

REMARKETING ADDENDUM TO THE 1996 AGREEMENT

executed by the

**BONNEVILLE POWER ADMINISTRATION
And**

COLUMBIA FALLS ALUMINUM COMPANY, LLC

Table of Contents

Section		Page
1.	Term	2
2.	Definitions	2
3.	Exhibits	2
4.	Remarketing Due to New and Prior Curtailments	3
5.	Remarketing Under This Addendum.....	3
6.	Net Proceeds From Remarketing.....	3
7.	Benefits to BPA From Remarketing.....	4
8.	Use of Net Proceeds	4
9.	Notices	5
10.	Underlying Provisions	6
11.	Confidentiality	6
12.	Federal Power Service After September 30, 2006.....	6
13.	Signatures	7

Exhibit A: 2001 Monthly Amounts Available for Remarketing

This REMARKETING ADDENDUM ("Addendum") is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION ("BPA"), and COLUMBIA FALLS ALUMINUM COMPANY LLC ("CFAC"). CFAC is a limited liability company organized under the laws of the State of Delaware.

RECITALS

CFAC operates an aluminum smelter and related facilities in Columbia Falls, Montana. BPA supplies electric power to CFAC under Block Power Sales Agreement, Contract No. 95MS-94855. Effective on October 1, 2001, BPA will supply electric power to CFAC under a Block Power Sales Agreement, Contract No. 00PB-12198 ("Subscription Agreement"), between BPA and CFAC.

CFAC has curtailed, and plans to curtail further, production at its facilities. It is the current intention and desire of CFAC to restore production at its facilities to 50 percent or more of capacity during 2002 and beyond unless conditions would not so warrant in its business

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judgment. CFAC will purchase power from BPA, and BPA will sell power to CFAC, pursuant to the Subscription Agreement for the 2002 to September 2006 period. It is the current intention of CFAC to continue producing at the facilities after September 2006.

The Parties desire to agree on the sharing of proceeds from Remarketing and to define the terms upon which CFAC shall be entitled to the Net Proceeds from such Remarketing, and the permissible uses of such Net Proceeds.

THEREFORE, BPA and CFAC agree:

1. TERM

This Addendum takes effect on the date signed by the Parties (the "Effective Date"), and shall continue in effect until 2400 hours on September 30, 2006.

2. DEFINITIONS

Capitalized terms in this Addendum shall have the meanings defined below or in context, or, if not defined in this Addendum, the meanings defined in the 1996 Agreement.

- (a) "1996 Agreement" means the Block Power Sales Agreement, Contract No. 95MS-94855, as amended and revised between BPA and CFAC.
- (b) "Excess Firm Energy" means power designated by CFAC for Remarketing under this Addendum.
- (c) "Net Proceeds" means the amount by which revenues from the Remarketing of Excess Firm Energy for the months of January through September 2001, exceed the revenues from the IP-96 rate applicable to such amounts of Excess Firm Energy.
- (d) "New Curtailments" means monthly amounts of Plant Load at the CFAC Smelter that are available for Remarketing under this Addendum. Such amounts are as specified in Exhibit A.
- (e) "Party" or "Parties" means BPA and/or CFAC.
- (f) "Prior Curtailments" means curtailments other than New Curtailments.
- (g) "Remarketing" or "Remarket" means the retention by BPA of Excess Firm Energy and sales of Excess Firm Energy under this Addendum and any agreement entered into pursuant to this Addendum.
- (h) "Remarketing Transaction" means the specific amounts and durations of Excess Firm Energy that CFAC has requested BPA to Remarket under this Addendum and the terms and conditions of each such sale.

3. EXHIBITS

Exhibit A (2001 Monthly Amounts Available for Remarketing) is attached hereto and made a part of this Addendum.

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4. REMARKETING DUE TO NEW AND PRIOR CURTAILMENTS

Beginning on the Effective Date, BPA and CFAC will not enter into new remarketing transactions, agreements or sales, pursuant to section 18 of the 1996 Agreement, of any Excess Firm Energy made available due to New Curtailments under this Addendum. All Remarketing of Excess Firm Energy made available due to New Curtailments, and agreements or transactions with respect to New Curtailments, shall be subject to the terms of this Addendum. All remarketing transactions, agreements or sales of energy made available due to Prior Curtailments shall continue to be subject to the terms of the 1996 Agreement and any other existing or future agreements regarding the remarketing of such energy.

5. REMARKETING UNDER THIS ADDENDUM

(a) Amounts Available for Remarketing

The monthly amounts available for Remarketing under this Addendum are as specified in Exhibit A. CFAC may request that BPA Remarket the Excess Firm Energy to one or more Qualified Purchasers identified by CFAC. CFAC shall notify BPA of the amount and minimum duration of Excess Firm Energy to be Remarketed and identify each Qualified Purchaser that has agreed to purchase some or all of the Excess Firm Energy under specified terms and conditions for agreed-upon amounts and durations. Notwithstanding the provisions of section 9, CFAC shall transact with the BPA's Power Business Line traders, and on CFAC's request given on reasonable advance notice BPA shall as soon as practicable, but in any event not more than one hour from the time of such request, either: (i) agree to enter into the Remarketing Transaction as requested by CFAC; or (ii) notify CFAC of its election to substitute purchasers as provided in section 5(b).

(b) Rights to Step in Front of a Remarketing Transaction

BPA may elect to substitute itself or another Qualified Purchaser with public preference for the Qualified Purchaser(s) identified by CFAC as the purchaser under the Remarketing Transaction(s). BPA may elect to make such substitution only if BPA or the Qualified Purchaser(s) with public preference agrees at that time in writing with CFAC to perform all of the obligations of the purchaser under the Remarketing Transaction(s) according to its terms.

(c) Treatment of Take-or-Pay Obligation Under the 1996 Agