked to \$450/mt following the 1999 closure of Kaiser Aluminum's 1-mil mt/year Gramercy, Louisiana, alumina refinery in the US (the refinery began a partial restart in December 2000). But while prices fell back at the start of the year—and it looked likely the market would see a large oversupply—market factors had underpinned prices at \$150-160/mt. Alcoa closed its 600,000mt/year St Croix alumina refinery in the Virgin Islands and cut output at its 2.3-mil mt/year Point Comfort, Texas, alumina refinery, and Chinese imports rose sharply. But market fundamentals now point back to the expected oversupply, with prices coming under pressure.

Noranda, Alcan cut Aug list prices: Noranda and Alcan have cut their list prices for August North American shipments to 72¢/lb on P1020 sow and 82¢/lb on 6063 billet.

Japan inquiries rise: Inquiries from Japanese consumers for aluminum have started to rise on the low LME aluminum cash price, pushing premiums to \$33-38/mt over LME cash.

Strike averted at S African gold mines . . . from page 1

Meanwhile, Harmony posted a 32% increase in production in financial year 2000/2001 on improved operations and better grades, the company said. Gold production increased to 2.14-mil oz from 1.625-mil oz for the

same period year-on-year. The company did not give figures for individual mines but said operations in the last quarter turned in good production performances compared with the first quarter.

Platinum, palladium in roller-coaster ride

Platts Bureaus—Platinum and palladium traded quietly on the NYMEX Aug 3, after experiencing quite an eventful week with both metals having a roller-coaster ride—first plunging, then rebounding. The nearby September palladium contract on NYMEX settled at \$486.95/oz Aug 3, up \$4.45 for the day, and the nearby October platinum contract settled at \$480.60/oz, down 90¢. Both metals were set at \$482/oz in London PM Fix on Aug 3, with platinum gaining \$2 and platinum rising \$7.

New York traders said most of the week's activity was inspired by fund buying. "They [the funds] felt the markets were oversold, so they came in and bought it back," said one trader. "There were some longs liquidating, so it's a bit weaker; people who were long did not want to go into the weekend being long." Said another New York trader: "I think there was a lot of fund buying in the low-\$440/oz area, and I heard there were some producers

buying back material also." Some traders saw consumer buying of both platinum and palladium earlier in the week before the price rebounded.

Spot platinum fell \$31 in three days to a seasonal low of \$472/oz at the PM Fix on Aug 1, and on the NYMEX the nearby October platinum contract fell \$35 to \$473/oz on Jul 30. Spot palladium fell to \$440/oz at the London PM Fix on Jul 30, then the nearby September palladium contract on NYMEX fell to \$437.05/oz the same day, before rebounding on Aug 3.

Commenting on the rebound, a New York analyst said: "It seemed like trade houses that were short on palladium covered their shorts, but we did not see any consumer demand. New liquidity was taken off the market, and that also helped." A trader said: "We saw reasonable consumer buying of platinum when it hit bottom, and that helped it to turn around."

Platinum and palladium prices reached par-

ity at \$470/oz in Hong Kong on Aug 1. "Platinum prices continued to dip on speculative selling activities," a Hong Kong trader said. Another said: "Palladium prices drifted higher on some short-covering activities. However, the current market remains very dull on lackluster industrial demand."

A European trader said: "So much liquidation took place in the downturn, there is almost a vacuum in platinum trading. Its recovery will be steady and its outlook is far brighter than that of palladium—its fundamentals are better." Another trader said: "The electronics industry is sitting on large stocks of finished goods, so there will be little demand for palladium until those stocks are cleared. Equally, automakers are turning to platinum for their diesel auto-catalysts, particularly in Europe."

Platinum and palladium futures saw a lot of speculative buying on the Tokyo Commodity Exchange (TOCOM) Aug 3, which caused prices to edge higher, local industry sources said. "Platinum saw speculative public buying in the morning, followed by some liquidation selling in the afternoon," a trader said. "Palladium also saw some brokers buying in the morning, but the volume was thin." Another trader noted that the PGMs trade was "very mixed and the higher prices are mainly a correctional change, after the dramatic fall in re-

cent weeks." The most liquid June platinum contract gained Yen 58 to Yen 1,791/g (\$0.0081/g), while June palladium shot up Yen 104 to Yen 1,869/g.

In Hong Kong, "platinum prices moved marginally upwards due to some short-covering activities after the recent slump," a trader said, adding that platinum prices are expected to "gain support at \$460/oz and see \$490/oz as the resistance level." The trader added that the white metals trade has remained quiet in Asia owing to the lack of consumer buying interest in the region.

Despite the rebound, however, most traders are not optimistic about the market's near-term outlook. "There is still not much business going on in PGMs on NYMEX," said one New York trader, adding: "The markets turned around because there have been some fund buying and no Russian selling." Said a Hong Kong trader: "I can't see any [firm] support level [for either metal] as the fundamentals so far are just too poor."

Another trader agreed, saying: "All we have to blame is the global sluggish economy, with a slump in the number of end-users on the white metals." The trader added that weak demand for PGMs is attributed to a slowdown in the manufacturing sectors of the automobile, computer and jewelry industries.

Elsewhere in precious metals...

Price adjustments: *Platts Metals Week* has made the following adjustments to its NY dealer PGM prices: **platinum**, \$470-505/oz; **palladium**, \$425-485; **rhodium**, \$1,525-1,600 and **iridium**, \$385-405

Anglo to boost PGM output: South Africa's Anglo Platinum, the world's largest platinum producer, has announced another leg in its six-year expansion strategy to boost production of platinum group metals (PGMs) to 3.5-mil oz/year from 2-mil oz/year. Angloplat and the Royal Bafokeng Nation have agreed to establish a joint venture to exploit the Merensky and UG2 reefs on the Boschkoppe 104 and Styldrift 90 farms, near Rustenburg in the North-West Province. Angloplat and the Bafokeng will be equal partners in the project, which will utilize existing infrastructure to gain access to the PGM ore, the miner said. Additional infrastructure, including a new decline shaft and a 230,000mt/month concentrator, is expected to allow the JV to hit full production of 5.6-mil mt/month within five years.

Newmont produced 2.64-mil oz of gold: US-based gold miner Newmont Mining said its equity share of gold production declined to 1.26-mil oz in Q2 from 1.28-mil oz in Q2 last year, but output rose to 2.64-mil oz in the first half of 2001 from 2.57-mil oz in H1 2000.

Newmont said its goal is to produce 5.4-mil oz/year at a cash cost of \$180/oz. "As we enter the second half, we are poised for improved operating results with higher production from Nevada and Yanacocha," said president and CEO Wayne Murdy. He added: "Since integrating the Battle Mountain operations in the first half, we are showing progress in our Gold Medal Performance initiatives at Kori Kollo and in Canada, and we expect these operations will also contribute greater production in the second half."

Northam Platinum PGM, gold output up: South Africa's Northam Platinum said output of PGMs and gold reached a total of 280,516oz in concentrate in its financial year ended Jun 30, up 4% on the 269,165oz produced in the previous financial year. Managing director Ian Watson said a "disappointing" loss of mineable ore at the Merensky Reef largely offset the expansion at the UG2 project. "The UG project added more than 14% to total metals-in-concentrate produced and sufficient ore reserves have been established to maintain an average production rate of 75,000mt/month," Watson said. He said operations in the financial year 2002 would result in improved performance as the company would reap the benefit of the first full year of production from the UG2 project.

China deregulates gold jewelry pricing...

China's liberalization of gold jewelry prices from Aug 1 will help heat up the gold consumption market and signify the sector's further deregulation, the *China Daily* reported last week. According to the State Development Planning Commission, gold jewelry is among 106 commodities which will now be allowed to be priced freely. Ronald Wang, manager of the World Gold Council (North China), said the government's relaxed attitude toward price controls for gold jewelry would activate consumption and encourage design quality. "Before, the gold stores had no interest in jewelry design as prices were always the same and dictated by the authorities," Wang said.

...price liberalizing to stop price cutting:

Wang added that in the long run, the price liberalization would help stop price cutting as more stores begin to attract consumers with their products. "It will help the domestic gold jewelry price keep in line with that in the world market," Wang said. Before the price deregulation, the People's Bank of China set the standard price and the gold stores could decide their prices within a limit. Earlier reports said a national gold exchange in Shanghai would be launched later this year, allowing individuals to buy, sell or hold gold bars for the first time.

Minerven to close gold deal with China:

Venezuela's Minerven state gold company will complete contract negotiations with China's Shandong group to reactivate its Sosa Mendez gold mine in late September, Minerven official Rafael Uzueta told *Platts* last week. "We are now looking over [Shandong's] feasibility study" to

determine how much to charge Shandong for the ore they extract, said Uzueta. It's anticipated the Chinese industrial group will extract some 500mt/day of ore once the Sosa mine in El Calla starts up after a two-year construction period. Sosa Mendez has been inactive for 40 years and is Venezuela's latest effort to boost its flagging state gold sector.

High River Gold gets \$2.4-mil in issue:

High River Gold Mines has sold 9.19-mil shares in a "rights offering to shareholders" that was "fully subscribed" and yielded C\$3.68-mil (\$2.4-mil), the Toronto-based miner said last week. The funding will be used to enhance the company's three gold mining joint ventures. High River's 50%-owned New Britannia gold mine produced 54,200oz during the first six months of 2001 compared with 53,900oz in H1 2000. Two gold mines owned 100% by Russia's JSC Buryatoloto (in which High River has a 43.4% stake) produced 73,000oz in H1 vs 48,100oz in H1 last year. As of Dec 31, 2000, New Britannia had gold reserves of 496,000oz and Buryatoloto had reserves of 1.6-mil oz. Less than 3% of the combined gold production at New Britannia and Buryatoloto is hedged, according to High River.

Protesters block Yanacocha gold mine:

Minera Yanacocha gold mine, controlled by Newmont and local precious metals producer Buenaventura, has been blocked by protesters, company official Cesar Cabrera said Aug 1. He said that residents of the village of Tembladera near the mine were preventing fuel supplies from reaching the mine to protest an oil spill earlier this year by fuel supplier Mobil.

Poor price foils antimony export plans:

Chinese antimony supplier Best Profit International has changed its export plan for 2001 because of falling prices. The firm bought 5,000mt of antimony for export, based on China's quota, "but since the current price of around \$980/mt is below cost, we will hold the stocks until prices rise," a company official said. The first batch of 1,000mt of antimony reached Guangdong's Huangpu port in July, and the remaining 4,000mt will arrive in August-November. The expiration date for the antimony export quota will be June 2002, "so we can hold the stocks until FOB prices rebound to \$1,050/mt or higher," he added.

Japanese indium prices remain stable:

Indium prices in Japan remain stable and are expected to firm after the slow summer season, local traders said. Traders have pegged the market for industrial grade at \$80-95/kg FOB Japan, and ITO 59 grade at \$110-120/kg. "The indium market is starting to recover," a Japanese trader said. Traders expect indium prices

to slowly firm until the information technology sector recovers. Prices had fallen since late 2000, and bottomed out in June 2001 before stabilizing. Indium is used in continuous-calibration semiconductor devices in mobile phone and portable digital audio equipment, as well as in mobile phone and laptop computer batteries.

China's germanium prices holding steady:

China's germanium market has been steady, said an official of Yunnan Chihong Zinc/Germanium Shareholding Co, who added that his company would produce about 10mt of germanium in 2001. "Whether we will increase our production next year will depend on market conditions," he added. The company is the largest germanium producer and exporter in China, with 60% of its output exported to Japan, the US and Southeast Asia. A Chinese trader said export prices are currently quoted at about \$620/kg CIF Japan. "Prices are expected to be stable, with little chance of edging up due to the sufficient supply in China. China exports less than 50mt/year of germanium," he added.

Metals Week

	UNITS	30JUL01	31JUL01	01AUG01	02AUG01	03AUG01	WEEK AVG
LME HG Cash	\$/mt	1375.500/1376.000	1377.500/1378.000	1374.000/1375.000	1386.500/1387.000	1372.000/1373.000	1377.450
LME HG 3-Month	\$/mt	1398.000/1398.500	1401.000/1401.500	1396.000/1396.500	1412.500/1413.000	1399.000/1400.000	1401.600
LME HG 15-Month	\$/mt	1465.000/1470.000	1467.000/1472.000	1467.000/1472.000	1480.000/1485.000	1468.000/1473.000	1471.900
LME HG 27-Month	\$/mt	1490.000/1495.000	1492.000/1497.000	1483.000/1488.000	1502.000/1507.000	1490.000/1495.000	1493.900
LME HG Settlement	\$/mt	1376.000	1378.000	1375.000	1387.000	1373.000	1377.800
LME Alloy Cash	\$/mt	1148.000/1152.000	1147.000/1150.000	1150.000/1160.000	1165.000/1175.000	1160.000/1165.000	1157.200
LME Alloy 3-Month	\$/mt	1172.000/1173.000	1170.000/1171.000	1170.000/1180.000	1185.000/1195.000	1180.000/1182.000	1177.800
LME Alloy 15-Month	\$/mt	1250.000/1260.000	1245.000/1255.000	1255.000/1265.000	1270.000/1280.000	1260.000/1270.000	1261.000
LME HG inventories	mt	646400	648800	654975	655400	655525	---
LME Alloy inventories	mt	95340	96180	96540	97040	97560	---
MW US Transaction	¢/lb	66.314	66.405	66.369	66.913	66.278	66.456
MW US Trans premium	¢/lb	3.900	3.900	4.000	4.000	4.000	3.960
MW US A-380 Alloy	¢/lb	62.000/63.000	NA/NA	NA/NA	61.000/63.000	NA/NA	62.250
MW US 319	¢/lb	66.000/68.000	NA/NA	NA/NA	65.000/67.000	NA/NA	66.500
MW US Sec 356	¢/lb	74.000/76.000	NA/NA	NA/NA	74.000/75.000	NA/NA	74.750
MW US F132	¢/lb	67.000/69.000	NA/NA	NA/NA	66.000/68.000	NA/NA	67.500
Old Cast	¢/lb	40.000/42.000	NA/NA	NA/NA	40.000/42.000	NA/NA	41.000
Old Sheet	¢/lb	40.000/41.000	NA/NA	NA/NA	40.000/41.000	NA/NA	40.500
Milk-grade MLCCs	¢/lb	53.000/53.500	NA/NA	NA/NA	52.000/53.000	NA/NA	52.875
Smelter-grade MLCCs	¢/lb	47.000/49.000	NA/NA	NA/NA	47.000/48.000	NA/NA	47.750
Auto Straps/Twitch	¢/lb	46.000/48.000	NA/NA	NA/NA	46.000/48.000	NA/NA	47.000
Turnings	¢/lb	41.000/43.000	NA/NA	NA/NA	41.000/42.000	NA/NA	41.750
COMEX 1st month	¢/lb	65.850	65.900	65.950	65.650	65.750	65.820
COMEX 2nd month	¢/lb	66.050	66.100	66.150	65.900	66.000	66.040
COMEX 3rd month	¢/lb	66.350	66.400	66.450	66.200	66.300	66.340
COMEX T-Bar inventories	\$/mt	72584	72584	71304	71304	71304	---
COMEX Sow inventories	\$/mt	7939	7939	7939	7939	7939	---
C&F China spot	\$/mt	1440.000/1460.000	1425.000/1445.000	1430.000/1450.000	1425.000/1445.000	1435.000/1455.000	1441.000
C&F China LME premium	\$/mt	40.000/50.000	40.000/50.000	40.000/50.000	40.000/50.000	40.000/50.000	45.000
C&F China-Russian Grade	\$/mt	35.000/40.000	35.000/40.000	35.000/40.000	35.000/40.000	35.000/40.000	37.500
S'pore in-warehouse premium	\$/mt	15.000/30.000	15.000/30.000	15.000/30.000	15.000/30.000	15.000/30.000	22.500
Japan del (current mo)	\$/mt	1519.130/1522.340	1385.663/1409.692	1390.000/1414.040	1387.530/1411.680	1401.110/1425.340	1426.654
Japan del (2 mos. out)	\$/mt	1528.760/1533.570	1397.677/1421.706	1394.010/1418.040	1391.570/1415.700	1405.150/1429.380	1433.557
CF Japan premium	\$/mt	32.000/35.000	32.000/35.000	33.000/38.000	33.000/38.000	33.000/38.000	34.700
CF Japan O4 premium	\$/mt	41.000/46.000	41.000/46.000	37.000/42.000	37.000/42.000	37.000/42.000	41.100
COMEX HG 1st Position	¢/lb	67.400	67.800	68.300	67.750	67.300	67.710
COMEX HG 2nd Position	¢/lb	68.250	68.600	69.100	68.500	68.100	68.510
COMEX HG 3rd Position	¢/lb	71.400	71.750	72.150	71.800	71.350	71.690
COMEX inventories	st	175329	176052	176217	177006	177502	---
LME Grade A Cash	\$/mt	1467.500/1468.500	1468.500/1469.000	1465.000/1465.500	1489.000/1490.000	1468.500/1469.500	1472.100
LME Grade A 3-Month	\$/mt	1494.000/1494.500	1494.000/1495.000	1488.000/1489.000	1509.000/1510.000	1491.000/1492.000	1495.650
LME Grade A 15-Month	\$/mt	1575.000/1580.000	1572.000/1577.000	1568.000/1573.000	1585.000/1590.000	1570.000/1575.000	1576.500
LME Grade A 27-Month	\$/mt	1615.000/1620.000	1612.000/1617.000	1610.000/1615.000	1627.000/1632.000	1612.000/1617.000	1617.700
LME Settlement	\$/mt	1468.500	1469.000	1465.500	1490.000	1469.500	1472.500
LME inventories	mt	651500	651500	651750	653575	653500	---
MW Atlantic Seaboard	¢/lb	62.410	62.433	62.274	63.385	62.455	62.592
MW CIF Europe	¢/lb	66.610	66.633	66.474	67.585	66.655	66.792
MW Composite	¢/lb	71.618	72.018	72.518	71.968	71.518	71.928
MW US Producer Cathode	¢/lb	71.618	72.018	72.518	71.968	71.518	71.928

	UNITS	30JUL01	31JUL01	01AUG01	02AUG01	03AUG01	WEEK AVG	
COPPER	MW US Producer Refined	¢/lb	70.218	70.618	71.118	70.568	70.118	70.528
	Japan del (current mo)	\$/mt	1588.940/1613.020	1601.922/1625.951	1618.330/1642.370	1616.800/1640.930	NA/NA	1618.533
	Japan del (2 mos. out)	\$/mt	1596.970/1621.040	1609.932/1633.961	1626.340/1650.380	1624.840/1648.970	NA/NA	1626.554
	S'pore in-warehouse premium	\$/mt	20.000/30.000	20.000/30.000	20.000/30.000	20.000/30.000	20.000/30.000	25.000
	C&F China	\$/mt	1545.000/1565.000	1530.000/1550.000	1530.000/1550.000	1525.000/1545.000	1550.000/1570.000	1546.000
	Western grade-LME premium	\$/mt	20.000/30.000	20.000/30.000	20.000/30.000	20.000/30.000	20.000/30.000	25.000
ZINC	LME SHG Cash	\$/mt	842.000/842.500	836.000/837.000	838.000/838.500	844.000/845.000	839.000/839.500	840.150
	LME SHG 3-Month	\$/mt	864.500/865.000	860.500/861.000	860.000/860.500	864.500/865.000	860.000/861.000	862.200
	LME SHG 15-Month	\$/mt	928.000/933.000	925.000/930.000	927.000/932.000	930.000/935.000	928.000/933.000	930.100
	LME SHG 27-Month	\$/mt	972.000/977.000	968.000/973.000	970.000/975.000	973.000/978.000	970.000/975.000	973.100
	LME Settlement	\$/mt	842.500	837.000	838.500	845.000	839.500	840.500
	LME inventories	mt	309075	308525	307325	307125	306975	—
	MW Four Corners	\$/mt	853.500	848.625	849.250	854.625	849.875	851.175
	MW North America SHG	¢/lb	41.965	41.716	41.784	42.079	41.829	41.875
	MW North America GAL	¢/lb	47.965	47.716	47.784	48.079	47.829	47.875
	MW Alloyer No. 3	¢/lb	50.965	50.716	50.784	51.079	50.829	50.875
LEAD	LME Cash	\$/mt	497.000/498.000	486.000/486.500	486.000/486.500	499.500/500.500	490.500/491.000	492.150
	LME 3-Month	\$/mt	498.000/498.500	491.000/492.000	492.000/493.000	502.500/503.000	492.000/493.000	495.500
	LME 15-Month	\$/mt	500.000/505.000	495.000/500.000	498.000/503.000	505.000/510.000	495.000/500.000	501.100
	LME Settlement	\$/mt	498.000	486.500	486.500	500.500	491.000	492.500
	LME inventories	mt	103525	103400	103375	103375	103350	—
	MW Four Corners	\$/mt	497.875	488.875	489.375	501.375	491.625	493.825
	MW NA Producer	¢/lb	43.704	43.669	43.669	43.712	43.682	43.687
Secondary Producer	¢/lb	45.338	45.338	45.338	45.338	45.338	45.338	
NICKEL	LME Cash	\$/mt	5720.000/5725.000	5670.000/5675.000	5560.000/5565.000	5655.000/5660.000	5610.000/5615.000	5645.500
	LME 3-Month	\$/mt	5705.000/5710.000	5660.000/5665.000	5545.000/5550.000	5640.000/5650.000	5605.000/5610.000	5631.000
	LME 15-Month	\$/mt	5640.000/5690.000	5600.000/5650.000	5475.000/5525.000	5580.000/5630.000	5520.000/5570.000	5588.000
	LME Settlement	\$/mt	5725.000	5675.000	5565.000	5660.000	5615.000	5648.000
	MW LME Mean	\$/mt	5715.000	5667.500	5555.000	5651.250	5610.000	5639.750
	LME inventories	mt	15738	15068	16674	16836	16808	—
TIN	LME Cash	\$/mt	4085.000/4090.000	4075.000/4080.000	4065.000/4070.000	4080.000/4085.000	4035.000/4040.000	4070.500
	LME 3-Month	\$/mt	4140.000/4145.000	4130.000/4135.000	4115.000/4120.000	4135.000/4140.000	4100.000/4105.000	4126.500
	LME 15-Month	\$/mt	4285.000/4295.000	4275.000/4285.000	4270.000/4280.000	4280.000/4290.000	4245.000/4255.000	4276.000
	LME Settlement	\$/mt	4090.000	4080.000	4070.000	4085.000	4040.000	4073.000
	LME Inventories	\$/mt	20065.000	20040.000	20090.000	20050.000	19940.000	20037.000
	MW Composite	¢/lb	293.330	292.020	290.780	291.440	290.250	291.564
	Kuala Lumpur	¢/lb	184.610	183.020	181.660	181.890	181.840	182.604
	MW NY Dealer	¢/lb	193.000	NA	NA	194.000	NA	193.500
MW NY low-lead	¢/lb	196.000	NA	NA	197.000	NA	196.500	
GOLD	COMEX 1st Position	\$/tr oz	264.600	266.200	267.400	267.400	267.900	266.700
	COMEX 2nd Position	\$/tr oz	271.500	273.000	274.100	274.100	274.600	273.460
	Comex Inventories	tr oz	901094.000	901094.000	900099.000	898235.000	898235.000	899751.400
	Engelhard Unfabricated	\$/tr oz	267.400	267.000	268.450	268.100	268.960	267.982
	Handy & Harman	\$/tr oz	266.300	265.900	267.350	267.000	267.850	266.880
	London Final	\$/tr oz	266.300	265.900	267.350	267.000	267.850	266.880
London Initial	\$/tr oz	266.400	265.550	267.700	268.300	267.500	267.090	
PGMS	Palladium							
	Nymex Nearby	\$/tr oz	437.050	461.500	470.000	482.500	486.950	467.600
	J.Matthey Base NA	\$/tr oz	445.000	461.000	470.000	480.000	486.000	468.400
	J.Matthey Base Asia	\$/tr oz	459.000	445.000	465.000	470.000	488.000	465.400
	J.Matthey Base Europe	\$/tr oz	450.000	442.000	463.000	475.000	490.000	464.000

	UNITS	30JUL01	31JUL01	01AUG01	02AUG01	03AUG01	WK AVG
Engelhard Unfabricated	\$/tr oz	445.000	461.000	470.000	481.000	486.000	468.600
London PM Fix	\$/tr oz	440.000	457.000	466.000	475.000	482.000	464.000
3-month borrow rate	%	-6.000	-6.000	-6.000	-6.000	-6.000	-6.000
Platinum							
Nymex Nearby	\$/tr oz	473.000	474.400	474.300	481.500	480.600	476.760
J.Matthey Base NA	\$/tr oz	493.000	481.000	475.000	485.000	486.000	484.000
J.Matthey Base Asia	\$/tr oz	506.000	480.000	479.000	478.000	486.000	485.800
J.Matthey Base Europe	\$/tr oz	500.000	476.000	472.000	475.000	485.000	481.600
Engelhard Unfabricated	\$/tr oz	493.000	479.000	475.000	484.000	486.000	483.400
London PM Fix	\$/tr oz	490.000	476.000	472.000	480.000	482.000	480.000
3-month borrow rate	%	-4.000	-4.000	-4.000	-4.000	-4.000	-4.000
Iridium							
J.Matthey Base NA	\$/tr oz	415.000	415.000	415.000	415.000	415.000	415.000
Engelhard Unfabricated	\$/tr oz	425.000	425.000	425.000	425.000	425.000	425.000
Rhodium							
J.Matthey Base Asia	\$/tr oz	1630.000	1615.000	1600.000	1600.000	1600.000	1609.000
J.Matthey Base Europe	\$/tr oz	1615.000	1600.000	1600.000	1600.000	1600.000	1603.000
J.Matthey Base NA	\$/tr oz	1615.000	1600.000	1600.000	1600.000	1600.000	1603.000
Engelhard Unfabricated	\$/tr oz	1600.000	1600.000	1600.000	1600.000	1600.000	1600.000
Ruthenium							
J.Matthey Base NA	\$/tr oz	137.000	137.000	137.000	137.000	137.000	137.000
Engelhard Unfabricated	\$/tr oz	135.000	135.000	135.000	135.000	135.000	135.000
COMEX 1st Position	€/tr oz	419.000	421.000	421.700	422.000	421.300	421.000
COMEX 2nd Position	€/tr oz	420.800	424.300	424.900	425.000	424.300	423.860
COMEX 3rd Position	€/tr oz	433.800	435.600	436.200	436.300	435.600	435.500
Comex Inventories	tr oz	101400000	100494000	100646000	100646000	100854619	
Handy & Harman	€/tr oz	424.000	424.000	425.000	425.000	424.000	424.400
Engelhard Unfabricated	€/tr oz	425.000	424.000	425.000	425.000	425.000	424.800
LME Cash	€/tr oz	415.000/425.000	415.000/425.000	415.000/425.000	415.000/425.000	415.000/425.000	420.000
LME 3-Month	€/tr oz	420.000/430.000	420.000/430.000	420.000/430.000	420.000/430.000	420.000/430.000	425.000
LME 15-Month	€/tr oz	420.000/430.000	420.000/430.000	420.000/430.000	420.000/430.000	420.000/430.000	425.000
LME 27-Month	€/tr oz	420.000/430.000	420.000/430.000	420.000/430.000	420.000/430.000	420.000/430.000	425.000
LME Settlement	€/tr oz	425.000	425.000	425.000	425.000	425.000	425.000
LME Inventories	\$/mt	NA	NA	425.000	425.000	425.000	425.000
London Spot	€/tr oz	296.595	295.686	296.193	295.669	296.503	296.129
London Spot/US Equiv	€/tr oz	422.500	421.500	424.000	423.250	424.000	423.050
US Federal Reserve Rates							
Sterling spot		1.426000	1.425200	1.433000	1.429500	1.426800	1.428100
Sterling 3-month		1.426700	1.427300	1.432700	1.428900	1.425500	1.428220
Canadian Dollar spot		0.653400	0.653200	0.651100	0.648600	0.651200	0.651500
Canadian Dollar 3-month		0.653000	0.655400	0.651100	0.650100	0.651300	0.652180
Yen		0.007988	0.008000	0.008008	0.008083	0.008100	0.008036
LME Rates							
LME Sterling		1.426300	1.424800	1.432100	1.432400	1.429700	1.429060
LME Sterling 3-month		1.421000	1.419500	1.426600	1.427600	1.425100	1.423960
LME Deutschemark		2.2360	2.2352	2.2162	2.2213	2.2213	0.0000
LME Yen		125.0800	124.9200	124.6200	124.2100	123.8300	124.5320
LME Euro		0.8747	0.8750	0.8825	0.8805	0.8805	0.8786

IN THE ISSUE OF JULY 30, 2001 WE SHOWED NA FOR THE SILVER SPOT AND US EQUIV FOR 7/24. THE PRICES SHOULD HAVE BEEN FOR THE SILVER LDN SPOT 300.317 AND FOR THE SILVER LDN US EQUIV 426.000.

Metals Week

Major Metals

ALUMINUM

	c/lb	
MW US Market	66.000	-1.000
	67.000	-1.000
US Six-Months P1020	4.250	-0.050
US 6063 Billet Upcharge	6.500	08/02/01
	7.500	08/02/01
UBCs	48.000	08/02/01
	49.000	08/02/01
6063 press scrap	3.500	-0.500
	5.000	08/02/01
\$/mt		
Western Grade	1502.100	-12.900
(CIF Rotterdam)	1507.800	-12.900
Russian A7E	1402.100	-19.900
(FOB St. Pete, CIF R'dam)	1407.800	-19.900
Russian A7E	1377.000	-18.000
(Novorossiysk)	1378.000	-18.000
Russian A7E Premium	23.000	08/03/01
(FOB Novorossiysk)	25.000	08/03/01
Western Grade Premium	125.000	+5.000
	130.000	+5.000
Russian A7E Premium	10.000	-8.000
(St. Petersburg)	15.000	-7.000
Russian A7E Premium	25.000	-2.000
(Rotterdam)	30.000	-2.000

COPPER

	c/lb	
MW No.1 Burnt Scrap	5.000	08/01/01
MW No.1 Bare Bright	3.000	08/01/01
MW No.2 Scrap	12.000	08/02/01
NY Dealer Premium cathodes	2.400	-0.100
	2.650	-0.100
US Producer cathodes	71.170	-0.250
	72.500	-0.250
\$/mt		
European cathodes	1496.700	-14.100
(Rotterdam)	1502.500	-13.800
Grade A	1472.000	-14.000
(CIF Livorno/Salerno)	1473.000	-13.000
Russian cathodes	1472.000	-14.000
(FOB Novorossiysk)	1473.000	-13.000
European cathodes premium	25.000	08/03/01
(Rotterdam)	30.000	08/03/01
Russian cathodes Premium	7.500	08/03/01
(FOB Novorossiysk)	12.500	+2.500

LEAD

	c/lb	
North American Market	25.817	+0.385
	26.452	-0.159
\$/mt		
European dealer	561.800	+5.600
	567.500	+5.500
European dealer premium	70.000	08/03/01
(Rotterdam)	75.000	08/03/01
In-Warehouse S'pore prem	5.000	07/31/01
	3.000	07/31/01

NICKEL

	\$/lb	
NY Dealer/Cathode	2.620	-0.040
	2.720	-0.080

NY Dealer/Melting	2.620	-0.040
	2.720	-0.080
NY Dealer/Plating	2.720	-0.040
	2.820	-0.080

	c/lb	
NY Dealer/cathode premium	10.000	08/02/01
NY Dealer/Melting premium	10.000	08/02/01
NY Dealer/plating premium	20.000	08/02/01

	\$/mt	
Europe Dealer Melting	5673.000	-132.000
	5683.000	-140.000
Europe Dealer Plating	5843.000	-132.000
	5898.000	-135.000
Europe Dealer Melting Premium (Rotterdam)	30.000	08/03/01
Europe Dealer Plating Premium (Rotterdam)	250.000	08/03/01
Russia Full-Plate	5623.000	-127.000
	5618.000	-145.000
Russia Full-Plate Premium (Rotterdam)	-20.000	+5.000
	-30.000	-10.000
In-Warehouse S'pore prem	100.000	07/31/01
	150.000	07/31/01

TIN

	\$/mt	
Europe 99.85% (Rotterdam)	4098.000	-54.000
	4113.000	-56.000
Europe 99.85% Premium (Rotterdam)	30.000	08/03/01
Europe 99.9% (Rotterdam)	40.000	08/03/01
Europe 99.9% (Rotterdam)	4128.000	-49.000
	4143.000	-50.000
Europe 99.9% Premium (Rotterdam)	60.000	+5.000
	70.000	+6.000

ZINC

	c/lb	
US Dealer SHG	42.080	+0.070
MW SHG premium	3.750	08/02/01
MW SHG Galv. prem.	9.750	08/02/01
MW SHG Alloyer #3 prem.	12.750	08/02/01
\$/mt		
Europe physical SHG	914.800	-5.500
	925.500	-5.500
Europe physical SHG prem. (Rotterdam)	75.000	08/03/01
	85.000	08/03/01
In-Warehouse S'pore prem	8.000	07/31/01
	12.000	07/31/01

Precious Metals

IRIDIUM

All PGM figures in \$/tr oz		
MW NY Dealer	385.000	-5.000
	405.000	-5.000

OSMIUM

MW NY Dealer	350.000	08/02/01
	450.000	08/02/01

PALLADIUM

MW NY Dealer	425.000	-30.000
	485.000	08/02/01

PLATINUM

MW NY Dealer	470.000	-20.000
	505.000	-5.000

RHODIUM

MW NY Dealer	1525.000	-5.000
	1600.000	-25.000

RUTHENIUM

MW NY Dealer	120.000	08/02/01
	128.000	08/02/01

Minor Metals

ANTIMONY

	c/lb	
MW NY Dealer	58.000	08/02/01
	62.000	08/02/01

\$/mt

99.65% HK	1000.000	07/19/01
	1050.000	07/19/01

BISMUTH

	\$/lb	
MW NY Dealer	3.500	08/02/01
	3.800	-0.050

CADMIUM

	\$/lb	
MW NY Dealer	0.250	08/02/01
	0.300	08/02/01

INDIUM

	c/tr oz	
Producer: Indium Corp.	420.000	08/02/01
Producer: Arconium Corp.	495.000	08/02/01

\$/kg

MW NY Dealer	80.000	08/02/01
	100.000	08/02/01

MERCURY

	\$/fl	
Free Market International	145.000	08/02/01
	155.000	08/02/01
U.S. Domestic	165.000	08/02/01
	190.000	08/02/01

RHENIUM

	\$/kg	
MW NY Dealer	1500.000	08/02/01
	1650.000	08/02/01

SELENIUM

	\$/lb	
MW NY Dealer	3.400	08/02/01
	3.950	08/02/01

Light Metals

BERYLLIUM

	\$/lb	
US BE-CU/Alloy 25	9.950	08/02/01
US BE-CU/Cast Ingt	6.400	08/02/01
US BE-CU/Mast Ally	160.000	08/02/01

LITHIUM

	c/lb	
US Carbonate	196.000	08/14/97
US Carbonate Pellet	196.000	08/14/97

\$/lb

US Ingot	40.600	09/05/96
US Rod	64.950	09/05/96
	64.950	09/05/96

MAGNESIUM

	€/lb	
US Die Cast Alloy: Producer	165.000	11/16/95
	170.000	11/16/95
US Die Cast Alloy: Transaction	130.000	08/02/01
US Primary Ingot/Prod.	140.000	08/02/01
	180.000	01/16/97
	180.000	01/16/97
MW US Spot Western	122.000	08/02/01
	129.000	08/02/01
MW US Dealer Import	105.000	08/02/01
	110.000	08/02/01
	\$/mt	
Europe Free Market	1700.000	08/02/01
	1900.000	08/02/01

Euro/kg

Europe Norsk Hydro Producer	2.420	08/02/01
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TITANIUM

	\$/st	
Ore/Rutile	800.000	08/14/97
	850.000	08/14/97
	\$/lb	
US SG Ingot Producer	5.750	08/02/01
MW US 70% Ferrotitanium	1.950	08/02/01
	2.000	-0.050
	\$/kg	
Eur. 70% Ferrotitanium	3.800	08/02/01
	4.100	08/02/01
	\$/lb	
MW US Turning 0.5%	1.000	+0.050
	1.050	+0.050
Eur. Turning .5%	1.000	08/02/01
	1.050	08/02/01

Ferroalloys

COBALT

	\$/lb	
MW 99.8% US Spot Cathode	9.300	+0.100
	9.900	+0.150
99.8% European	9.200	+0.200
	9.700	+0.200
99.3% Russian	8.900	08/02/01
	9.200	08/02/01
99.6% Zambian	9.000	08/02/01
	9.500	08/02/01

FERROCHROME

	€/lb	
Charge 50-55%/Impt.	29.000	08/01/01
	31.000	08/01/01
60-65%/Impt.	28.500	08/01/01
	30.000	08/01/01
Low-Carbon .05% Imported	60.000	08/01/01
	65.000	08/01/01
Low-Carbon .10% Imported	48.000	08/01/01
	52.000	08/01/01
Low C .15% Imported	47.000	08/01/01
	51.000	08/01/01
High C 52% Cr Europe	36.000	08/02/01
	37.000	08/02/01
High Carbon 62% Cr Europe	33.000	08/02/01
	34.000	08/02/01
High Carbon 6-8% C Europe	37.000	08/02/01
	38.000	08/02/01
High Carbon 4-6% C Europe	40.000	08/02/01
	42.000	08/02/01
Low Carbon 0.1% C Europe	57.000	08/02/01
	60.000	08/02/01
High Carbon 60% Hong Kong	29.000	07/19/01
	31.000	07/19/01
50-55% Regular CIF Japan	34.000	07/26/01
50-55% Spot CIF Japan	30.000	07/26/01
	32.000	07/26/01

FERROMANGANESE

	\$/lt	
MW 78% Mn/Impt.	440.000	08/01/01
	450.000	08/01/01
	€/lb	
Medium Carbon/Imported	36.500	08/01/01
	39.000	08/01/01
	\$/mt	
High C 75% Hong Kong	380.000	07/19/01
	390.000	07/19/01
	D/mt	
High C 76% Mn Europe	935.000	08/02/01
	945.000	08/02/01

FERROMOLYBDENUM

	\$/lb	
MW US FeMo	3.000	-0.050
	3.250	08/02/01
	\$/kg	
MW Europe FeMo	6.750	08/02/01
	6.850	08/02/01
Hong Kong FeMo	6.200	07/19/01
	6.300	07/19/01
Spot CIF Japan	6.250	07/26/01
	6.350	07/26/01

FERROSILICON

	€/lb	
MW 75% Si Imported	30.000	08/01/01
	31.500	08/01/01
	\$/mt	
Regular CIF Japan	0.000	07/26/01
	950.000	01/14/99
Spot CIF Japan	455.000	07/26/01
	465.000	07/26/01
Chinese CIF Japan	455.000	07/26/01
	465.000	07/26/01
	\$/mt	
Non-Origin	64000.000	07/26/01
	67000.000	07/26/01
	\$/mt	
Hong Kong 75% Si	450.000	07/19/01
	460.000	07/19/01
	DM/mt	
Standard 75% Si Europe	1100.000	08/02/01
	1200.000	08/02/01

FERROVANADIUM

	\$/lb	
Free Market V205	1.300	08/02/01
	1.400	08/02/01
	\$/kg	
Europe V205	1.350	08/02/01
	1.500	08/02/01
	\$/lb	
US Ferrovandium	3.900	08/02/01
	4.100	08/02/01
	\$/kg	
Europe Ferrovandium	8.400	08/02/01
	8.500	08/02/01

MANGANESE

	\$/mt	
99.7% Hong Kong	1250.000	07/19/01
	1350.000	07/19/01

MOLYBDENUM

	\$/lb	
MW Dealer Oxide	2.350	08/02/01
	2.450	+0.030

SILICOMANGANESE

	€/lb	
MW 2% Carbon Imported	24.000	08/01/01
	25.000	08/01/01

	\$/mt	
Hong Kong 65% Mn	395.000	07/19/01
	405.000	07/19/01
Regular CIF Japan	480.000	10/05/00
	480.000	10/05/00
CIS CIF Japan	415.000	07/26/01
	425.000	07/26/01
Chinese CIF Japan	410.000	07/26/01
	415.000	07/26/01
	€/mt	
Non-Origin	57000.000	07/26/01
	58000.000	07/26/01
	D/mt	
Std 16-20% Si Eur	998.000	08/02/01
	1000.000	08/02/01

SILICON

	€/lb	
MW Dealer Import	50.000	-1.000
	52.500	-3.500
	\$/mt	
Hong Kong 98.5% Si	680.000	07/19/01
	700.000	07/19/01
Spot CIF Japan	700.000	07/26/01
	710.000	07/26/01
	D/mt	
Spot CIF Japan	2300.000	05/03/01
	2400.000	05/03/01

TANTALUM

	\$/lb	
Spot Tantalite Ore	75.000	08/02/01
	95.000	-5.000

TUNGSTEN

	\$/stu	
MW US Spot Ore	60.000	08/02/01
	70.000	08/02/01
APT-US	90.000	-2.000
	95.000	-1.000
	\$/mtu	
APT-Europe	95.000	08/02/01
	99.000	08/02/01
APT-Hong Kong	90.000	07/19/01
	95.000	07/19/01
	\$/kg	
MW Ferrotungsten	7.500	08/02/01
	8.000	08/02/01
Hong Kong Ferrotungsten	6.700	07/19/01
	7.000	07/19/01

Post-It™ brand fax transmittal memo 7671 # of pages > 4

To <i>Randy Hardy</i>	From <i>Mark Miller</i>
Co.	Co.
Dept.	Phone #
Fax # <i>2 agreements</i>	Fax #



Department of Energy
 Bonneville Power
 Administration
 P.O. Box 3621
 Portland, OR 97208-8621

**POWER BUSINESS LINE
 Trader and Scheduling Phones**

Date: June 27, 2002
 To: Longview Aluminum, LLC
 111 West Washington, 1655
 Chicago, IL 60602
 Attn: John Kolleng
 Fax: (312) 456-9626
 Presch: (425) 990-8494 (PRM)
 Real Time: (425) 462-9517 (PRM)
 PS/RT FAX: (425) 468-1792 (PRM)

Chuck Forman	(503) 230-3432
Mark Miller	(503) 230-4003
Scott Wilson	(503) 230-7638
Harry Clark	(503) 230-8662
BPA Trading Floor Fax	(503) 230-7463
BPA Preschedule Fax	(503) 230-8039
BPA SW Preschedule	(503) 230-3915
BPA NW Preschedule	(503) 230-3813
BPA S. Idaho Presch.	(503) 230-4311
BPA Real Time	(503) 230-3341 or 230-4194

DSI LIQUIDATED DAMAGES AGREEMENT

The following memorializes the terms of a transaction agreed to by Bonneville Power Administration (BPA) and Longview Aluminum, LLC (LVA). Transactions hereunder are in accordance with reference contract or enabling agreement 01PB-10769.

Transaction Date: 6/27/02 Traders: Mark Miller (BPA) and John Kolleng (LVA)
 BPA Contract: 02PB-11178

Seller of Energy: Longview Aluminum, LLC
 Buyer of Energy: BPA
 Product: Curtailment [Section 6(a)(2)(A)]

Purchase Deficiency:

Duration of Curtailment	Demand Limit	Hours	Amount (MWH/hr)	Total MWh
7/2/02 - 7/7/02	267	HLH	267	21,360
7/2/02 - 7/7/02	267	LLH	267	17,088

Damages shall be determined and assessed pursuant to section 6(a)(2)(A) [Option A] of the reference contract. At the end of the Contract Year LVA shall pay BPA damages equal to the amount by which the sum of the product of all Option A purchase deficiencies and the applicable IP-02 rate (CRAC, plus appropriate TAC) exceeds the sum of the product of the purchase deficiencies and the reasonable market value. LVA will be assessed, any damages, within 60-days after the end of the Contract Year.

Scheduling

All energy will be shown in Pacific Prevailing Time.

-HLHs are defined as HE 0700 - HE 2200, Monday through Saturday.

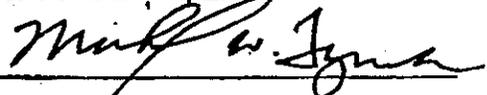
-LLHs are defined as HE 0100 - HE 0600, HE 2300 and HE 2400, Monday through Saturday and all day Sundays.

No Scheduling is required.

Billing

Billing and payment under this agreement shall be in accordance with the reference contract.

If the above accurately reflects your understanding of our agreement, please indicate your approval by signing a copy of this agreement and returning via fax to BPA, 503-280-7463.

AGREED AND ACCEPTED	
Bonneville Power Administration	Longview Aluminum, LLC
	
Mark Miller	Name: <u>Michael V. Lyen</u>
Account Executive	Title: <u>Chairman</u>
Date: <u>6/27/02</u>	Date: <u>6/27/02</u>

K. Kunzler

LONGVIEW ALUMINUM

**111 West Washington Street
Suite 1655
Chicago, Illinois 60602**

July 31, 2002

Mr. Mark E. Miller
Account Executive
U.S. Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Confidential Communication

Dear Mr. Miller:

I am writing on behalf of Longview Aluminum, L.L.C. in response to second and third requests of the letter dated July 12, 2002, from you on behalf of the Bonneville Power Administration ("BPA") to me. Requests two and three ask that Longview provide BPA with a written explanation of the purpose and nature of certain payments totaling \$3,280,552.97 which Longview made to McCook (the "McCook Payments") and certain payments totaling \$1,250,000 which Longview made to Samuel & Son (the "Samuel & Sam Payments") and related documentation.

McCook Payments

Longview, as maker, signed a Term Note payable to McCook, as payee, dated February 27, 2001, in the original principal amount of \$7,826.959 (the "Term Note"). The Term Note was intended to memorialize an obligation of Longview to pay McCook for certain payments which McCook had advanced to third parties on behalf of Longview relating to the acquisition by Longview of the aluminum plant in Longview, Washington, and acquisition, financing and/or other fees, costs and expenses in connection with such acquisition. Longview takes the position that the McCook Payments constitute pay down of amounts that Longview owed McCook under the Term Note (or any account receivable obligation which Longview owed to McCook which was substituted for the Term Note).

Samuel & Son Payments

Samuel, Son & Co., Limited and affiliated entities ("Samuel & Son") has been a customer of McCook and thus owed McCook payments for aluminum products which Samuel &

Mark Miller
July 31, 2002
Page 2

Son purchased from McCook. Under a letter agreement between McCook and Samuel, Son Chicago Ltd. dated May 26, 1999 (the "Letter Agreement"), Samuel had the right to set off certain amounts identified in the Letter Agreement against the payments which Samuel & Son owed McCook for the purchase of aluminum products. In 2001, Samuel & Son asserted that it had the right under the Letter Agreement to setoff approximately \$2,500,000 against obligations which Samuel & Son owed McCook for aluminum products.

Longview made payments to Samuel & Sons which totaled \$1,250,000 as of February 6, 2002 and which total approximately \$2,300,000 as of the date of this letter, and has applied those payments as a credit against the amounts that Longview owed McCook under the Term Note (or any account receivable obligation which Longview owed to McCook which was substituted for the Term Note). The payments which Longview made to Samuel & Son reduced the amount which Samuel & Son was entitled to setoff against McCook under the Letter Agreement, thereby providing a financial benefit to McCook. Longview understands that, as of the date hereof, McCook has collected from Samuel & Son all amounts which Samuel & Son owes McCook.

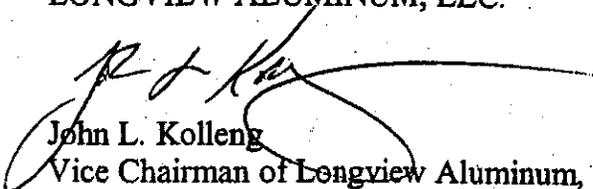
Additional Matter

Copies of the Term Note and the Letter Agreement are attached. The Term Note, the Letter Agreements, the payments which Longview has made to McCook, the payments which Longview has made on behalf of McCook, and the transactions related thereto are the subject of adversary proceedings pending in the McCook bankruptcy estate. The adversary proceedings are in a preliminary stage. Disputes currently exist between Longview and the McCook bankruptcy trustee as to the facts and the legal implications thereof. Of course, Longview will advise BPA of developments in the bankruptcy litigation, if any, that bear on the BPA audit inquiries related to the matters addressed in this letter.

This letter and the enclosed documents constitute confidential information and documents subject to the Confidentiality Agreement dated January 29, 2002, between Longview and BPA (Contract No. 02BB-11095).

Very truly yours,

LONGVIEW ALUMINUM, LLC.



John L. Kolleng

Vice Chairman of Longview Aluminum, LLC.

CONFIDENTIAL

VIA FACSIMILE
503 230-3681

July 17, 2002

Mr. Mark E. Miller
Customer Account Executive
Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

Dear Mr. Miller:

In your July 12, 2002 letter to John Kolleng of Longview Aluminum, LLC ("Longview"), you requested that Longview provide you with an estimate by not later than the close of business today of when Longview will be able to deliver responses to the questions presented in the July 12, 2002 letter.

Longview estimates that Longview will provide all responses by Wednesday, July 31, 2002.

Sincerely,



Michael Lynch
Chairman
Longview Aluminum, LLC

**THE INFORMATION CONTAINED IN THIS LETTER IS CONFIDENTIAL AND IS
SUBJECT TO THE CONFIDENTIALITY AGREEMENT DATED JANUARY 29, 2002
BETWEEN LONGVIEW AND BPA (CONTRACT NO. 02BP-11095)**



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

July 12, 2002

In reply refer to: PT-5

Mr. John Kolleng
Longview Aluminum, LLC
111 West Washington, Suite 1655
Chicago, IL 60602

Re: Curtailment Agreement, Contract No. 01PB-10786

Dear Mr. Kolleng:

We have reviewed Longview Aluminum expenditure information that you provided on February 13, 2002, and the documentation provided in response to our February 22, 2002, request for information. While the documentation provided in response to our request was helpful in resolving many of our questions, some questions have not been answered and still require clarification to ensure Longview Aluminum expenditures qualify under the subject contract.

The following is a summary of additional information and documentation we would like to review:

- In our February 22, 2002, request for information we asked for an explanation regarding the nature of \$125,000 and \$500,000 in loan payments paid to Great Lake Processing and Ableco Financing respectively. We reviewed the documentation you provided in response to our request. That documentation did not answer our question. Since we do not know what these payments were for, we do not know precisely what questions to ask regarding them. Therefore, in your response, please provide a clear explanation with supporting documentation explaining the purpose/nature of the payments. For example, if the payments were paid on an existing loan, we need to know the date of loan, the original amount borrowed, how the original proceeds were used, and any amounts still owing on the loan. Please provide a written response describing the nature of these payments.
- In our February 22, 2002, request for information we asked for an explanation regarding expenditures totaling \$3,280,552.97 on a category of costs referred to as 'Acquisition Investments to McCook'. We reviewed the documentation you provided in response to our request, and the documentation Ms. Maida S. Kelly (Preston Gates Paralegal) brought us to examine. While the documentation you provided infers a purpose for the payments, it did not clearly describe that purpose, nor did it answer our question. Since we do not know what these payments were for, we do not know precisely what questions to ask regarding them.

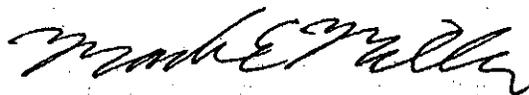
Therefore, in your response, please provide a clear explanation with supporting documentation explaining the purpose/nature of the payments. For example, if the payments were paid on an existing loan, we need to know the date of loan, the original amount borrowed, how the original proceeds were used, and any amounts still owing on the loan. Please provide a written response describing the nature of these payments.

- In our February 22, 2002, request for information we asked for an explanation regarding the nature of payments paid to Samuel & Son and Security Connecticut that were included in expenditure summary cost category 'Other Investments'. While you provided information regarding Security Connecticut (i.e., key officers life insurance premium payments), you failed to provide information regarding Samuel & Son (\$1,250,000). Please provide documentation and an explanation describing the purpose and nature for the payments paid to Samuel & Son.
- In our February 22, 2002, request for information we asked to review the underlining insurance invoices and policies pertaining to various categories of insurance that totaled \$1,242,812. In response to our request you provided us with invoices and policy documentation pertaining to various insurers. Included in that documentation was a schedule showing six payments to Imperial A.I. Finance that totaled \$66,211.83. However, there were no invoices or insurance policies included in the documentation supporting these payments. Please provide invoice documentation supporting the six payments to Imperial A.I. Finance. The following is a summary of the six-payment schedule included in your documentation.

	<u>DATE</u>	<u>AMOUNT</u>
Imperial A.I. Finance	9/7/01	\$14,749.88
Imperial A.I. Finance	9/14/01	\$10,292.39
Imperial A.I. Finance	10/12/01	\$10,292.39
Imperial A.I. Finance	11/15/01	\$10,292.39
Imperial A.I. Finance	12/17/01	\$10,292.39
Imperial A.I. Finance	1/15/02	\$10,292.39
		<u>\$66,211.83</u>

Please provide an estimate to me by COB July 17, 2002, when you will be able to deliver responses to the above questions. To facilitate any further review of the documentation Longview has provided, please retain in their annotated form all material BPA has reviewed and returned to Longview. Please call me at 503-230-4003 with any questions.

Sincerely,



Mark E. Miller
Account Executive



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

February 22, 2002

In reply refer to: PT-5

Mr. John L. Kolleng, Vice Chairman
Longview Aluminum LLC
111 West Washington, 1655
Chicago, IL 60602

Re: Curtailment Agreement, Contract No. 01PB-10786

Dear Mr. Kolleng:

Bonneville Power Administration (BPA) has reviewed the Longview Aluminum (Longview) expenditure information you provided on February 13, 2002. To ensure that the funds BPA has paid Longview have been spent on Qualified Expenditures, as defined in the subject contract, BPA needs to review additional materials, and to receive from Longview an explanation regarding some expenditures listed in the records provided us on February 13, 2002.

The following is a summary of additional documents and ledgers we would like to review.

- Longview's expenditure information shows the company has spent \$10,113,606.18, for hourly payroll and taxes, \$7,006,971.73 for salaried payroll and taxes, and \$2,755,198.73 for retiree payouts, for the period December 18, 2001 through February 6, 2002. While we reconciled total expenditures for these costs categories from the two Union Accounts and Company account, we also need to review the source ledgers (i.e., payroll and payroll tax ledgers etc.) that support these payments.
- Longview's expenditure information shows the company has spent \$1,242,812, for insurances related to Property, Boiler & Machinery and Other. In order to verify the insurance premiums paid pertain to insurance policies involving the Longview plant, we would like to review the underlining insurance invoices that pertain to those payments and related insurance policies.
- Longview's expenditure information shows the company has spent \$979,005.02 for Repairs and Maintenance (RM), \$328,142.00 for R&M Supplies (S), \$217,473.69 for Fixed Assets (FA), and \$512,902.27 for Capital Upgrades (CU). To verify the nature of these expenditures, we would like to examine the invoices related to the following payments shown in the expenditure account worksheet for the company account.

st-It® Fax Note	7671	Date	2/22/02	# of pages	4
John Kolleng		From	mark miller		
pt Longview Alum.		Co.	BPA		
		Phone #			
		Fax #			

cc: J. Smith

Post-it® Fax Note	7671	Date	2/22/02	# of pages	4
To Jeff Smith		From	mark miller		
Co./Dept.		Co.	BPA		
Phone #		Phone #			
Fax #		Fax #			

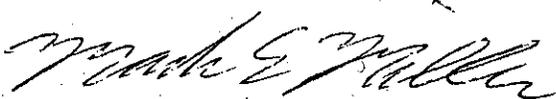
Vendor Name	Cost Category	Check Number	Date Paid	Dollar Amount
Helser Industries	RM	2492	7/10/02	\$33,750.00
Reliable Steel	RM	2617	1/24/02	\$41,565.96
Protective Coating Consultants	S	2218	12/5/01	\$3,843.00
PHH Leasing	FA	1434	7/10/01	\$15,605.60
CSB Systems (ERP)	FA	2276	2/14/01	\$108,470.00
J.H. Kelly	CU	1239	5/29/01	\$139,367.97

- Longview's expenditure information shows the company spent \$125,000.00 and \$500,000 in loan payments to Great Lake Processing and Ableco Financing respectively. Please explain the nature of these loans. That is, are these payments being paid to a creditor, on an existing loan owed by Longview or is Longview providing finance to these companies? (Attachment #1)
- Longview's expenditure information shows the company spent \$3,280,552.97 to McCook Metals, LLC, in what is described as Acquisition investments to McCook. Please explain the nature of these payments. (Attachment #2)
- Longview's expenditure information shows the company spent \$2,505,304.76 for what is described as Other Investments. Two large payee's included in this total were Samuel & Son and Security Connecticut. Please explain the nature of the payments paid to Samuel & Son and Security Connecticut. (Attachment #2)
- During our review of Longview's Expenditure information we noted the total expenditures for Capital Upgrades (\$512,902.27) and Other Investments (\$2,505,304.76) could not be reconciled with the detail expenditures paid by \$30,350.46 (Attachment #1) and \$40,000.00 (Attachment #2) respectively. Please explain or provide us with the necessary reconciling dollar amounts paid (i.e., payee, check number, date, amount).

To facilitate any further review of the expenditure information Longview has provided, please retain in their annotated form all materials BPA has reviewed and returned to Longview.

Please call me at 503-230-4003 if you have any questions.

Sincerely,



Mark E. Miller
Account Executive

Enclosures:

Attachment #1

Analysis of Fixed Assets and Capital Upgrades

Vendor Name	Check		Amount
	Number	Date	
PHH Leasing	1434	7/10/01	\$15,605.60
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00
CSB Systems (Support)	2277	12/14/01	\$23,846.40
			<u>\$217,473.69</u>
J.H. Kelly	1239	5/29/01	\$139,367.97
J.H. Kelly	1415	7/10/01	\$87,887.36
J.H. Kelly	1475	7/23/01	\$146,530.81
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36)
J.H. Kelly	1516	7/30/01	\$43,943.68
J.H. Kelly	1518	8/8/01	\$43,943.68
J.H. Kelly	1561	8/8/01	\$17,796.28
J.H. Kelly	1610	8/27/01	\$90,969.39
<i>Unreconciled Difference</i>			<u>\$30,350.46</u>
			<u>\$512,902.27</u>

Analysis of Loans

Vendor Name	Check		Amount
	Number	Date	
Keilin & Co.	1308	6/14/01	\$100,000.00 7c
Ableco Finance	1746	9/25/01	\$100,000.00 15c
Great Lakes Processing	Wire	10/17/01	\$75,000.00 17c
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00 20c
Great Lakes Processing	2352	12/21/01	\$50,000.00 25c
Ableco Financing	2379	12/21/01	\$100,000.00 25c
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00 26c
			<u>\$625,000.00</u>
Great Lakes Processing			\$125,000.00
Ableco Fees			\$500,000.00
			<u>\$625,000.00</u>

Attachment #2

Analysis of Acquisition Investments - To McCook

Vendor Name	Check		Amount	
	Number	Date		
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00	3c
McCook Metals LLC	Wire	6/29/01	\$300,000.00	8c
McCook Metals LLC	Wire	7/17/01	\$179,500.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/20/01	\$141,930.75	9c
McCook Metals LLC	Wire	7/23/01	\$54,925.19	9c
McCook Metals LLC	Wire	7/24/01	\$149,666.29	10c
McCook Metals LLC	Wire	7/25/01	\$21,865.73	10c
McCook Metals LLC	Wire	7/26/01	\$37,790.98	10c
McCook Metals LLC	Wire	7/26/01	\$114,600.20	10c
McCook Metals LLC	Wire	7/27/01	\$66,961.77	10c
McCook Metals LLC	Wire	7/30/01	\$148,312.06	10c
McCook Metals LLC	Wire	7/31/01	\$317,000.00	10c
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00	11c
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00)	11c
			<u>\$3,280,552.97</u>	

Analysis of Acquisition Investments - Other

Vendor Name	Check		Amount	
	Number	Date		
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40	3c
Samuel & Son	1288	6/7/01	\$100,000.00	6c
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00	7c
Security Connecticut - McCall	1341	6/25/01	\$55,250.00	7c
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00	7c
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00	7c
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00	9c
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00	10c
Dynegy	Wire	7/26/01	\$369,400.00	10c
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00)	11c
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00	11c
American Express	1566	8/15/01	\$15,554.08	12c
Samuel & Son	Wire	9/13/01	\$100,000.00	13c
Samuel & Son	Wire	9/26/01	\$100,000.00	15c
American Express	1841	10/12/01	\$29,469.78	16c
Samuel & Son	Wire	10/16/01	\$100,000.00	17c
Samuel & Son	Wire	10/29/01	\$150,000.00	18c
American Express	1927	11/1/01	\$24,486.50	18c
Samuel & Son	Wire	11/29/01	\$150,000.00	22c
Samuel & Son	Wire	12/12/01	\$100,000.00	24c
Samuel Son & Co.	Wire	12/13/01	\$150,000.00	26c
Samuel & Son	Wire	1/9/02	\$100,000.00	26c
Samuel & Son	Wire	2/1/02	\$100,000.00	30c
Unreconciled Difference			<u>\$40,000.00</u>	
			<u>\$2,505,304.76</u>	

February 11, 2002

Mr. Mark E. Miller
Customer Account Executive
Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

Re: Longview Aluminum LLC Confidential Records

Dear Mr. Miller:

Longview Aluminum LLC ("Longview Aluminum"), pursuant to Section 10(f) of the Curtailment Agreement between Longview Aluminum and Bonneville Power Administration ("BPA") (the "Curtailment Agreement"), is hereby voluntarily making available to BPA the certain bank statements and other financial records of Longview Aluminum (the "Longview Aluminum Records").

Please note that each of the Longview Aluminum Records have been legended as follows:

THE INFORMATION CONTAINED IN THIS DOCUMENT IS BEING PROVIDED VOLUNTARILY TO BONNEVILLE POWER AUTHORITY (BPA), AN AGENCY OF THE FEDERAL GOVERNMENT. THE INFORMATION CONTAINED IN THIS DOCUMENT SHALL BE USED BY BPA ONLY FOR THE PERFORMANCE OF ITS OFFICIAL DUTIES WITH RESPECT TO THE CURTAILMENT AGREEMENT, CONTRACT NO. 01PB-10786 (THE "CURTAILMENT AGREEMENT"). THE INFORMATION CONTAINED IN THIS DOCUMENT: IS THE PROPERTY OF LONGVIEW ALUMINUM, LLC ("LONGVIEW"); IS CONFIDENTIAL AND FINANCIAL INFORMATION OF LONGVIEW, AND CONCERNS AND RELATES TO THE INCOME, PROFIT, LOSSES AND/OR EXPENDITURES OF LONGVIEW, AS SUCH TERMS ARE USED IN THE TRADE SECRETS ACT, 18 U.S.C. 1905. THE INFORMATION CONTAINED IN THIS DOCUMENT AND ALL INFORMATION DERIVED THEREFROM: IS EXEMPT FROM RELEASE UNDER THE FREEDOM OF INFORMATION ACT; AND, PURSUANT TO THE TRADE SECRETS ACT, 18 U.C.C. 1905, SHALL NOT BE DISCLOSED OR MADE KNOWN BY BPA OR ANY AGENCY, OFFICER OR EMPLOYEE OF THE FEDERAL GOVERNMENT TO PERSON OUTSIDE THE FEDERAL GOVERNMENT WITHOUT LONGVIEW'S WRITTEN PERMISSION.

The Longview Aluminum Records and any notes, memoranda, reports or other documents that incorporate or reference information contained in the Longview Aluminum Records (collectively, the "Longview Aluminum Documents") are subject to the restrictions on use and disclosure set forth in the Confidentiality Agreement entered into between BPA and Longview Aluminum on January 29, 2002 and such other restrictions on use and disclosure set forth in federal law and regulations, including the Trade Secrets Act, 18 U.S.C. § 1905

Doc. 687723

mwl
2/11/02

(hereinafter, the "Trade Secrets Act") and the exemptions to release or disclosure under the Freedom of Information Act, 5 U.S.C. § 552 *et seq.* (hereinafter, "FOIA").

The Longview Aluminum Documents and the information contained therein concern and relate to the "income, profit, losses and/or expenditures" of Longview Aluminum (as such terms are used in the Trade Secrets Act) and, thus, constitute the "trade secrets" of Longview Aluminum (as the term "trade secrets" is used in the Trade Secrets Act).

Longview Aluminum hereby advises BPA that any act by BPA or any agency, officer or employee of the Federal Government that results in the disclosure of the Longview Aluminum Documents to any person outside the Federal Government, without Longview Aluminum's advance written permission, is likely to cause substantial harm to the competitive position of Longview Aluminum, for at least the following reasons:

1. Longview Aluminum does not customarily release to the public either the Longview Aluminum Records nor the information contained in those records;
2. Neither the Longview Aluminum Records nor the information contained in those records has been publicly disseminated or is available from other sources;
3. As previously noted, the data contained in the Longview Aluminum Records concern, relate to and reveal expenditures, assets and/or profits/losses of Longview Aluminum;
4. The data contained in the Longview Aluminum Records relate to Longview Aluminum's workforce and could enable competitors to deduce labor costs, profit margins, competitive vulnerability and predict product and process changes; and
5. The Longview Aluminum Records include information concerning Longview Aluminum as a borrower on bank loans.

Given the foregoing, the Longview Aluminum Documents and the information contained therein, plus all information derived therefrom, is exempt from release under FOIA and is subject to the Trade Secrets Act prohibitions on release.

Accordingly, none of the Longview Aluminum Documents, nor any information contained in or derived from the Longview Aluminum Documents, shall be disclosed or made known by BPA or any agency, officer or employee of the Federal Government to any person outside the Federal Government without Longview Aluminum's advance written permission.

Longview Aluminum hereby requests that BPA notify Longview Aluminum, in writing, should any person outside the Federal Government request access to the Longview

Mr. Mark E. Miller, Customer Account Executive
Department of Energy, Bonneville Power Administration
February 14, 2002
Page 3

Aluminum Documents or any information contained in or derived from those records.
Longview Aluminum also hereby asks that BPA give Longview Aluminum such notice in
sufficient time prior to any such disclosure so as to allow Longview Aluminum to pursue
appropriate remedies to preserve the confidentiality of the information.

Sincerely,



Michael Lynch
Chairman
for Longview Aluminum, LLC

JLK/slf

Enclosures

mm
2/11/02

**LongView Aluminum Company
Company Expenditures**

2.19.02

* Compiled by Fred Lehr from
Longview spreadsheets.

Company Expenditures:	Union Account #77090794	Union Account #3752157994	Company Account #3751628482	Total Company Expenditures
Payroll & Taxes	\$7,273,913.18	\$2,136,761.01	\$702,931.99	\$10,113,606.18
Retiree Payout	\$1,500,000.00		\$1,255,198.73	\$2,755,198.73
Hourly Workmans Compensation	\$52,280.52		\$67,629.57	\$119,910.09
Hourly 401K	\$1,074,374.02	\$220,403.71	\$10.85	\$1,294,788.58
Hourly Pension	\$280,825.00		\$280,825.00	\$561,650.00
Hourly Union Dues	\$110,781.70	\$8,445.08	\$29,320.29	\$148,547.07
Hourly Credit Union	\$163,357.82		\$127,326.48	\$290,684.30
Hourly Other Payroll Deductions	\$30,473.95	\$3,862.15	\$4,360.17	\$38,696.27
Hourly Tuition	\$3,788.00	\$797.70	\$1,908.04	\$6,493.74
Hourly Medical	\$2,913,063.14	\$323,725.65	\$332,771.46	\$3,569,560.25
Hourly Dental	\$265,838.97	\$24,697.77	\$25,249.93	\$315,786.67
Hourly Life Insurance	\$87,349.50	\$18,726.75		\$106,076.25
Other	\$877.42			\$877.42
Hourly VEBA			\$590,190.00	\$590,190.00
Salaried: Payroll & Taxes			\$7,006,971.73	\$7,006,971.73
Salaried Workmans Compensation			\$74,567.39	\$74,567.39
Salaried: 401K			\$496,270.21	\$496,270.21
Salaried Credit Union			\$126,432.60	\$126,432.60
Salaried: Other Pd Deductions			\$7,945.76	\$7,945.76
Salaried Tuition			\$3,078.62	\$3,078.62
Salaried Medical			\$727,112.47	\$727,112.47
Salaried Dental			\$127,007.95	\$127,007.95
Salaried Life Insurance			\$114,197.15	\$114,197.15
	\$13,756,923.22	\$2,737,419.82	\$12,101,306.39	\$28,595,649.43
West Water Plan			\$42,102.89	\$42,102.89
Disposal Fees			\$164,716.94	\$164,716.94
Employee Ben/Activity			\$27,126.10	\$27,126.10
Enviornmental			\$66,449.03	\$66,449.03
Freight			\$55,839.14	\$55,839.14
Ground Keepers			\$11,630.89	\$11,630.89
Guard			\$26,995.62	\$26,995.62
Insurance			\$1,242,812.02	\$1,242,812.02
Manufacturing Supplies			\$979,005.02	\$979,005.02
Repairs & Maintenance			\$328,142.90	\$328,142.90
R&M Supplies			\$170,346.97	\$170,346.97
Sampling & Testing			\$48,521.89	\$48,521.89
Training			\$9,998.26	\$9,998.26
Business Licenses			\$7,214.23	\$7,214.23
Data Processing			\$40,440.79	\$40,440.79
Travel			\$143,004.28	\$143,004.28
M&E			\$6,597.17	\$6,597.17
Meetings & Seminars			\$2,125.15	\$2,125.15
Natural Gas			\$278,764.47	\$278,764.47
Office Expense			\$15,796.45	\$15,796.45
Payroll Services			\$56,062.32	\$56,062.32
Postage			\$8,057.87	\$8,057.87
Outside Services			\$58,401.22	\$58,401.22
Rental & Miscellaneous Equipment			\$24,650.45	\$24,650.45

**LongView Aluminum Company
Company Expenditures**

Taxes & Use			\$18,729.18	\$18,729.18
Taxes Other			\$14,302.32	\$14,302.32
Telephone			\$27,982.24	\$27,982.24
Bank Charges			\$7,619.85	\$7,619.85
	\$0.00	\$0.00	\$3,883,435.66	\$3,883,435.66
Power			\$1,416,544.00	\$1,416,544.00
Power Transmission			\$510,186.00	\$510,186.00
	\$0.00	\$0.00	\$1,926,730.00	\$1,926,730.00
Fixed Assets			\$217,474.09	\$217,474.09
Capital Upgrades			\$512,902.27	\$512,902.27
	\$0.00	\$0.00	\$730,376.36	\$730,376.36
Loan Ableco Fees			\$500,000.00	\$500,000.00
Great Lake Processing			\$125,000.00	\$125,000.00
	\$0.00	\$0.00	\$625,000.00	\$625,000.00
Professional Fees: Legal			\$1,457,944.44	\$1,457,944.44
Professional Fees: Accounting			\$721,700.00	\$721,700.00
Professional Fees: Environmental			\$298,625.35	\$298,625.35
Professional Fees: Other			\$302,024.90	\$302,024.90
	\$0.00	\$0.00	\$2,780,294.69	\$2,780,294.69
Acquisition Investments - To McCook			\$3,280,552.97	\$3,280,552.97
Acquisition Investments - Other			\$2,505,304.76	\$2,505,304.76
UnCategorized Costs			\$361,683.97	\$361,683.97
	\$0.00	\$0.00	\$6,147,541.70	\$6,147,541.70
Total Company Expenditures	\$13,756,923.22	\$2,737,419.82	\$28,194,684.80	\$44,689,027.84

Payments Paid by BPA

Union Account Payments:	\$26,550,000.00	
Less Amount Paid Directly to Union:	<u>(\$3,100,000.00)</u>	\$23,450,000.00
Company Account		<u>\$21,822,500.00</u>
Payments Paid by BPA to Longview Aluminum Through January 21, 2002		<u>\$45,272,500.00</u>



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

January 31, 2002

In reply refer to: PT-5

Mr. John L. Kolleng, Vice Chairman
Longview Aluminum LLC
111 West Washington, 1655
Chicago, IL 60602

Dear Mr. Kolleng:

On December 20, 2001, the Bonneville Power Administration (BPA) sent Longview Aluminum (Longview) a letter indicating Longview has not complied with Section 10(f) of Contract No. 00BP-10786 (Curtailment Agreement). In that letter, BPA asked Longview to comply with the Curtailment Agreement by providing information that would allow BPA to confirm that Longview has used curtailment revenues for the purposes specified in the Curtailment Agreement, and that such information be provided to BPA prior to January 20, 2002. Longview has not provided BPA with any information to date, and its lack of progress toward meeting BPA's request leaves us with significant concerns the disbursements from one or more of the Company Proceeds Accounts have not been made appropriately.

It is impossible for BPA to determine at this time if Longview has used curtailment revenues consistent with the Curtailment Agreement. BPA is also very concerned that any money remaining in the Company Proceeds Accounts and money yet to be received into those accounts, is spent in accordance with the Curtailment Agreement.

It is very important that BPA receive information from Longview detailing its use of curtailment revenues prior to the date BPA is scheduled to make the final payment into the Company Proceeds Accounts. To be more specific, BPA must receive from Longview an accounting for all expenditures from Company Proceeds Accounts. To help clarify our expectation of how that accounting could be presented at this time, we have enclosed an attachment as an example. Please note the example provided is only an example and Longview should include all of the major disbursement categories necessary to account for all of the dollars deposited into the Company Proceeds Accounts by BPA. Also note in the example that BPA has provided for certification of the summary accounting by Longview. After reviewing this accounting, BPA may request Longview to provide supporting source material to confirm some or all of the listed expenditures. All supporting source material BPA determines is necessary to review any Company Proceeds Account will need to arrive at BPA no later than 14 days prior to the date BPA is scheduled to make the final payment into Longview's account(s).

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Miller".

Mark E. Miller
Account Executive

EXAMPLE ATTACHMENT
Longview Aluminum
Summary of Qualified Expenditures (Contract O1PB-10786 Section 10)
for the Period: March 20, 2001 through January 20, 2002

Qualifying Contract Section.	Description of Qualified Expenditures	Amount of Qualified Expenditures from Company Proceeds Accounts. [1]
10(a)(1)	<ul style="list-style-type: none"> • Compensation Benefits Paid • Pension Fund Payments • Job Placement Service Costs 	\$1,000,000 500,000 100,000
10(a)(2)	<ul style="list-style-type: none"> • Cancellation penalty related to Longview Aluminum Companies Contract with XYZ Company. 	30,000,000
10(a)(3)	<ul style="list-style-type: none"> • Unrecoverable Operating Overhead Costs to do reduced operating levels • Accrued Interest Expense and principal payments on long-term debt. 	15,000,000 45,000,000
10(b)(1)	<ul style="list-style-type: none"> • Site acquisition, licensing fees for gas fired turbine generators. 	60,000,000
10(b)(3)	<ul style="list-style-type: none"> • Costs associated with energy conservation upgrades at the Longview facility. 	1,500,000
	Total Expenditures and Liabilities incurred by Longview Aluminum that qualify under Section 10 of the above named contract for the above named period.	<u>\$153,100,000</u>
	[1] The company should maintain detail documentation including invoices and evidence of payment for each summarized category.	

To the best of my knowledge and belief the above expenditures and accrued expenses qualify under Section 10 of Contract O1PB-10786 between the Bonneville Power Administration and Longview Aluminum, LLC, and have been or will be paid by Longview Aluminum LLC .

 John L. Kolleng, Vice Chairman, Longview Aluminum, LLC Date



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

December 20, 2001

In reply refer to: PT-5

Mr. John L. Kolleng, Vice Chairman
Longview Aluminum, LLC
4900 First Avenue
McCook, IL 60525-3294

Dear Mr. Kolleng:

Section 10(f) of the Curtailment Agreement, Contract No. 00PB-10786, seems to be an area we both inadvertently have overlooked for the past several months. The section states, in part, that Longview will provide the Bonneville Power Administration (BPA) with written notice promptly after withdrawing funds from any Company Proceeds Account. Longview can easily comply with Section 10(f) by compiling information regarding withdrawals and expenditures Longview has made from the Company Proceeds Accounts during the March 20, 2001, through December 20, 2001, period and providing that information to BPA. Consistent with Section 10(f), BPA would like to know what Qualified Expenditures have been made with funds from the Company Proceeds Accounts, including detail sufficient for BPA to confirm the expenditures. This information, in addition to Longview providing notices for all future withdrawals, will keep that section current for the remainder of the agreement. It would be very helpful if Longview would provide this information prior to January 20, 2002.

As a matter of due diligence, BPA may use some of our internal personnel, as contemplated in Section 10(f), to review the information you provide. Without having any experience with this information, we may need to work with you in setting up a visit from our staff to your offices to review the background information associated with the withdrawals. We will let you know if this will be necessary after an initial review of Longview's notice and accompanying information.

Thank you for your help. For any questions, please call me at 503-230-4003.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Miller".

Mark E. Miller
Customer Account Executive

cc: Mr. Jeffrey T. Smith, Patton Boggs LLP, Attorney at Law
Mr. Randall Hardy, Hardy Energy Consulting

SUMMARY OF LONGVIEW ALUMINUM FINANCIAL REVIEW

Based on information provided by Longview through June 26, 2002

Total paid to LVA		<u>\$226,000,000</u>
Paid to ABLECO		\$167,105,553
Wages, Salaries & Other Employee Benefits		
Salaried Wages & Benefits	\$10,581,271	
Hourly Wages & Benefits	\$25,448,592	
		<u>\$36,029,863</u>
Power and Transmission Expenditures thru LAC		\$3,385,680
Other LAC Expenditures		
Loan Fees (ABLECO and GLP)	\$847,244	
Fixed assets and upgrades	\$730,376	
Professional fees	\$4,332,938	
Loan Payments (Acq. Inv. To McCook)	\$3,280,553	
Life Insurance Premiums & Other Expenditures	\$3,176,355	
Short Term Investments	\$600,000	
Miscellaneous	\$683,315	
		<u>\$13,650,781</u>
Operating Expenses		
Insurances	\$1,864,060	
Other Operating Expenses	\$4,047,334	
		<u>\$5,911,394</u>
Total Qualified Expenditures		<u>\$226,083,271</u>
Excess Expenditures over Reimbursements paid by BPA		<u><u>(\$83,271)</u></u>

Acknowledged and agreed

Samuel, Son Chicago Ltd.

By: _____

De Puly

Date: _____

May 26, 1999

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Payroll & Taxes	\$2,293,913.18	\$2,167,610.00	\$7,029,979.99	\$11,491,503.17
Retiree Payout	\$300,000.00		\$255,198.73	\$555,198.73
Hourly Workmans Compensation	\$52,280.52		\$67,629.57	\$119,910.09
Hourly 401K	\$1,074,374.02	\$220,403.71	\$10.85	\$1,294,788.58
Hourly Pension	\$280,825.00		\$280,825.00	\$561,650.00
Hourly Union Dues	\$110,781.70	\$8,445.08	\$29,320.29	\$148,547.07
Hourly Credit Union	\$163,357.82		\$127,326.48	\$290,684.30
Hourly Other Payroll Deductions	\$30,476.95		\$4,360.17	\$38,699.27
Hourly Tuition	\$3,788.00	\$797.70	\$1,908.04	\$6,493.74
Hourly Medical	\$2,913,063.14	\$323,725.65	\$332,771.46	\$3,569,560.25
Hourly Dental	\$265,838.97	\$24,693.77	\$25,249.93	\$315,782.67
Hourly Life Insurance	\$87,349.50	\$18,726.75		\$106,076.25
Other	\$877.42			\$877.42
Hourly VEBA			\$590,190.00	\$590,190.00
Salaried: Payroll & Taxes			\$7,006,971.73	\$7,006,971.73
Salaried Workmans Compensation			\$74,567.39	\$74,567.39
Salaried: 401K			\$496,270.21	\$496,270.21
Salaried Credit Union			\$126,432.60	\$126,432.60
Salaried: Other Pd Deductions			\$7,945.76	\$7,945.76
Salaried Tuition			\$3,078.62	\$3,078.62
Salaried Medical			\$727,112.47	\$727,112.47
Salaried Dental			\$127,007.95	\$127,007.95
Salaried Life Insurance			\$114,197.15	\$114,197.15
	\$13,756,926.22	\$2,737,415.82	\$12,101,306.39	\$28,595,648.43
	[3]	[2]	[1]	63.16%

[4]

[5]

[6]

**LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002**

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
West Water Plan			\$42,102.89	\$42,102.89
Disposal Fees			\$164,716.94	\$164,716.94
Employee Ben/Activity			\$27,126.10	\$27,126.10
Environmental			\$66,449.03	\$66,449.03
Freight			\$55,839.34	\$55,839.34
Ground Keepers			\$11,630.89	\$11,630.89
Guard			\$26,995.62	\$26,995.62
Insurance: Property				
Insurance: Boiler & Machinery				
Insurance: Other				
Manufacturing Supplies				
Repairs & Maintenance				
R&M Supplies				
Sampling & Testing				
Training				
Business Licenses				
Data Processing				
Travel				
M&E				
Meetings & Seminars				
Natural Gas				
Office Expense				
Payroll Services				
Postage				
Outside Services				
Rental & Miscellaneous Equipment				
Taxes & Use				
Taxes Other				
Telephone				
Bank Charges				
	\$0.00	\$0.00	\$3,883,435.84 [1]	\$3,883,435.84
				8.58%

[15]

[7]

[8]

**LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002**

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Power			\$1,416,544.00 F	\$1,416,544.00
Power Transmission			\$510,186.00 F	\$510,186.00
Fixed Assets	\$0.00	\$0.00	\$1,926,730.00 [1]	\$1,926,730.00 4.26%
Capital Upgrades			\$217,374.69 F [9]	\$217,374.69
			\$12,902.27 [10] [14]	\$12,902.27
Loan: Ableco Fees	\$0.00	\$0.00	\$730,376.36 [1]	\$730,376.36 1.61%
Loan: Great Lake Processing			\$500,000.00 F [11]	\$500,000.00
			\$125,000.00 F [11]	\$125,000.00
Professional Fees: Legal	\$0.00	\$0.00	\$625,000.00 [1]	\$625,000.00 1.38%
Professional Fees: Accounting			\$1,457,944.44	\$1,457,944.44
Professional Fees: Environmental			\$721,700.00	\$721,700.00
Professional Fees: Other			\$298,625.35	\$298,625.35
			\$302,024.90	\$302,024.90
Acquisition Investments - To McCook	\$0.00	\$0.00	\$2,780,294.69 [1]	\$2,780,294.69 6.14%
Acquisition Investments - Other			\$3,280,532.97 F [12]	\$3,280,532.97
Uncategorized Costs			\$2,505,304.76 [13] [14]	\$2,505,304.76
			\$361,683.97	\$361,683.97
			\$6,147,541.70	\$6,147,541.70 13.58%
Total Company Expenditures	\$13,756,926.22	\$2,737,415.82	\$28,194,684.98 [1]	\$44,689,027.02 98.71%

Payments Paid by BPA

Union Accounts Payments: (\$17,233,334.00 + \$3,100,000.00 + \$6,216,666.00) [1]

Less Amount Paid Directly to USWA (Union):

Company Account Payments

Payments Paid by BPA to Longview Aluminum Through January 21, 2002

\$26,550,000.00 [1]	\$23,450,000.00
(\$3,100,000.00) [1]	\$21,822,500.00 [1]
	\$45,272,500.00 100.00%

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Power Purchases

Vendor Name	Check Number	Date	Amount
BPA	1042M	4/9/01	\$136,142.00
BPA	Wire	5/7/01	\$457,402.00
BPA	Wire	6/18/01	\$157,150.00
BPA	Wire	6/27/01	\$130,800.00
BPA	Wire	7/30/01	\$114,850.00
BPA	Wire	9/13/01	\$97,350.00
BPA	Wire	10/12/01	\$94,400.00
BPA	Wire	12/26/01	\$108,050.00
BPA	Wire	1/16/02	\$120,400.00
			\$1,416,544.00

Analysis of Transmission Purchases

	Check Number	Date	Amount
BPA	Wire	11/6/01	\$85,600.00
BPA	Wire	12/11/01	\$140,566.00
BPA	Wire	12/26/01	\$141,471.00
BPA	Wire	1/23/02	\$142,549.00
			\$510,186.00

Total BPA Purchases

\$1,926,730.00

Analysis of Fixed Assets and Capital Upgrades

Vendor Name	Check Number	Date	Amount
PHH Leasing	1434	7/10/01	\$15,605.60
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00
CSB Systems (Support)	2277	12/14/01	\$23,846.40
			\$217,473.69

[9] Documentation Reviewed

[9] Doc. Reviewed

[9] Doc. Reviewed

J.H. Kelly	1239	5/29/01	\$139,367.97	[10] Doc. Reviewed
J.H. Kelly	1415	7/10/01	\$87,887.36	[10] Doc. Reviewed
J.H. Kelly	1475	7/23/01	\$146,530.81	[10] Doc. Reviewed
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36)	[10] Doc. Reviewed
J.H. Kelly	1516	7/30/01	\$43,943.68	[10] Doc. Reviewed
J.H. Kelly	1518	8/8/01	\$43,943.68	[10] Doc. Reviewed
J.H. Kelly	1561	8/8/01	\$17,796.28	[10] Doc. Reviewed
J.H. Kelly	1610	8/27/01	\$90,969.39	[10] Doc. Reviewed
J.H. Kelly	1051	4/18/01	\$30,350.46	[10] Doc. Reviewed
			\$512,902.27	

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Loans

Vendor Name	Check Number	Date	Amount
Keilin & Co.	1308	6/14/01	\$100,000.00
Ableco Finance	1746	9/25/01	\$100,000.00
Great Lakes Processing	Wire	10/17/01	\$75,000.00
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00
Great Lakes Processing	2352	12/21/01	\$50,000.00
Ableco Financing	2379	12/21/01	\$100,000.00
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00
			\$625,000.00

Great Lakes Processing (Inconsistent Information)	\$125,000.00	[11] Explan. Requested
Ableco Fees (5 late fee payments on loan)	\$500,000.00	[11] Explan. Requested
	\$625,000.00	

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00
McCook Metals LLC	Wire	6/29/01	\$300,000.00
McCook Metals LLC	Wire	7/17/01	\$179,500.00
McCook Metals LLC	Wire	7/18/01	\$168,000.00
McCook Metals LLC	Wire	7/18/01	\$168,000.00
McCook Metals LLC	Wire	7/20/01	\$141,930.75
McCook Metals LLC	Wire	7/23/01	\$54,925.19
McCook Metals LLC	Wire	7/24/01	\$149,666.29
McCook Metals LLC	Wire	7/25/01	\$21,865.73
McCook Metals LLC	Wire	7/26/01	\$37,790.98
McCook Metals LLC	Wire	7/26/01	\$114,600.20
McCook Metals LLC	Wire	7/27/01	\$66,961.77
McCook Metals LLC	Wire	7/30/01	\$148,312.06
McCook Metals LLC	Wire	7/31/01	\$317,000.00
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00)
			\$3,280,552.97

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Acquisition Investments - Other

Vendor Name	Check Number	Date	Amount	
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40	
Samuel & Son	1288	6/7/01	\$100,000.00	[13] Request Documentation
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00	[13] Life Insurance Premiums
Security Connecticut - McCall	1341	6/25/01	\$55,250.00	[13] Life Insurance Premiums
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00	[13] Life Insurance Premiums
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00	[13] Life Insurance Premiums
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00	[13] Request Documentation
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00	
Dynegy	Wire	7/26/01	\$369,400.00	
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00)	[13] Request Documentation
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00	[13] Request Documentation
American Express	1566	8/15/01	\$15,554.08	
Samuel & Son	Wire	9/13/01	\$100,000.00	[13] Request Documentation
Samuel & Son	Wire	9/26/01	\$100,000.00	[13] Request Documentation
American Express	1841	10/12/01	\$29,469.78	
Samuel & Son	Wire	10/16/01	\$100,000.00	[13] Request Documentation
Samuel & Son	Wire	10/29/01	\$150,000.00	[13] Request Documentation
American Express	1927	11/1/01	\$24,486.50	
Samuel & Son	Wire	11/29/01	\$150,000.00	[13] Request Documentation
Samuel & Son	Wire	12/12/01	\$100,000.00	[13] Request Documentation
Samuel Son & Co.	Wire	12/13/01	\$150,000.00	[13] Request Documentation
Samuel & Son	Wire	1/9/02	\$100,000.00	[13] Request Documentation
Samuel & Son	Wire	2/1/02	\$100,000.00	[13] Request Documentation
LECG	1072	4/18/01	\$40,000.00	
			<u>\$2,505,304.76</u>	

Need explanation of Samuel & Son payments

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Insurance Payments:

Vendor Name	Invoice Number	Invoice Date	Amount	
Liability	4666	3/19/01	\$25,000.00	[15]
Property	4667	3/19/01	\$162,500.00	[15]
Enviornmental / Pollution	4668	3/19/01	\$23,642.00	[15]
Umbrella	4669	3/19/01	\$14,375.00	[15]
Crime	4670	3/19/01	\$2,735.00	[15]
Fiduciary	4671	3/19/01	\$787.50	[15]
Directors & Officers	4672	3/19/01	\$4,024.33	[15]
Fees & Taxes	4673	3/19/01	\$695.00	[15]
Boiler & Machinery	4674	3/19/01	\$49,067.00	[15]
Auto	4676	3/19/01	\$3,500.00	[15]
			\$286,325.83	
Imperial Premium Finance		3/27/01	\$89,188.04	[15]
Imperial Premium Finance		4/27/01	\$89,188.04	[15]
Imperial Premium Finance		5/27/01	\$89,188.04	[15]
Imperial Premium Finance		6/27/01	\$89,188.04	[15]
Imperial Premium Finance		7/27/01	\$89,188.04	[15]
Imperial Premium Finance		8/27/01	\$89,188.04	[15]
Imperial Premium Finance		9/27/01	\$89,188.04	[15]
Imperial Premium Finance		10/27/01	\$89,188.04	[15]
Imperial Premium Finance		11/27/01	\$89,188.04	[15]
			\$802,692.36	
Eugene Tkalitch	7676	3/19/01	\$8,333.00	[15]
Eugene Tkalitch	4681	4/1/01	\$8,333.00	[15]
Eugene Tkalitch	4688	3/30/01	(\$118.00)	[15]
Eugene Tkalitch	4720	5/27/01	\$8,333.00	[15]
Eugene Tkalitch	4749	6/27/01	\$8,333.00	[15]
Eugene Tkalitch	4750	6/27/01	\$3,500.00	[15]
Eugene Tkalitch	4769	6/8/01	\$1,355.50	[15]
Eugene Tkalitch	4781	6/30/01	\$8,333.00	[15]
Eugene Tkalitch	4819	7/18/01	\$300.00	[15]
Eugene Tkalitch	4833	7/31/01	\$8,333.00	[15]
Eugene Tkalitch	4862	8/27/01	\$8,333.00	[15]
Eugene Tkalitch	4863	8/27/01	\$3,772.25	[15]
Eugene Tkalitch	4903	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	4981	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	5008	11/27/01	\$3,772.25	[15]
			\$87,579.00	
Imperial A.I. Finance		9/7/01	\$14,749.88	[15] Request Documentation
Imperial A.I. Finance		9/14/01	\$10,292.39	[15] Request Documentation
Imperial A.I. Finance		10/12/01	\$10,292.39	[15] Request Documentation
Imperial A.I. Finance		11/15/01	\$10,292.39	[15] Request Documentation
Imperial A.I. Finance		12/17/01	\$10,292.39	[15] Request Documentation
Imperial A.I. Finance		1/15/02	\$10,292.39	[15] Request Documentation
			\$66,211.83	
Insurances:			\$1,242,809.02	

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Hourly Payroll

Month	Gross Payroll	Net Payroll	Total Hourly Payroll & Taxes
March 4, 2001 (Week 10)	\$374,132.09	\$225,039.03	\$337,968.97
Voided March Checks	(\$48,699.55)	(\$31,045.70)	(\$47,553.26)
Reissued Checks	\$40,341.46	\$25,186.59	\$38,067.49
March 15, 2001 (Week 11)	\$395,915.43	\$248,804.01	\$367,675.31
Additional Payroll 3/15	\$748.31	\$939.45	\$1,045.68
March 22, 2001 (Week 12)	\$351,865.27	\$145,084.14	\$232,827.43
Additional Payroll 3/22	\$973.76	(\$542.73)	(\$493.78)
March 29, 2001 (Week 13)	\$357,950.86	\$88,601.95	\$109,597.57
Additional Payroll 3/22	\$6,333.84	\$6,451.64	\$6,528.69
Miscellaneous Difference		\$40.00	\$40.00
Mar-01	\$1,479,561.47	\$708,558.36	\$1,045,704.10
Apr-01	\$1,551,496.39	\$377,020.53	\$567,787.88
SUTA Quarterly Taxes			\$13,574.67
May-01	\$1,785,949.12	\$345,117.64	\$666,552.59
Jun-01	\$1,441,970.24	\$257,697.55	\$523,184.90
Jul-01	\$1,442,050.50	\$257,192.52	\$542,926.67
SUTA Quarterly Taxes			\$37,076.11
Aug-01	\$1,808,428.88	\$314,572.80	\$682,784.29
Sep-01	\$1,429,657.70	\$270,154.25	\$592,973.15
Oct-01	\$1,745,517.85	\$550,554.39	\$1,217,777.36
SUTA Quarterly Taxes			\$10,891.67
Nov-01	\$1,392,285.03	\$552,177.30	\$1,248,621.25
Dec-01	\$1,399,096.20	\$569,831.73	\$1,103,106.20
Taxes Not Deposited do to Overpayment with IRS			
Jan-02	\$1,741,852.31	\$745,736.31	\$1,559,689.47
SUTA Quarterly Taxes			\$22,044.32
Feb-02	\$352,885.41	\$157,284.60	\$325,690.44
		\$5,105,897.98	\$10,160,385.07
Differences:			(\$46,778.89)
Retirees Payout April 2001		\$1,607,396.85	
	\$17,570,751.10	\$6,713,294.83	\$10,113,606.18

[6] Summary of Net
Payroll Requested
[6] Summary of Net
Payroll Requested

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Costs

Analysis of Salaried Payroll

Month	Gross Payroll	Net Payroll	Total Hourly Payroll & Taxes
March 15, 2001 (Week 11)	\$305,389.88	\$192,925.24	\$297,053.33
March 31, 2001 (Week 13)	\$342,546.38	\$216,191.13	\$332,694.87
Supplemental (Week 13)	\$34,198.37	\$25,381.41	\$37,347.12
Garnishment (Week 13)		\$840.07	\$840.07
Mar-01	\$682,134.63	\$435,337.85	\$667,935.39
Apr-01	\$645,040.77	\$312,999.44	\$622,269.43
SUTA Quarterly Taxes			\$9,140.60
May-01	\$694,163.36	\$177,816.73	\$629,290.86
Jun-01	\$613,186.00	\$132,567.55	\$548,269.16
Jul-01	\$667,978.70	\$177,671.45	\$623,082.78
SUTA Quarterly Taxes			\$19,067.90
Aug-01	\$649,511.77	\$142,430.78	\$583,538.90
Sep-01	\$649,835.98	\$159,672.19	\$605,950.81
Oct-01	\$647,985.76	\$153,833.12	\$622,792.83
SUTA Quarterly Taxes			\$4,519.10
Nov-01	\$634,604.98	\$150,201.46	\$615,834.77
Dec-01	\$617,485.26	\$152,753.25	\$516,072.03
Jan-02	\$512,348.18	\$104,172.54	\$500,808.55
SUTA Quarterly Taxes			\$8,788.45
FICA Refund to Hourly Employees			\$362,260.17
FICA Refund to Salaried Employees			\$60,756.05
Miscellaneous Difference			\$6,593.95
	\$7,014,275.39	\$2,099,456.36	\$7,006,971.73

[4] Summary of Net Payroll Requested
[4] Summary of Net Payroll Requested
[4] Summary of Net Payroll Requested

**LongView Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.

[1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.

[2] - Agreed to Longview Aluminum Second Union Account payment schedule.

[3] - Agreed to Longview Aluminum First Union Account payment schedule net of unclassified bank transfers.
(\$16,199,126.22 - \$2,442,200.00) = \$13,756,926.22.

[4] - Verified internal consistency of document data for payroll periods 3/8/01 (Week 10), 3/15/01 (Week 11), 3/29/01 (Week 13), 8/2/01 (Week 31).

Vouched monthly summary detail totals to the period summary 3/2/01 through 2/7/02.

Footed the period summary totals for gross pay, net checks paid, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability, SUTA quarterly taxes, and total hourly payroll and taxes. Noted total hourly payroll and taxes per the period summary agreed to the disbursement summary total for hourly payroll & taxes. (\$10,113,606.18). No significant exceptions noted.

Requested a list of employees paid for week 13 (March 15, 2001) that shows net paid by employee that totals \$216191.13 + \$25381.47 + \$840.07 = \$242,412.67.

[5] - Reviewed April 5, 2001 retiree payout lead sheet. Noted Gross Retiree Payout equaled \$2,550,000.00, Net checks equaled \$1,607,396.85, and Total Liability agreed to disbursement summary total. (\$2,755,198.73).

[6] - Verified internal consistency of document data for pay periods 3/15/01 (Week 11), and 3/31/01 (Week 13).

Vouched monthly summary detail totals to the period summary March 2001 through January 2002.

Footed the period summary totals for gross pay, net checks, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability and salaried payroll and taxes.

Noted total salaried payroll and taxes per the period summary agreed to the disbursement summary total for salaried payroll and taxes. No significant exceptions noted.

Requested a list of employees paid for week 13 (March 15, 2001) that shows net paid by employee that totals \$88,601.93 + \$6,451.64 = \$95,053.57.

[7] - Reviewed Reliable Steel invoice (Inv. #3288/12/31/01) and check copy (chk #5617/1/24/02) for \$41,565.96.

Reviewed Helser Industries invoice (Inv. #17490/12/20/01) and check copy (chk #2492/1/10/02) for \$33,750.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[8] - Reviewed Protective Coating Consultants invoice (Inv. #16776/11/14/01) and check copy (chk#2218/12/05/01) for \$3,843.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[9] - Reviewed PHH Vehicle Management Services vehicle sales documents (for three vehicles) & related correspondence, check copy (chk#1434). Noted sales invoices total, check copy and disbursement summary dollar amounts agreed. The purchase price for each vehicle showed \$5,650.20, \$7,533.20, \$422.2 = \$15,605.60. No exceptions noted. Reviewed CSB Systems invoice (inv.#8428/1/29/02), quote sheets/ordering document (12/10/01), check copy (chk#2276/12/14/01). Noted quote sheet total, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[10] - Reviewed J.H. Kelly Building Trust Invoice (inv# KW10247/3/23/01), check copy (chk#1239/5/29/01), and supporting invoice documentation. Noted invoice, check copy and disbursement summary dollar amounts agreed. No exceptions noted.

**LongView Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

[11] - Reviewed borrowing agreement dated February 26, 2001 between Longview Aluminum, LLC and ABLECO Finance LLC. Noted original loan was \$155,000,000.00. Also reviewed Agent Fee Letter dated 2/26/01 making reference to \$100,000 Administrative Agent fee payable on the last business day of each calendar quarter. Reviewed Longview Aluminum reference schedule. That schedule infers that the two payments paid to Great Lake Processing were infact payments to Ableco. However, the attached documentation provided by Longview Aluminum including wire transfer dates appears to be inconsistent with original disbursement summary dates. That is, GLP Wire / Date per disbursement summary shows 10/17/01 for \$75,000 and check no 2352 on 12/21/01 for \$50,000. The provided documentation shows wire transfers ocured on 1/31/01 for both amounts. The documentation provided does not clearly answer the initial question/concern. Request a clear and consise explanation for the two payment amounts of \$125,000 and \$500,000 respectively too Great Lake Processing and Abelco.

[12] - Reviewed various legal documentation provided. The documentation does not answer the question what is the basic nature/purpose for the category of costs referred to as 'Acquisition Investments - To McCook. Please provide a consise and to the point explanation for the \$3,280,552.97 payments to McCook Metals LLC.

[13] - Reviewed Life Insurance Premium Payments paid to Security Connecticut (\$ 372,008.00) as follows: (a) \$156,085.00 for annual premium on Lynch (Policy Number SC23404256 / Check No. 25438 / Chk Date 12/29/00); (b) \$55,250.00 for annual premium James McCa (Policy Number SC2340409G / Check No. 25453 / Chk Date 12/29/00); (c) \$75,960.00 for annual premium M. Ochalski (Policy Number SC2340417G / Check No. 25451 / Chk Date 12/29/00); (d) \$84713.00 for annual premium J. Koll (Policy Number SC2340415M2001 / Check No. 26262 / Chk Date 2/14/01). No documentation was provided regarding Samuel & Son. Total payments paid to Samuel & Son were \$1,250,000.

[14] - Unreconciled amounts were provided as follows: Other Acquisition Costs \$40,000.00 4/18/01 Check No. 1072. Capital Projects \$30,350.46 4/18/01 Check No. 1051. See Analysis of Costs.

[15] - Reviewed nine invoices dated 3/19/01for [4666 (\$25,003.00), 4667 (\$162,500.00), 4668 (\$23,642.00), 4669 (\$14,375.00), 4670 (\$2,735.00), 4671 (\$787.50), 4672 (\$4,024.33), 4673(\$695.00), 4674 (\$49,067.00), 4676 (\$3,500.00)] that totaled \$286,328.83 that were paid to Eugene Tkalitch & Associated, Ltd. pertaining to various insurance premiums and policies.

Reviewed nine premium/installment invoices for \$89,188.04 paid to Imperial A.I. Credit Companies (premium periods 3/27/01, 4/27/01, 5/27/01, 6/27/01, 7/27/01, 8/27/01, 9/27/01, 10/27/01, 11/27/01) that totaled \$802,692.36.

Reviewed fifteen invoices paid to Eugene Tkalitch & Associates, Ltd. (Inv# 7676-3/19/01 (\$8,333.00), Inv.# 4681-4/1/01 (\$8,333.00), Inv.# 4688-3/30/01 (Credit \$118.00), Inv.# 4720-5/27/01 (\$8,333.00), Inv.# 4749-6/27/01 (\$8,333.00), Inv.# 4750-6/27/01 (\$3,500.00), Inv.# 4769-6/8/01 (\$1,355.50), Inv.# 4781-6/30/01 (\$8,333.00), Inv.# 4819-7/18/01 (\$300.00), Inv.# 4833-7/31/01 (\$8,333.00), Inv.# 4862-8/27/01 (\$8,333.00), Inv.# 4863-8/27/01 (\$3,772.25), Inv.# 4903-10/27/01 (\$8,333.00), Inv.# 4981-10/29/01 (\$8,333.00), Inv.# 5008-11/27/01 (\$3,772.25).

Additional Insurance Review: Noted insurance policies were available for review from the following insurers:

- (a) CHUBB (Policy No. 3576-75-43 CHI Liability Insurance);
- (b) CHUBB (Policy Number 8185-03-81 Executive Protection Policy); CHUBB (Policy Number 7640-15-00 Boiler & Machinery);
- (c) CHUBB (Policy Number 8185-04-55 Liability Insurance);
- (d) CHUBB (Policy Number 7350-74-93 Business Auto Policy);
- (e) Industrial Risk Insurers (Policy Number 31-3-68627);
- (f) Indian Harbor Insurance Company (Policy Number PEC0008721 Liability Insurance);
- (g) Fireman's Fund Insurance Companies (Policy Number XYZ-000-8448-5556).

A schedule of premium payments to Imperial A.I. Finance that totaled \$66,211.83 was provided without explanatory invoices/check copies.

Other Review Procedures Performed: On a select randon basis, traced deposits and disbursements from the expenditure information to the various bank statements provided. Traced BPA payment amounts to related expenditure information and bank statements provided.

February 11, 2002

Mr. Mark E. Miller
Customer Account Executive
Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

Re: Longview Aluminum LLC Confidential Records

Dear Mr. Miller:

Longview Aluminum LLC ("Longview Aluminum"), pursuant to Section 10(f) of the Curtailment Agreement between Longview Aluminum and Bonneville Power Administration ("BPA") (the "Curtailment Agreement"), is hereby voluntarily making available to BPA the certain bank statements and other financial records of Longview Aluminum (the "Longview Aluminum Records").

Please note that each of the Longview Aluminum Records have been legended as follows:

THE INFORMATION CONTAINED IN THIS DOCUMENT IS BEING PROVIDED VOLUNTARILY TO BONNEVILLE POWER AUTHORITY (BPA), AN AGENCY OF THE FEDERAL GOVERNMENT. THE INFORMATION CONTAINED IN THIS DOCUMENT SHALL BE USED BY BPA ONLY FOR THE PERFORMANCE OF ITS OFFICIAL DUTIES WITH RESPECT TO THE CURTAILMENT AGREEMENT, CONTRACT NO. 01PB-10786 (THE "CURTAILMENT AGREEMENT"). THE INFORMATION CONTAINED IN THIS DOCUMENT IS THE PROPERTY OF LONGVIEW ALUMINUM, LLC ("LONGVIEW"); IS CONFIDENTIAL AND FINANCIAL INFORMATION OF LONGVIEW, AND CONCERNS AND RELATES TO THE INCOME, PROFIT, LOSSES AND/OR EXPENDITURES OF LONGVIEW, AS SUCH TERMS ARE USED IN THE TRADE SECRETS ACT, 18 U.S.C. 1905. THE INFORMATION CONTAINED IN THIS DOCUMENT AND ALL INFORMATION DERIVED THEREFROM IS EXEMPT FROM RELEASE UNDER THE FREEDOM OF INFORMATION ACT; AND, PURSUANT TO THE TRADE SECRETS ACT, 18 U.S.C. 1905, SHALL NOT BE DISCLOSED OR MADE KNOWN BY BPA OR ANY AGENCY, OFFICER OR EMPLOYEE OF THE FEDERAL GOVERNMENT TO PERSON OUTSIDE THE FEDERAL GOVERNMENT WITHOUT LONGVIEW'S WRITTEN PERMISSION.

The Longview Aluminum Records and any notes, memoranda, reports or other documents that incorporate or reference information contained in the Longview Aluminum Records (collectively, the "Longview Aluminum Documents") are subject to the restrictions on use and disclosure set forth in the Confidentiality Agreement entered into between BPA and Longview Aluminum on January 29, 2002 and such other restrictions on use and disclosure set forth in federal law and regulations, including the Trade Secrets Act, 18 U.S.C. § 1905

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(hereinafter, the "Trade Secrets Act") and the exemptions to release or disclosure under the Freedom of Information Act, 5 U.S.C. § 552 *et seq.* (hereinafter, "FOIA").

The Longview Aluminum Documents and the information contained therein concern and relate to the "income, profit, losses and/or expenditures" of Longview Aluminum (as such terms are used in the Trade Secrets Act) and, thus, constitute the "trade secrets" of Longview Aluminum (as the term "trade secrets" is used in the Trade Secrets Act).

Longview Aluminum hereby advises BPA that any act by BPA or any agency, officer or employee of the Federal Government that results in the disclosure of the Longview Aluminum Documents to any person outside the Federal Government, without Longview Aluminum's advance written permission, is likely to cause substantial harm to the competitive position of Longview Aluminum, for at least the following reasons:

1. Longview Aluminum does not customarily release to the public either the Longview Aluminum Records nor the information contained in those records;
2. Neither the Longview Aluminum Records nor the information contained in those records has been publicly disseminated or is available from other sources;
3. As previously noted, the data contained in the Longview Aluminum Records concern, relate to and reveal expenditures, assets and/or profits/losses of Longview Aluminum;
4. The data contained in the Longview Aluminum Records relate to Longview Aluminum's workforce and could enable competitors to deduce labor costs, profit margins, competitive vulnerability and predict product and process changes; and
5. The Longview Aluminum Records include information concerning Longview Aluminum as a borrower on bank loans.

Given the foregoing, the Longview Aluminum Documents and the information contained therein, plus all information derived therefrom, is exempt from release under FOIA and is subject to the Trade Secrets Act prohibitions on release.

Accordingly, none of the Longview Aluminum Documents, nor any information contained in or derived from the Longview Aluminum Documents, shall be disclosed or made known by BPA or any agency, officer or employee of the Federal Government to any person outside the Federal Government without Longview Aluminum's advance written permission.

Longview Aluminum hereby requests that BPA notify Longview Aluminum, in writing, should any person outside the Federal Government request access to the Longview

Mr. Mark E. Miller, Customer Account Executive
Department of Energy, Bonneville Power Administration
February 11, 2002
Page 3

Aluminum Documents or any information contained in or derived from those records.
Longview Aluminum also hereby asks that BPA give Longview Aluminum such notice in
sufficient time prior to any such disclosure so as to allow Longview Aluminum to pursue
appropriate remedies to preserve the confidentiality of the information.

Sincerely,



Michael Lynch
Chairman
for Longview Aluminum, LLC

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Enclosures

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July 10, 2002

Mr. Mark E. Miller
Customer Account Executive
Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

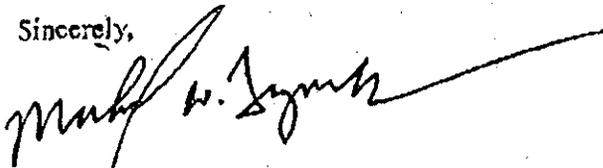
Re: Longview Aluminum LLC Confidential Records

Dear Mr. Miller:

Longview Aluminum, LLC ("Longview Aluminum"), pursuant to Section 10(f) of the Curtailment Agreement between Bonneville Power Administration ("BPA") and Longview Aluminum (Contract No. 01PB-10786) (the "Curtailment Agreement"), is hereby voluntarily making available to BPA certain additional Longview Aluminum records (the "Longview Aluminum Records") in good faith partial response to the letter dated February 22, 2002, from Mark E. Miller of BPA to John L. Kolleng of Longview (the "Letter") or supplemental requests received from BPA ("Supplemental Requests"). The legended Longview Aluminum Records are subject to the legends and restrictions as set forth in Attachment A of this letter.

Longview is continuing its efforts to compile and provide to BPA documents responsive to the Letter or Supplemental Requests. Longview expects to be able to provide BPA with additional documents and/or information by Wednesday, July 17, 2002. As to bank statements for June, 2002, Longview will be able to provide such statements at the end of July, 2002, after Longview has closed its books for the month of June, 2002.

Sincerely,



Michael Lynch
Chairman
for Longview Aluminum, LLC

Enclosures

Attachment A

Please note that certain Longview Aluminum Records have been legended as follows:

THE INFORMATION CONTAINED IN THIS DOCUMENT IS BEING PROVIDED VOLUNTARILY TO BONNEVILLE POWER AUTHORITY (BPA), AN AGENCY OF THE FEDERAL GOVERNMENT. THE INFORMATION CONTAINED IN THIS DOCUMENT SHALL BE USED BY BPA ONLY FOR THE PERFORMANCE OF ITS OFFICIAL DUTIES WITH RESPECT TO THE CURTAILMENT AGREEMENT, CONTRACT NO. 01PB-10786 (THE "CURTAILMENT AGREEMENT"). THE INFORMATION CONTAINED IN THIS DOCUMENT IS THE PROPERTY OF LONGVIEW ALUMINUM, LLC ("LONGVIEW"); IS CONFIDENTIAL AND FINANCIAL INFORMATION OF LONGVIEW, AND CONCERNS AND RELATES TO THE INCOME, PROFIT, LOSSES AND/OR EXPENDITURES OF LONGVIEW, AS SUCH TERMS ARE USED IN THE TRADE SECRETS ACT, 18 U.S.C. 1905. THE INFORMATION CONTAINED IN THIS DOCUMENT AND ALL INFORMATION DERIVED THEREFROM, IS EXEMPT FROM RELEASE UNDER THE FREEDOM OF INFORMATION ACT; AND, PURSUANT TO THE TRADE SECRETS ACT, 18 U.S.C. 1905, SHALL NOT BE DISCLOSED OR MADE KNOWN BY BPA OR ANY AGENCY, OFFICER OR EMPLOYEE OF THE FEDERAL GOVERNMENT TO PERSON OUTSIDE THE FEDERAL GOVERNMENT WITHOUT LONGVIEW'S WRITTEN PERMISSION.

The legended Longview Aluminum Records and any notes, memoranda, reports or other documents that incorporate or reference information contained in the Longview Aluminum Records (collectively, the "Longview Aluminum Documents") are subject to the restrictions on use and disclosure set forth in the Confidentiality Agreement entered into between BPA and Longview Aluminum on January 29, 2002 (Contract No. 02PB-11095) and such other restrictions on use and disclosure set forth in federal law and regulations, including the Trade Secrets Act, 18 U.S.C. § 1905 (hereinafter, the "Trade Secrets Act") and the exemptions to release or disclosure under the Freedom of Information Act, 5 U.S.C. § 552 *et seq.* (hereinafter, "FOIA").

The Longview Aluminum Documents and the information contained therein concern and relate to the "income, profit, losses and/or expenditures" of Longview Aluminum (as such terms are used in the Trade Secrets Act) and, thus, constitute the "trade secrets" of Longview Aluminum (as the term "trade secrets" is used in the Trade Secrets Act).

Longview Aluminum hereby advises BPA that any act by BPA or any agency, officer or employee of the Federal Government that results in the disclosure of the Longview Aluminum Documents to any person outside the Federal Government, without Longview Aluminum's advance written permission, is likely to cause substantial harm to the competitive position of Longview Aluminum, for at least the following reasons:

1. Longview Aluminum does not customarily release to the public either the Longview Aluminum Records nor the information contained in those records;
2. Neither the Longview Aluminum Records nor the information contained in those records has been publicly disseminated or is available from other sources;
3. As previously noted, the data contained in the Longview Aluminum Records concern, relate to and reveal expenditures, assets and/or profits/losses of Longview Aluminum;
4. The data contained in the Longview Aluminum Records relate to Longview Aluminum's workforce and could enable competitors to deduce labor costs, profit margins, competitive vulnerability and predict product and process changes; and
5. The Longview Aluminum Records include information concerning Longview Aluminum as a borrower on bank loans.

Given the foregoing, the Longview Aluminum Documents and the information contained therein, plus all information derived therefrom, is exempt from release under FOIA and is subject to the Trade Secrets Act prohibitions on release.

Accordingly, none of the Longview Aluminum Documents, nor any information contained in or derived from the Longview Aluminum Documents, shall be disclosed or made known by BPA or any agency, officer or employee of the Federal Government to any person outside the Federal Government without Longview Aluminum's advance written permission.

Longview Aluminum hereby requests that BPA notify Longview Aluminum, in writing, should any person outside the Federal Government request access to the Longview Aluminum Documents or any information contained in or derived from those records. Longview Aluminum also hereby asks that BPA give Longview Aluminum such notice in sufficient time prior to any such disclosure so as to allow Longview Aluminum to pursue appropriate remedies to preserve the confidentiality of the information.

June 19, 2002

Mr. Mark E. Miller
Customer Account Executive
Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

Re: Longview Aluminum LLC Confidential Records

Dear Mr. Miller:

Longview Aluminum, LLC ("Longview Aluminum"), pursuant to Section 10(f) of the Curtailment Agreement between Bonneville Power Administration ("BPA") and Longview Aluminum (Contract No. 01PB-10786) (the "Curtailment Agreement"), is hereby voluntarily making available to BPA certain additional Longview Aluminum records (the "Longview Aluminum Records") in partial response to the letter dated February 22, 2002, from Mark E. Miller of BPA to John L. Kolleng of Longview. The legended Longview Aluminum Records are subject to the legends and restrictions as release set forth in Attachment A of this letter.

If BPA should require further Longview Aluminum records, please contact me:

Sincerely,



Michael Lynch
Chairman
for Longview Aluminum, LLC

Enclosures

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6/19-0

Attachment A

Please note that certain Longview Aluminum Records have been legended as follows:

THE INFORMATION CONTAINED IN THIS DOCUMENT IS BEING PROVIDED VOLUNTARILY TO BONNEVILLE POWER AUTHORITY (BPA), AN AGENCY OF THE FEDERAL GOVERNMENT. THE INFORMATION CONTAINED IN THIS DOCUMENT SHALL BE USED BY BPA ONLY FOR THE PERFORMANCE OF ITS OFFICIAL DUTIES WITH RESPECT TO THE CURTAILMENT AGREEMENT, CONTRACT NO. 01PB-10786 (THE "CURTAILMENT AGREEMENT"). THE INFORMATION CONTAINED IN THIS DOCUMENT IS THE PROPERTY OF LONGVIEW ALUMINUM, LLC ("LONGVIEW"); IS CONFIDENTIAL AND FINANCIAL INFORMATION OF LONGVIEW, AND CONCERNS AND RELATES TO THE INCOME, PROFIT, LOSSES AND/OR EXPENDITURES OF LONGVIEW, AS SUCH TERMS ARE USED IN THE TRADE SECRETS ACT, 18 U.S.C. 1905. THE INFORMATION CONTAINED IN THIS DOCUMENT AND ALL INFORMATION DERIVED THEREFROM IS EXEMPT FROM RELEASE UNDER THE FREEDOM OF INFORMATION ACT; AND, PURSUANT TO THE TRADE SECRETS ACT, 18 U.S.C. 1905, SHALL NOT BE DISCLOSED OR MADE KNOWN BY BPA OR ANY AGENCY, OFFICER OR EMPLOYEE OF THE FEDERAL GOVERNMENT TO PERSON OUTSIDE THE FEDERAL GOVERNMENT WITHOUT LONGVIEW'S WRITTEN PERMISSION.

The legended Longview Aluminum Records and any notes, memoranda, reports or other documents that incorporate or reference information contained in the Longview Aluminum Records (collectively, the "Longview Aluminum Documents") are subject to the restrictions on use and disclosure set forth in the Confidentiality Agreement entered into between BPA and Longview Aluminum on January 29, 2002 and such other restrictions on use and disclosure set forth in federal law and regulations, including the Trade Secrets Act, 18 U.S.C. § 1905 (hereinafter, the "Trade Secrets Act") and the exemptions to release or disclosure under the Freedom of Information Act, 5 U.S.C. § 552 *et seq.* (hereinafter, "FOIA").

The Longview Aluminum Documents and the information contained therein concern and relate to the "income, profit, losses and/or expenditures" of Longview Aluminum (as such terms are used in the Trade Secrets Act) and, thus, constitute the "trade secrets" of Longview Aluminum (as the term "trade secrets" is used in the Trade Secrets Act).

Longview Aluminum hereby advises BPA that any act by BPA or any agency, officer or employee of the Federal Government that results in the disclosure of the Longview Aluminum Documents to any person outside the Federal Government, without Longview Aluminum's advance written permission, is likely to cause substantial harm to the competitive position of Longview Aluminum, for at least the following reasons:

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6-19-01

1. Longview Aluminum does not customarily release to the public either the Longview Aluminum Records nor the information contained in those records;
2. Neither the Longview Aluminum Records nor the information contained in those records has been publicly disseminated or is available from other sources;
3. As previously noted, the data contained in the Longview Aluminum Records concern, relate to and reveal expenditures, assets and/or profits/losses of Longview Aluminum;
4. The data contained in the Longview Aluminum Records relate to Longview Aluminum's workforce and could enable competitors to deduce labor costs, profit margins, competitive vulnerability and predict product and process changes; and
5. The Longview Aluminum Records include information concerning Longview Aluminum as a borrower on bank loans.

Given the foregoing, the Longview Aluminum Documents and the information contained therein, plus all information derived therefrom, is exempt from release under FOIA and is subject to the Trade Secrets Act prohibitions on release.

Accordingly, none of the Longview Aluminum Documents, nor any information contained in or derived from the Longview Aluminum Documents, shall be disclosed or made known by BPA or any agency, officer or employee of the Federal Government to any person outside the Federal Government without Longview Aluminum's advance written permission.

Longview Aluminum hereby requests that BPA notify Longview Aluminum, in writing, should any person outside the Federal Government request access to the Longview Aluminum Documents or any information contained in or derived from those records. Longview Aluminum also hereby asks that BPA give Longview Aluminum such notice in sufficient time prior to any such disclosure so as to allow Longview Aluminum to pursue appropriate remedies to preserve the confidentiality of the information.

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9/9/02

On February 26, 2001 the Bonneville Power Administration (BPA) entered into an agreement with Longview Aluminum, LLC (Longview), for the curtailment of power purchases from BPA, beginning March 1 2001 through June 30, 2002, in exchange for \$226,000,000 to be paid by BPA over several months. That agreement stipulated that the proceeds received from BPA must be used by Longview for qualified purposes as defined in Section 10 of the contract. To ensure that Longview's use of monies paid by BPA were used by the company for qualified purposes, the BPA Account Executive (AE) (Mr. Mark Miller) requested the assistance of BPA Internal Audit in reviewing Longview's expenditure documentation.

In response to Mr. Miller's request, we reviewed and selectively tested expenditure schedules, invoices, other documentation, and bank statements (provided by Longview) to verify that the records were mathematically correct and internally consistent. Where an explanation regarding the purpose and nature of some expenditures was required, we submitted written questions to Longview, and reviewed their written responses. A summary of BPA payments and Longview's expenditures is attached. The corresponding notes on the expenditure schedules and attachments explain the review procedures (on selected expenditures) that we performed along with our findings.

While we found no evidence indicating that the original expenditure records and documentation had been tampered with, our records and documentation review was restricted to examining photocopies of the assumed original documents and records. Further, we could not make direct inquiries with Longview's officers regarding expenditures. These restrictions aside, the records and documentation provided by Longview appear to show that Longview has incurred \$58,310,974.02 in expenditures. It is our understanding that BPA AE (Mr. Mark Miller) has concluded that these expenditures qualify under Section 10 of the contract.

AUDIT - FRED'S FILE

LONGVIEW ALUMINUM COMPANY (LAC)
 (Analysis of BPA Payments and LAC Qualified Expenditures on Curtailment Agreement, Contract No. 01PB-10786)

Expenditure Description:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures	
Power			\$1,416,544.00	\$1,416,544.00	
Power Transmission			\$510,186.00	\$510,186.00	
	\$0.00	\$0.00	\$1,926,730.00	\$1,926,730.00	0.85%
Fixed Assets			\$217,474.09	\$217,474.09	[9]
Capital Upgrades			\$512,902.27	\$512,902.27	[10] [14]
	\$0.00	\$0.00	\$730,376.36	\$730,376.36	0.32%
Loan: Ableco Fees			\$500,000.00	\$500,000.00	[11]
Loan: Great Lake Processing			\$125,000.00	\$125,000.00	[11]
	\$0.00	\$0.00	\$625,000.00	\$625,000.00	0.28%
Professional Fees: Legal			\$1,457,944.44	\$1,457,944.44	
Professional Fees: Accounting			\$721,700.00	\$721,700.00	
Professional Fees: Environmental			\$298,625.35	\$298,625.35	
Professional Fees: Other			\$302,024.90	\$302,024.90	
	\$0.00	\$0.00	\$2,780,294.69	\$2,780,294.69	1.23%
Acquisition Investments - To McCook			\$3,280,552.97	\$3,280,552.97	[12]
Acquisition Investments - Other			\$2,505,304.76	\$2,505,304.76	[13] [14]
UnCategorized Costs			\$361,683.97	\$361,683.97	
	\$0.00	\$0.00	\$6,147,541.70	\$6,147,541.70	2.72%
Company Expenditures through February 6, 2002	\$13,756,926.22	\$2,737,415.82	\$28,194,684.98	\$44,689,027.02	19.77%
Payments Paid Directly to USWA	\$3,100,000.00	a		\$3,100,000.00	1.37%
February 20, 2002 Payment(s)		\$3,200,000.00	b	\$7,321,947.00	c
				\$10,521,947.00	4.66%
Company Expenditures Plus Direct USWA Payments and February 20, 2002 Payments				\$58,310,974.02	25.80%
Curtailment Payments through February 20, 2002, in Excess of Analyzed Company Expenditures				\$583,472.98	0.26%

The analysis and review notes explain the review procedures performed and findings. The attached schedules summarize the detail expenditures pertaining to cost categories that were selected for review.

ANALYSIS OF PAYMENTS & RELATED EXPENDITURES

BPA Payment Date(s)	Paid to Union Accounts Acct. # 77090793, #3752157994 (Exh. B, Table 2)	Paid to Longview Aluminum Company Acct. #3751628482 (Exh. B, Table 4)	Paid to USWA & Longview Aluminum Company	Paid to ABLECO Finance LLC, Funding Agent, A/C #77090793 (Exh. B, Table 3)	Curtailment Payments Paid on Contract Number 01PB-10786 (Exh. B, Table 1)
March 20, 2001	\$3,800,000.00	\$4,097,500.00	\$7,897,500.00	\$9,102,500.00	\$17,000,000.00
April 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$16,254,880.00	\$19,452,380.00
May 21, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
June 20, 2001	\$1,666,667.00	\$2,530,833.00	\$4,197,500.00	\$17,671,547.00	\$21,869,047.00
July 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
August 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
September 20, 2001	\$1,666,667.00	\$2,530,833.00	\$4,197,500.00	\$17,671,547.00	\$21,869,047.00
October 22, 2001	\$3,100,000.00	\$1,447,500.00	\$4,547,500.00	\$17,321,547.00	\$21,869,047.00
November 20, 2001	\$3,100,000.00 ^a	\$1,447,500.00	\$4,547,500.00	\$10,035,833.00	\$14,583,333.00
December 20, 2001	\$3,016,666.00	\$2,530,834.00	\$5,547,500.00	\$9,035,833.00	\$14,583,333.00
January 21, 2002	\$3,200,000.00	\$1,447,500.00	\$4,647,500.00	\$9,935,833.00	\$14,583,333.00
February 20, 2002	\$3,200,000.00 ^b	\$7,321,947.00 ^c	\$10,521,947.00	\$4,061,392.00	\$14,583,339.00
Total Payments	\$29,750,000.00	\$29,144,447.00	\$58,894,447.00 26.06%	\$167,105,553.00 73.94%	\$226,000,000.00 100.00%

(Not Reviewed)

Expenditure Description:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Payroll & Taxes	\$7,273,913.18 F	\$2,136,761.01 F	\$702,931.99 F	\$10,113,606.18 [4]
Retiree Payout	\$1,500,000.00 F		\$1,255,198.73 F	\$2,755,198.73 [5]
Hourly Workmans Compensation	\$52,280.52 F		\$67,629.57 F	\$119,910.09
Hourly 401K	\$1,074,374.02 F	\$220,403.71 F	\$10.85	\$1,294,788.58
Hourly Pension	\$280,825.00 F		\$280,825.00	\$561,650.00
Hourly Union Dues	\$110,781.70 F	\$8,445.08 F	\$29,320.29	\$148,547.07
Hourly Credit Union	\$163,357.82 F		\$127,326.48	\$290,684.30
Hourly Other Payroll Deductions	\$30,476.95 F	\$3,862.15 F	\$4,360.17	\$38,699.27
Hourly Tuition	\$3,788.00 F	\$797.70 F	\$1,908.04	\$6,493.74
Hourly Medical	\$2,913,063.14 F	\$323,725.65 F	\$332,771.46	\$3,569,560.25
Hourly Dental	\$265,838.97 F	\$24,693.77 F	\$25,249.93	\$315,782.67
Hourly Life Insurance	\$87,349.50 F	\$18,726.75 F		\$106,076.25
Other	\$877.42 F			\$877.42
Hourly VEBA			\$590,190.00	\$590,190.00
Salaried: Payroll & Taxes			\$7,006,971.73	\$7,006,971.73 [6]
Salaried Workmans Compensation			\$74,567.39	\$74,567.39
Salaried: 401K			\$496,270.21	\$496,270.21
Salaried Credit Union			\$126,432.60	\$126,432.60
Salaried: Other Pd Deductions			\$7,945.76	\$7,945.76
Salaried Tuition			\$3,078.62	\$3,078.62
Salaried Medical			\$727,112.47	\$727,112.47
Salaried Dental			\$127,007.95	\$127,007.95
Salaried Life Insurance			\$114,197.15	\$114,197.15
	\$13,756,926.22 [3]	\$2,737,415.82 [2]	\$12,101,306.39 [1]	\$28,595,648.43 12.65%

LONGVIEW ALUMINUM COMPANY (LAC)
 (Analysis of BPA Payments and LAC Qualified Expenditures on Curtailment Agreement, Contract No. 01PB-10786)

Expenditure Description:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures	
Waste Water Plant			\$42,102.89	\$42,102.89	
Disposal Fees			\$164,716.94	\$164,716.94	
Employee Ben/Activity			\$27,126.10	\$27,126.10	
Enviornmental			\$66,449.03	\$66,449.03	
Freight			\$55,839.34	\$55,839.34	
Ground Keepers			\$11,630.89	\$11,630.89	
Guard			\$26,995.62	\$26,995.62	
Insurance: Property			\$650,000.00		
Insurance: Boiler & Machinery			\$196,050.00		
Insurance: Other			\$396,762.00	\$1,242,812.00	[15]
Manufacturing Supplies			\$979,005.02	\$979,005.02	[7]
Repairs & Maintenance			\$328,142.90	\$328,142.90	[8]
R&M Supplies			\$170,346.97	\$170,346.97	
Sampling & Testing			\$48,521.89	\$48,521.89	
Training			\$9,998.26	\$9,998.26	
Business Licenses			\$7,214.23	\$7,214.23	
Data Processing			\$40,440.79	\$40,440.79	
Travel			\$143,004.28	\$143,004.28	
M&E			\$6,597.17	\$6,597.17	
Meetings & Seminars			\$2,125.15	\$2,125.15	
Natural Gas			\$278,764.47	\$278,764.47	
Office Expense			\$15,796.45	\$15,796.45	
Payroll Services			\$56,062.32	\$56,062.32	
Postage			\$8,057.87	\$8,057.87	
Outside Services			\$58,401.22	\$58,401.22	
Rental & Miscellaneous Equipment			\$24,650.45	\$24,650.45	
Taxes & Use			\$18,729.18	\$18,729.18	
Taxes Other			\$14,302.32	\$14,302.32	
Telephone			\$27,982.24	\$27,982.24	
Bank Charges			\$7,619.85	\$7,619.85	
	\$0.00	\$0.00	\$3,883,435.84	\$3,883,435.84	1.72%

The analysis and review notes explain the review procedures performed and findings. The attached schedules summarize the detail expenditures pertaining to cost categories that were selected for review.

LONGVIEW ALUMINUM COMPANY (LAC)

(Analysis of BPA Payments and LAC Qualified Expenditures on Curtailment Agreement, Contract No. 01PB-10786)

Salaries Wages & Employee Benefits Expenditure Description:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)		1st. Union Acct. #77090793 (12/19/02 - 6/26/02)		2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)		2nd. Union Acct. #3752157994 (12/7/02 - 6/26/02)		Company Account #3751628482 (2/16/01 - 2/6/02)		Company Account #3751628482 (2/7/02 - 6/26/02)		Total Company Expenditures	
Payroll & Taxes	\$7,273,913.18	F			\$2,136,761.01	F	\$2,958,317.07	F	\$702,931.99	[4] / F	(\$49,100.65)	F	\$13,022,822.60	
Retiree Payout	\$1,500,000.00	F					\$0.00		\$1,255,198.73	[5] / F	\$0.00		\$2,755,198.73	
Hourly Workmans Compensation	\$52,280.52	F					\$52,566.29	F	\$67,629.57	F	\$56,714.72		\$229,191.10	
Hourly 401K	\$1,074,374.02	F			\$220,403.71	F	\$393,185.43	F	\$10.85		(\$14,241.77)		\$1,673,732.24	
Hourly Pension	\$280,825.00	F					\$0.00		\$280,825.00		\$121,804.75		\$683,454.75	
Hourly Union Dues	\$110,781.70	F			\$8,445.08	F	\$65,508.02	F	\$29,320.29		(\$23,925.96)		\$190,129.13	
Hourly Credit Union	\$163,357.82	F					(\$57.91)	F	\$127,326.48		\$57.91		\$290,684.30	
Hourly Other Payroll Deductions	\$30,476.95	F			\$3,862.15	F	\$11,556.67	F	\$4,360.17		(\$11,375.40)		\$38,880.54	
Hourly Tuition	\$3,788.00	F			\$797.70	F	\$4,069.84	F	\$1,908.04		(\$1,547.14)		\$9,016.44	
Hourly Medical	\$2,913,063.14	F			\$323,725.65	F	\$1,287,850.40	F	\$332,771.46		\$280,925.37	F	\$5,138,336.02	
Hourly Dental	\$265,838.97	F			\$24,693.77	F	\$162,668.64	F	\$25,249.93		\$34,622.40		\$513,073.71	
Hourly Life Insurance	\$87,349.50	F			\$18,726.75	F	\$18,695.25	F			\$28,620.21		\$153,391.71	
Other	\$877.42	F					\$0.00				\$0.00		\$877.42	
Hourly VEBA							\$0.00		\$590,190.00		\$159,613.30		\$749,803.30	
Salaried: Payroll & Taxes									\$7,006,971.73	[6] / F	\$1,478,739.24	F	\$8,485,710.97	
Salaried Workmans Compensation									\$74,567.39		\$0.00		\$74,567.39	
Salaried: 401K									\$496,270.21		\$121,954.43		\$618,224.64	
Salaried Credit Union									\$126,432.60		\$0.00		\$126,432.60	
Salaried: Other Pd Deductions									\$7,945.76		\$1,216.46		\$9,162.22	
Salaried Tuition									\$3,078.62		\$465.93		\$3,544.55	
Salaried Medical									\$727,112.47		\$208,863.54	F	\$935,976.01	
Salaried Dental									\$127,007.95		\$49,863.38		\$176,871.33	
Salaried Life Insurance									\$114,197.15		\$36,584.25		\$150,781.40	
	\$13,756,926.22	[3]	\$0.00		\$2,737,415.82	[2]	\$4,954,359.70		\$12,101,306.39	[1]	\$2,479,854.97		\$36,029,863.10	15.94%

\$4,954,359.70

REVIEW NOTES & FINDINGS

F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.

[1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.

[2] - Agreed to Longview Aluminum Second Union Account payment schedule.

[3] - Agreed to Longview Aluminum First Union Account payment schedule net of unclassified bank transfers. (\$16,199,126.22 - \$2,442,200.00) = \$13,756,926.22.

[4] - Verified internal consistency of document data for payroll periods 3/8/01 (Week 10), 3/15/01 (Week 11), 3/29/01 (Week 13), 8/2/01 (Week 31).

Vouched monthly summary detail totals to the period summary 3/2/01 through 2/7/02.

Footed the period summary totals for gross pay, net checks paid, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability, SUTA quarterly taxes, and total hourly payroll and taxes. Noted total hourly payroll and taxes per the period summary agreed to the disbursement summary total for hourly payroll & taxes. (\$10,113,606.18). No significant exceptions noted.

[5] - Reviewed April 5, 2001 retiree payout lead sheet. Noted Gross Retiree Payout equaled \$2,550,000.00, Net checks equaled \$1,607,396.85, and Total Liability agreed to disbursement summary total. (\$2,755,198.73).

[6] - Verified internal consistency of document data for pay periods 3/15/01 (Week 11), and 3/31/01 (Week 13). Vouched monthly summary detail totals to the period summary March 2001 through January 2002.

Footed the period summary totals for gross pay, net checks, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability and salaried payroll and taxes.

Noted total salaried payroll and taxes per the period summary agreed to the disbursement summary total for salaried payroll and taxes. No significant exceptions noted.

LONGVIEW ALUMINUM COMPANY (LAC)

(Analysis of BPA Payments and LAC Qualified Expenditures on Curtailment Agreement, Contract No. 01PB-10786)

Operating Expenses, Expenditure Description:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	1st. Union Acct. #77090793 (12/19/02 - 6/26/02)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	2nd. Union Acct. #3752157994 (12/7/02- 6/26/02)	Company Account #3751628482 (2/16/01- 2/6/02)	Company Account #3751628482 (2/7/021 - 6/26/02)	Total Company Expenditures
Waste Water Plant					\$42,102.89	\$9,530.26	\$51,633.15
Disposal Fees					\$164,716.94	\$25,068.59	\$189,785.53
Employee Ben/Activity					\$27,126.10	\$14,773.19	\$41,899.29
Environmental					\$66,449.03	\$153.00	\$66,602.03
Freight					\$55,839.34	\$18,229.81	\$74,069.15
Ground Keepers					\$11,630.89	\$0.00	\$11,630.89
Guard					\$26,995.62	\$29,330.24	\$56,325.86
Insurance: Property					\$650,000.00		
Insurance: Boiler & Machinery					\$196,050.00		
Insurance: Other					\$396,762.00	[15] / F \$621,247.58 F	\$1,864,059.58
Manufacturing Supplies					\$979,005.02	[7] \$72,931.36	\$1,051,936.38
Repairs & Maintenance					\$328,142.90	[8] \$318,352.74	\$646,495.64
R&M Supplies					\$170,346.97	\$191,418.78	\$361,765.75
Sampling & Testing					\$48,521.89	\$30,926.49	\$79,448.38
Training					\$9,998.26	\$1,011.20	\$11,009.46
Business Licenses					\$7,214.23	\$116,184.61	\$123,398.84
Data Processing					\$40,440.79	\$71,497.95	\$111,938.74
Travel					\$143,004.28	\$14,297.37	\$157,301.65
M&E					\$6,597.17	\$0.00	\$6,597.17
Meetings & Seminars					\$2,125.15	\$1,280.61	\$3,405.76
Natural Gas					\$278,764.47	\$179,961.47	\$458,725.94
Office Expense					\$15,796.45	\$4,621.01	\$20,417.46
Payroll Services					\$56,062.32	\$20,433.18	\$76,495.50
Postage					\$8,057.87	\$5,534.18	\$13,592.05
Outside Services					\$58,401.22	\$47,372.81	\$105,774.03
Rental & Miscellaneous Equipment					\$24,650.45	\$86,996.41	\$111,646.86
Taxes & Use					\$18,729.18	\$23,107.06	\$41,836.24
Taxes Other					\$14,302.32	\$108,381.13	\$122,683.45
Telephone					\$27,982.24	\$10,881.91	\$38,864.15
Bank Charges					\$7,619.85	\$4,434.51	\$12,054.36
	\$0.00	\$0.00	\$0.00	\$0.00	\$3,883,435.84	[1] \$2,027,957.45 [1]	\$5,911,393.29 2.62%

REVIEW NOTES & FINDINGS

F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.

[1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.

[7] - Reviewed Reliable Steel invoice (Inv. #3288/12/31/01) and check copy (chk #5617/1/24/02) for \$41,565.96. Reviewed Helser Industries invoice (Inv. #17490/12/20/01) and check copy (chk #2492/1/10/02) for \$33,750.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[8] - Reviewed Protective Coating Consultants invoice (Inv. #16776/11/14/01) and check copy (chk#2218/12/05/01) for \$3,843.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[15] - Reviewed nine invoices dated 3/19/01 for [4666 (\$25,003.00), 4667 (\$162,500.00), 4668 (\$23,642.00), 4669 (\$14,375.00), 4670 (\$2,735.00), 4671 (\$787.50), 4672 (\$4,024.33), 4673(\$695.00), 4674 (\$49,067.00), 4676 (\$3,500.00)] that totaled \$286,328.83 that were paid to Eugene Tkaltch & Associates, Ltd. pertaining to various insurance premiums and policies.

Reviewed nine premium/installment invoices for \$89,188.04 paid to Imperial A.I. Credit Companies (premium periods 3/27/01, 4/27/01, 5/27/01, 6/27/01, 7/27/01, 8/27/01, 9/27/01, 10/27/01, 11/27/01) that totaled \$802,692.36.

Reviewed fifteen invoices paid to Eugene Tkaltch & Associates, Ltd.

(Inv# 7676-3/19/01 (\$8,333.00), Inv.# 4681-4/1/01 (\$8,333.00), Inv.# 4688-3/30/01 (Credit \$118.00), Inv.# 4720-5/27/01 (\$8,333.00), Inv.# 4749-6/27/01 (\$8,333.00), Inv.# 4750-6/27/01 (\$3,500.00), Inv.# 4769-6/8/01 (\$1,355.50), Inv.# 4781-6/30/01 (\$8,333.00),

Inv.# 4819-7/18/01 (\$300.00), Inv.# 4833-7/31/01 (\$8,333.00), Inv.# 4862-8/27/01 (\$8,333.00), Inv.# 4863-8/27/01 (\$3,772.25), Inv.# 4903-10/27/01 (\$8,333.00), Inv.# 4981-10/29/01 (\$8,333.00), Inv.# 5008-11/27/01 (\$3,772.25).

Reviewed clarification documentation provided by Longview stating that the 66, 211.83 payments to Imperial Finance was for directors and officers liability insurance paid by Imperial.

Additional Insurance Review: Noted insurance policies were available for review from the following insurers:

- (a) CHUBB (Policy No. 3576-75-43 CHI Liability Insurance); (b) CHUBB (Policy Number 8185-03-81 Executive Protection Policy); CHUBB (Policy Number 7640-15-00 Boiler & Machinery); (c) CHUBB (Policy Number 8185-04-55 Liability Insurance); (d) CHUBB (Policy Number 8185-04-55 Liability Insurance); (e) Industrial Risk Insurers (Policy Number 31-3-68627); (f) Indian Harbor Insurance Company (Policy Number PEC0008721 Liability Insurance); (g) Fireman's Fund Insurance Companies (Policy Number XYZ-000-8448-5556).

The analysis and review notes explain the review procedures performed and findings. The attached schedules summarize the detail expenditures pertaining to cost categories that were selected for review.

LONGVIEW ALUMINUM COMPANY (LAC)
 (Analysis of BPA Payments and LAC Qualified Expenditures on Curtailment Agreement, Contract No. 01PB-10786)

Other Company Expenditures, Expenditure Description:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	1st. Union Acct. #77090793 (12/19/01 - 16/26/02)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	2nd. Union Acct. #3752157994 (6/6/02 - 2/26/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Company Account #3751628482 (2/7/021 - 6/26/02)	Total Company Expenditures			
Power					\$1,416,544.00	F	\$743,923.00	F	\$2,160,467.00	
Power Transmission					\$510,186.00	F	\$715,027.00	F	\$1,225,213.00	
	\$0.00	\$0.00	\$0.00	\$0.00	\$1,926,730.00	[1]	\$1,458,950.00		\$3,385,680.00	1.50%
Fixed Assets					\$217,474.09	F / [9]	\$0.00		\$217,474.09	
Capital Upgrades					\$512,902.27	[10] / [11]	\$0.00		\$512,902.27	
	\$0.00	\$0.00	\$0.00	\$0.00	\$730,376.36	[1]	\$0.00		\$730,376.36	0.32%
Loan: Ableco Fees					\$500,000.00	F / [11]	\$222,244.11	F	\$722,244.11	
Loan: Great Lake Processing					\$125,000.00	F / [11]	\$0.00		\$125,000.00	
	\$0.00	\$0.00	\$0.00	\$0.00	\$625,000.00	[1]	\$222,244.11		\$847,244.11	0.37%
Professional Fees: Legal					\$1,457,944.44					
Professional Fees: Accounting					\$721,700.00					
Professional Fees: Environmental					\$298,625.35					
Professional Fees: Other					\$302,024.90		\$1,552,643.68		\$4,332,938.37	
	\$0.00	\$0.00	\$0.00	\$0.00	\$2,780,294.69	[1]	\$1,552,643.68		\$4,332,938.37	1.92%
Acquisition Investments - To McCook					\$3,280,552.97	F / [12]	\$0.00		\$3,280,552.97	
Acquisition Investments - Other					\$2,505,304.76	F / [13][14]	\$671,050.21	F	\$3,176,354.97	
Short Term Investments							\$600,000.00	[16]	\$600,000.00	
UnCategorized Costs					\$361,683.97		\$321,630.62		\$683,314.59	
	\$0.00	\$0.00	\$0.00	\$0.00	\$6,147,541.70		\$1,592,680.83		\$7,740,222.53	3.42%
Company Expenditures through February 6, 2002	\$13,756,926.22	\$0.00	\$2,737,415.82	\$4,954,359.70	\$28,194,684.98	[1]	\$9,334,331.04	[1]	\$58,977,717.76	26.10%

REVIEW NOTES & FINDINGS:

F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.

[1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.

[9] - Reviewed PHH Vehicle Management Services vehicle sales documents (for three vehicles) & related correspondence, check copy (chk#1434). Noted sales invoices total, check copy and disbursement summary dollar amounts agreed.

The purchase price for each vehicle showed \$5,650.20, \$7,533.20, \$4,222.2 = \$15,605.60. No exceptions noted. Reviewed CSB Systems invoice (inv.#8428/1/29/02), quote sheets/ordering document (12/10/01), check copy (chk#2276/12/14/01). Noted quote sheet total, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[10] - Reviewed J.H. Kelly Building Trust Invoice (inv# KW10247/3/23/01), check copy (chk#1239/5/29/01), and supporting invoice documentation. Noted invoice, check copy and disbursement summary dollar amounts agreed. No exceptions noted.

[11] - Reviewed borrowing agreement dated February 26, 2001 between Longview Aluminum, LLC and ABLECO Finance LLC. Noted original loan was \$155,000,000.00. Reviewed Agent Fee Letter dated 2/26/01 making reference to \$100,000 Administrative Agent fee payable on In subsequent documentation reviewed, Longview explains that the \$125,000 paid by Longview to Great Lakes Processing was reimbursement for funds Great Lake had advanced Ableco in Longviews Behalf.

The \$500,000 paid by Longview to Ableco was for funding agent, collateral agent, administrative agent services provided by Ableco.

[12] - Reviewed documentation provided by Longview Aluminum. Reviewed a July 31, 2002 clarification letter from Longview Aluminum to Mark Miller, explaining that the payments totaling \$3,280,552.97 were payments on an original \$7,826,959 term note, that was established to memorialize an obligation of Longview's to pay McCook for advancing funds to third parties relating to Longviews acquisition of the Longview aluminum plant.

[13] - Reviewed Life Insurance Premium Payments paid to Security Connecticut (\$ 372,008.00) as follows: (a) \$156,085.00 for annual premium on Lynch (Policy Number SC23404256 / Check No. 25438 / Chk Date 12/29/00);

(b) \$55,250.00 for annual premium James McCa (Policy Number SC2340409G / Check No. 25453 / Chk Date 12/29/00); (c) \$75,960.00 for annual premium M. Ochalski (Policy Number SC2340417G / Check No. 25451 / Chk Date 12/29/00);

(d) \$84713.00 for annual premium J. Koll (Policy Number SC2340415M2001 / Check No. 26262 / Chk Date 2/14/01).

The \$1,250,000 paid by Longview to Samuel, Son & Co. LTD was paid in substitution (right to set off) of amounts Longview owed McCook. This arrangement was based on a May 26, 1999 letter agreement between Samuel & Son and McCook giving Samuel & Son the right to set off amounts it might owe McCook. See July 31, 2002 Longview Aluminum letter to Mark Miller.

[14] - Unreconciled amounts were provided as follows: Other Acquisition Costs \$40,000.00 4/18/01 Check No. 1072. Capital Projects \$30,350.46 4/18/01 Check No. 1051. See Analysis of Costs.

[16] - Wire Transfer on 6/6/02 to Patriot Capital for \$600,000.00.

LONGVIEW ALUMINUM COMPANY (LAC)

(Analysis of BPA Payments and LAC Qualified Expenditures on Curtailment Agreement, Contract No. 01PB-10786)

SUMMARY OF PAYMENTS & RELATED EXPENDITURES

BPA Payment Date(s)	Paid to Union Accounts Acct. # 77090793, #3752157994 (Exh. B, Table 2)	Paid to Longview Aluminum Company Acct. #3751628482 (Exh. B, Table 4)	Paid to USWA & Longview Aluminum Company	Paid to ABLECO Finance LLC, Funding Agent, A/C #77090793 (Exh. B, Table 3)	Curtailment Payments Paid on Contract Number 01PB-10786 (Exh. B, Table 1)
March 20, 2001	\$3,800,000.00	\$4,097,500.00	\$7,897,500.00	\$9,102,500.00	\$17,000,000.00
April 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$16,254,880.00	\$19,452,380.00
May 21, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
June 20, 2001	\$1,666,667.00	\$2,530,833.00	\$4,197,500.00	\$17,671,547.00	\$21,869,047.00
July 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
August 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
September 20, 2001	\$1,666,667.00	\$2,530,833.00	\$4,197,500.00	\$17,671,547.00	\$21,869,047.00
October 22, 2001	\$3,100,000.00	\$1,447,500.00	\$4,547,500.00	\$17,321,547.00	\$21,869,047.00
November 20, 2001	\$3,100,000.00 ^a	\$1,447,500.00	\$4,547,500.00	\$10,035,833.00	\$14,583,333.00
December 20, 2001	\$3,016,666.00	\$2,530,834.00	\$5,547,500.00	\$9,035,833.00	\$14,583,333.00
January 21, 2002	\$3,200,000.00	\$1,447,500.00	\$4,647,500.00	\$9,935,833.00	\$14,583,333.00
February 20, 2002	\$3,200,000.00 ^b	\$7,321,947.00 ^c	\$10,521,947.00	\$4,061,392.00	\$14,583,339.00
Total Payments	\$29,750,000.00	\$29,144,447.00	\$58,894,447.00	\$167,105,553.00 (Not Reviewed)	\$226,000,000.00

REVIEWED EXPENDITURES

Salaries, Wages & Employee Benefits 1st Union Acct. (3/22 - 12/15/01)	\$13,756,926.22		\$13,756,926.22
Salaries, Wages & Employee Benefits 2nd Union Acct. (12/20/01 - 2/6/02)	\$2,737,415.82		\$2,737,415.82
Salaries, Wages & Employee Benefits 2nd Union Acct. (2/7/02 - 6/28/02)	\$4,954,359.70		\$4,954,359.70
Salaries, Wages & Employee Benefits Co. Acct. (2/16/01 - 2/6/02)		\$12,101,306.39	\$12,101,306.39
Salaries, Wages & Employee Benefits Co. Acct. (2/7/02 - 6/28/02)		\$2,479,854.97	\$2,479,854.97
Operating Expenses (2/16/01 through 2/6/02)		\$3,883,435.84	\$3,883,435.84
Operating Expenses (2/6/02 through 6/28/02)		\$2,027,957.45	\$2,027,957.45
Power & Transmission Purchases (2/16/01 through 2/6/02)		\$1,926,730.00	\$1,926,730.00
Power & Transmission Purchases (2/6/02 through 6/28/02)		\$1,458,950.00	\$1,458,950.00
Expenditures for Fixed Assets & Capital Upgrades (2/16/01 through 2/6/02)		\$730,376.36	\$730,376.36
Funding, Collateral, Administrative Service Fees & Loan Repayments (2/16/01 through 2/6/02)		\$625,000.00	\$625,000.00
Funding, Collateral, Administrative Service Fees & Loan Repayments (2/7/01 through 2/28/02)		\$222,244.11	\$222,244.11
Professional Fees (2/16/01 through 2/6/02)		\$2,780,294.69	\$2,780,294.69
Professional Fees (2/7/02 through 2/28/02)		\$1,552,643.68	\$1,552,643.68
Acquisition, Short-term & Uncategorized Costs 2/16/01 through 2/6/02		\$6,147,541.70	\$6,147,541.70
Acquisition, Short-term & Uncategorized Costs 2/7/02 through 6/28/02		\$1,592,680.83	\$1,592,680.83
Company Expenditures (2/16/01 through 2/6/02)	\$21,448,701.74	\$37,529,016.02	\$58,977,717.76

Total Company Expenditures, Plus BPA Payments Paid Directly to USWA & February 20, 2002

\$21,448,701.74

\$37,529,016.02

\$58,977,717.76

Curtailment Payments through February 20, 2002, in Excess of (Greater than) Analyzed Company Expenditures

\$8,301,298.26

(\$8,384,569.02)

(\$83,270.76)

**Longview Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

[12] - Reviewed documentation provided by Longview Aluminum. The initial documentation reviewed did not explain the basic nature/purpose for the category of costs referred to as 'Acquisition Investments - To McCook. In a subsequent July 31, 2002 clarification letter from Longview Aluminum to Mark Miller, Longview explains that the payments totaling \$3,280,552.97 were payments on an original \$7,826,959 term note, that was established to memorialize an obligation of Longview's to pay McCook for advancing funds to third parties relating to Longviews acquisition of the Longview aluminum plant.

[13] - Reviewed Life Insurance Premium Payments paid to Security Connecticut (\$ 372,008.00) as follows:
(a) \$156,085.00 for annual premium on Lynch (Policy Number SC23404256 / Check No. 25438 / Chk Date 12/29/00);
(b) \$55,250.00 for annual premium James McCa (Policy Number SC2340409G / Check No. 25453 / Chk Date 12/29/00);
(c) \$75,960.00 for annual premium M. Ochalski (Policy Number SC2340417G / Check No. 25451 / Chk Date 12/29/00);
(d) \$84713.00 for annual premium J. Koll (Policy Number SC2340415M2001 / Check No. 26262 / Chk Date 2/14/01).

The \$1,250,000 paid by Longview to Samuel, Son & Co. LTD was paid in substitution (right to set off) of amounts Longview owed McCook. This arrangement was based on a May 26, 1999 letter agreement between Samuel & Son and McCook giving Samuel & Son the right to set off amounts it might owe McCook. See July 31, 2002 Longview Aluminum letter to Mark Miller.

[14] - Unreconciled amounts were provided as follows: Other Acquisition Costs \$40,000.00 4/18/01 Check No. 1072. Capital Projects \$30,350.46 4/18/01 Check No. 1051. See Analysis of Costs.

[15] - Reviewed nine invoices dated 3/19/01 for [4666 (\$25,003.00), 4667 (\$162,500.00), 4668 (\$23,642.00), 4669 (\$14,375.00), 4670 (\$2,735.00), 4671 (\$787.50), 4672 (\$4,024.33), 4673(\$695.00), 4674 (\$49,067.00), 4676 (\$3,500.00)] that totaled \$286,328.83 that were paid to Eugene Tkaltich & Associated, Ltd. pertaining to various insurance premiums and policies.

Reviewed nine premium/installment invoices for \$89,188.04 paid to Imperial A.I. Credit Companies (premium periods 3/27/01, 4/27/01, 5/27/01, 6/27/01, 7/27/01, 8/27/01, 9/27/01, 10/27/01, 11/27/01) that totaled \$802,692.36.

Reviewed fifteen invoices paid to Eugene Tkaltich & Associates, Ltd. (Inv# 7676-3/19/01 (\$8,333.00), Inv.# 4681-4/1/01 (\$8,333.00), Inv.# 4688-3/30/01 (Credit \$118.00), Inv.# 4720-5/27/01 (\$8,333.00), Inv.# 4749-6/27/01 (\$8,333.00), Inv.# 4750-6/27/01 (\$3,500.00), Inv.# 4769-6/8/01 (\$1,355.50), Inv.# 4781-6/30/01 (\$8,333.00), Inv.# 4819-7/18/01 (\$300.00), Inv.# 4833-7/31/01 (\$8,333.00), Inv.# 4862-8/27/01 (\$8,333.00), Inv.# 4863-8/27/01 (\$3,772.25), Inv.# 4903-10/27/01 (\$8,333.00), Inv.# 4981-10/29/01 (\$8,333.00), Inv.# 5008-11/27/01 (\$3,772.25).

Clarification documentation provided by Longview states that the 66, 211.83 payments to Imperial Finance was for directors and officers liability insurance paid by Imperial.

Additional Insurance Review: Noted insurance policies were available for review from the following insurers:

- (a) CHUBB (Policy No. 3576-75-43 CHI Liability Insurance);
- (b) CHUBB (Policy Number 8185-03-81 Executive Protection Policy); CHUBB (Policy Number 7640-15-00 Boiler & Machinery);
- (c) CHUBB (Policy Number 8185-04-55 Liability Insurance);
- (d) CHUBB (Policy Number 7350-74-93 Business Auto Policy);
- (e) Industrial Risk Insurers (Policy Number 31-3-68627);
- (f) Indian Harbor Insurance Company (Policy Number PEC0008721 Liability Insurance);
- (g) Fireman's Fund Insurance Companies (Policy Number XYZ-000-8448-5556).

Other Review Procedures Performed: On a select randon basis, traced deposits and disbursements from the expenditure information to the various bank statements provided. Traced BPA payment amounts to related expenditure information and bank statements provided.

**Longview Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.

[1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.

[2] - Agreed to Longview Aluminum Second Union Account payment schedule.

[3] - Agreed to Longview Aluminum First Union Account payment schedule net of unclassified bank transfers.
(\$16,199,126.22 - \$2,442,200.00) = \$13,756,926.22.

[4] - Verified internal consistency of document data for payroll periods 3/8/01 (Week 10), 3/15/01 (Week 11), 3/29/01 (Week 13), 8/2/01 (Week 31).

Vouched monthly summary detail totals to the period summary 3/2/01 through 2/7/02.

Footed the period summary totals for gross pay, net checks paid, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability, SUTA quarterly taxes, and total hourly payroll and taxes. Noted total hourly payroll and taxes per the period summary agreed to the disbursement summary total for hourly payroll & taxes. (\$10,113,606.18). No significant exceptions noted.

[5] - Reviewed April 5, 2001 retiree payout lead sheet. Noted Gross Retiree Payout equaled \$2,550,000.00, Net checks equaled \$1,607,396.85, and Total Liability agreed to disbursement summary total. (\$2,755,198.73).

[6] - Verified internal consistency of document data for pay periods 3/15/01 (Week 11), and 3/31/01 (Week 13).

Vouched monthly summary detail totals to the period summary March 2001 through January 2002.

Footed the period summary totals for gross pay, net checks, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability and salaried payroll and taxes.

Noted total salaried payroll and taxes per the period summary agreed to the disbursement summary total for salaried payroll and taxes. No significant exceptions noted.

[7] - Reviewed Reliable Steel invoice (Inv. #3288/12/31/01) and check copy (chk #5617/1/24/02) for \$41,565.96.

Reviewed Helser Industries invoice (Inv. #17490/12/20/01) and check copy (chk #2492/1/10/02) for \$33,750.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[8] - Reviewed Protective Coating Consultants invoice (Inv. #16776/11/14/01) and check copy (chk#2218/12/05/01) for \$3,843.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[9] - Reviewed PHH Vehicle Management Services vehicle sales documents (for three vehicles) & related correspondence, check copy (chk#1434). Noted sales invoices total, check copy and disbursement summary dollar amounts agreed. The purchase price for each vehicle showed \$5,650.20, \$7,533.20, \$422.2 = \$15,605.60. No exceptions noted. Reviewed CSB Systems invoice (inv.#8428/1/29/02), quote sheets/ordering document (12/10/01), check copy (chk#2276/12/14/01). Noted quote sheet total, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[10] - Reviewed J.H. Kelly Building Trust Invoice (inv# KW10247/3/23/01), check copy (chk#1239/5/29/01), and supporting invoice documentation. Noted invoice, check copy and disbursement summary dollar amounts agreed. No exceptions noted.

[11] - Reviewed borrowing agreement dated February 26, 2001 between Longview Aluminum, LLC and ABLECO Finance LLC. Noted original loan was \$155,000,000.00. Reviewed Agent Fee Letter dated 2/26/01 making reference to \$100,000 Administrative Agent fee payable on the last business day of each calendar quarter. Reviewed Longview Aluminum reference schedule. That schedule infers that the two payments paid to Great Lake Processing were infact payments to Ableco. In subsequent documentation reviewed, Longview explains that the \$125,000 paid by Longview to Great Lakes Processing was reimbursement for funds Great Lake had advanced Ableco in Longviews Behalf. The \$500,000 paid by Longview to Ableco was for funding agent, collateral agent, administrative agent services provided by Ableco.

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Power Purchases

Vendor Name	Check Number	Date	Amount
BPA	1042M	4/9/01	\$136,142.00
BPA	Wire	5/7/01	\$457,402.00
BPA	Wire	6/18/01	\$157,150.00
BPA	Wire	6/27/01	\$130,800.00
BPA	Wire	7/30/01	\$114,850.00
BPA	Wire	9/13/01	\$97,350.00
BPA	Wire	10/12/01	\$94,400.00
BPA	Wire	12/26/01	\$108,050.00
BPA	Wire	1/16/02	\$120,400.00
			<u>\$1,416,544.00</u>

Analysis of Transmission Purchases

	Check Number	Date	Amount
BPA	Wire	11/6/01	\$85,600.00
BPA	Wire	12/11/01	\$140,566.00
BPA	Wire	12/26/01	\$141,471.00
BPA	Wire	1/23/02	\$142,549.00
			<u>\$510,186.00</u>
Total BPA Purchases			<u>\$1,926,730.00</u>

Analysis of Fixed Assets and Capital Upgrades

Vendor Name	Check Number	Date	Amount
PHH Leasing	1434	7/10/01	\$15,605.60 [9]
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00 [9]
CSB Systems (Support)	2277	12/14/01	\$23,846.40 [9]
			<u>\$217,473.69</u>
J.H. Kelly	1239	5/29/01	\$139,367.97 [10]
J.H. Kelly	1415	7/10/01	\$87,887.36 [10]
J.H. Kelly	1475	7/23/01	\$146,530.81 [10]
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36) [10]
J.H. Kelly	1516	7/30/01	\$43,943.68 [10]
J.H. Kelly	1518	8/8/01	\$43,943.68 [10]
J.H. Kelly	1561	8/8/01	\$17,796.28 [10]
J.H. Kelly	1610	8/27/01	\$90,969.39 [10]
J.H. Kelly	1051	4/18/01	\$30,350.46 [14]
			<u>\$512,902.27</u>

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Loans

Vendor Name	Check Number	Date	Amount
Keilin & Co.	1308	6/14/01	\$100,000.00
Ableco Finance	1746	9/25/01	\$100,000.00
Great Lakes Processing	Wire	10/17/01	\$75,000.00
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00
Great Lakes Processing	2352	12/21/01	\$50,000.00
Ableco Financing	2379	12/21/01	\$100,000.00
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00
			<u>\$625,000.00</u>
Great Lakes Processing (Inconsistent Information)			\$125,000.00 [11]
Ableco Fees (5 late fee payments on loan)			\$500,000.00 [11]
			<u>\$625,000.00</u>

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00 [12]
McCook Metals LLC	Wire	6/29/01	\$300,000.00 [12]
McCook Metals LLC	Wire	7/17/01	\$179,500.00 [12]
McCook Metals LLC	Wire	7/18/01	\$168,000.00 [12]
McCook Metals LLC	Wire	7/18/01	\$168,000.00 [12]
McCook Metals LLC	Wire	7/20/01	\$141,930.75 [12]
McCook Metals LLC	Wire	7/23/01	\$54,925.19 [12]
McCook Metals LLC	Wire	7/24/01	\$149,666.29 [12]
McCook Metals LLC	Wire	7/25/01	\$21,865.73 [12]
McCook Metals LLC	Wire	7/26/01	\$37,790.98 [12]
McCook Metals LLC	Wire	7/26/01	\$114,600.20 [12]
McCook Metals LLC	Wire	7/27/01	\$66,961.77 [12]
McCook Metals LLC	Wire	7/30/01	\$148,312.06 [12]
McCook Metals LLC	Wire	7/31/01	\$317,000.00 [12]
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00 [12]
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00) [12]
			<u>\$3,280,552.97</u>

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Acquisition Investments - Other

Vendor Name	Check Number	Date	Amount
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40
Samuel & Son	1288	6/7/01	\$100,000.00 [13]
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00 [13]
Security Connecticut - McCall	1341	6/25/01	\$55,250.00 [13]
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00 [13]
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00 [13]
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00 [13]
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00
Dynegey	Wire	7/26/01	\$369,400.00
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00) [13]
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00 [13]
American Express	1566	8/15/01	\$15,554.08
Samuel & Son	Wire	9/13/01	\$100,000.00 [13]
Samuel & Son	Wire	9/26/01	\$100,000.00 [13]
American Express	1841	10/12/01	\$29,469.78
Samuel & Son	Wire	10/16/01	\$100,000.00 [13]
Samuel & Son	Wire	10/29/01	\$150,000.00 [13]
American Express	1927	11/1/01	\$24,486.50
Samuel & Son	Wire	11/29/01	\$150,000.00 [13]
Samuel & Son	Wire	12/12/01	\$100,000.00 [13]
Samuel Son & Co.	Wire	12/13/01	\$150,000.00 [13]
Samuel & Son	Wire	1/9/02	\$100,000.00 [13]
Samuel & Son	Wire	2/1/02	\$100,000.00 [13]
LECG	1072	4/18/01	\$40,000.00 [14]
			\$2,505,304.76

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Insurance Payments:

Vendor Name	Invoice Number	Invoice Date	Amount	
Liability	4666	3/19/01	\$25,000.00	[15]
Property	4667	3/19/01	\$162,500.00	[15]
Enviornmental / Pollution	4668	3/19/01	\$23,642.00	[15]
Umbrella	4669	3/19/01	\$14,375.00	[15]
Crime	4670	3/19/01	\$2,735.00	[15]
Fiduciary	4671	3/19/01	\$787.50	[15]
Directors & Officers	4672	3/19/01	\$4,024.33	[15]
Fees & Taxes	4673	3/19/01	\$695.00	[15]
Boiler & Machinery	4674	3/19/01	\$49,067.00	[15]
Auto	4676	3/19/01	\$3,500.00	[15]
			\$286,325.83	
Imperial Premium Finance		3/27/01	\$89,188.04	[15]
Imperial Premium Finance		4/27/01	\$89,188.04	[15]
Imperial Premium Finance		5/27/01	\$89,188.04	[15]
Imperial Premium Finance		6/27/01	\$89,188.04	[15]
Imperial Premium Finance		7/27/01	\$89,188.04	[15]
Imperial Premium Finance		8/27/01	\$89,188.04	[15]
Imperial Premium Finance		9/27/01	\$89,188.04	[15]
Imperial Premium Finance		10/27/01	\$89,188.04	[15]
Imperial Premium Finance		11/27/01	\$89,188.04	[15]
			\$802,692.36	
Eugene Tkalitch	7676	3/19/01	\$8,333.00	[15]
Eugene Tkalitch	4681	4/1/01	\$8,333.00	[15]
Eugene Tkalitch	4688	3/30/01	(\$118.00)	[15]
Eugene Tkalitch	4720	5/27/01	\$8,333.00	[15]
Eugene Tkalitch	4749	6/27/01	\$8,333.00	[15]
Eugene Tkalitch	4750	6/27/01	\$3,500.00	[15]
Eugene Tkalitch	4769	6/8/01	\$1,355.50	[15]
Eugene Tkalitch	4781	6/30/01	\$8,333.00	[15]
Eugene Tkalitch	4819	7/18/01	\$300.00	[15]
Eugene Tkalitch	4833	7/31/01	\$8,333.00	[15]
Eugene Tkalitch	4862	8/27/01	\$8,333.00	[15]
Eugene Tkalitch	4863	8/27/01	\$3,772.25	[15]
Eugene Tkalitch	4903	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	4981	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	5008	11/27/01	\$3,772.25	[15]
			\$87,579.00	
Imperial A.I. Finance		9/7/01	\$14,749.88	[15]
Imperial A.I. Finance		9/14/01	\$10,292.39	[15]
Imperial A.I. Finance		10/12/01	\$10,292.39	[15]
Imperial A.I. Finance		11/15/01	\$10,292.39	[15]
Imperial A.I. Finance		12/17/01	\$10,292.39	[15]
Imperial A.I. Finance		1/15/02	\$10,292.39	[15]
			\$66,211.83	
Insurances:			\$1,242,809.02	

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Hourly Payroll

Month	Gross Payroll	Net Payroll	Total Hourly Payroll & Taxes
March 4, 2001 (Week 10)	\$374,132.09	\$225,039.03	\$337,968.97
Voided March Checks	(\$48,699.55)	(\$31,045.70)	(\$47,553.26)
Reissued Checks	\$40,341.46	\$25,186.59	\$38,067.49
March 15, 2001 (Week 11)	\$395,915.43	\$248,804.01	\$367,675.31
Additional Payroll 3/15	\$748.31	\$939.45	\$1,045.68
March 22, 2001 (Week 12)	\$351,865.27	\$145,084.14	\$232,827.43
Additional Payroll 3/22	\$973.76	(\$542.73)	(\$493.78)
March 29, 2001 (Week 13)	\$357,950.86	\$88,601.93	\$109,597.57 [6]
Additional Payroll 3/22	\$6,333.84	\$6,451.64	\$6,328.69 [6]
Miscellaneous Difference Mar-01		\$40.00	\$40.00
	<u>\$1,479,561.47</u>	<u>\$708,558.36</u>	<u>\$1,045,704.10</u>
Apr-01	\$1,551,496.39	\$377,020.53	\$567,787.88
SUTA Quarterly Taxes			\$13,574.67
May-01	\$1,785,949.12	\$345,117.64	\$666,552.59
Jun-01	\$1,441,970.24	\$257,697.55	\$523,184.90
Jul-01	\$1,442,050.50	\$257,192.52	\$542,926.67
SUTA Quarterly Taxes			\$37,076.11
Aug-01	\$1,808,428.88	\$314,572.80	\$682,784.29
Sep-01	\$1,429,657.70	\$270,154.25	\$592,973.15
Oct-01	\$1,745,517.85	\$550,554.39	\$1,217,777.36
SUTA Quarterly Taxes			\$10,891.67
Nov-01	\$1,392,285.03	\$552,177.30	\$1,248,621.25
Dec-01	\$1,399,096.20	\$569,831.73	\$1,103,106.20
Taxes Not Deposited do to Overpayment with IRS			
Jan-02	\$1,741,852.31	\$745,736.31	\$1,559,689.47
SUTA Quarterly Taxes			\$22,044.32
Feb-02	\$352,885.41	\$157,284.60	\$325,690.44
		<u>\$5,105,897.98</u>	<u>\$10,160,385.07</u>
Differences:			(\$46,778.89)
Retirees Payout April 2001		\$1,607,396.85	
	<u><u>\$17,570,751.10</u></u>	<u><u>\$6,713,294.83</u></u>	<u><u>\$10,113,606.18</u></u>

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Salaried Payroll

Month	Gross Payroll	Net Payroll	Total Hourly Payroll & Taxes
March 15, 2001 (Week 11)	\$305,389.88	\$192,925.24	\$297,053.33
March 31, 2001 (Week 13)	\$342,546.38	\$216,191.13	\$332,694.87 [4]
Supplemental (Week 13)	\$34,198.37	\$25,381.41	\$37,347.12 [4]
Garnishment (Week 13)		\$840.07	\$840.07 [4]
Mar-01	\$682,134.63	\$435,337.85	\$667,935.39
Apr-01	\$645,040.77	\$312,999.44	\$622,269.43
SUTA Quarterly Taxes			\$9,140.60
May-01	\$694,163.36	\$177,816.73	\$629,290.86
Jun-01	\$613,186.00	\$132,567.55	\$548,269.16
Jul-01	\$667,978.70	\$177,671.45	\$623,082.78
SUTA Quarterly Taxes			\$19,067.90
Aug-01	\$649,511.77	\$142,430.78	\$583,538.90
Sep-01	\$649,835.98	\$159,672.19	\$605,950.81
Oct-01	\$647,985.76	\$153,833.12	\$622,792.83
SUTA Quarterly Taxes			\$4,519.10
Nov-01	\$634,604.98	\$150,201.46	\$615,834.77
Dec-01	\$617,485.26	\$152,753.25	\$516,072.03
Jan-02	\$512,348.18	\$104,172.54	\$500,808.55
SUTA Quarterly Taxes			\$8,788.45
FICA Refund to Hourly Employees			\$362,260.17
FICA Refund to Salaried Employees			\$60,756.05
Miscellaneous Difference			\$6,593.95
	\$7,014,275.39	\$2,099,456.36	\$7,006,971.73

Lehr, Fred I - DN-7

From: Miller, Mark - PT-5
Sent: Tuesday, September 03, 2002 3:45 PM
To: Custer, Cindy J - KR/WSGL; Oliver, Stephen - PT-5; Hunt, Karen - KR-7; Ball, Crystal A - KN-DC; Cohen, Ashley - KN-DC
Cc: Hage, Bonnie - KR-7; Lehr, Fred I - DN-7
Subject: RE: Status of McCook

We haven't recieved the final set of information as of yet. I recall it was promised no later than next Monday.

-----Original Message-----

From: Custer, Cindy J - KR/WSGL
Sent: Tuesday, September 03, 2002 10:01 AM
To: Miller, Mark - PT-5; Oliver, Stephen - PT-5; Hunt, Karen - KR-7; Ball, Crystal A - KN-DC; Cohen, Ashley - KN-DC
Cc: Hage, Bonnie - KR-7; Lehr, Fred I - DN-7
Subject: RE: Status of McCook

Hi Mark,

When you find out about whether or not we received the information and when the audit will be done, let me know. Even if we can't share a lot of the specifics I think we still need to meet with these folks and I suspect that the D.C. staff will want to know as well.

Cindy

-----Original Message-----

From: Miller, Mark - PT-5
Sent: Tuesday, September 03, 2002 9:58 AM
To: Oliver, Stephen - PT-5; Custer, Cindy J - KR/WSGL; Hunt, Karen - KR-7; Ball, Crystal A - KN-DC; Cohen, Ashley - KN-DC
Cc: Hage, Bonnie - KR-7; Lehr, Fred I - DN-7
Subject: RE: Status of McCook

Cindy, as of two weeks ago, we still needed one more set of information from Longview Alum before we could complete the audit. I haven't talked to the audit folks yet to determine if we recieved that information, but I should find out today.

What we have learned so far from the audit is that it looks as though Longview has followed the contract terms.

It will be difficult to share anything specific on Longview's finances with folks because of the confidentiality provision in its power sales agreement.

-----Original Message-----

From: Oliver, Stephen - PT-5
Sent: Friday, August 30, 2002 8:51 AM
To: Custer, Cindy J - KR/WSGL; Miller, Mark - PT-5; Hunt, Karen - KR-7; Ball, Crystal A - KN-DC; Cohen, Ashley - KN-DC
Cc: Hage, Bonnie - KR-7
Subject: RE: Status of McCook

Mark Miller is the appropriate person he will be back in the office 9/3/02

-----Original Message-----

From: Custer, Cindy J - KR/WSGL
Sent: Thursday, August 29, 2002 5:14 PM
To: Oliver, Stephen - PT-5; Miller, Mark - PT-5; Hunt, Karen - KR-7; Ball, Crystal A - KN-DC; Cohen, Ashley - KN-DC
Cc: Hage, Bonnie - KR-7
Subject: Status of McCook

I met with district staff from Baird's, Cantwell's and Murray's Vancouver offices yesterday and they are interested in meeting with someone more knowledgeable than I about the status of the audit with McCook and an update of where we are with them. I said that I would get back to them and try to get something set up.

So, let me know what you think about having a meeting. I can set it up for you and would try to attend as well if I can.

Cindy

F. Lehr

LONGVIEW ALUMINUM

111 West Washington Street
Suite 1655
Chicago, Illinois 60602

July 31, 2002

Mr. Mark E. Miller
Account Executive
U.S. Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

Confidential Communication

Dear Mr. Miller:

I am writing on behalf of Longview Aluminum, L.L.C. in response to second and third requests of the letter dated July 12, 2002, from you on behalf of the Bonneville Power Administration ("BPA") to me. Requests two and three ask that Longview provide BPA with a written explanation of the purpose and nature of certain payments totaling \$3,280,552.97 which Longview made to McCook (the "McCook Payments") and certain payments totaling \$1,250,000 which Longview made to Samuel & Son (the "Samuel & Sam Payments") and related documentation.

McCook Payments

Longview, as maker, signed a Term Note payable to McCook, as payee, dated February 27, 2001, in the original principal amount of \$7,826,959 (the "Term Note"). The Term Note was intended to memorialize an obligation of Longview to pay McCook for certain payments which McCook had advanced to third parties on behalf of Longview relating to the acquisition by Longview of the aluminum plant in Longview, Washington, and acquisition, financing and/or other fees, costs and expenses in connection with such acquisition. Longview takes the position that the McCook Payments constitute pay down of amounts that Longview owed McCook under the Term Note (or any account receivable obligation which Longview owed to McCook which was substituted for the Term Note).

Samuel & Son Payments

Samuel, Son & Co., Limited and affiliated entities ("Samuel & Son") has been a customer of McCook and thus owed McCook payments for aluminum products which Samuel &

C. V.

Mark Miller
July 31, 2002
Page 2

Son purchased from McCook. Under a letter agreement between McCook and Samuel, Son Chicago Ltd. dated May 26, 1999 (the "Letter Agreement"), Samuel had the right to set off certain amounts identified in the Letter Agreement against the payments which Samuel & Son owed McCook for the purchase of aluminum products. In 2001, Samuel & Son asserted that it had the right under the Letter Agreement to setoff approximately \$2,500,000 against obligations which Samuel & Son owed McCook for aluminum products.

Longview made payments to Samuel & Sons which totaled \$1,250,000 as of February 6, 2002 and which total approximately \$2,300,000 as of the date of this letter, and has applied those payments as a credit against the amounts that Longview owed McCook under the Term Note (or any account receivable obligation which Longview owed to McCook which was substituted for the Term Note). The payments which Longview made to Samuel & Son reduced the amount which Samuel & Son was entitled to setoff against McCook under the Letter Agreement, thereby providing a financial benefit to McCook. Longview understands that, as of the date hereof, McCook has collected from Samuel & Son all amounts which Samuel & Son owes McCook.

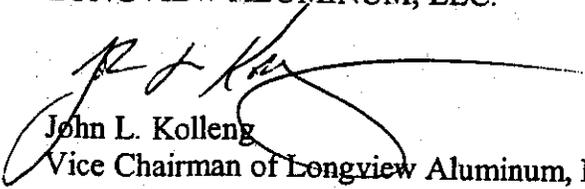
Additional Matter

Copies of the Term Note and the Letter Agreement are attached. The Term Note, the Letter Agreements, the payments which Longview has made to McCook, the payments which Longview has made on behalf of McCook, and the transactions related thereto are the subject of adversary proceedings pending in the McCook bankruptcy estate. The adversary proceedings are in a preliminary stage. Disputes currently exist between Longview and the McCook bankruptcy trustee as to the facts and the legal implications thereof. Of course, Longview will advise BPA of developments in the bankruptcy litigation, if any, that bear on the BPA audit inquiries related to the matters addressed in this letter.

This letter and the enclosed documents constitute confidential information and documents subject to the Confidentiality Agreement dated January 29, 2002, between Longview and BPA (Contract No. 02BB-11095).

Very truly yours,

LONGVIEW ALUMINUM, LLC.


John L. Kolleng
Vice Chairman of Longview Aluminum, LLC.

Document review summary performed by Mr. Frederick I. Lehr Auditor BPA on August 15, 2002 at 1:45 PM.

In response to BPA's request for a clarification regarding six payments that total \$66,211.83 to Imperial A.I. Finance between 9/7/01 and 1/15/02, Longview Aluminum's Insurance agent, Eugene Tkalitch & Associates, Ltd. provided the following summarized explanation for the payments.

Imperial Finance business involves financing payments of insurance premiums by entering into financing agreements with insureds. McCook entered into an agreement with Imperial on June 16, 2001 for this purpose. One of the policies Imperial paid lump sum payments on included Policy Number 8185-04-55 issued by Chubb for directors and officers liability and related liabilities under which Longview, McCook and other entities are the insureds (the D&O Policy). After payment on the policy, Imperial invoiced McCook for the periodic payment due for financing the insurance premiums. Because Longview is named insured under the D&O Policy, McCook's principal secured lender, GECC and Longview agreed that Longview would pay Imperial directly, thus Longview paid Imperial Finance a total of \$66,211.83

In response to BPA's request for clarification regarding the following seven payments to Ableco Finance and Great Lake Processing, Longview Aluminum provided the following summarized explanation for the following seven payments.

Payment No.	Vendor Name	Check No.	Date	Amount
1	Ableco Finance	1333	6/21/01	\$100,000.
2	Ableco Finance	1746	9/25/01	\$100,000.
3	Great Lakes Processing	Wire	10/17/01	\$75,000
4	Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000
5	Great Lakes Processing	2352	12/21/01	\$50,000
6	Ableco Financing	2379	12/21/01	\$100,000
7	Ableco Financing, Aquatic Land Lease	Wire	1/07/02	\$100,000

Ableco was/is the administrative agent, collateral agent and funding agent involving a loan which Longview Aluminum borrowed \$155,000,000. The seven payments identified above represent payments of, or reimbursements for payments of, fees, to Ableco associated with the loan.

Payments 1, 2, and 6 were made by Longview to Ableco (acting in its capacities as administrative agent, collateral agent and funding agent) pursuant to Section 2.4(d) of the Loan Agreement and related agent fee letter. Payments 4 and 7 were made by Longview to Ableco (acting in its capacities as administrative agent, collateral agent and funding

agent) pursuant to Section 2.4© of the Loan agreement and related demand letter. Payment 3 and 5 were made by Longview to Great Lakes to reimburse Great Lakes for payments which Great Lakes had advanced to Ableco, on Longview's behalf in January 2001 in response to Ableco's request for certain upfront advances for expenses in order for Ableco to continue the process of evaluating, structuring and documenting a loan transaction with Longview which resulted in the loan transaction as set forth in the loan agreement.

COPY

TERM NOTE

US \$7,826,959

February 27, 2001
Chicago, Illinois

FOR VALUE RECEIVED, the undersigned, Longview Aluminum LLC, a Delaware limited liability company ("Borrower"), HEREBY PROMISES TO PAY to the order of McCook Metals LLC, ("Lender"), at its address at 4900 First Avenue, McCook, Illinois, 60525, or at such other place as Lender may designate from time to time in writing, in lawful money of the United States of America and in immediately available funds the amount of SEVEN MILLION EIGHT HUNDRED TWENTY-SIX THOUSAND, NINE HUNDRED AND FIFTY-NINE DOLLARS (\$7,826,959) on or before August 28, 2002

The outstanding principal balance of this Term Note shall bear interest at the rate equal to the prime rate from time to time in effect as reported in the Wall Street Journal. Interest shall be due and payable concurrently with the payment of principal due hereunder. For purposes of this Term Note, "Business Day" means each day on which banks are authorized to transact business in Chicago, Illinois, and "Event of Default" means any of the following:

- (i) Borrower fails to pay when due any installment of principal or interest due hereunder.
- (ii) Borrower defaults in the payment of any other indebtedness owing by it or payment of such other indebtedness is accelerated.
- (iii) Borrower (x) files or has filed against it a petition under Title 11 of the United States Code, as amended (y) makes an assignment for the benefit of creditors, or (z) consents to the appointment of an custodian, receiver, trustee or liquidator for all or part of its assets or the filing of a petition under Title 11 of the United States Code with respect to Borrower.

If any payment on this Term Note becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

Upon and after the occurrence of any Event of Default, this all amounts payable under this Term Note without demand, notice or legal process of any kind, immediately shall become due and payable. Time is of the essence of this Term Note. Demand, presentment, protest and notice of nonpayment and protest are hereby waived by Borrower.

THIS TERM NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE.

LONGVIEW ALUMINUM LLC

By: 

Title: Chairman

May 26, 1999

Samuel, Son Chicago Ltd.
c/o Samuel, Son & Co., Limited
2360 Dixie Road
Mississauga, Ontario
L4Y 1Z7

Re: Confirmation of Offset Rights

Gentlemen:

This letter is being delivered to you by McCook Metals L.L.C. ("McCook") in accordance with the terms and conditions of Sections 2.04 and 9.01(f) of that certain Asset Purchase Agreement dated May 26, 1999 (the "Agreement") between Samuel, Son Chicago Ltd. ("Chicago") and Great Lakes Metals, L.L.C. ("Metals"). All defined terms used in this letter which are not otherwise defined herein shall have the meanings ascribed to them by the Agreement. By means of this letter, McCook confirms to you that Samuel (or any entity affiliated with Samuel) may offset against sums due to McCook (or Scottsboro Aluminum, L.L.C. ("Scottsboro")) under the following circumstances:

- (i) In the event that Metals shall not have refunded to Chicago any amounts constituting reconciliation of the Royalty from the Royalty Advance as prescribed in the Agreement, then the Samuel Group shall unilaterally be entitled to set-off such reconciliation amount from any and all outstanding amounts owing by any Entity within the Samuel Group to McCook or Scottsboro.
- (ii) In the event of any failure of Metals to indemnify and hold harmless Chicago from an Indemnity Event as prescribed in the Agreement following the occurrence of such Indemnity Event, Chicago and/or the Samuel Group shall unilaterally be entitled to reimbursement for such Indemnity Event by effecting reconciliation and set-off against any and all outstanding amounts owing by any Entity within the Samuel Group to McCook or Scottsboro.

Prior to commencing any litigation against Metals pursuant to the Agreement to either recover the Royalty Advance or enforce the indemnity of Metals in Section 9.01 of the Agreement, Chicago hereby acknowledges and confirms that it shall first seek to utilize the offset mechanism prescribed in this letter with respect to McCook and Scottsboro, and shall only commence litigation against Metals in the event that its claim remains unsatisfied for any reason therefor.

Sincerely,
McCOOK METALS L.L.C.

By: *Mich V. Sykes*

Title: _____

Acknowledged and agreed

Samuel, Son Chicago Ltd.

By: *D. Kelly*

Date: *May 26, 1999*

May 26, 1999

Samuel, Son Chicago Ltd.
c/o Samuel, Son & Co., Limited
2360 Dixie Road
Mississauga, Ontario
L4Y 1Z7

Re: Confirmation of Offset Rights

Gentlemen:

This letter is being delivered to you by McCook Metals L.L.C. ("McCook") in accordance with the terms and conditions of Sections 2.04 and 9.01(f) of that certain Asset Purchase Agreement dated May 26, 1999 (the "Agreement") between Samuel, Son Chicago Ltd. ("Chicago") and Great Lakes Metals, L.L.C. ("Metals"). All defined terms used in this letter which are not otherwise defined herein shall have the meanings ascribed to them by the Agreement. By means of this letter, McCook confirms to you that Samuel (or any entity affiliated with Samuel) may offset against sums due to McCook (or Scottsboro Aluminum, L.L.C. ("Scottsboro")) under the following circumstances:

- (i) In the event that Metals shall not have refunded to Chicago any amounts constituting reconciliation of the Royalty from the Royalty Advance as prescribed in the Agreement, then the Samuel Group shall unilaterally be entitled to set-off such reconciliation amount from any and all outstanding amounts owing by any Entity within the Samuel Group to McCook or Scottsboro.
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Prior to commencing any litigation against Metals pursuant to the Agreement to either recover the Royalty Advance or enforce the indemnity of Metals in Section 9.01 of the Agreement, Chicago hereby acknowledges and confirms that it shall first seek to utilize the offset mechanism prescribed in this letter with respect to McCook and Scottsboro, and shall only commence litigation against Metals in the event that its claim remains unsatisfied for any reason therefor.

Sincerely,
McCOOK METALS L.L.C.

By: *Michal L. Sykes*

Title: _____

Acknowledged and agreed

Samuel, Son Chicago Ltd.

By: _____

R. Kelly

Date: _____

May 26, 1999

ANALYSIS OF HOURLY & SALARIED EMPLOYEES NET PAYROLL FOR WEEK 13 LONGVIEW ALUMINUM COMPANY

HOURLY PAYROLL WEEK 13

	Gross Payroll	Net Payroll	Payroll & Taxes
March 29, 2001 (Week 13)	\$357,950.86	\$88,601.93 a	\$109,597.57 a
Additional Payroll 3/22	\$6,333.84 a	\$6,451.64 a	\$6,528.69 a
Miscellaneous Difference		\$40.00	\$40.00
Mar-01	\$364,284.70	\$95,093.57	\$116,166.26

Employee Name (Last / First)	Check Number	Net Payroll	
1 Abercrombie, Steve (page 1)	40003277	\$90.28	
2 Aheren, Timothy J. (page 2)	40003455	\$160.26	
3 Anderson, Robin L. (page 3)	40003522	\$163.86	
4 Bailey, Shelley L. (page 4)	40003526	\$343.60	
5 Blair, Lawrence H. (page 8)	40003447	\$644.80	
6 Bouchard, Burgess (page 9)	40003581	\$504.57	
7 Casey, John L. (page 15)	40003498	\$175.14	
8 Clifton, Kenneth L. (page 17)	40003448	\$512.23	
9 Dietel, Jason L. (page 22)	40003284	\$468.95	
10 Ervi, Frank S. (page 25)	40003515	\$200.14	
11 Fisher, Gary K. (page 26)	40003503	\$327.18	
12 Flake, Clifford G. (page 27)	40003604	\$567.17	
13 Grady, Donald B. (page 31)	40003132	\$304.51	
14 Hanson, David N. (page 36)	40003497	\$556.62	
15 Hill, Troy L. (page 39)	40003606	\$276.01	
16 Hubbard, Jason C. (page 42)	40003356	\$479.72	
17 Johnson, Scott W. (page 46)	40003388	\$162.92	
18 Kessler, Adam R. (page 48)	40003349	\$217.41	
19 LaFave, Ralph E. (page 50)	40003175	\$689.18	
20 Marlow, Laren D. (page 55)	40003628	\$421.65	
21 Netling, Robert S. (page 63)	40003330	\$319.49	
22 Norton, Gregory A. (page 64)	40003617	\$274.82	
23 Osborn, Chad A. (page 65)	40003184	\$154.27	
24 Osborn, Chad A. (page 65)	40003185	\$207.51	
25 Petersen, Steven O. (page 67)	40003564	\$525.76	
26 Quavillon, Joseph A. (page 71)	40003338	\$149.10	
27 Reynolds, Keith M. (page 72)	40003194	\$376.51	
28 Schaffer, Joe L. (page 76)	40003311	\$198.44	
29 Seidl, Donald J. (page 78)	40003543	\$583.84	
30 Trafelet, Leon D. (page 88)	40003341	\$418.88	
31 Uzeta, Anthony J. (page 89)	40003276	\$177.06	
32 Vaughn, Donald N. (page 90)	40003327	\$62.05	
33 Welch, Michael A. (page 91)	40003496	\$241.66	
34 Young, Russell J. (page 97)	40003494	\$253.06	
35 Zepeda, Daniel (page 97)	40003134	\$154.67	
36 Zitek, Jerald K. (page 97)	40003361	\$188.69	
Employees Specifically Selected (36 / 5.67%)		\$11,552.01	13.04%
Other Employees Not Selected (599 / 94.33%)		\$77,049.92	86.96%
Net Regular Hourly Payroll Week 13 (635 / 100.00% Total)		\$88,601.93	100.00%
1 Allen, Laird W. (page 1)	40003825	\$276.05	
2 LaFave, Edward L. (page 7)	40003822	\$830.43	
3 Zandi, Victor (page 14)	40003804	\$101.40	
Employees Selected (3 / 2.22%)		\$1,207.88	18.72%
Other Employees Not Selected (132 / 97.78%)		\$5,243.76	81.28%
Net Supplemental Hourly Payroll Week 13 (135 / 100.00% Total)		\$6,451.64	100.00%

SALARIED PAYROLL WEEK 13

	Gross Payroll	Net Payroll	Payroll & Taxes
March 31, 2001 (Week 13)	\$342,546.38 a	\$216,191.13 a	\$332,694.87 a
Supplemental (Week 13)	\$34,198.37 a	\$25,381.41 a	\$37,347.12
Garnishment (Week 13)		\$840.07	\$840.07
Mar-01	\$376,744.75	\$242,412.61	\$370,882.06

Employee Name (Last / First)	Check Number	Net Payroll	
1 Alm, Edward S. (page 1)	40002988	\$2,241.10	
2 Brown, Rodney C. (page 2)	40003000	\$2,846.27	
3 Carr, Brenda F. (page 3)	40003005	\$1,529.45	
4 Clay, James A. (page 3)	40003008	\$2,151.48	
5 Farvour, Albert E. (page 4)	40003020	\$1,358.98	
6 Gabrielson, Stephen (page 5)	40003022	\$2,132.50	
7 Hayes, Mitchell G. (page 6)	40003031	\$2,417.58	
8 Johnson, Brian W. (page 7)	40003044	\$2,110.28	
9 Kell, Richard F. (page 8)	40003049	\$2,101.82	
10 Kimball, James O. (page 8)	40003050	\$1,865.85	
11 Leaf, Kenneth R. (page 8)	40003052	\$1,730.39	
12 Mann, Dean F. (page 9)	40003061	\$3,401.09	
13 Nazelrod, Gene W. (page 10)	40003072	\$1,454.73	
14 Oswald, David L. (page 10)	40003075	\$2,063.89	
15 Philpott, Kenneth L. (page 11)	40003077	\$2,272.32	
16 Ramsey, Ronald E. (page 11)	40003082	\$1,615.60	
17 Randolph Dennis L. (page 11)	40003083	\$2,252.36	
18 Safer, Jerry A. (page 12)	40003089	\$1,647.09	
19 Slind, Leland O. (page 13)	40003094	\$3,409.07	
20 Toney, Carl W. (page 14)	40003105	\$2,832.27	
21 Walker, Ray. O. (page 14)	40003106	\$2,593.22	
22 Zandi, Gene R. (page 15)	40003113	\$943.11	
Employees Specifically Selected (22 / 17.18%)		\$46,970.45	21.73%
Other Employees Not Selected (106 / 82.81%)		\$169,220.68	78.27%
Net Regular Salaried Payroll Week 13 (128 / 100.00% Total)		\$216,191.13	100.00%
1 Babirak, John (page 1)	40003773	\$2,302.09	
2 McDole, Robert (page 1)	40003777	\$5,763.03	
3 Mihalo, Dale (page 1)	40003778	\$1,390.52	
4 Poremba, David (page 2)	40003782	\$5,133.50	
5 Rundle, Clyde (page 2)	40003783	\$3,814.73	
Employees Specifically Selected (5 / 38.46%)		\$18,403.87	72.51%
Other Employees Not Selected (8 / 61.54%)		\$6,977.54	27.49%
Net Supplemental Salaried Payroll Week 13 (13 / 100.00% Total)		\$25,381.41	100.00%

a - Agreed to ADP Statistical Summary Recap (Liability Recap) for Longview Aluminum

(Analysis of BPA Payments and LAC Qualified Expenditures on Curtailment Agreement, Contract No. 01PB-10786)

Waste Water Plant				\$42,102.89		\$42,102.89	
Disposal Fees				\$164,716.94		\$164,716.94	
Employee Ben/Activity				\$27,126.10		\$27,126.10	
Enviornmental				\$66,449.03		\$66,449.03	
Freight				\$55,839.34		\$55,839.34	
Ground Keepers				\$11,630.89		\$11,630.89	
Guard				\$26,995.62		\$26,995.62	
Insurance: Property				\$650,000.00			
Insurance: Boiler & Machinery				\$196,050.00			
Insurance: Other				\$396,762.00		\$1,242,812.00	[15]
Manufacturing Supplies				\$979,005.02		\$979,005.02	[7]
Repairs & Maintenance				\$328,142.90		\$328,142.90	[8]
R&M Supplies				\$170,346.97		\$170,346.97	
Sampling & Testing				\$48,521.89		\$48,521.89	
Training				\$9,998.26		\$9,998.26	
Business Licenses				\$7,214.23		\$7,214.23	
Data Processing				\$40,440.79		\$40,440.79	
Travel				\$143,004.28		\$143,004.28	
M&E				\$6,597.17		\$6,597.17	
Meetings & Seminars				\$2,125.15		\$2,125.15	
Natural Gas				\$278,764.47		\$278,764.47	
Office Expense				\$15,796.45		\$15,796.45	
Payroll Services				\$56,062.32		\$56,062.32	
Postage				\$8,057.87		\$8,057.87	
Outside Services				\$58,401.22		\$58,401.22	
Rental & Miscellaneous Equipment				\$24,650.45		\$24,650.45	
Taxes & Use				\$18,729.18		\$18,729.18	
Taxes Other				\$14,302.32		\$14,302.32	
Telephone				\$27,982.24		\$27,982.24	
Bank Charges				\$7,619.85		\$7,619.85	
	\$0.00	\$0.00		\$3,883,435.84	[1]	\$3,883,435.84	1.72%
Power				\$1,416,544.00	F	\$1,416,544.00	
Power Transmission				\$510,186.00	F	\$510,186.00	
	\$0.00	\$0.00		\$1,926,730.00	[1]	\$1,926,730.00	0.85%
Fixed Assets				\$217,474.09	F	\$217,474.09	[9]
Capital Upgrades				\$512,902.27		\$512,902.27	[10] [14]
	\$0.00	\$0.00		\$730,376.36	[1]	\$730,376.36	0.32%
Loan: Ableco Fees				\$500,000.00	F	\$500,000.00	[11]
Loan: Great Lake Processing				\$125,000.00	F	\$125,000.00	[11]
	\$0.00	\$0.00		\$625,000.00	[1]	\$625,000.00	0.28%
Professional Fees: Legal				\$1,457,944.44		\$1,457,944.44	
Professional Fees: Accounting				\$721,700.00		\$721,700.00	
Professional Fees: Enviornmental				\$298,625.35		\$298,625.35	
Professional Fees: Other				\$302,024.90		\$302,024.90	
	\$0.00	\$0.00		\$2,780,294.69	[1]	\$2,780,294.69	1.23%
Acquisition Investments - To McCook				\$3,280,552.97	F	\$3,280,552.97	[12]
Acquisition Investments - Other				\$2,505,304.76		\$2,505,304.76	[13] [14]
UnCategorized Costs				\$361,683.97		\$361,683.97	
	\$0.00	\$0.00		\$6,147,541.70		\$6,147,541.70	2.72%
Company Expenditures through February 6, 2002	\$13,756,926.22	\$2,737,415.82		\$28,194,684.98	[1]	\$44,689,027.02	19.77%
Payments Paid Directly to USWA	\$3,100,000.00	a				\$3,100,000.00	1.37%
February 20, 2002 Payment(s)		\$3,200,000.00	b	\$7,321,947.00	c	\$10,521,947.00	4.66%
Company Expenditures Plus Direct USWA Payments and February 20, 2002 Payments						\$58,310,974.02	25.80%
Curtailment Payments through February 20, 2002, in Excess of Analyzed Company Expenditures						\$583,472.98	0.26%

The attached schedules summarize the detail expenditures pertaining to cost categories that were selected for review. The analysis notes explain the review procedures performed and findings.

ANALYSIS OF PAYMENTS & RELATED EXPENDITURES

BPA Payment Date(s)	Paid to Union Accounts Acct. # 77090793, #3752157994 (Exh. B, Table 2)	Paid to Longview Aluminum Company Acct. #3751628482 (Exh. B, Table 4)	Paid to USWA & Longview Aluminum Company	Paid to ABLECO Finance LLC, Funding Agent, A/C #77090793 (Exh. B, Table 3)	Curtailment Payments Paid on Contract Number 01PB-10786 (Exh. B, Table 1)
March 20, 2001	\$3,800,000.00	\$4,097,500.00	\$7,897,500.00	\$9,102,500.00	\$17,000,000.00
April 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$16,254,880.00	\$19,452,380.00
May 21, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
June 20, 2001	\$1,666,667.00	\$2,530,833.00	\$4,197,500.00	\$17,671,547.00	\$21,869,047.00
July 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
August 20, 2001	\$1,750,000.00	\$1,447,500.00	\$3,197,500.00	\$18,671,547.00	\$21,869,047.00
September 20, 2001	\$1,666,667.00	\$2,530,833.00	\$4,197,500.00	\$17,671,547.00	\$21,869,047.00
October 22, 2001	\$3,100,000.00	\$1,447,500.00	\$4,547,500.00	\$17,321,547.00	\$21,869,047.00
November 20, 2001	\$3,100,000.00 ^a	\$1,447,500.00	\$4,547,500.00	\$10,035,833.00	\$14,583,333.00
December 20, 2001	\$3,016,666.00	\$2,530,834.00	\$5,547,500.00	\$9,035,833.00	\$14,583,333.00
January 21, 2002	\$3,200,000.00	\$1,447,500.00	\$4,647,500.00	\$9,935,833.00	\$14,583,333.00
February 20, 2002	\$3,200,000.00 ^b	\$7,321,947.00 ^c	\$10,521,947.00	\$4,061,392.00	\$14,583,339.00
Total Payments	\$29,750,000.00	\$29,144,447.00	\$58,894,447.00 26.06%	\$167,105,553.00 73.94%	\$226,000,000.00 100.00%

(Not Reviewed)

Expenditure Description:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Payroll & Taxes	\$7,273,913.18 F	\$2,136,761.01 F	\$702,931.99 F	\$10,113,606.18 [4]
Retiree Payout	\$1,500,000.00 F		\$1,255,198.73 F	\$2,755,198.73 [5]
Hourly Workmans Compensation	\$52,280.52 F		\$67,629.57 F	\$119,910.09
Hourly 401K	\$1,074,374.02 F	\$220,403.71 F	\$10.85	\$1,294,788.58
Hourly Pension	\$280,825.00 F		\$280,825.00	\$561,650.00
Hourly Union Dues	\$110,781.70 F	\$8,445.08 F	\$29,320.29	\$148,547.07
Hourly Credit Union	\$163,357.82 F		\$127,326.48	\$290,684.30
Hourly Other Payroll Deductions	\$30,476.95 F	\$3,862.15 F	\$4,360.17	\$38,699.27
Hourly Tuition	\$3,788.00 F	\$797.70 F	\$1,908.04	\$6,493.74
Hourly Medical	\$2,913,063.14 F	\$323,725.65 F	\$332,771.46	\$3,569,560.25
Hourly Dental	\$265,838.97 F	\$24,693.77 F	\$25,249.93	\$315,782.67
Hourly Life Insurance	\$87,349.50 F	\$18,726.75 F		\$106,076.25
Other	\$877.42 F			\$877.42
Hourly VEBA			\$590,190.00	\$590,190.00
Salaried: Payroll & Taxes			\$7,006,971.73	\$7,006,971.73 [6]
Salaried Workmans Compensation			\$74,567.39	\$74,567.39
Salaried: 401K			\$496,270.21	\$496,270.21
Salaried Credit Union			\$126,432.60	\$126,432.60
Salaried: Other Pd Deductions			\$7,945.76	\$7,945.76
Salaried Tuition			\$3,078.62	\$3,078.62
Salaried Medical			\$727,112.47	\$727,112.47
Salaried Dental			\$127,007.95	\$127,007.95
Salaried Life Insurance			\$114,197.15	\$114,197.15
Total	\$13,756,926.22 [3]	\$2,737,415.82 [2]	\$12,101,306.39 [1]	\$28,595,648.43 12.65%

The attached schedules summarize the detail expenditures pertaining to cost categories that were selected for review. The analysis notes explain the review procedures performed and findings.

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Power Purchases

Vendor Name	Check Number	Date	Amount
BPA	1042M	4/9/01	\$136,142.00
BPA	Wire	5/7/01	\$457,402.00
BPA	Wire	6/18/01	\$157,150.00
BPA	Wire	6/27/01	\$130,800.00
BPA	Wire	7/30/01	\$114,850.00
BPA	Wire	9/13/01	\$97,350.00
BPA	Wire	10/12/01	\$94,400.00
BPA	Wire	12/26/01	\$108,050.00
BPA	Wire	1/16/02	\$120,400.00
			<u><u>\$1,416,544.00</u></u>

Analysis of Transmission Purchases

	Check Number	Date	Amount
BPA	Wire	11/6/01	\$85,600.00
BPA	Wire	12/11/01	\$140,566.00
BPA	Wire	12/26/01	\$141,471.00
BPA	Wire	1/23/02	\$142,549.00
			<u><u>\$510,186.00</u></u>

Total BPA Purchases

\$1,926,730.00

Analysis of Fixed Assets and Capital Upgrades

Vendor Name	Check Number	Date	Amount
PHH Leasing	1434	7/10/01	\$15,605.60
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00
CSB Systems (Support)	2277	12/14/01	\$23,846.40
			<u><u>\$217,473.69</u></u>

[9] Documentation Reviewed

[9] Doc. Reviewed
[9] Doc. Reviewed

J.H. Kelly	1239	5/29/01	\$139,367.97	[10] Doc. Reviewed
J.H. Kelly	1415	7/10/01	\$87,887.36	[10] Doc. Reviewed
J.H. Kelly	1475	7/23/01	\$146,530.81	[10] Doc. Reviewed
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36)	[10] Doc. Reviewed
J.H. Kelly	1516	7/30/01	\$43,943.68	[10] Doc. Reviewed
J.H. Kelly	1518	8/8/01	\$43,943.68	[10] Doc. Reviewed
J.H. Kelly	1561	8/8/01	\$17,796.28	[10] Doc. Reviewed
J.H. Kelly	1610	8/27/01	\$90,969.39	[10] Doc. Reviewed
J.H. Kelly	1051	4/18/01	\$30,350.46	[10] Doc. Reviewed
			<u><u>\$512,902.27</u></u>	

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Loans

Vendor Name	Check Number	Date	Amount
Keilin & Co.	1308	6/14/01	\$100,000.00
Ableco Finance	1746	9/25/01	\$100,000.00
Great Lakes Processing	Wire	10/17/01	\$75,000.00
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00
Great Lakes Processing	2352	12/21/01	\$50,000.00
Ableco Financing	2379	12/21/01	\$100,000.00
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00
			<u><u>\$625,000.00</u></u>

Great Lakes Processing (Inconsistent Information)	\$125,000.00	[11] Explan. Requested
Ableco Fees (5 late fee payments on loan)	\$500,000.00	[11] Explan. Requested
	<u><u>\$625,000.00</u></u>	

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount	
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	6/29/01	\$300,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	7/17/01	\$179,500.00	[12] Explan. Requested
McCook Metals LLC	Wire	7/18/01	\$168,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	7/18/01	\$168,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	7/20/01	\$141,930.75	[12] Explan. Requested
McCook Metals LLC	Wire	7/23/01	\$54,925.19	[12] Explan. Requested
McCook Metals LLC	Wire	7/24/01	\$149,666.29	[12] Explan. Requested
McCook Metals LLC	Wire	7/25/01	\$21,865.73	[12] Explan. Requested
McCook Metals LLC	Wire	7/26/01	\$37,790.98	[12] Explan. Requested
McCook Metals LLC	Wire	7/26/01	\$114,600.20	[12] Explan. Requested
McCook Metals LLC	Wire	7/27/01	\$66,961.77	[12] Explan. Requested
McCook Metals LLC	Wire	7/30/01	\$148,312.06	[12] Explan. Requested
McCook Metals LLC	Wire	7/31/01	\$317,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00	[12] Explan. Requested
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00)	[12] Explan. Requested
			<u><u>\$3,280,552.97</u></u>	

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Acquisition Investments - Other

Vendor Name	Check Number	Date	Amount	
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40	
Samuel & Son	1288	6/7/01	\$100,000.00	[13] Req. Docum.
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00	[13] Life Ins. Premiums
Security Connecticut - McCall	1341	6/25/01	\$55,250.00	[13] Life Ins. Premiums
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00	[13] Life Ins. Premiums
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00	[13] Life Ins. Premiums
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00	[13] Req. Docum.
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00	
Dynegy	Wire	7/26/01	\$369,400.00	
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00)	[13] Req. Docum.
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00	[13] Req. Docum.
American Express	1566	8/15/01	\$15,554.08	
Samuel & Son	Wire	9/13/01	\$100,000.00	[13] Req. Docum.
Samuel & Son	Wire	9/26/01	\$100,000.00	[13] Req. Docum.
American Express	1841	10/12/01	\$29,469.78	
Samuel & Son	Wire	10/16/01	\$100,000.00	[13] Req. Docum.
Samuel & Son	Wire	10/29/01	\$150,000.00	[13] Req. Docum.
American Express	1927	11/1/01	\$24,486.50	
Samuel & Son	Wire	11/29/01	\$150,000.00	[13] Req. Docum.
Samuel & Son	Wire	12/12/01	\$100,000.00	[13] Req. Docum.
Samuel Son & Co.	Wire	12/13/01	\$150,000.00	[13] Req. Docum.
Samuel & Son	Wire	1/9/02	\$100,000.00	[13] Req. Docum.
Samuel & Son	Wire	2/1/02	\$100,000.00	[13] Req. Docum.
LECG	1072	4/18/01	\$40,000.00	
			<u>\$2,505,304.76</u>	

Need explanation of Samuel & Son payments

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Insurance Payments:

Vendor Name	Invoice Number	Invoice Date	Amount	
Liability	4666	3/19/01	\$25,000.00	[15]
Property	4667	3/19/01	\$162,500.00	[15]
Enviornmental / Pollution	4668	3/19/01	\$23,642.00	[15]
Umbrella	4669	3/19/01	\$14,375.00	[15]
Crime	4670	3/19/01	\$2,735.00	[15]
Fiduciary	4671	3/19/01	\$787.50	[15]
Directors & Officers	4672	3/19/01	\$4,024.33	[15]
Fees & Taxes	4673	3/19/01	\$695.00	[15]
Boiler & Machinery	4674	3/19/01	\$49,067.00	[15]
Auto	4676	3/19/01	\$3,500.00	[15]
			\$286,325.83	
Imperial Premium Finance		3/27/01	\$89,188.04	[15]
Imperial Premium Finance		4/27/01	\$89,188.04	[15]
Imperial Premium Finance		5/27/01	\$89,188.04	[15]
Imperial Premium Finance		6/27/01	\$89,188.04	[15]
Imperial Premium Finance		7/27/01	\$89,188.04	[15]
Imperial Premium Finance		8/27/01	\$89,188.04	[15]
Imperial Premium Finance		9/27/01	\$89,188.04	[15]
Imperial Premium Finance		10/27/01	\$89,188.04	[15]
Imperial Premium Finance		11/27/01	\$89,188.04	[15]
			\$802,692.36	
Eugene Tkalitch	7676	3/19/01	\$8,333.00	[15]
Eugene Tkalitch	4681	4/1/01	\$8,333.00	[15]
Eugene Tkalitch	4688	3/30/01	(\$118.00)	[15]
Eugene Tkalitch	4720	5/27/01	\$8,333.00	[15]
Eugene Tkalitch	4749	6/27/01	\$8,333.00	[15]
Eugene Tkalitch	4750	6/27/01	\$3,500.00	[15]
Eugene Tkalitch	4769	6/8/01	\$1,355.50	[15]
Eugene Tkalitch	4781	6/30/01	\$8,333.00	[15]
Eugene Tkalitch	4819	7/18/01	\$300.00	[15]
Eugene Tkalitch	4833	7/31/01	\$8,333.00	[15]
Eugene Tkalitch	4862	8/27/01	\$8,333.00	[15]
Eugene Tkalitch	4863	8/27/01	\$3,772.25	[15]
Eugene Tkalitch	4903	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	4981	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	5008	11/27/01	\$3,772.25	[15]
			\$87,579.00	
Imperial A.I. Finance		9/7/01	\$14,749.88	[15] Req. Docum.
Imperial A.I. Finance		9/14/01	\$10,292.39	[15] Req. Docum.
Imperial A.I. Finance		10/12/01	\$10,292.39	[15] Req. Docum.
Imperial A.I. Finance		11/15/01	\$10,292.39	[15] Req. Docum.
Imperial A.I. Finance		12/17/01	\$10,292.39	[15] Req. Docum.
Imperial A.I. Finance		1/15/02	\$10,292.39	[15] Req. Docum.
			\$66,211.83	
Insurances:			\$1,242,809.02	

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Hourly Payroll

Month	Gross Payroll	Net Payroll	Total Hourly Payroll & Taxes
March 4, 2001 (Week 10)	\$374,132.09	\$225,039.03	\$337,968.97
Voided March Checks	(\$48,699.55)	(\$31,045.70)	(\$47,553.26)
Reissued Checks	\$40,341.46	\$25,186.59	\$38,067.49
March 15, 2001 (Week 11)	\$395,915.43	\$248,804.01	\$367,675.31
Additional Payroll 3/15	\$748.31	\$939.45	\$1,045.68
March 22, 2001 (Week 12)	\$351,865.27	\$145,084.14	\$232,827.43
Additional Payroll 3/22	\$973.76	(\$542.73)	(\$493.78)
March 29, 2001 (Week 13)	\$357,950.86	\$88,601.93	\$109,597.57
Additional Payroll 3/22	\$6,333.84	\$6,451.64	\$6,528.69
Miscellaneous Difference		\$40.00	\$40.00
Mar-01	\$1,479,561.47	\$708,558.36	\$1,045,704.10
Apr-01	\$1,551,496.39	\$377,020.53	\$567,787.88
SUTA Quarterly Taxes			\$13,574.67
May-01	\$1,785,949.12	\$345,117.64	\$666,552.59
Jun-01	\$1,441,970.24	\$257,697.55	\$523,184.90
Jul-01	\$1,442,050.50	\$257,192.52	\$542,926.67
SUTA Quarterly Taxes			\$37,076.11
Aug-01	\$1,808,428.88	\$314,572.80	\$682,784.29
Sep-01	\$1,429,657.70	\$270,154.25	\$592,973.15
Oct-01	\$1,745,517.85	\$550,554.39	\$1,217,777.36
SUTA Quarterly Taxes			\$10,891.67
Nov-01	\$1,392,285.03	\$552,177.30	\$1,248,621.25
Dec-01	\$1,399,096.20	\$569,831.73	\$1,103,106.20
Taxes Not Deposited do to Overpayment with IRS			
Jan-02	\$1,741,852.31	\$745,736.31	\$1,559,689.47
SUTA Quarterly Taxes			\$22,044.32
Feb-02	\$352,885.41	\$157,284.60	\$325,690.44
		\$5,105,897.98	\$10,160,385.07
Differences:			(\$46,778.89)
Retirees Payout April 2001		\$1,607,396.85	
	\$17,570,751.10	\$6,713,294.83	\$10,113,606.18

[6] Requested
Summary of Net Payroll
[6] Requested
Summary of Net Payroll

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002**

Analysis of Salaried Payroll

Month	Gross Payroll	Net Payroll	Total Hourly Payroll & Taxes
March 15, 2001 (Week 11)	\$305,389.88	\$192,925.24	\$297,053.33
March 31, 2001 (Week 13)	\$342,546.38	\$216,191.13	\$332,694.87
Supplemental (Week 13)	\$34,198.87	\$25,381.41	\$37,347.12
Garnishment (Week 13) Mar-01	\$682,134.63	\$435,337.85	\$667,935.39
Apr-01	\$645,040.77	\$312,999.44	\$622,269.43
SUTA Quarterly Taxes			\$9,140.60
May-01	\$694,163.36	\$177,816.73	\$629,290.86
Jun-01	\$613,186.00	\$132,567.55	\$548,269.16
Jul-01	\$667,978.70	\$177,671.45	\$623,082.78
SUTA Quarterly Taxes			\$19,067.90
Aug-01	\$649,511.77	\$142,430.78	\$583,538.90
Sep-01	\$649,835.98	\$159,672.19	\$605,950.81
Oct-01	\$647,985.76	\$153,833.12	\$622,792.83
SUTA Quarterly Taxes			\$4,519.10
Nov-01	\$634,604.98	\$150,201.46	\$615,834.77
Dec-01	\$617,485.26	\$152,753.25	\$516,072.03
Jan-02	\$512,348.18	\$104,172.54	\$500,808.55
SUTA Quarterly Taxes			\$8,788.45
FICA Refund to Hourly Employees			\$362,260.17
FICA Refund to Salaried Employees			\$60,756.05
Miscellaneous Difference			\$6,593.95
	\$7,014,275.39	\$2,099,456.36	\$7,006,971.73

[4] Requested
Summary of Net Payroll
[4] Requested
Summary of Net Payroll
[4] Requested
Summary of Net Payroll

**Longview Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.

[1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.

[2] - Agreed to Longview Aluminum Second Union Account payment schedule.

[3] - Agreed to Longview Aluminum First Union Account payment schedule net of unclassified bank transfers.
(\$16,199,126.22 - \$2,442,200.00) = \$13,756,926.22.

[4] - Verified internal consistency of document data for payroll periods 3/8/01 (Week 10), 3/15/01 (Week 11), 3/29/01 (Week 13), 8/2/01 (Week 31).

Vouched monthly summary detail totals to the period summary 3/2/01 through 2/7/02.

Footed the period summary totals for gross pay, net checks paid, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability, SUTA quarterly taxes, and total hourly payroll and taxes. Noted total hourly payroll and taxes per the period summary agreed to the disbursement summary total for hourly payroll & taxes. (\$10,113,606.18). No significant exceptions noted.

Requested a list of employees paid for week 13 (March 15, 2001) that shows net paid by employee that totals \$216191.13 + \$25381.47 + \$840.07 = \$242,412.67.

[5] - Reviewed April 5, 2001 retiree payout lead sheet. Noted Gross Retiree Payout equaled \$2,550,000.00, Net checks equaled \$1,607,396.85, and Total Liability agreed to disbursement summary total. (\$2,755,198.73).

[6] - Verified internal consistency of document data for pay periods 3/15/01 (Week 11), and 3/31/01 (Week 13).

Vouched monthly summary detail totals to the period summary March 2001 through January 2002.

Footed the period summary totals for gross pay, net checks, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability and salaried payroll and taxes.

Noted total salaried payroll and taxes per the period summary agreed to the disbursement summary total for salaried payroll and taxes. No significant exceptions noted.

Requested a list of employees paid for week 13 (March 15, 2001) that shows net paid by employee that totals \$88,601.93 + \$6,451.64 = \$95,053.57.

[7] - Reviewed Reliable Steel invoice (Inv. #3288/12/31/01) and check copy (chk #5617/1/24/02) for \$41,565.96.

Reviewed Helser Industries invoice (Inv. #17490/12/20/01) and check copy (chk #2492/1/10/02) for \$33,750.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[8] - Reviewed Protective Coating Consultants invoice (Inv. #16776/11/14/01) and check copy (chk#2218/12/05/01) for \$3,843.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[9] - Reviewed PHH Vehicle Management Services vehicle sales documents (for three vehicles) & related correspondence, check copy (chk#1434). Noted sales invoices total, check copy and disbursement summary dollar amounts agreed. The purchase price for each vehicle showed \$5,650.20, \$7,533.20, \$422.2 = \$15,605.60. No exceptions noted. Reviewed CSB Systems invoice (inv.#8428/1/29/02), quote sheets/ordering document (12/10/01), check copy (chk#2276/12/14/01). Noted quote sheet total, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[10] - Reviewed J.H. Kelly Building Trust Invoice (inv# KW10247/3/23/01), check copy (chk#1239/5/29/01), and supporting invoice documentation. Noted invoice, check copy and disbursement summary dollar amounts agreed. No exceptions noted.

**Longview Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

[11] - Reviewed borrowing agreement dated February 26, 2001 between Longview Aluminum, LLC and ABLECO Finance LLC. Noted original loan was \$155,000,000.00. Also reviewed Agent Fee Letter dated 2/26/01 making reference to \$100,000 Administrative Agent fee payable on the last business day of each calendar quarter. Reviewed Longview Aluminum reference schedule. That schedule infers that the two payments paid to Great Lake Processing were infact payments to Ableco. However, the attached documentation provided by Longview Aluminum including wire transfer dates appears to be inconsistent with original disbursement summary dates. That is, GLP Wire / Date per disbursement summary shows 10/17/01 for \$75,000 and check no 2352 on 12/21/01 for \$50,000. The provided documentation shows wire transfers occurred on 1/31/01 for both amounts. The documentation provided does not clearly answer the initial question/concern. Request a clear and consise explanation for the two payment amounts of \$125,000 and \$500,000 respectively too Great Lake Processing and Abelco.

[12] - Reviewed various legal documentation provided. The documentation does not answer the question what is the basic nature/purpose for the category of costs referred to as 'Acquisition Investments - To McCook. Please provide a consise and to the point explanation for the \$\$3,280,552.97 payments to McCook Metals LLC.

[13] - Reviewed Life Insurance Premium Payments paid to Security Connecticut (\$ 372,008.00) as follows: (a) \$156,085.00 for annual premium on Lynch (Policy Number SC23404256 / Check No. 25438 / Chk Date 12/29/00); (b) \$55,250.00 for annual premium James McCa (Policy Number SC2340409G / Check No. 25453 / Chk Date 12/29/00); (c) \$75,960.00 for annual premium M. Ochalski (Policy Number SC2340417G / Check No. 25451 / Chk Date 12/29/00); (d) \$84713.00 for annual premium J. Koll (Policy Number SC2340415M2001 / Check No. 26262 / Chk Date 2/14/01). No documentation was provided regarding Samuel & Son. Total payments paid to Samuel & Son were \$1,250,000.

[14] - Unreconciled amounts were provided as follows: Other Acquisition Costs \$40,000.00 4/18/01 Check No. 1072. Capital Projects \$30,350.46 4/18/01 Check No. 1051. See Analysis of Costs.

[15] - Reviewed nine invoices dated 3/19/01 for [4666 (\$25,003.00), 4667 (\$162,500.00), 4668 (\$23,642.00), 4669 (\$14,375.00), 4670 (\$2,735.00), 4671 (\$787.50), 4672 (\$4,024.33), 4673(\$695.00), 4674 (\$49,067.00), 4676 (\$3,500.00)] that totaled \$286,328.83 that were paid to Eugene Tkalitch & Associated, Ltd. pertaining to various insurance premiums and policies.

Reviewed nine premium/installment invoices for \$89,188.04 paid to Imperial A.I. Credit Companies (premium periods 3/27/01, 4/27/01, 5/27/01, 6/27/01, 7/27/01, 8/27/01, 9/27/01, 10/27/01, 11/27/01) that totaled \$802,692.36.

Reviewed fifteen invoices paid to Eugene Tkalitch & Associates, Ltd. (Inv# 7676-3/19/01 (\$8,333.00), Inv.# 4681-4/1/01 (\$8,333.00), Inv.# 4688-3/30/01 (Credit \$118.00), Inv.# 4720-5/27/01 (\$8,333.00), Inv.# 4749-6/27/01 (\$8,333.00), Inv.# 4750-6/27/01 (\$3,500.00), Inv.# 4769-6/8/01 (\$1,355.50), Inv.# 4781-6/30/01 (\$8,333.00), Inv.# 4819-7/18/01 (\$300.00), Inv.# 4833-7/31/01 (\$8,333.00), Inv.# 4862-8/27/01 (\$8,333.00), Inv.# 4863-8/27/01 (\$3,772.25), Inv.# 4903-10/27/01 (\$8,333.00), Inv.# 4981-10/29/01 (\$8,333.00), Inv.# 5008-11/27/01 (\$3,772.25).

Additional Insurance Review: Noted insurance policies were available for review from the following insurers:

- (a) CHUBB (Policy No. 3576-75-43 CHI Liability Insurance);
- (b) CHUBB (Policy Number 8185-03-81 Executive Protection Policy); CHUBB (Policy Number 7640-15-00 Boiler & Machinery);
- (c) CHUBB (Policy Number 8185-04-55 Liability Insurance);
- (d) CHUBB (Policy Number 7350-74-93 Business Auto Policy);
- (e) Industrial Risk Insurers (Policy Number 31-3-68627);
- (f) Indian Harbor Insurance Company (Policy Number PEC0008721 Liability Insurance);
- (g) Fireman's Fund Insurance Companies (Policy Number XYZ-000-8448-5556).

A schedule of premium payments to Imperial A.I. Finance that totaled \$66,211.83 was provided without explanatory invoices/check copies.

Other Review Procedures Performed: On a select randon basis, traced deposits and disbursements from the expenditure information to the various bank statements provided. Traced BPA payment amounts to related expenditure information and bank statements provided.

Mr. John Kolleng
Longview Aluminum, LLC

Re: Curtailment Agreement, Contract No. 01PB-10786

We have reviewed Longview Aluminum expenditure information you provided on February 13, 2002. To ensure that the funds BPA has paid Longview have been spent on Qualifying Expenditures, as defined in the above contract, we need to review other detail documents and obtain a brief explanation regarding some expenditures that we noted in the records you provided us on February 13, 2002.

The following is a summary of additional documents and ledgers we would like to review and questions regarding some categories of expenditures. Because we did not retain copies of any of the expenditures documents we reviewed, we request that you retain those documents.

- Longview's expenditure information shows that the company has spent \$10,113,606.18, for hourly payroll and taxes, \$7,006,971.73 for salaried payroll and taxes, and \$2,755,198.73 for retiree payouts, for the period December 18, 2001 through February 6, 2002. While we reconciled total expenditures for these cost categories from the two Union Accounts and Company account, we also need to review the source ledgers (i.e., payroll and payroll tax ledgers etc.) that supports these payments.
- Longview's expenditure information shows that the company has spent \$1,242,812, for insurances related to Property, Boiler & Machinery and Other. In order to verify that the insurance premiums paid pertain to insurance policies involving the Longview plant, we would like to review the underlining insurance invoices that pertain to those payments and related insurance policies.
- Longview's expenditure information shows that the company has spent \$979,005.02 for Repairs and Maintenance (RM), \$328,142.00 for R&M Supplies (S), \$217,473.69 for Fixed Assets (FA), and \$512,902.27 for Capital Upgrades (CU). To better understand the nature of these expenditures, we would like to examine the invoices related to the following payments shown in the expenditure account worksheet for the company account.

Vendor Name	Cost Category	Check Number	Date Paid	Dollar Amount
Helser Industries	RM	2492	7/10/02	\$33,750.00
Reliable Steel	RM	2617	1/24/02	\$41,565.96
Protective Coating Consultants	S	2218	12/5/01	\$3,843.00
PHH Leasing	FA	1434	7/10/01	\$15,605.60
CSB Systems (ERP)	FA	2276	12/14/01	\$108,470.00
J.H. Kelly	CU	1239	5/29/01	\$139,367.97

- Longview's expenditure information shows that the company spent \$125,000.00 and \$500,000 in loan payments to Great Lake Processing and Ableco Financing respectively. Please explain the nature of these loans. That is, are these payments being paid to a creditor, on an existing loan owed by Longview?; or, is Longview providing finance to these companies? (Attachment #1)
- Longview's expenditure information shows that the company spent \$3,280,552.97 to McCook Metals, LLC in what is described as Acquisition investments to McCook. Please explain the nature of these payments. (Attachment #2)
- Longview's expenditure information shows that the company spent \$2,505,304.76 for what is described as Other Investments. Two large payee's included in this total were Samuel & Son and Security Connecticut. Please explain the nature of the payments paid to Samuel & Son and Security Connecticut. (Attachment #2)
- During our review of Longview's Expenditure information we noted that the total expenditures for Capital Upgrades (\$512,902.27) and Other Investments (\$2,505,304.76) could not be reconciled with the detail expenditures paid by \$30,350.46 (Attachment #1) and \$40,000.00 (Attachment #2) respectively. Please explain or provide us with the necessary reconciling dollar amounts paid (i.e., payee, check number, date, amount).



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

February 22, 2002

In reply refer to: PT-5

Mr. John L. Kolleng, Vice Chairman
Longview Aluminum LLC
111 West Washington, 1655
Chicago, IL 60602

Re: Curtailment Agreement, Contract No. 01PB-10786

Dear Mr. Kolleng:

Bonneville Power Administration (BPA) has reviewed the Longview Aluminum (Longview) expenditure information you provided on February 13, 2002. To ensure that the funds BPA has paid Longview have been spent on Qualified Expenditures, as defined in the subject contract, BPA needs to review additional materials, and to receive from Longview an explanation regarding some expenditures listed in the records provided us on February 13, 2002.

The following is a summary of additional documents and ledgers we would like to review.

- Longview's expenditure information shows the company has spent \$10,113,606.18, for hourly payroll and taxes, \$7,006,971.73 for salaried payroll and taxes, and \$2,755,198.73 for retiree payouts, for the period December 18, 2001 through February 6, 2002. While we reconciled total expenditures for these costs categories from the two Union Accounts and Company account, we also need to review the source ledgers (i.e., payroll and payroll tax ledgers etc.) that support these payments.
- Longview's expenditure information shows the company has spent \$1,242,812, for insurances related to Property, Boiler & Machinery and Other. In order to verify the insurance premiums paid pertain to insurance policies involving the Longview plant, we would like to review the underlining insurance invoices that pertain to those payments and related insurance policies.
- Longview's expenditure information shows the company has spent \$979,005.02 for Repairs and Maintenance (RM), \$328,142.00 for R&M Supplies (S), \$217,473.69 for Fixed Assets (FA), and \$512,902.27 for Capital Upgrades (CU). To verify the nature of these expenditures, we would like to examine the invoices related to the following payments shown in the expenditure account worksheet for the company account.

Vendor Name	Cost Category	Check Number	Date Paid	Dollar Amount
Helser Industries ✓	RM	2492 ✓	7/10/02 ✓	\$33,750.00 ✓
Reliable Steel ✓	RM	2617 ✓	1/24/02 ✓	\$41,565.96 ✓
Protective Coating Consultants ✓	S	2218 ✓	12/5/01 ✓	\$3,843.00 ✓
PHH Leasing	FA	1434 ✓	7/10/01 ✓	\$15,605.60 ✓
CSB Systems (ERP) ✓	FA	2276 ✓	2/14/01 ✓	\$108,470.00 ✓
J.H. Kelly	CU	1239 ✓	5/29/01 ✓	\$139,367.97 ✓

- Longview's expenditure information shows the company spent \$125,000.00 and \$500,000 in loan payments to Great Lake Processing and Ableco Financing respectively. Please explain the nature of these loans. That is, are these payments being paid to a creditor, on an existing loan owed by Longview or is Longview providing finance to these companies? (Attachment #1)
- Longview's expenditure information shows the company spent \$3,280,552.97 to McCook Metals, LLC, in what is described as Acquisition investments to McCook. Please explain the nature of these payments. (Attachment #2)
- Longview's expenditure information shows the company spent \$2,505,304.76 for what is described as Other Investments. Two large payee's included in this total were Samuel & Son and Security Connecticut. Please explain the nature of the payments paid to Samuel & Son and Security Connecticut. (Attachment #2)
- During our review of Longview's Expenditure information we noted the total expenditures for Capital Upgrades (\$512,902.27) and Other Investments (\$2,505,304.76) could not be reconciled with the detail expenditures paid by \$30,350.46 (Attachment #1) and \$40,000.00 (Attachment #2) respectively. Please explain or provide us with the necessary reconciling dollar amounts paid (i.e., payee, check number, date, amount).

To facilitate any further review of the expenditure information Longview has provided, please retain in their annotated form all materials BPA has reviewed and returned to Longview.

Please call me at 503-230-4003 if you have any questions.

Sincerely,



Mark E. Miller
Account Executive

Enclosures:

N - REVIEWED INVOICE ✓
✓ - REVIEWED CANCELLED CHECK

cc:

F. Lehr – DN-7

K. Runzler – LP-7

S. Oliver – PT-5

G. Insley – PTS-5

CCIS – PTS-5

Official File – PT (PM-11)

MMiller:sjw:4003 (W:\P\PSB\PM\DSIMcCook\22202verify.doc)

Attachment #1

Analysis of Fixed Assets and Capital Upgrades

Vendor Name	Check Number	Date	Amount
PHH Leasing	1434	7/10/01	\$15,605.60
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00
CSB Systems (Support)	2277	12/14/01	\$23,846.40
			<u>\$217,473.69</u>
J.H. Kelly	1239	5/29/01	\$139,367.97
J.H. Kelly	1415	7/10/01	\$87,887.36
J.H. Kelly	1475	7/23/01	\$146,530.81
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36)
J.H. Kelly	1516	7/30/01	\$43,943.68
J.H. Kelly	1518	8/8/01	\$43,943.68
J.H. Kelly	1561	8/8/01	\$17,796.28
J.H. Kelly	1610	8/27/01	\$90,969.39
<i>Unreconciled Difference</i>			<u>\$30,350.46</u>
			<u>\$512,902.27</u>

Analysis of Loans

Vendor Name	Check Number	Date	Amount
Keilin & Co.	1308	6/14/01	\$100,000.00 7c
Ableco Finance	1746	9/25/01	\$100,000.00 15c
Great Lakes Processing	Wire	10/17/01	\$75,000.00 17c
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00 20c
Great Lakes Processing	2352	12/21/01	\$50,000.00 25c
Ableco Financing	2379	12/21/01	\$100,000.00 25c
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00 26c
			<u>\$625,000.00</u>
Great Lakes Processing			\$125,000.00
Ableco Fees			\$500,000.00
			<u>\$625,000.00</u>

Attachment #2

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount	
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00	3c
McCook Metals LLC	Wire	6/29/01	\$300,000.00	8c
McCook Metals LLC	Wire	7/17/01	\$179,500.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/20/01	\$141,930.75	9c
McCook Metals LLC	Wire	7/23/01	\$54,925.19	9c
McCook Metals LLC	Wire	7/24/01	\$149,666.29	10c
McCook Metals LLC	Wire	7/25/01	\$21,865.73	10c
McCook Metals LLC	Wire	7/26/01	\$37,790.98	10c
McCook Metals LLC	Wire	7/26/01	\$114,600.20	10c
McCook Metals LLC	Wire	7/27/01	\$66,961.77	10c
McCook Metals LLC	Wire	7/30/01	\$148,312.06	10c
McCook Metals LLC	Wire	7/31/01	\$317,000.00	10c
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00	11c
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00)	11c
			<u>\$3,280,552.97</u>	?

Analysis of Acquisition Investments - Other

Vendor Name	Check Number	Date	Amount	
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40	3c
Samuel & Son	1288	6/7/01	\$100,000.00	6c
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00	7c
Security Connecticut - McCall	1341	6/25/01	\$55,250.00	7c
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00	7c
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00	7c
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00	9c
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00	10c
Dynegy	Wire	7/26/01	\$369,400.00	10c
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00)	11c
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00	11c
American Express	1566	8/15/01	\$15,554.08	12c
Samuel & Son	Wire	9/13/01	\$100,000.00	13c
Samuel & Son	Wire	9/26/01	\$100,000.00	15c
American Express	1841	10/12/01	\$29,469.78	16c
Samuel & Son	Wire	10/16/01	\$100,000.00	17c
Samuel & Son	Wire	10/29/01	\$150,000.00	18c
American Express	1927	11/1/01	\$24,486.50	18c
Samuel & Son	Wire	11/29/01	\$150,000.00	22c
Samuel & Son	Wire	12/12/01	\$100,000.00	24c
Samuel Son & Co.	Wire	12/13/01	\$150,000.00	26c
Samuel & Son	Wire	1/9/02	\$100,000.00	26c
Samuel & Son	Wire	2/1/02	\$100,000.00	30c
Unreconciled Difference			<u>\$40,000.00</u>	
			<u>\$2,505,304.76</u>	

1,250,000

Mr. John Kolleng
Longview Aluminum, LLC

Re: Curtailment Agreement, Contract No. 01PB-10786

We have reviewed Longview Aluminum expenditure information that you provided on February 13, 2002, and the documentation provided in response to our February 22, 2002 request for information. While the documentation provided in response to our request was helpful in resolving many of our questions, some questions have not been answered and still require clarification to ensure Longview Aluminum expenditures qualify under the subject contract.

The following is a summary of additional information and documentation we would like to review.

- Longview's expenditure information shows the company has spent \$10,113,606.18, and \$7,006,971.73 for hourly and salaried payroll and taxes for the period December 18, 2001 through February 6, 2002. While the payroll documents you provided helped us understanding the kinds costs included in the cost category payroll & taxes, and the frequency of Longview's pay periods, the documentation did not link salaried and hourly employees to the expenditure information. To help us make this link, we request that for the hourly pay period March 29, 2001 (week 13), and salaried pay periods March 31, 2001 (week 13), you provide us a list of hourly and salaried employees that shows the net amount paid to each employee. The following table summarizes net payroll paid for hourly and salaried employees for week 13. The total for hourly and salaried net pay for week 13 should equal \$95,053.57 and \$242,412.61 respectively.

	Hourly March 29, 2001 (week 13)	Salaried March 31, 2001 (week 13)
Net Payroll	\$88,601.93 ✓	216,191.13\$ ✓
Additional Payroll 3/22/01	\$6,451,64	
Supplemental Garnishment		\$25,381.41 \$840.07
Total Net Payroll Week 13	<u>\$95,053.57</u>	<u>\$242,412.61</u>

- In our February 22, 2002 request for information we asked for an explanation regarding the nature of \$125,000 and \$500,000 in loan payments paid to Great Lake Processing and Ableco Financing respectively. We reviewed the documentation you provided in response to our request. That documentation does not answer our question. What we are seeking is an explanation that clearly describes the purpose for the payments. For example, if the payments were paid on an existing loan, we need to know the date of loan, the original amount borrowed, how the original

proceeds were used, and any amounts owing. A written response to this question would be preferred.

- In our February 22, 2002 request for information we asked for an explanation regarding expenditures totaling \$3,280,552.97 on a category of costs referred to as 'Acquisition Investments to McCook.' We reviewed the documentation you provided in response to our request, and the documentation your assistant Ms. Maida S. Kelly (Paralegal) asked us to examine. While the documentation you provided infers a purpose for the payments, it did not clearly describe that purpose, nor did it answer our question. What we are seeking is an explanation that clearly describes the purpose for the payments. For example, if the payments were paid on an existing loan (note etc.), we need to know the date of the original loan, the purpose for the original loan, how much has been paid on the loan, and any amounts owing. A written response to this question would be preferred.
- In our February 22, 2002 request for information we asked for an explanation regarding the nature of payments paid to Samuel & Son and Security Connecticut that were included in expenditure summary cost category 'Other Investments.' While you provided information regarding Security Connecticut (i.e., key officers life insurance premium payments), you failed to provide information regarding Samuel & Son (\$1,250,000). Please provide documentation and an explanation that describes the purpose and nature for the payments paid to Samuel & Son.
- In our February 22, 2002 request for information we asked to review the underlining insurance invoices and policies pertaining to various categories of insurance that totaled \$1,242,812. In response to our request you provided us with invoices and policy documentation pertaining to various insurers. Included in that documentation was a schedule showing six payments to Imperial A.I. Finance that totaled \$66,211.83. However, there was no invoices or insurance policies included in the documentation that supported these payments. Please provide invoice documentation supporting the six payments to Imperial A.I. Finance. The following is a summary of the six payment schedule that was included in your documentation.

	Date	Amount
Imperial A.I. Finance	9/7/01	\$14,749.88
Imperial A.I. Finance	9/14/01	\$10,292.39
Imperial A.I. Finance	10/12/01	\$10,292.39
Imperial A.I. Finance	11/15/01	\$10,292.39
Imperial A.I. Finance	12/17/01	\$10,292.39
Imperial A.I. Finance	1/15/02	\$10,292.39
		\$66,211.83

- In order to reconcile all receipts and disbursements remaining, we request to review all bank statements for the period February 1 through June 30, 2002.

To facilitate any further review of the documentation Longview has provided, please retain in their annotated form all material BPA has reviewed and returned to Longview.

Please call me at 503-230-4003 if you have any questions.

Sincerely,

Mark E. Miller
Account Executive.

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Payroll & Taxes	\$7,273,913.18 F	\$2,136,761.01 F	\$702,931.99 F	\$10,113,606.18 [4]
Retiree Payout	\$1,500,000.00 F		\$1,255,198.73 F	\$2,755,198.73 [5]
Hourly Workmans Compensation	\$52,280.52 F		\$67,629.57 F	\$119,910.09
Hourly 401K	\$1,074,374.02 F	\$220,403.71 F	\$10.85	\$1,294,788.58
Hourly Pension	\$280,825.00 F		\$280,825.00	\$561,650.00
Hourly Union Dues	\$110,781.70 F	\$8,445.08 F	\$29,320.29	\$148,547.07
Hourly Credit Union	\$163,357.82 F		\$127,326.48	\$290,684.30
Hourly Other Payroll Deductions	\$30,476.95 F	\$3,862.15 F	\$4,360.17	\$38,699.27
Hourly Tuition	\$3,788.00 F	\$797.70 F	\$1,908.04	\$6,493.74
Hourly Medical	\$2,913,063.14 F	\$323,725.65 F	\$332,771.46	\$3,569,560.25
Hourly Dental	\$265,838.97 F	\$24,693.77 F	\$25,249.93	\$315,782.67
Hourly Life Insurance	\$87,349.50 F	\$18,726.75 F		\$106,076.25
Other	\$877.42 F			\$877.42
Hourly VEBA			\$590,190.00	\$590,190.00
Salaries: Payroll & Taxes			\$7,006,971.73	\$7,006,971.73 [6]
Salaries: Workmans Compensation			\$74,567.39	\$74,567.39
Salaries: 401K			\$496,270.21	\$496,270.21
Salaries: Credit Union			\$126,432.60	\$126,432.60
Salaries: Other Pd Deductions			\$7,945.76	\$7,945.76
Salaries: Tuition			\$3,078.62	\$3,078.62
Salaries: Medical			\$727,112.47	\$727,112.47
Salaries: Dental			\$127,007.95	\$127,007.95
Salaries: Life Insurance			\$114,197.15	\$114,197.15
	\$13,756,926.22 [3]	\$2,737,415.82 [2]	\$12,101,306.39 [1]	\$28,595,648.43 [63.16%]

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
West Water Plan			\$42,102.89	\$42,102.89
Disposal Fees			\$164,716.94	\$164,716.94
Employee Ben/Activity			\$27,126.10	\$27,126.10
Environmental			\$66,449.03	\$66,449.03
Freight			\$55,839.34	\$55,839.34
Ground Keepers			\$11,630.89	\$11,630.89
Guard			\$26,995.62	\$26,995.62
Insurance: Property			\$650,000.00	
Insurance: Boiler & Machinery			\$196,050.00	
Insurance: Other			\$396,762.00	\$1,242,812.00 [15]
Manufacturing Supplies			\$979,005.02	\$979,005.02 [7]
Repairs & Maintenance			\$328,142.90	\$328,142.90 [8]
R&M Supplies			\$170,346.97	\$170,346.97
Sampling & Testing			\$48,521.89	\$48,521.89
Training			\$9,998.26	\$9,998.26
Business Licenses			\$7,214.23	\$7,214.23
Data Processing			\$40,440.79	\$40,440.79
Travel			\$143,004.28	\$143,004.28
M&E			\$6,597.17	\$6,597.17
Meetings & Seminars			\$2,125.15	\$2,125.15
Natural Gas			\$278,764.47	\$278,764.47
Office Expense			\$15,796.45	\$15,796.45
Payroll Services			\$56,062.32	\$56,062.32
Postage			\$8,057.87	\$8,057.87
Outside Services			\$58,401.22	\$58,401.22
Rental & Miscellaneous Equipment			\$24,650.45	\$24,650.45
Taxes & Use			\$18,729.18	\$18,729.18
Taxes Other			\$14,302.32	\$14,302.32
Telephone			\$27,982.24	\$27,982.24
Bank Charges			\$7,619.85	\$7,619.85
	\$0.00	\$0.00	\$3,883,435.84 [1]	\$3,883,435.84 8.58%

**LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002**

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Power			\$1,416,544.00 F	\$1,416,544.00
Power Transmission			\$510,186.00 F	\$510,186.00
Fixed Assets	\$0.00	\$0.00	\$1,926,730.00 [1]	\$1,926,730.00 4.26%
Capital Upgrades			\$217,474.09 F	\$217,474.09 [9]
			\$512,902.27	\$512,902.27 [10] [14]
Loan: Ableco Fees	\$0.00	\$0.00	\$730,376.36 [1]	\$730,376.36 1.61%
Loan: Great Lake Processing			\$500,000.00 F	\$500,000.00 [11]
			\$125,000.00 F	\$125,000.00 [11]
	\$0.00	\$0.00	\$625,000.00 [1]	\$625,000.00 1.38%
Professional Fees: Legal			\$1,457,944.44	\$1,457,944.44
Professional Fees: Accounting			\$721,700.00	\$721,700.00
Professional Fees: Environmental			\$298,625.35	\$298,625.35
Professional Fees: Other			\$302,024.90	\$302,024.90
Acquisition Investments - To McCook	\$0.00	\$0.00	\$2,780,294.69 [1]	\$2,780,294.69 6.14%
Acquisition Investments - Other			\$3,280,552.97 F	\$3,280,552.97 [12]
UnCategorized Costs			\$2,505,304.76	\$2,505,304.76 [13] [14]
			\$361,683.97	\$361,683.97
	\$0.00	\$0.00	\$6,147,541.70	\$6,147,541.70 13.58%
Total Company Expenditures	\$13,756,926.22	\$2,737,415.82	\$28,194,684.98 [1]	\$44,689,027.02 98.71%

Payments Paid by BPA

Union Accounts Payments: (\$17,233,334.00 + \$3,100,000.00 + \$6,216,666.00)

Less Amount Paid Directly to USWA (Union):

Company Account Payments

Payments Paid by BPA to Longview Aluminum Through January 21, 2002

\$26,550,000.00 [1]	\$23,450,000.00
(\$3,100,000.00) [1]	\$21,822,500.00 [1]
	\$45,272,500.00 100.00%

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Power Purchases

Vendor Name	Check Number	Date	Amount
BPA	1042M	4/9/01	\$136,142.00
BPA	Wire	5/7/01	\$457,402.00
BPA	Wire	6/18/01	\$157,150.00
BPA	Wire	6/27/01	\$130,800.00
BPA	Wire	7/30/01	\$114,850.00
BPA	Wire	9/13/01	\$97,350.00
BPA	Wire	10/12/01	\$94,400.00
BPA	Wire	12/26/01	\$108,050.00
BPA	Wire	1/16/02	\$120,400.00
			\$1,416,544.00

Analysis of Transmission Purchases

	Check Number	Date	Amount
BPA	Wire	11/6/01	\$85,600.00
BPA	Wire	12/11/01	\$140,566.00
BPA	Wire	12/26/01	\$141,471.00
BPA	Wire	1/23/02	\$142,549.00
			\$510,186.00
Total BPA Purchases			\$1,926,730.00

Analysis of Fixed Assets and Capital Upgrades

Vendor Name	Check Number	Date	Amount	
PHH Leasing	1434	7/10/01	\$15,605.60	[9] Documentation Reviewed
Dell Financial Services	1608	8/27/01	\$33,644.47	
SoftMart	1685	9/13/01	\$5,287.22	
Wonder ware one year life	2239	12/5/01	\$30,620.00	
CSB Systems (ERP)	2276	12/14/01	\$108,470.00	[9] Doc. Reviewed
CSB Systems (Support)	2277	12/14/01	\$23,846.40	[9] Doc. Reviewed
			\$217,473.69	
J.H. Kelly	1239	5/29/01	\$139,367.97	[10] Doc. Reviewed
J.H. Kelly	1415	7/10/01	\$87,887.36	[10] Doc. Reviewed
J.H. Kelly	1475	7/23/01	\$146,530.81	[10] Doc. Reviewed
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36)	[10] Doc. Reviewed
J.H. Kelly	1516	7/30/01	\$43,943.68	[10] Doc. Reviewed
J.H. Kelly	1518	8/8/01	\$43,943.68	[10] Doc. Reviewed
J.H. Kelly	1561	8/8/01	\$17,796.28	[10] Doc. Reviewed
J.H. Kelly	1610	8/27/01	\$90,969.39	[10] Doc. Reviewed
J.H. Kelly	1051	4/18/01	\$30,350.46	[10] Doc. Reviewed
			\$512,902.27	

Longview Aluminum Co
Analysis of Costs

Analysis of Power Purchases

Vendor Name	Check Number	Date	Amount
BPA	1042M	4/9/01	\$136,142.00
BPA	Wire	5/7/01	\$457,402.00
BPA	Wire	6/18/01	\$157,150.00
BPA	Wire	6/27/01	\$130,800.00
BPA	Wire	7/30/01	\$114,850.00
BPA	Wire	9/13/01	\$97,350.00
BPA	Wire	10/12/01	\$94,400.00
BPA	Wire	12/26/01	\$108,050.00
BPA	Wire	1/16/02	\$120,400.00
			\$1,416,544.00

Analysis of Transmission Purchases

Vendor Name	Check Number	Date	Amount
BPA	Wire	11/6/01	\$85,600.00
BPA	Wire	12/11/01	\$140,566.00
BPA	Wire	12/26/01	\$141,471.00
BPA	Wire	1/23/02	\$142,549.00
			\$510,186.00
Total BPA Purchases			\$1,926,730.00

Analysis of Fixed Assets

Vendor Name	Check Number	Date	Amount
PHH Leasing	1434	7/10/01	\$15,605.60
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00
CSB Systems (Support)	2277	12/14/01	\$23,846.40
			\$217,473.69
J.H. Kelly	1239	5/29/01	\$139,367.97
J.H. Kelly	1415	7/10/01	\$87,887.36
J.H. Kelly	1475	7/23/01	\$146,530.81
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36)
J.H. Kelly	1516	7/30/01	\$43,943.68
J.H. Kelly	1518	8/8/01	\$43,943.68
J.H. Kelly	1561	8/8/01	\$17,796.28
J.H. Kelly	1610	8/27/01	\$90,969.39
Unreconciled Difference			\$30,350.46
			\$512,902.27

Longview Aluminum Co
Analysis of Costs

Analysis of Loans

Vendor Name	Check Number	Date	Amount	
Keilin & Co.	1308	6/14/01	\$100,000.00	7c
Ableco Finance	1746	9/25/01	\$100,000.00	15c
Great Lakes Processing	Wire	10/17/01	\$75,000.00	17c
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00	20c
Great Lakes Processing	2352	12/21/01	\$50,000.00	25c
Ableco Financing	2379	12/21/01	\$100,000.00	25c
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00	26c
			\$625,000.00	
Great Lakes Processing			\$125,000.00	
Ableco Fees			\$500,000.00	
			\$625,000.00	

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount	
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00	3c
McCook Metals LLC	Wire	6/29/01	\$300,000.00	8c
McCook Metals LLC	Wire	7/17/01	\$179,500.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/20/01	\$141,930.75	9c
McCook Metals LLC	Wire	7/23/01	\$54,925.19	9c
McCook Metals LLC	Wire	7/24/01	\$149,666.29	10c
McCook Metals LLC	Wire	7/25/01	\$21,865.73	10c
McCook Metals LLC	Wire	7/26/01	\$37,790.98	10c
McCook Metals LLC	Wire	7/26/01	\$114,600.20	10c
McCook Metals LLC	Wire	7/27/01	\$66,961.77	10c
McCook Metals LLC	Wire	7/30/01	\$148,312.06	10c
McCook Metals LLC	Wire	7/31/01	\$317,000.00	10c
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00	11c
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00)	11c
			\$3,280,552.97	

EXAMPLE ATTACHMENT
 Longview Aluminum
 Summary of Qualified Expenditures (Contract O1PB-10786 Section 10)
 for the Period: March 20, 2001 through January 20, 2002

Qualifying Contract Section.	Description of Qualified Expenditures	Amount of Qualified Expenditures from Company Proceeds Accounts. [1]
10(a)(1)	<ul style="list-style-type: none"> • Compensation Benefits Paid • Pension Fund Payments • Job Placement Service Costs 	\$1,000,000 500,000 100,000
10(a)(2)	<ul style="list-style-type: none"> • Cancellation penalty related to Longview Aluminum Companies Contract with XYZ Company. 	30,000,000
10(a)(3)	<ul style="list-style-type: none"> • Unrecoverable Operating Overhead Costs to do reduced operating levels • Accrued Interest Expense and principal payments on long-term debt. 	15,000,000 45,000,000
10(b)(1)	<ul style="list-style-type: none"> • Site acquisition, licensing fees for gas fired turbine generators. 	60,000,000
10(b)(3)	<ul style="list-style-type: none"> • Costs associated with energy conservation upgrades at the Longview facility. 	1,500,000
	Total Expenditures and Liabilities incurred by Longview Aluminum that qualify under Section 10 of the above named contract for the above named period.	\$153,100,000
	[1] The company should maintain detail documentation including invoices and evidence of payment for each summarized category.	

To the best of my knowledge and belief the above expenditures and accrued expenses qualify under Section 10 of Contract O1PB-10786 between the Bonneville Power Administration and Longview Aluminum, LLC, and have been or will be paid by Longview Aluminum LLC.

 John L. Kolleng, Vice Chairman, Longview Aluminum, LLC Date

cc:

S. Wright – A-7
F. Lehr – DN-7
K. Runzler – LP-7
P. Norman – P-6
S. Oliver – PT-5
S. Wilson – PT-5
G. Insley – PTS-5
H. Clark – PTS-5
M. Hansen – PTS-5
Official File – PT (PM)

MMiller:sjw:4003 (W:\P\PSB\PM\DSTM\Cook\13102SummaryAccting.doc)

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Acquisition Investments - Other

Vendor Name	Check Number	Date	Amount	
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40	
Samuel & Son	1288	6/7/01	\$100,000.00	[13] Request Documentation
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00	[13] Life Insurance Premiums
Security Connecticut - McCall	1341	6/25/01	\$55,250.00	[13] Life Insurance Premiums
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00	[13] Life Insurance Premiums
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00	[13] Life Insurance Premiums
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00	[13] Request Documentation
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00	
Dynegy	Wire	7/26/01	\$369,400.00	
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00)	[13] Request Documentation
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00	[13] Request Documentation
American Express	1566	8/15/01	\$15,554.08	
Samuel & Son	Wire	9/13/01	\$100,000.00	[13] Request Documentation
Samuel & Son	Wire	9/26/01	\$100,000.00	[13] Request Documentation
American Express	1841	10/12/01	\$29,469.78	
Samuel & Son	Wire	10/16/01	\$100,000.00	[13] Request Documentation
Samuel & Son	Wire	10/29/01	\$150,000.00	[13] Request Documentation
American Express	1927	11/1/01	\$24,486.50	
Samuel & Son	Wire	11/29/01	\$150,000.00	[13] Request Documentation
Samuel & Son	Wire	12/12/01	\$100,000.00	[13] Request Documentation
Samuel Son & Co.	Wire	12/13/01	\$150,000.00	[13] Request Documentation
Samuel & Son	Wire	1/9/02	\$100,000.00	[13] Request Documentation
Samuel & Son	Wire	2/1/02	\$100,000.00	[13] Request Documentation
LECG	1072	4/18/01	\$40,000.00	
			\$2,505,304.76	

Need explanation of Samuel & Son payments

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Loans

Vendor Name	Check Number	Date	Amount	
Keilin & Co.	1308	6/14/01	\$100,000.00	
Ableco Finance	1746	9/25/01	\$100,000.00	
Great Lakes Processing	Wire	10/17/01	\$75,000.00	
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00	
Great Lakes Processing	2352	12/21/01	\$50,000.00	
Ableco Financing	2379	12/21/01	\$100,000.00	
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00	
			<u>\$625,000.00</u>	
Great Lakes Processing (Inconsistent Information)			\$125,000.00	[11] Explan. Requested
Ableco Fees (5 late fee payments on loan)			\$500,000.00	[11] Explan. Requested
			<u>\$625,000.00</u>	

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount	
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	6/29/01	\$300,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	7/17/01	\$179,500.00	[12] Explan. Requested
McCook Metals LLC	Wire	7/18/01	\$168,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	7/18/01	\$168,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	7/20/01	\$141,930.75	[12] Explan. Requested
McCook Metals LLC	Wire	7/23/01	\$54,925.19	[12] Explan. Requested
McCook Metals LLC	Wire	7/24/01	\$149,666.29	[12] Explan. Requested
McCook Metals LLC	Wire	7/25/01	\$21,865.73	[12] Explan. Requested
McCook Metals LLC	Wire	7/26/01	\$37,790.98	[12] Explan. Requested
McCook Metals LLC	Wire	7/26/01	\$114,600.20	[12] Explan. Requested
McCook Metals LLC	Wire	7/27/01	\$66,961.77	[12] Explan. Requested
McCook Metals LLC	Wire	7/30/01	\$148,312.06	[12] Explan. Requested
McCook Metals LLC	Wire	7/31/01	\$317,000.00	[12] Explan. Requested
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00	[12] Explan. Requested
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00)	[12] Explan. Requested
			<u>\$3,280,552.97</u>	

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Insurance Payments:

Vendor Name	Invoice Number	Invoice Date	Amount	
Liability	4666	3/19/01	\$25,000.00	[15]
Property	4667	3/19/01	\$162,500.00	[15]
Enviornmental / Pollution	4668	3/19/01	\$23,642.00	[15]
Umbrella	4669	3/19/01	\$14,375.00	[15]
Crime	4670	3/19/01	\$2,735.00	[15]
Fiduciary	4671	3/19/01	\$787.50	[15]
Directors & Officers	4672	3/19/01	\$4,024.33	[15]
Fees & Taxes	4673	3/19/01	\$695.00	[15]
Boiler & Machinery	4674	3/19/01	\$49,067.00	[15]
Auto	4676	3/19/01	\$3,500.00	[15]
			\$286,325.83	
Imperial Premium Finance		3/27/01	\$89,188.04	[15]
Imperial Premium Finance		4/27/01	\$89,188.04	[15]
Imperial Premium Finance		5/27/01	\$89,188.04	[15]
Imperial Premium Finance		6/27/01	\$89,188.04	[15]
Imperial Premium Finance		7/27/01	\$89,188.04	[15]
Imperial Premium Finance		8/27/01	\$89,188.04	[15]
Imperial Premium Finance		9/27/01	\$89,188.04	[15]
Imperial Premium Finance		10/27/01	\$89,188.04	[15]
Imperial Premium Finance		11/27/01	\$89,188.04	[15]
			\$802,692.36	
Eugene Tkalitch	7676	3/19/01	\$8,333.00	[15]
Eugene Tkalitch	4681	4/1/01	\$8,333.00	[15]
Eugene Tkalitch	4688	3/30/01	(\$118.00)	[15]
Eugene Tkalitch	4720	5/27/01	\$8,333.00	[15]
Eugene Tkalitch	4749	6/27/01	\$8,333.00	[15]
Eugene Tkalitch	4750	6/27/01	\$3,500.00	[15]
Eugene Tkalitch	4769	6/8/01	\$1,355.50	[15]
Eugene Tkalitch	4781	6/30/01	\$8,333.00	[15]
Eugene Tkalitch	4819	7/18/01	\$300.00	[15]
Eugene Tkalitch	4833	7/31/01	\$8,333.00	[15]
Eugene Tkalitch	4862	8/27/01	\$8,333.00	[15]
Eugene Tkalitch	4863	8/27/01	\$3,772.25	[15]
Eugene Tkalitch	4903	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	4981	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	5008	11/27/01	\$3,772.25	[15]
			\$87,579.00	
Imperial A.I. Finance		9/7/01	\$14,749.88	[15] Request Documentation
Imperial A.I. Finance		9/14/01	\$10,292.39	[15] Request Documentation
Imperial A.I. Finance		10/12/01	\$10,292.39	[15] Request Documentation
Imperial A.I. Finance		11/15/01	\$10,292.39	[15] Request Documentation
Imperial A.I. Finance		12/17/01	\$10,292.39	[15] Request Documentation
Imperial A.I. Finance		1/15/02	\$10,292.39	[15] Request Documentation
			\$66,211.83	
Insurances:			\$1,242,809.02	

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Hourly Payroll

Month	Gross Payroll	Net Payroll	Total Hourly Payroll & Taxes
March 4, 2001 (Week 10)	\$374,132.09	\$225,039.03	\$337,968.97
Voided March Checks	(\$48,699.55)	(\$31,045.70)	(\$47,553.26)
Reissued Checks	\$40,341.46	\$25,186.59	\$38,067.49
March 15, 2001 (Week 11)	\$395,915.43	\$248,804.01	\$367,675.31
Additional Payroll 3/15	\$748.31	\$939.45	\$1,045.68
March 22, 2001 (Week 12)	\$351,865.27	\$145,084.14	\$232,827.43
Additional Payroll 3/22	\$973.76	(\$542.73)	(\$493.78)
March 29, 2001 (Week 13)	\$357,950.86	\$88,601.93	\$109,597.57
Additional Payroll 3/22	\$6,333.84	\$6,451.64	\$6,528.69
Miscellaneous Difference		\$40.00	\$40.00
Mar-01	\$1,479,561.47	\$708,558.36	\$1,045,704.10
Apr-01	\$1,551,496.39	\$377,020.53	\$567,787.88
SUTA Quarterly Taxes			\$13,574.67
May-01	\$1,785,949.12	\$345,117.64	\$666,552.59
Jun-01	\$1,441,970.24	\$257,697.55	\$523,184.90
Jul-01	\$1,442,050.50	\$257,192.52	\$542,926.67
SUTA Quarterly Taxes			\$37,076.11
Aug-01	\$1,808,428.88	\$314,572.80	\$682,784.29
Sep-01	\$1,429,657.70	\$270,154.25	\$592,973.15
Oct-01	\$1,745,517.85	\$550,554.39	\$1,217,777.36
SUTA Quarterly Taxes			\$10,891.67
Nov-01	\$1,392,285.03	\$552,177.30	\$1,248,621.25
Dec-01	\$1,399,096.20	\$569,831.73	\$1,103,106.20
Taxes Not Deposited do to Overpayment with IRS			
Jan-02	\$1,741,852.31	\$745,736.31	\$1,559,689.47
SUTA Quarterly Taxes			\$22,044.32
Feb-02	\$352,885.41	\$157,284.60	\$325,690.44
		\$5,105,897.98	\$10,160,385.07
Differences:			(\$46,778.89)
Retirees Payout April 2001		\$1,607,396.85	
	\$17,570,751.10	\$6,713,294.83	\$10,113,606.18

[6] Summary of Net
Payroll Requested
[6] Summary of Net
Payroll Requested

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Salaried Payroll

Month	Gross Payroll	Net Payroll	Total Hourly Payroll & Taxes
March 15, 2001 (Week 11)	\$305,389.88	\$192,925.24	\$297,053.33
March 31, 2001 (Week 13)	\$342,546.38	\$216,191.13	\$332,694.37
Supplemental (Week 13)	\$34,193.37	\$25,381.41	\$57,217.12
Garnishment (Week 13)		\$840.07	\$840.07
Mar-01	\$682,134.63	\$435,337.85	\$667,935.39
Apr-01	\$645,040.77	\$312,999.44	\$622,269.43
SUTA Quarterly Taxes			\$9,140.60
May-01	\$694,163.36	\$177,816.73	\$629,290.86
Jun-01	\$613,186.00	\$132,567.55	\$548,269.16
Jul-01	\$667,978.70	\$177,671.45	\$623,082.78
SUTA Quarterly Taxes			\$19,067.90
Aug-01	\$649,511.77	\$142,430.78	\$583,538.90
Sep-01	\$649,835.98	\$159,672.19	\$605,950.81
Oct-01	\$647,985.76	\$153,833.12	\$622,792.83
SUTA Quarterly Taxes			\$4,519.10
Nov-01	\$634,604.98	\$150,201.46	\$615,834.77
Dec-01	\$617,485.26	\$152,753.25	\$516,072.03
Jan-02	\$512,348.18	\$104,172.54	\$500,808.55
SUTA Quarterly Taxes			\$8,788.45
FICA Refund to Hourly Employees			\$362,260.17
FICA Refund to Salaried Employees			\$60,756.05
Miscellaneous Difference			\$6,593.95
	\$7,014,275.39	\$2,099,456.36	\$7,006,971.73

[4] Summary of Net Payroll Requested
[4] Summary of Net Payroll Requested
[4] Summary of Net Payroll Requested

**Long View Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.

[1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.

[2] - Agreed to Longview Aluminum Second Union Account payment schedule.

[3] - Agreed to Longview Aluminum First Union Account payment schedule net of unclassified bank transfers.
(\$16,199,126.22 - \$2,442,200.00) = \$13,756,926.22.

[4] - Verified internal consistency of document data for payroll periods 3/8/01 (Week 10), 3/15/01 (Week 11), 3/29/01 (Week 13), 8/2/01 (Week 31).

Vouched monthly summary detail totals to the period summary 3/2/01 through 2/7/02.

Footed the period summary totals for gross pay, net checks paid, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability, SUTA quarterly taxes, and total hourly payroll and taxes. Noted total hourly payroll and taxes per the period summary agreed to the disbursement summary total for hourly payroll & taxes. (\$10,113,606.18). No significant exceptions noted.

Requested a list of employees paid for week 13 (March 15, 2001) that shows net paid by employee that totals \$216191.13 + \$25381.47 + \$840.07 = **\$242,412.67**.

[5] - Reviewed April 5, 2001 retiree payout lead sheet. Noted Gross Retiree Payout equaled \$2,550,000.00, Net checks equaled \$1,607,396.85, and Total Liability agreed to disbursement summary total. (\$2,755,198.73).

[6] - Verified internal consistency of document data for pay periods 3/15/01 (Week 11), and 3/31/01 (Week 13).

Vouched monthly summary detail totals to the period summary March 2001 through January 2002.

Footed the period summary totals for gross pay, net checks, total tax liability, ACH direct deposits, garnishment liability, total liability, adjusted payroll liability and salaried payroll and taxes.

Noted total salaried payroll and taxes per the period summary agreed to the disbursement summary total for salaried payroll and taxes. No significant exceptions noted.

Requested a list of employees paid for week 13 (March 15, 2001) that shows net paid by employee that totals \$88,601.93 + \$6,451.64 = \$95,053.57.

[7] - Reviewed Reliable Steel invoice (Inv. #3288/12/31/01) and check copy (chk #5617/1/24/02) for \$41,565.96.

Reviewed Helser Industries invoice (Inv. #17490/12/20/01) and check copy (chk #2492/1/10/02) for \$33,750.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[8] - Reviewed Protective Coating Consultants invoice (Inv. #16776/11/14/01) and check copy (chk#2218/12/05/01) for \$3,843.00. Noted invoice, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[9] - Reviewed PHH Vehicle Management Services vehicle sales documents (for three vehicles) & related correspondence, check copy (chk#1434). Noted sales invoices total, check copy and disbursement summary dollar amounts agreed. The purchase price for each vehicle showed \$5,650.20, \$7,533.20, \$422.2 = \$15,605.60. No exceptions noted. Reviewed CSB Systems invoice (inv.#8428/1/29/02), quote sheets/ordering document (12/10/01), check copy (chk#2276/12/14/01). Noted quote sheet total, check copy, and disbursement summary dollar amounts agreed. No exception noted.

[10] - Reviewed J.H. Kelly Building Trust Invoice (inv# KW10247/3/23/01), check copy (chk#1239/5/29/01), and supporting invoice documentation. Noted invoice, check copy and disbursement summary dollar amounts agreed. No exceptions noted.

**LongView Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

[11] - Reviewed borrowing agreement dated February 26, 2001 between Longview Aluminum, LLC and ABLECO Finance LLC. Noted original loan was \$155,000,000.00. Also reviewed Agent Fee Letter dated 2/26/01 making reference to \$100,000 Administrative Agent fee payable on the last business day of each calendar quarter. Reviewed Longview Aluminum reference schedule. That schedule infers that the two payments paid to Great Lake Processing were infact payments to Ableco. However, the attached documentation provided by Longview Aluminum including wire transfer dates appears to be inconsistent with original disbursement summary dates. That is, GLP Wire / Date per disbursement summary shows 10/17/01 for \$75,000 and check no 2352 on 12/21/01 for \$50,000. The provided documentation shows wire transfers occurred on 1/31/01 for both amounts. The documentation provided does not clearly answer the initial question/concern. Request a clear and consise explanation for the two payment amounts of \$125,000 and \$500,000 respectively too Great Lake Processing and Abelco.

[12] - Reviewed various legal documentation provided. The documentation does not answer the question what is the basic nature/purpose for the category of costs referred to as 'Acquisition Investments - To McCook. Please provide a consise and to the point explanation for the \$3,280,552.97 payments to McCook Metals LLC.

[13] - Reviewed Life Insurance Premium Payments paid to Security Connecticut (\$ 372,008.00) as follows: (a) \$156,085.00 for annual premium on Lynch (Policy Number SC23404256 / Check No. 25438 / Chk Date 12/29/00); (b) \$55,250.00 for annual premium James McCa (Policy Number SC2340409G / Check No. 25453 / Chk Date 12/29/00); (c) \$75,960.00 for annual premium M. Ochalski (Policy Number SC2340417G / Check No. 25451 / Chk Date 12/29/00); (d) \$84713.00 for annual premium J. Koll (Policy Number SC2340415M2001 / Check No. 26262 / Chk Date 2/14/01). No documentation was provided regarding Samuel & Son. Total payments paid to Samuel & Son were \$1,250,000.

[14] - Unreconciled amounts were provided as follows: Other Acquisition Costs \$40,000.00 4/18/01 Check No. 1072. Capital Projects \$30,350.46 4/18/01 Check No. 1051. See Analysis of Costs.

[15] - Reviewed nine invoices dated 3/19/01 for [4666 (\$25,003.00), 4667 (\$162,500.00), 4668 (\$23,642.00), 4669 (\$14,375.00), 4670 (\$2,735.00), 4671 (\$787.50), 4672 (\$4,024.33), 4673(\$695.00), 4674 (\$49,067.00), 4676 (\$3,500.00)] that totaled \$286,328.83 that were paid to Eugene Tkalitch & Associated, Ltd. pertaining to various insurance premiums and policies.

Reviewed nine premium/installment invoices for \$89,188.04 paid to Imperial A.I. Credit Companies (premium periods 3/27/01, 4/27/01, 5/27/01, 6/27/01, 7/27/01, 8/27/01, 9/27/01, 10/27/01, 11/27/01) that totaled \$802,692.36.

Reviewed fifteen invoices paid to Eugene Tkalitch & Associates, Ltd. (Inv# 7676-3/19/01 (\$8,333.00), Inv.# 4681-4/1/01 (\$8,333.00), Inv.# 4688-3/30/01 (Credit \$118.00), Inv.# 4720-5/27/01 (\$8,333.00), Inv.# 4749-6/27/01 (\$8,333.00), Inv.# 4750-6/27/01 (\$3,500.00), Inv.# 4769-6/8/01 (\$1,355.50), Inv.# 4781-6/30/01 (\$8,333.00), Inv.# 4819-7/18/01 (\$300.00), Inv.# 4833-7/31/01 (\$8,333.00), Inv.# 4862-8/27/01 (\$8,333.00), Inv.# 4863-8/27/01 (\$3,772.25), Inv.# 4903-10/27/01 (\$8,333.00), Inv.# 4981-10/29/01 (\$8,333.00), Inv.# 5008-11/27/01 (\$3,772.25).

Additional Insurance Review: Noted insurance policies were available for review from the following insurers:

- (a) CHUBB (Policy No. 3576-75-43 CHI Liability Insurance);
- (b) CHUBB (Policy Number 8185-03-81 Executive Protection Policy); CHUBB (Policy Number 7640-15-00 Boiler & Machinery);
- (c) CHUBB (Policy Number 8185-04-55 Liability Insurance);
- (d) CHUBB (Policy Number 7350-74-93 Business Auto Policy);
- (e) Industrial Risk Insurers (Policy Number 31-3-68627);
- (f) Indian Harbor Insurance Company (Policy Number PEC0008721 Liability Insurance);
- (g) Fireman's Fund Insurance Companies (Policy Number XYZ-000-8448-5556).

A schedule of premium payments to Imperial A.I. Finance that totaled \$66,211.83 was provided without explanatory invoices/check copies.

Other Review Procedures Performed: On a select randon basis, traced deposits and disbursements from the expenditure information to the various bank statements provided. Traced BPA payment amounts to related expenditure information and bank statements provided.

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)		2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)		Company Account #3751628482 (2/16/01 - 2/6/02)		Total Company Expenditures	
Payroll & Taxes	\$7,273,913.18	F	\$2,136,761.01	F	\$702,931.99	F	\$10,113,606.18	[4]
Retiree Payout	\$1,500,000.00	F			\$1,255,198.73	F	\$2,755,198.73	[5]
Hourly Workmans Compensation	\$52,280.52	F			\$67,629.57	F	\$119,910.09	
Hourly 401K	\$1,074,374.02	F	\$220,403.71	F	\$10.85		\$1,294,788.58	
Hourly Pension	\$280,825.00	F			\$280,825.00		\$561,650.00	
Hourly Union Dues	\$110,781.70	F	\$8,445.08	F	\$29,320.29		\$148,547.07	
Hourly Credit Union	\$163,357.82	F			\$127,326.48		\$290,684.30	
Hourly Other Payroll Deductions	\$30,476.95	F	\$3,862.15	F	\$4,360.17		\$38,699.27	
Hourly Tuition	\$3,788.00	F	\$797.70	F	\$1,908.04		\$6,493.74	
Hourly Medical	\$2,913,063.14	F	\$323,725.65	F	\$332,771.46		\$3,569,560.25	
Hourly Dental	\$265,838.97	F	\$24,693.77	F	\$25,249.93		\$315,782.67	
Hourly Life Insurance	\$87,349.50	F	\$18,726.75	F			\$106,076.25	
Other	\$877.42	F					\$877.42	
Hourly VEBA					\$590,190.00		\$590,190.00	
Salaried: Payroll & Taxes					\$7,006,971.73		\$7,006,971.73	[6]
Salaried Workmans Compensation					\$74,567.39		\$74,567.39	
Salaried: 401K					\$496,270.21		\$496,270.21	
Salaried Credit Union					\$126,432.60		\$126,432.60	
Salaried: Other Pd Deductions					\$7,945.76		\$7,945.76	
Salaried Tuition					\$3,078.62		\$3,078.62	
Salaried Medical					\$727,112.47		\$727,112.47	
Salaried Dental					\$127,007.95		\$127,007.95	
Salaried Life Insurance					\$114,197.15		\$114,197.15	
	\$13,756,926.22	[3]	\$2,737,415.82	[2]	\$12,101,306.39	[1]	\$28,595,648.43	63.16%
West Water Plan					\$42,102.89		\$42,102.89	
Disposal Fees					\$164,716.94		\$164,716.94	
Employee Ben/Activity					\$27,126.10		\$27,126.10	
Envionmental					\$66,449.03		\$66,449.03	
Freight					\$55,839.34		\$55,839.34	
Ground Keepers					\$11,630.89		\$11,630.89	
Guard					\$26,995.62		\$26,995.62	
Insurance: Property					\$650,000.00			
Insurance: Boiler & Machinery					\$196,050.00			
Insurance: Other					\$396,762.00		\$1,242,812.00	[15]
Manufacturing Supplies					\$979,005.02		\$979,005.02	[7]
Repairs & Maintenance					\$328,142.90		\$328,142.90	[8]
R&M Supplies					\$170,346.97		\$170,346.97	
Sampling & Testing					\$48,521.89		\$48,521.89	
Training					\$9,998.26		\$9,998.26	
Business Licenses					\$7,214.23		\$7,214.23	
Data Processing					\$40,440.79		\$40,440.79	
Travel					\$143,004.28		\$143,004.28	
M&E					\$6,597.17		\$6,597.17	
Meetings & Seminars					\$2,125.15		\$2,125.15	
Natural Gas					\$278,764.47		\$278,764.47	
Office Expense					\$15,796.45		\$15,796.45	

[6] NOTED P/R DETAIL AGREED TO TOTAL Q WAS SUPPLEMENTED BY BARR-VA

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Payroll Services			\$56,062.32	\$56,062.32
Postage			\$8,057.87	\$8,057.87
Outside Services			\$58,401.22	\$58,401.22
Rental & Miscellaneous Equipment			\$24,650.45	\$24,650.45
Taxes & Use			\$18,729.18	\$18,729.18
Taxes Other			\$14,302.32	\$14,302.32
Telephone			\$27,982.24	\$27,982.24
Bank Charges			\$7,619.85	\$7,619.85
	\$0.00	\$0.00	\$3,883,435.84 [1]	\$3,883,435.84 8.58%
Power			\$1,416,544.00 F	\$1,416,544.00
Power Transmission			\$510,186.00 F	\$510,186.00
	\$0.00	\$0.00	\$1,926,730.00 [1]	\$1,926,730.00 4.26%
Fixed Assets			\$217,474.09 F	\$217,474.09 [9]
Capital Upgrades			\$512,902.27	\$512,902.27 [10] [14]
	\$0.00	\$0.00	\$730,376.36 [1]	\$730,376.36 1.61%
Loan: Ableco Fees			\$500,000.00 F	\$500,000.00 [11]
Loan: Great Lake Processing			\$125,000.00 F	\$125,000.00 [11]
	\$0.00	\$0.00	\$625,000.00 [1]	\$625,000.00 1.38%
Professional Fees: Legal			\$1,457,944.44	\$1,457,944.44
Professional Fees: Accounting			\$721,700.00	\$721,700.00
Professional Fees: Environmental			\$298,625.35	\$298,625.35
Professional Fees: Other			\$302,024.90	\$302,024.90
	\$0.00	\$0.00	\$2,780,294.69 [1]	\$2,780,294.69 6.14%
Acquisition Investments - To McCook			\$3,280,552.97 F	\$3,280,552.97 [12]
Acquisition Investments - Other			\$2,505,304.76	\$2,505,304.76 [13] [14]
Uncategorized Costs			\$361,683.97	\$361,683.97
	\$0.00	\$0.00	\$6,147,541.70	\$6,147,541.70 13.58%
Total Company Expenditures	\$13,756,926.22	\$2,737,415.82	\$28,194,684.98 [1]	\$44,689,027.02 98.71%

- F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.
- [1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.
- [2] - Agreed to Longview Aluminum Second Union Account payment schedule.
- [3] - Agreed to Longview Aluminum First Union Account payment schedule net of unclassified bank transfers. (\$16,199,126.22 - \$2,442,200.00) = \$13,756,926.22.
- [4] - Request to review detail ledger showing individual payments for Payroll & Taxes. Total of all payments for the period of review should total \$10,113,606.18
- [5] - Request to review detail ledger showing individual payments for Retiree Payout. Total of all payments for the period of review should total \$2,755,198.73
- [6] - Request to review detail ledger showing individual payments for Salaried Payroll & Taxes. Total of all payments for the period of review should total \$7,006,971.73
- [7] - Request to review supporting invoices for (1) Helser Industries, Check Number 2492 on 7/10/01 for \$33,750.00, and (2) Reliable Steel, Check Number 2617 on 1/24/02.
- [8] - Request to review supporting invoice for Protective Coating Consultants, Check Number 2218, on 12/5/01 for \$41,565.96.
- [9] - Request to review supporting invoice for PHH Leasing, Check Number 1434, on 7/10/01 for \$15,605.60, and CSB Systems (ERP), Check Number 2276, on 12/14/01 for \$108,470.00.
- [10] - Request to review supporting invoice for J.H. Kelly, Check Number 1239, on 5/29/01, for \$139,367.97.
- [11] - Request an explanation for the nature of loan payments to Great Lake Processing and Ableco Financing.
- [12] - Request an explanation for the nature of the payments to McCook LLC.
- [13] - Request an explanation as to the nature of payments paid to Samuel and Son and Security Connecticut under the cost category 'Other Investments.'
- [14] - Noted detail expenditures for Capital Upgrades and Other Investments were less than expenditure worksheet totals by \$30,350.46 and \$40,000.00 respectively. Requested reconciling information (payee, check number, date, amount etc.) for the differences identified.
- [15] - Requested review of underlining insurance invoices that pertain to the insurance premiums paid and a review of the underlining insurance policies.

Payments Paid by BPA

Union Accounts Payments: (\$17,233,334.00 + \$3,100,000.00 + \$6,216,666.00)	\$26,550,000.00 [1]	
Less Amount Paid Directly to USWA (Union):	(\$3,100,000.00) [1]	\$23,450,000.00
Company Account Payments		\$21,822,500.00 [1]
Payments Paid by BPA to Longview Aluminum Through January 21, 2002		\$45,272,500.00 100.00%

Other Review Procedures Performed: On a select random basis, traced deposits and disbursements from the expenditure information to the various bank statements provided. Traced BPA payment amounts to related expenditure information and bank statements provided.

Longview Aluminum Co
Analysis of Costs

Analysis of Power Purchases

Vendor Name	Check Number	Date	Amount
BPA	1042M	4/9/01	\$136,142.00
BPA	Wire	5/7/01	\$457,402.00
BPA	Wire	6/18/01	\$157,150.00
BPA	Wire	6/27/01	\$130,800.00
BPA	Wire	7/30/01	\$114,850.00
BPA	Wire	9/13/01	\$97,350.00
BPA	Wire	10/12/01	\$94,400.00
BPA	Wire	12/26/01	\$108,050.00
BPA	Wire	1/16/02	\$120,400.00
			\$1,416,544.00

Analysis of Transmission Purchases

Vendor Name	Check Number	Date	Amount
BPA	Wire	11/6/01	\$85,600.00
BPA	Wire	12/11/01	\$140,566.00
BPA	Wire	12/26/01	\$141,471.00
BPA	Wire	1/23/02	\$142,549.00
			\$510,186.00
Total BPA Purchases			\$1,926,730.00

Analysis of Fixed Assets and Capital Upgrades

Vendor Name	Check Number	Date	Amount
PHH Leasing	1434	7/10/01	\$15,605.60
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00
CSB Systems (Support)	2277	12/14/01	\$23,846.40
			\$217,473.69
J.H. Kelly	1239	5/29/01	\$139,367.97
J.H. Kelly	1415	7/10/01	\$87,887.36
J.H. Kelly	1475	7/23/01	\$146,530.81
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36)
J.H. Kelly	1516	7/30/01	\$43,943.68
J.H. Kelly	1518	8/8/01	\$43,943.68
J.H. Kelly	1561	8/8/01	\$17,796.28
J.H. Kelly	1610	8/27/01	\$90,969.39
<i>Unreconciled Difference</i>			\$30,350.46
			\$512,902.27

Analysis of Loans

Vendor Name	Check Number	Date	Amount	
Keilin & Co.	1308	6/14/01	\$100,000.00	7c
Ableco Finance	1746	9/25/01	\$100,000.00	15c
Great Lakes Processing	Wire	10/17/01	\$75,000.00	17c
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00	20c
Great Lakes Processing	2352	12/21/01	\$50,000.00	25c
Ableco Financing	2379	12/21/01	\$100,000.00	25c
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00	26c
			<u>\$625,000.00</u>	

Great Lakes Processing			\$125,000.00	
Ableco Fees (REVISED) LENDING AGREEMENT BY APPLICANT IS LONGVIEW LLC / ABLECO			\$500,000.00	✓ / AGREED AMOUNT
			<u>\$625,000.00</u>	

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount	
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00	3c
McCook Metals LLC	Wire	6/29/01	\$300,000.00	8c
McCook Metals LLC	Wire	7/17/01	\$179,500.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/20/01	\$141,930.75	9c
McCook Metals LLC	Wire	7/23/01	\$54,925.19	9c
McCook Metals LLC	Wire	7/24/01	\$149,666.29	10c
McCook Metals LLC	Wire	7/25/01	\$21,865.73	10c
McCook Metals LLC	Wire	7/26/01	\$37,790.98	10c
McCook Metals LLC	Wire	7/26/01	\$114,600.20	10c
McCook Metals LLC	Wire	7/27/01	\$66,961.77	10c
McCook Metals LLC	Wire	7/30/01	\$148,312.06	10c
McCook Metals LLC	Wire	7/31/01	\$317,000.00	10c
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00	11c
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00)	11c
			<u>\$3,280,552.97</u>	

Analysis of Acquisition Investments - Other

Vendor Name	Check Number	Date	Amount	
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40	3c
Samuel & Son	1288	6/7/01	\$100,000.00	6c
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00	7c
Security Connecticut - McCall	1341	6/25/01	\$55,250.00	7c
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00	7c
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00	7c
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00	9c
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00	10c
Dynegy	Wire	7/26/01	\$369,400.00	10c
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00)	11c
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00	11c
American Express	1566	8/15/01	\$15,554.08	12c
Samuel & Son	Wire	9/13/01	\$100,000.00	13c

Samuel & Son	Wire	9/26/01	\$100,000.00	15c
American Express	1841	10/12/01	\$29,469.78	16c
Samuel & Son	Wire	10/16/01	\$100,000.00	17c
Samuel & Son	Wire	10/29/01	\$150,000.00	18c
American Express	1927	11/1/01	\$24,486.50	18c
Samuel & Son	Wire	11/29/01	\$150,000.00	22c
Samuel & Son	Wire	12/12/01	\$100,000.00	24c
Samuel Son & Co.	Wire	12/13/01	\$150,000.00	26c
Samuel & Son	Wire	1/9/02	\$100,000.00	26c
Samuel & Son	Wire	2/1/02	\$100,000.00	30c
<i>Unreconciled Difference</i>			\$40,000.00	
			<u><u>\$2,505,304.76</u></u>	

MM
4003
= 7671
S.L.

Total Monthly payments:
(sum of the 3 payments)
186

Exhibit B
CONTRACT NO. 01PB-10786
TABLE 1-TOTAL PAYMENT SCHEDULE

<u>Date</u>	<u>Amount</u>
March 20, 2001	\$17,000,000
April 20, 2001	\$19,452,380
May 20, 2001	\$21,869,047
June 20, 2001	\$21,869,047
July 20, 2001	\$21,869,047
August 20, 2001	\$21,869,047
September 20, 2001	\$21,869,047
October 20, 2001	\$21,869,047
November 20, 2001	\$14,583,333
December 20, 2001	\$14,583,333
January 20, 2002	\$14,583,333
February 20, 2002	\$14,583,339 ←
TOTAL	\$226,000,000

21,916,661

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Exhibit B
CONTRACT NO. 01PB-10786
TABLE 2--PAYMENT SCHEDULE
FOR BORROWER UNION ACCOUNT

<u>Date</u>	<u>Amount*</u>
March 20, 2001	\$3,800,000 (A)
April 20, 2001	\$1,750,000 (B)
May 21, 2001	\$1,750,000 (C)
June 20, 2001	\$1,666,667 (D)
July 20, 2001	\$1,750,000 (E)
August 20, 2001	\$1,750,000 (E)
September 20, 2001	\$1,666,667 (F)
October 22, 2001	\$3,100,000 (G)
November 20, 2001	\$3,100,000 → UNION
December 20, 2001	\$3,016,666 (H)
January 21, 2002	\$3,200,000 (I)
February 20, 2002	\$3,200,000
TOTAL	<hr/> \$29,750,000

Wire Transfer Instructions:

BBK: National City Bank, Cleveland OH, ABA #041-000-124

BNF: Trust Department, USWA ESCROW FUND, A/C #217115

OBI: FFCT USWA ESCROW FUND ACCOUNT# 46P14335007. Attn: Seamus Murphy

LONGVIEW ALUMINUM, LLC

UNITED STATES OF AMERICA
 U.S. Department of Energy
 Bonneville Power Administration

By /S/ JOHN L. KOLLENG

By /S/ MARK E. MILLER

Name John L. Kolleng
 (Print/Type)

Name Mark E. Miller
 (Print/Type)

Title Vice Chairman

Title Account Executive

Date February 26, 2001

Date February 26, 2001

*If the Company desires to change the amount for any month(s), it shall notify BPA in writing of such changed amount(s) by the 1st day of each month. BPA shall then prepare a revision to this Table 2 for execution by the Parties.

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Exhibit B
CONTRACT NO. 01PB-10786
TABLE 3-PAYMENT SCHEDULE
FOR FUNDING AGENT ACCOUNT

(Mortgage)

<u>Date</u>	<u>Amount</u>
March 20, 2001	\$9,102,500
April 20, 2001	\$16,254,880
May 21, 2001	\$18,671,547
June 20, 2001	\$17,671,547
July 20, 2001	\$18,671,547
August 20, 2001	\$18,671,547
September 20, 2001	\$17,671,547
October 22, 2001	\$17,321,547
November 20, 2001	\$10,035,833
December 20, 2001	\$9,035,833
January 21, 2002	\$9,935,833
February 20, 2002	\$4,061,392
TOTAL	\$167,105,553

163044/61

481,372,500

Wire Transfer Instructions:

BBK: U.S. Bank National Association (NA), Minneapolis, MN, ABA #091-000-022

BNF: U.S. Bank Trust NA, A/C #1801-2116-7365

OBI: FFC U.S. Bank Trust NE Closing, A/C #47300415
 For ABLECO FINANCE LLC, Funding Agent, A/C #77090793

LONGVIEW ALUMINUM, LLC

UNITED STATES OF AMERICA
 U.S. Department of Energy
 Bonneville Power Administration

By /S/ JOHN L. KOLLENG

By /S/ MARK E. MILLER

Name John L. Kolleng
 (Print/Type)

Name Mark E. Miller
 (Print/Type)

Title Vice Chairman

Title Account Executive

Date February 26, 2001

Date February 26, 2001

hanlon:cg:3562:2/20/01 (PBLAN-PST-\\hq5f01\M_WG\PSC\PM\CT\10786.DOC) 02/28/01

Exhibit B
CONTRACT NO. 01PB-10786
TABLE 4-PAYMENT SCHEDULE
FOR SECURITIES ACCOUNT

<u>Date</u>	<u>Amount*</u>
March 20, 2001	\$4,097,500 ✓
April 20, 2001	\$1,447,500 ✓
May 21, 2001	\$1,447,500 ✓
June 20, 2001	\$2,530,833 ✓
July 20, 2001	\$1,447,500 ✓
August 20, 2001	\$1,447,500 ✓
September 20, 2001	\$2,530,833 ✓
October 22, 2001	\$1,447,500 ✓
November 20, 2001	\$1,447,500 ✓
December 20, 2001	\$2,530,834 ✓
January 21, 2002	\$1,447,500 ✓
February 20, 2002	\$7,321,947 ✓
TOTAL	\$29,144,447

Wire Transfer Instructions: VIA FED WIRE

BBK: U.S. Bank NA, Minneapolis, MN, ABA #091-000-022

BNF: U.S. Bank Trust NA, A/C #1801-2116-7365

OBI: U.S. Bank Trust N.A A/C #47300017
 For LONGVIEW ALUMINUM BLOCKED ACCOUNT #77090791. Attn: Jamie Stahle

LONGVIEW ALUMINUM, LLC

UNITED STATES OF AMERICA
 U.S. Department of Energy
 Bonneville Power Administration

By /S/ JOHN L. KOLLENG

By /S/ MARK E. MILLER

Name John L. Kolleng
 (Print/Type)

Name Mark E. Miller
 (Print/Type)

Title Vice Chairman

Title Account Executive

Date February 26, 2001

Date February 26, 2001

*If the Company desires to change the amount for any month(s), it shall notify BPA in writing of such changed amount(s) by the 1st day of each month. BPA shall then prepare a revision to this Table 4 for execution by the Parties.

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LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Payroll & Taxes	\$727,918.18	\$1,160,610.00	\$729,990.00	\$2,618,518.18 [4]
Retiree Payout	\$300,000.00			\$300,000.00 [5]
Hourly Workmans Compensation	\$52,280.52	\$220,403.71	\$67,629.57	\$340,313.80
Hourly 401K	\$1,074,374.02		\$10.85	\$1,294,788.58
Hourly Pension	\$280,825.00		\$280,825.00	\$561,650.00
Hourly Union Dues	\$110,781.70	\$8,445.08	\$29,320.29	\$148,547.07
Hourly Credit Union	\$163,357.82		\$127,326.48	\$290,684.30
Hourly Other Payroll Deductions	\$30,476.95	\$3,862.15	\$4,360.17	\$38,699.27
Hourly Tuition	\$3,788.00	\$797.70	\$1,908.04	\$6,493.74
Hourly Medical	\$2,913,063.14	\$323,725.65	\$332,771.46	\$3,569,560.25
Hourly Dental	\$265,838.97	\$24,693.77	\$25,249.93	\$315,782.67
Hourly Life Insurance	\$87,349.50	\$18,726.75		\$106,076.25
Other	\$877.42			\$877.42
Hourly VEBA			\$590,190.00	\$590,190.00
Salaries: Payroll & Taxes			\$74,567.39	\$74,567.39 [6]
Salaries: Workmans Compensation			\$496,270.21	\$496,270.21
Salaries: 401K			\$126,432.60	\$126,432.60
Salaries: Credit Union			\$7,945.76	\$7,945.76
Salaries: Other Pd Deductions			\$3,078.62	\$3,078.62
Salaries: Tuition			\$727,112.47	\$727,112.47
Salaries: Medical			\$127,007.95	\$127,007.95
Salaries: Dental			\$114,197.15	\$114,197.15
Salaries: Life Insurance			\$12,101,306.39	\$12,101,306.39 [1]
	\$13,756,926.22 [3]	\$2,737,415.82 [2]	\$12,101,306.39 [1]	\$28,595,648.43 [63.16%]

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
West Water Plan			\$42,102.89	\$42,102.89
Disposal Fees			\$164,716.94	\$164,716.94
Employee Ben/Activity			\$27,126.10	\$27,126.10
Environmental			\$66,449.03	\$66,449.03
Freight			\$55,839.34	\$55,839.34
Ground Keepers			\$11,630.89	\$11,630.89
Guard			\$26,995.62	\$26,995.62
Insurance: Property			\$650,000.00	
Insurance: Boiler & Machinery			\$196,050.00	
Insurance: Other			\$396,762.00	\$1,242,812.00 [15]
Manufacturing Supplies			\$979,005.02	\$979,005.02 [7]
Repairs & Maintenance			\$28,142.90	\$28,142.90 [8]
R&M Supplies			\$170,346.97	\$170,346.97
Sampling & Testing			\$48,521.89	\$48,521.89
Training			\$9,998.26	\$9,998.26
Business Licenses			\$7,214.23	\$7,214.23
Data Processing			\$40,440.79	\$40,440.79
Travel			\$143,004.28	\$143,004.28
M&E			\$6,597.17	\$6,597.17
Meetings & Seminars			\$2,125.15	\$2,125.15
Natural Gas			\$278,764.47	\$278,764.47
Office Expense			\$15,796.45	\$15,796.45
Payroll Services			\$56,062.32	\$56,062.32
Postage			\$8,057.87	\$8,057.87
Outside Services			\$58,401.22	\$58,401.22
Rental & Miscellaneous Equipment			\$24,650.45	\$24,650.45
Taxes & Use			\$18,729.18	\$18,729.18
Taxes Other			\$14,302.32	\$14,302.32
Telephone			\$27,982.24	\$27,982.24
Bank Charges			\$7,619.85	\$7,619.85
	\$0.00	\$0.00	\$3,883,435.84 [1]	\$3,883,435.84
				8.58%

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #375215794 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures
Power			\$1,416,544.00 F	\$1,416,544.00
Power Transmission			\$510,186.00 F	\$510,186.00
Fixed Assets	\$0.00	\$0.00	\$1,926,730.00 [1]	\$1,926,730.00 4.26%
Capital Upgrades			\$21,474.09 F	\$21,474.09 [9]
			\$512,902.27 [10] [14]	
Loan: Ableco Fees	\$0.00	\$0.00	\$730,376.36 [1]	\$730,376.36 1.61%
Loan: Great Lake Processing			\$500,000.00 F	\$500,000.00 [11]
			\$125,000.00 F	\$125,000.00 [11]
Professional Fees: Legal	\$0.00		\$625,000.00 [1]	\$625,000.00 1.38%
Professional Fees: Accounting			\$1,457,944.44	\$1,457,944.44
Professional Fees: Environmental			\$721,700.00	\$721,700.00
Professional Fees: Other			\$298,625.35	\$298,625.35
			\$302,024.90	\$302,024.90
Acquisition Investments - To McCook	\$0.00	\$0.00	\$2,780,294.69 [1]	\$2,780,294.69 6.14%
Acquisition Investments - Other			\$280,532.97 F	\$280,532.97 [12]
Uncategorized Costs			\$2,505,304.76 [13] [14]	\$2,505,304.76
			\$361,683.97	\$361,683.97
			\$6,147,541.70	\$6,147,541.70 13.58%
Total Company Expenditures	\$13,756,926.22	\$2,737,415.82	\$28,194,684.98 [1]	\$44,689,027.02 98.71%

Payments Paid by BPA

Union Accounts Payments: (\$17,233,334.00 + \$3,100,000.00 + \$6,216,666.00) [1]
Less Amount Paid Directly to USWA (Union):
Company Account Payments
Payments Paid by BPA to Longview Aluminum Through January 21, 2002

\$26,550,000.00 [1]	\$23,450,000.00
(\$3,100,000.00) [1]	\$21,822,500.00 [1]
	\$45,272,500.00 100.00%

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)		2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)		Company Account #3751628482 (2/16/01 - 2/6/02)		Total Company Expenditures	
Payroll & Taxes	\$7,273,913.18	F	\$2,136,761.01	F	\$702,931.99	F	\$10,113,606.18	[4]
Retiree Payout	\$1,500,000.00	F			\$1,255,198.73	F	\$2,755,198.73	[5]
Hourly Workmans Compensation	\$52,280.52	F			\$67,629.57	F	\$119,910.09	
Hourly 401K	\$1,074,374.02	F	\$220,403.71	F	\$10.85		\$1,294,788.58	
Hourly Pension	\$280,825.00	F			\$280,825.00		\$561,650.00	
Hourly Union Dues	\$110,781.70	F	\$8,445.08	F	\$29,320.29		\$148,547.07	
Hourly Credit Union	\$163,357.82	F			\$127,326.48		\$290,684.30	
Hourly Other Payroll Deductions	\$30,476.95	F	\$3,862.15	F	\$4,360.17		\$38,699.27	
Hourly Tuition	\$3,788.00	F	\$797.70	F	\$1,908.04		\$6,493.74	
Hourly Medical	\$2,913,063.14	F	\$323,725.65	F	\$332,771.46		\$3,569,560.25	
Hourly Dental	\$265,838.97	F	\$24,693.77	F	\$25,249.93		\$315,782.67	
Hourly Life Insurance	\$87,349.50	F	\$18,726.75	F			\$106,076.25	
Other	\$877.42	F					\$877.42	
Hourly VEBA					\$590,190.00		\$590,190.00	
Salaried: Payroll & Taxes					\$7,006,971.73		\$7,006,971.73	[6]
Salaried Workmans Compensation					\$74,567.39		\$74,567.39	
Salaried: 401K					\$496,270.21		\$496,270.21	
Salaried Credit Union					\$126,432.60		\$126,432.60	
Salaried: Other Pd Deductions					\$7,945.76		\$7,945.76	
Salaried Tuition					\$3,078.62		\$3,078.62	
Salaried Medical					\$727,112.47		\$727,112.47	
Salaried Dental					\$127,007.95		\$127,007.95	
Salaried Life Insurance					\$114,197.15		\$114,197.15	
	\$13,756,926.22	[3]	\$2,737,415.82	[2]	\$12,101,306.39	[1]	\$28,595,648.43	63.16%
West Water Plan					\$42,102.89		\$42,102.89	
Disposal Fees					\$164,716.94		\$164,716.94	
Employee Ben/Activity					\$27,126.10		\$27,126.10	
Environmental					\$66,449.03		\$66,449.03	
Freight					\$55,839.34		\$55,839.34	
Ground Keepers					\$11,630.89		\$11,630.89	
Guard					\$26,995.62		\$26,995.62	
Insurance: Property					\$650,000.00			
Insurance: Boiler & Machinery					\$196,050.00			
Insurance: Other					\$396,762.00		\$1,242,812.00	[15]
Manufacturing Supplies					\$979,005.02		\$979,005.02	[7]
Repairs & Maintenance					\$328,142.90		\$328,142.90	[8]
R&M Supplies					\$170,346.97		\$170,346.97	
Sampling & Testing					\$48,521.89		\$48,521.89	
Training					\$9,998.26		\$9,998.26	
Business Licenses					\$7,214.23		\$7,214.23	
Data Processing					\$40,440.79		\$40,440.79	
Travel					\$143,004.28		\$143,004.28	
M&E					\$6,597.17		\$6,597.17	
Meetings & Seminars					\$2,125.15		\$2,125.15	
Natural Gas					\$278,764.47		\$278,764.47	
Office Expense					\$15,796.45		\$15,796.45	

*How much \$ LEFT
IN BDMR ACCOUNT*

LongView Aluminum Company
Company Expenditures for the Period March 22, 2001 through February 6, 2002

Company Expenditures:	1st. Union Acct. #77090793 (3/22/01 - 12/18/01)	2nd. Union Acct. #3752157994 (12/20/01 - 2/6/02)	Company Account #3751628482 (2/16/01 - 2/6/02)	Total Company Expenditures	
Payroll Services			\$56,062.32	\$56,062.32	
Postage			\$8,057.87	\$8,057.87	
Outside Services			\$58,401.22	\$58,401.22	
Rental & Miscellaneous Equipment			\$24,650.45	\$24,650.45	
Taxes & Use			\$18,729.18	\$18,729.18	
Taxes Other			\$14,302.32	\$14,302.32	
Telephone			\$27,982.24	\$27,982.24	
Bank Charges			\$7,619.85	\$7,619.85	
	\$0.00	\$0.00	\$3,883,435.84 [1]	\$3,883,435.84	8.58%
Power			\$1,416,544.00 F	\$1,416,544.00	
Power Transmission			\$510,186.00 F	\$510,186.00	
	\$0.00	\$0.00	\$1,926,730.00 [1]	\$1,926,730.00	4.26%
Fixed Assets			\$217,474.09 F	\$217,474.09	[9]
Capital Upgrades			\$512,902.27	\$512,902.27	[10] [14]
	\$0.00	\$0.00	\$730,376.36 [1]	\$730,376.36	1.61%
Loan: Ableco Fees			\$500,000.00 F	\$500,000.00	[11]
Loan: Great Lake Processing			\$125,000.00 F	\$125,000.00	[11]
	\$0.00	\$0.00	\$625,000.00 [1]	\$625,000.00	1.38%
Professional Fees: Legal			\$1,457,944.44	\$1,457,944.44	
Professional Fees: Accounting			\$721,700.00	\$721,700.00	
Professional Fees: Enviornmental			\$298,625.35	\$298,625.35	
Professional Fees: Other			\$302,024.90	\$302,024.90	
	\$0.00	\$0.00	\$2,780,294.69 [1]	\$2,780,294.69	6.14%
Acquisition Investments - To McCook			\$3,280,552.97 F	\$3,280,552.97	[12]
Acquisition Investments - Other			\$2,505,304.76	\$2,505,304.76	[13] [14]
UnCategorized Costs			\$361,683.97	\$361,683.97	
	\$0.00	\$0.00	\$6,147,541.70	\$6,147,541.70	13.58%
Total Company Expenditures	\$13,756,926.22	\$2,737,415.82	\$28,194,684.98 [1]	\$44,689,027.02	98.71%

Payments Paid by BPA

Union Accounts Payments: (\$17,233,334.00 + \$3,100,000.00 + \$6,216,666.00)	\$26,550,000.00 [1]	
Less Amount Paid Directly to USWA (Union):	<u>(\$3,100,000.00) [1]</u>	\$23,450,000.00
Company Account Payments		\$21,822,500.00 [1]
Payments Paid by BPA to Longview Aluminum Through January 21, 2002		\$45,272,500.00 100.00%

**LongView Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
Analysis & Review Notes**

F - Footed Longview Aluminum worksheet. Noted detail expenditures/transfers agreed to footed totals.

[1] - Agreed to Longview Aluminum disbursement summary & BPA Payment Reconciliation worksheets.

[2] - Agreed to Longview Aluminum Second Union Account payment schedule.

[3] - Agreed to Longview Aluminum First Union Account payment schedule net of unclassified bank transfers.
(\$16,199,126.22 - \$2,442,200.00) = \$13,756,926.22.

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[12] - Request an explanation for the nature of the payments to McCook LLC.

[13] - Reviewed Life Insurance Premium Payments paid to Security Connecticut (\$ 372,008.00) as follows: (a) \$156,085.00 for annual premium on Lynch (Policy Number SC23404256 / Check No. 25438 / Chk Date 12/29/00); (b) \$55,250.00 for annual premium James McCa (Policy Number SC2340409G / Check No. 25453 / Chk Date 12/29/00); (c) \$75,960.00 for annual premium M. Ochalski (Policy Number SC2340417G / Check No. 25451 / Chk Date 12/29/00); (d) \$84713.00 for annual premium J. Koll (Policy Number SC2340415M2001 / Check No. 26262 / Chk Date 2/14/01). No documentation was provided regarding Samuel & Son. Total payments paid to Samuel & Son were \$1,250,000.

[14] - Unreconciled amounts were provided as follows: Other Acquisition Costs \$40,000.00 4/18/01 Check No. 1072. Capital Projects \$30,350.46 4/18/01 Check No. 1051. See Analysis of Costs.

[15] - Examined nine invoices dated 3/19/01 [4666 (\$25,003.00), 4667 (\$162,500.00), 4668 (\$23,642.00), 4669 (\$14,375.00), 4670 (\$2,735.00), 4671 (\$787.50), 4672 (\$4,024.33), 4673(\$695.00), 4674 (\$49,067.00), 4676 (\$3,500.00)] that totaled \$286,328.83, paid to Eugene Tkaltich & Associated, Ltd. pertaining to various insurance premiums and policies. Examined nine premium/installment invoices for \$89,188.04 paid to Imperial A.I. Credit Companies (premium periods 3/27/01, 4/27/01, 5/27/01, 6/27/01, 7/27/01, 8/27/01, 9/27/01, 10/27/01, 11/27/01) that totaled \$802,692.36. Examined fifteen invoices paid to Eugene Tkaltich & Associates, Ltd. (Inv# 7676-3/19/01 (\$8,333.00), Inv.# 4681-4/1/01 (\$8,333.00), Inv.# 4688-3/30/01 (Credit \$118.00), Inv.# 4720-5/27/01 (\$8,333.00), Inv.# 4749-6/27/01 (\$8,333.00), Inv.# 4750-6/27/01 (\$3,500.00), Inv.# 4769-6/8/01 (\$1,355.50), Inv.# 4781-6/30/01 (\$8,333.00), Inv.# 4819-7/18/01 (\$300.00), Inv.# 4833-7/31/01 (\$8,333.00), Inv.# 4862-8/27/01 (\$8,333.00), Inv.# 4863-8/27/01 (\$3,772.25), Inv.# 4903-10/27/01 (\$8,333.00), Inv.# 4981-10/29/01 (\$8,333.00), Inv.# 5008-11/27/01 (\$3,772.25).

Additional Insurance Review: Noted that insurance policies were available for review from the following insurers: (a) CHUBB (Policy No. 3576-75-43 CHI Liability Insurance); (b) CHUBB (Policy Number 8185-03-81 Executive Protection Policy); CHUBB (Policy Number 7640-15-00 Boiler & Machinery); (c) CHUBB (Policy Number 8185-04-55 Liability Insurance); (d) CHUBB (Policy Number 7350-74-93 Business Auto Policy); (e) Industrial Risk Insurers (Policy Number 31-3-68627); (f) Indian Harbor Insurance Company (Policy Number PEC0008721 Liability Insurance); (g) Fireman's Fund Insurance Companies (Policy Number XYZ-000-8448-5556). Noted a schedule of premium payments to Imperial A.I. Finance totaled \$66,211.83 without appropriate invoices/check copies.

Other Review Procedures Performed: On a select randon basis, traced deposits and disbursements from the expenditure information to the various bank statements provided. Traced BPA payment amounts to related expenditure information and bank statements provided.

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Power Purchases

Vendor Name	Check Number	Date	Amount
BPA	1042M	4/9/01	\$136,142.00
BPA	Wire	5/7/01	\$457,402.00
BPA	Wire	6/18/01	\$157,150.00
BPA	Wire	6/27/01	\$130,800.00
BPA	Wire	7/30/01	\$114,850.00
BPA	Wire	9/13/01	\$97,350.00
BPA	Wire	10/12/01	\$94,400.00
BPA	Wire	12/26/01	\$108,050.00
BPA	Wire	1/16/02	\$120,400.00
			<u>\$1,416,544.00</u>

Analysis of Transmission Purchases

Vendor Name	Check Number	Date	Amount
BPA	Wire	11/6/01	\$85,600.00
BPA	Wire	12/11/01	\$140,566.00
BPA	Wire	12/26/01	\$141,471.00
BPA	Wire	1/23/02	\$142,549.00
			<u>\$510,186.00</u>
Total BPA Purchases			<u>\$1,926,730.00</u>

Analysis of Fixed Assets and Capital Upgrades

Vendor Name	Check Number	Date	Amount
PHH Leasing	1434	7/10/01	\$15,605.60 [9]
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00 [9]
CSB Systems (Support)	2277	12/14/01	\$23,846.40 [9]
			<u>\$217,473.69</u>
J.H. Kelly	1239	5/29/01	\$139,367.97 [10]
J.H. Kelly	1415	7/10/01	\$87,887.36 [10]
J.H. Kelly	1475	7/23/01	\$146,530.81 [10]
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36) [10]
J.H. Kelly	1516	7/30/01	\$43,943.68 [10]
J.H. Kelly	1518	8/8/01	\$43,943.68 [10]
J.H. Kelly	1561	8/8/01	\$17,796.28 [10]
J.H. Kelly	1610	8/27/01	\$90,969.39 [10]
J.H. Kelly	1051	4/18/01	\$30,350.46 [10]
			<u>\$512,902.27</u>

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Loans

Vendor Name	Check Number	Date	Amount
Keilin & Co.	1308	6/14/01	\$100,000.00
Ableco Finance	1746	9/25/01	\$100,000.00
Great Lakes Processing	Wire	10/17/01	\$75,000.00
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00
Great Lakes Processing	2352	12/21/01	\$50,000.00
Ableco Financing	2379	12/21/01	\$100,000.00
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00
			<u>\$625,000.00</u>
Great Lakes Processing (Inconsistent Information)			\$125,000.00 [11]
Ableco Fees (5 late fee payments on loan)			\$500,000.00 [11]
			<u>\$625,000.00</u>

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00 [12]
McCook Metals LLC	Wire	6/29/01	\$300,000.00 [12]
McCook Metals LLC	Wire	7/17/01	\$179,500.00 [12]
McCook Metals LLC	Wire	7/18/01	\$168,000.00 [12]
McCook Metals LLC	Wire	7/18/01	\$168,000.00 [12]
McCook Metals LLC	Wire	7/20/01	\$141,930.75 [12]
McCook Metals LLC	Wire	7/23/01	\$54,925.19 [12]
McCook Metals LLC	Wire	7/24/01	\$149,666.29 [12]
McCook Metals LLC	Wire	7/25/01	\$21,865.73 [12]
McCook Metals LLC	Wire	7/26/01	\$37,790.98 [12]
McCook Metals LLC	Wire	7/26/01	\$114,600.20 [12]
McCook Metals LLC	Wire	7/27/01	\$66,961.77 [12]
McCook Metals LLC	Wire	7/30/01	\$148,312.06 [12]
McCook Metals LLC	Wire	7/31/01	\$317,000.00 [12]
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00 [12]
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00) [12]
			<u>\$3,280,552.97</u>

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Acquisition Investments - Other

Vendor Name	Check Number	Date	Amount
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40
Samuel & Son	1288	6/7/01	\$100,000.00 [13]
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00 [13]
Security Connecticut - McCall	1341	6/25/01	\$55,250.00 [13]
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00 [13]
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00 [13]
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00 [13]
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00
Dynegy	Wire	7/26/01	\$369,400.00
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00) [13]
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00 [13]
American Express	1566	8/15/01	\$15,554.08
Samuel & Son	Wire	9/13/01	\$100,000.00 [13]
Samuel & Son	Wire	9/26/01	\$100,000.00 [13]
American Express	1841	10/12/01	\$29,469.78
Samuel & Son	Wire	10/16/01	\$100,000.00 [13]
Samuel & Son	Wire	10/29/01	\$150,000.00 [13]
American Express	1927	11/1/01	\$24,486.50
Samuel & Son	Wire	11/29/01	\$150,000.00 [13]
Samuel & Son	Wire	12/12/01	\$100,000.00 [13]
Samuel Son & Co.	Wire	12/13/01	\$150,000.00 [13]
Samuel & Son	Wire	1/9/02	\$100,000.00 [13]
Samuel & Son	Wire	2/1/02	\$100,000.00 [13]
LECG	1072	4/18/01	\$40,000.00
			<u><u>\$2,505,304.76</u></u>

Need explanation of Samuel & Son payments

**Longview Aluminum Company Expenditures for the
Period March 22, 2001 through February 6, 2002
Analysis of Costs**

Analysis of Insurance Payments:

Vendor Name	Invoice Number	Invoice Date	Amount	
Liability	4666	3/19/01	\$25,000.00	[15]
Property	4667	3/19/01	\$162,500.00	[15]
Enviornmental / Pollution	4668	3/19/01	\$23,642.00	[15]
Umbrella	4669	3/19/01	\$14,375.00	[15]
Crime	4670	3/19/01	\$2,735.00	[15]
Fiduciary	4671	3/19/01	\$787.50	[15]
Directors & Officers	4672	3/19/01	\$4,024.33	[15]
Fees & Taxes	4673	3/19/01	\$695.00	[15]
Boiler & Machinery	4674	3/19/01	\$49,067.00	[15]
Auto	4676	3/19/01	\$3,500.00	[15]
			\$286,325.83	
Imperial Premium Finance		3/27/01	\$89,188.04	[15]
Imperial Premium Finance		4/27/01	\$89,188.04	[15]
Imperial Premium Finance		5/27/01	\$89,188.04	[15]
Imperial Premium Finance		6/27/01	\$89,188.04	[15]
Imperial Premium Finance		7/27/01	\$89,188.04	[15]
Imperial Premium Finance		8/27/01	\$89,188.04	[15]
Imperial Premium Finance		9/27/01	\$89,188.04	[15]
Imperial Premium Finance		10/27/01	\$89,188.04	[15]
Imperial Premium Finance		11/27/01	\$89,188.04	[15]
			\$802,692.36	
Eugene Tkalitch	7676	3/19/01	\$8,333.00	[15]
Eugene Tkalitch	4681	4/1/01	\$8,333.00	[15]
Eugene Tkalitch	4688	3/30/01	(\$118.00)	[15]
Eugene Tkalitch	4720	5/27/01	\$8,333.00	[15]
Eugene Tkalitch	4749	6/27/01	\$8,333.00	[15]
Eugene Tkalitch	4750	6/27/01	\$3,500.00	[15]
Eugene Tkalitch	4769	6/8/01	\$1,355.50	[15]
Eugene Tkalitch	4781	6/30/01	\$8,333.00	[15]
Eugene Tkalitch	4819	7/18/01	\$300.00	[15]
Eugene Tkalitch	4833	7/31/01	\$8,333.00	[15]
Eugene Tkalitch	4862	8/27/01	\$8,333.00	[15]
Eugene Tkalitch	4863	8/27/01	\$3,772.25	[15]
Eugene Tkalitch	4903	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	4981	10/27/01	\$8,333.00	[15]
Eugene Tkalitch	5008	11/27/01	\$3,772.25	[15]
			\$87,579.00	
Imperial A.I. Finance		9/7/01	\$14,749.88	[15]
Imperial A.I. Finance		9/14/01	\$10,292.39	[15]
Imperial A.I. Finance		10/12/01	\$10,292.39	[15]
Imperial A.I. Finance		11/15/01	\$10,292.39	[15]
Imperial A.I. Finance		12/17/01	\$10,292.39	[15]
Imperial A.I. Finance		1/15/02	\$10,292.39	[15]
			\$66,211.83	
Insurances:			\$1,242,809.02	

**LongView Aluminum Company Company Expenditures
for the Period March 22, 2001 through February 6, 2002
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[11] - Reviewed borrowing agreement dated February 26, 2001 between Longview Aluminum, LLC and ABLECO Finance LLC. Noted original loan was \$155,000,000.00. Also reviewed Agent Fee Letter dated 2/26/01 making reference to \$100,000 late fee payment payable to Administrative Agent on the last business day of each calendar quarter. Noted the five \$100,000 payments (\$500,000.00) to ABLECO represent late fee payments to the administrative agent. Reviewed Longview Aluminum reference schedule. That schedule infers that the two payments paid to Great Lake Processing were infact payments to Ableco. However, the attached documentation provided by Longview Aluminum including wire transfer dates appears to be inconsistent with original disbursement summary dates. GLP Wire / Date 10/17/01 \$75,000. GLK Chk No. 2352 / 12/21/01 \$50,000. Attached documentation shows wire transfers occurred 1/31/01 for both amounts. Request an explanation for the inconsistency in wire transfer dates and payee.

[12] - Request an explanation for the nature of the payments to McCook LLC.

[13] - Reviewed Life Insurance Premium Payments paid to Security Connecticut (\$ 372,008.00) as follows: (a) \$156,085.00 for annual premium on Lynch (Policy Number SC23404256 / Check No. 25438 / Chk Date 12/29/00); (b) \$55,250.00 for annual premium James McCa (Policy Number SC2340409G / Check No. 25453 / Chk Date 12/29/00); (c) \$75,960.00 for annual premium M. Ochalski (Policy Number SC2340417G / Check No. 25451 / Chk Date 12/29/00); (d) \$84713.00 for annual premium J. Koll (Policy Number SC2340415M2001 / Check No. 26262 / Chk Date 2/14/01). No documentation was provided regarding Samuel & Son. Total payments paid to Samuel & Son were \$1,250,000.

[14] - Unreconciled amounts were provided as follows: Other Acquisition Costs \$40,000.00 4/18/01 Check No. 1072. Capital Projects \$30,350.46 4/18/01 Check No. 1051. See Analysis of Costs.

[15] - Examined nine invoices dated 3/19/01 [4666 (\$25,003.00), 4667 (\$162,500.00), 4668 (\$23,642.00), 4669 (\$14,375.00), 4670 (\$2,735.00), 4671 (\$787.50), 4672 (\$4,024.33), 4673(\$695.00), 4674 (\$49,067.00), 4676 (\$3,500.00)] that totaled \$286,328.83, paid to Eugene Tkalitch & Associated, Ltd. pertaining to various insurance premiums and policies. Examined nine premium/installment invoices for \$89,188.04 paid to Imperial A.I. Credit Companies (premium periods 4/27/01, 5/27/01, 6/27/01, 7/27/01, 8/27/01, 9/27/01, 10/27/01, 11/27/01) that totaled \$802,692.36. Examined fifteen invoices paid to Eugene Tkalitch & Associates, Ltd. (Inv# 7676-3/19/01 (\$8,333.00), Inv.# 4681-4/1/01 (\$8,333.00), Inv.# 4688-3/30/01 (Credit \$118.00), Inv.# 4720-5/27/01 (\$8,333.00), Inv.# 4749-6/27/01 (\$8,333.00), Inv.# 4750-6/27/01 (\$3,500.00), Inv.# 4769-6/8/01 (\$1,355.50), Inv.# 4781-6/30/01 (\$8,333.00), Inv.# 4819-7/18/01 (\$300.00), Inv.# 4833-7/31/01 (\$8,333.00), Inv.# 4862-8/27/01 (\$8,333.00), Inv.# 4863-8/27/01 (\$3,772.25), Inv.# 4903-10/27/01 (\$8,333.00),

Additional Insurance Review: Noted that insurance policies were available for review from the following insurers: (a) CHUBB (Policy No. 3576-75-43 CHI Liability Insurance); (b) CHUBB (Policy Number 8185-03-81 Executive Protection Policy); CHUBB (Policy Number 7640-15-00 Boiler & Machinery); (c) CHUBB (Policy Number 8185-04-55 Liability Insurance); (d) CHUBB (Policy Number 7350-74-93 Business Auto Policy); (e) Industrial Risk Insurers (Policy Number 31-3-68627); (f) Indian Harbor Insurance Company (Policy Number PEC0008721 Liability Insurance); (g) Fireman's Fund Insurance Companies (Policy Number XYZ-000-8448-5556). Noted a schedule of premium payments to Imperial A.I. Finance totaled \$66,211.83 without appropriate invoices/check copies.

Other Review Procedures Performed: On a select random basis, traced deposits and disbursements from the expenditure information to the various bank statements provided. Traced BPA payment amounts to related expenditure information and bank statements provided.

Longview Aluminum Co
Analysis of Costs

Analysis of Power Purchases

Vendor Name	Check		Amount
	Number	Date	
BPA	1042M	4/9/01	\$136,142.00
BPA	Wire	5/7/01	\$457,402.00
BPA	Wire	6/18/01	\$157,150.00
BPA	Wire	6/27/01	\$130,800.00
BPA	Wire	7/30/01	\$114,850.00
BPA	Wire	9/13/01	\$97,350.00
BPA	Wire	10/12/01	\$94,400.00
BPA	Wire	12/26/01	\$108,050.00
BPA	Wire	1/16/02	\$120,400.00
			\$1,416,544.00

Analysis of Transmission Purchases

	Check		Amount
	Number	Date	
BPA	Wire	11/6/01	\$85,600.00
BPA	Wire	12/11/01	\$140,566.00
BPA	Wire	12/26/01	\$141,471.00
BPA	Wire	1/23/02	\$142,549.00
			\$510,186.00
Total BPA Purchases			\$1,926,730.00

Analysis of Fixed Assets

Vendor Name	Check		Amount
	Number	Date	
PHH Leasing	1434	7/10/01	\$15,605.60
Dell Financial Services	1608	8/27/01	\$33,644.47
SoftMart	1685	9/13/01	\$5,287.22
Wonder ware one year life	2239	12/5/01	\$30,620.00
CSB Systems (ERP)	2276	12/14/01	\$108,470.00
CSB Systems (Support)	2277	12/14/01	\$23,846.40
			\$217,473.69
J.H. Kelly	1239	5/29/01	\$139,367.97
J.H. Kelly	1415	7/10/01	\$87,887.36
J.H. Kelly	1475	7/23/01	\$146,530.81
J.H. Kelly (Voided)	1415	7/30/01	(\$87,887.36)
J.H. Kelly	1516	7/30/01	\$43,943.68
J.H. Kelly	1518	8/8/01	\$43,943.68
J.H. Kelly	1561	8/8/01	\$17,796.28
J.H. Kelly	1610	8/27/01	\$90,969.39
Unreconciled Difference			\$30,350.46
			\$512,902.27

Longview Aluminum Co
Analysis of Costs

Analysis of Loans

Vendor Name	Check Number	Date	Amount	
Keilin & Co.	1308	6/14/01	\$100,000.00	7c
Ableco Finance	1746	9/25/01	\$100,000.00	15c
Great Lakes Processing	Wire	10/17/01	\$75,000.00	17c
Ableco Finance Aquatic Lease	Wire	11/15/01	\$100,000.00	20c
Great Lakes Processing	2352	12/21/01	\$50,000.00	25c
Ableco Financing	2379	12/21/01	\$100,000.00	25c
Ableco Financing - Aquatic land Lease	Wire	1/7/02	\$100,000.00	26c
			<u>\$625,000.00</u>	
Great Lakes Processing			\$125,000.00	
Ableco Fees			\$500,000.00	
			<u>\$625,000.00</u>	

Analysis of Acquisition Investments - To McCook

Vendor Name	Check Number	Date	Amount	
McCook Metals LLC	Wire	4/27/01	\$1,000,000.00	3c
McCook Metals LLC	Wire	6/29/01	\$300,000.00	8c
McCook Metals LLC	Wire	7/17/01	\$179,500.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/18/01	\$168,000.00	9c
McCook Metals LLC	Wire	7/20/01	\$141,930.75	9c
McCook Metals LLC	Wire	7/23/01	\$54,925.19	9c
McCook Metals LLC	Wire	7/24/01	\$149,666.29	10c
McCook Metals LLC	Wire	7/25/01	\$21,865.73	10c
McCook Metals LLC	Wire	7/26/01	\$37,790.98	10c
McCook Metals LLC	Wire	7/26/01	\$114,600.20	10c
McCook Metals LLC	Wire	7/27/01	\$66,961.77	10c
McCook Metals LLC	Wire	7/30/01	\$148,312.06	10c
McCook Metals LLC	Wire	7/31/01	\$317,000.00	10c
McCook Metals LLC	Wire	8/1/01	\$1,000,000.00	11c
McCook Metals LLC - Deposit	Wire	8/2/01	(\$588,000.00)	11c
			<u>\$3,280,552.97</u>	

Longview Aluminum Co
Analysis of Costs

Analysis of Acquisition Investments - Other

Vendor Name	Check Number	Date	Amount	
Edgar A. Stark Jr.	1093	4/25/01	\$4,386.40	3c
Samuel & Son	1288	6/7/01	\$100,000.00	6c
Security Connecticut - Lynch	1340	6/25/01	\$156,085.00	7c
Security Connecticut - McCall	1341	6/25/01	\$55,250.00	7c
Security Connecticut - Ohalski	1342	6/25/01	\$75,960.00	7c
Security Connecticut - Kolleng	1343	6/25/01	\$84,713.00	7c
Samuel & Son - Voided 8/9 - Valid 12 M.	1461	7/23/01	\$100,000.00	9c
Jenkins & Gilchrist	Wire	7/24/01	\$400,000.00	10c
Dynegy	Wire	7/26/01	\$369,400.00	10c
Samuel & Son - Stop Payment 8/9	1461	8/9/01	(\$100,000.00)	11c
Samuel & Son - Replace Stop Pymt.	Wire	8/9/01	\$100,000.00	11c
American Express	1566	8/15/01	\$15,554.08	12c
Samuel & Son	Wire	9/13/01	\$100,000.00	13c
Samuel & Son	Wire	9/26/01	\$100,000.00	15c
American Express	1841	10/12/01	\$29,469.78	16c
Samuel & Son	Wire	10/16/01	\$100,000.00	17c
Samuel & Son	Wire	10/29/01	\$150,000.00	18c
American Express	1927	11/1/01	\$24,486.50	18c
Samuel & Son	Wire	11/29/01	\$150,000.00	22c
Samuel & Son	Wire	12/12/01	\$100,000.00	24c
Samuel Son & Co.	Wire	12/13/01	\$150,000.00	26c
Samuel & Son	Wire	1/9/02	\$100,000.00	26c
Samuel & Son	Wire	2/1/02	\$100,000.00	30c
Unreconciled Difference			\$40,000.00	
			\$2,505,304.76	



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

January 31, 2002

In reply refer to: PT-5

Mr. John L. Kolleng, Vice Chairman
Longview Aluminum LLC
111 West Washington, 1655
Chicago, IL 60602

Dear Mr. Kolleng:

On December 20, 2001, the Bonneville Power Administration (BPA) sent Longview Aluminum (Longview) a letter indicating Longview has not complied with Section 10(f) of Contract No. 00BP-10786 (Curtailment Agreement). In that letter, BPA asked Longview to comply with the Curtailment Agreement by providing information that would allow BPA to confirm that Longview has used curtailment revenues for the purposes specified in the Curtailment Agreement, and that such information be provided to BPA prior to January 20, 2002. Longview has not provided BPA with any information to date, and its lack of progress toward meeting BPA's request leaves us with significant concerns the disbursements from one or more of the Company Proceeds Accounts have not been made appropriately.

It is impossible for BPA to determine at this time if Longview has used curtailment revenues consistent with the Curtailment Agreement. BPA is also very concerned that any money remaining in the Company Proceeds Accounts and money yet to be received into those accounts, is spent in accordance with the Curtailment Agreement.

It is very important that BPA receive information from Longview detailing its use of curtailment revenues prior to the date BPA is scheduled to make the final payment into the Company Proceeds Accounts. To be more specific, BPA must receive from Longview an accounting for all expenditures from Company Proceeds Accounts. To help clarify our expectation of how that accounting could be presented at this time, we have enclosed an attachment as an example. Please note the example provided is only an example and Longview should include all of the major disbursement categories necessary to account for all of the dollars deposited into the Company Proceeds Accounts by BPA. Also note in the example that BPA has provided for certification of the summary accounting by Longview. After reviewing this accounting, BPA may request Longview to provide supporting source material to confirm some or all of the listed expenditures. All supporting source material BPA determines is necessary to review any Company Proceeds Account will need to arrive at BPA no later than 14 days prior to the date BPA is scheduled to make the final payment into Longview's account(s).

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Miller".

Mark E. Miller
Account Executive

EXAMPLE ATTACHMENT
 Longview Aluminum
 Summary of Qualified Expenditures (Contract O1PB-10786 Section 10)
 for the Period: March 20, 2001 through January 20, 2002

Qualifying Contract Section.	Description of Qualified Expenditures	Amount of Qualified Expenditures from Company Proceeds Accounts. [1]
10(a)(1)	<ul style="list-style-type: none"> • Compensation Benefits Paid • Pension Fund Payments • Job Placement Service Costs 	\$1,000,000 500,000 100,000
10(a)(2)	<ul style="list-style-type: none"> • Cancellation penalty related to Longview Aluminum Companies Contract with XYZ Company. 	30,000,000
10(a)(3)	<ul style="list-style-type: none"> • Unrecoverable Operating Overhead Costs to do reduced operating levels • Accrued Interest Expense and principal payments on long-term debt. 	15,000,000 45,000,000
10(b)(1)	<ul style="list-style-type: none"> • Site acquisition, licensing fees for gas fired turbine generators. 	60,000,000
10(b)(3)	<ul style="list-style-type: none"> • Costs associated with energy conservation upgrades at the Longview facility. 	1,500,000
	Total Expenditures and Liabilities incurred by Longview Aluminum that qualify under Section 10 of the above named contract for the above named period.	<u>\$153,100,000</u>
	[1] The company should maintain detail documentation including invoices and evidence of payment for each summarized category.	

To the best of my knowledge and belief the above expenditures and accrued expenses qualify under Section 10 of Contract O1PB-10786 between the Bonneville Power Administration and Longview Aluminum, LLC, and have been or will be paid by Longview Aluminum LLC.

 John L. Kolleng, Vice Chairman, Longview Aluminum, LLC Date

cc:

S. Wright – A-7

F. Lehr – DN-7

K. Runzler – LP-7

P. Norman – P-6

S. Oliver – PT-5

S. Wilson – PT-5

G. Insley – PTS-5

H. Clark – PTS-5

M. Hansen – PTS-5

Official File – PT (PM)

MMiller:sjw:4003 (W:\P\PSB\PM\DSI\McCook\13102SummaryAccting.doc)



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER BUSINESS LINE

December 20, 2001

In reply refer to: PT-5

Mr. John L. Kolleng, Vice Chairman
Longview Aluminum, LLC
4900 First Avenue
McCook, IL 60525-3294

Dear Mr. Kolleng:

Section 10(f) of the Curtailment Agreement, Contract No. 00PB-10786, seems to be an area we both inadvertently have overlooked for the past several months. The section states, in part, that Longview will provide the Bonneville Power Administration (BPA) with written notice promptly after withdrawing funds from any Company Proceeds Account. Longview can easily comply with Section 10(f) by compiling information regarding withdrawals and expenditures Longview has made from the Company Proceeds Accounts during the March 20, 2001, through December 20, 2001, period and providing that information to BPA. Consistent with Section 10(f), BPA would like to know what Qualified Expenditures have been made with funds from the Company Proceeds Accounts, including detail sufficient for BPA to confirm the expenditures. This information, in addition to Longview providing notices for all future withdrawals, will keep that section current for the remainder of the agreement. It would be very helpful if Longview would provide this information prior to January 20, 2002.

As a matter of due diligence, BPA may use some of our internal personnel, as contemplated in Section 10(f), to review the information you provide. Without having any experience with this information, we may need to work with you in setting up a visit from our staff to your offices to review the background information associated with the withdrawals. We will let you know if this will be necessary after an initial review of Longview's notice and accompanying information.

Thank you for your help. For any questions, please call me at 503-230-4003.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Miller".

Mark E. Miller
Customer Account Executive

cc: Mr. Jeffrey T. Smith, Patton Boggs LLP, Attorney at Law
Mr. Randall Hardy, Hardy Energy Consulting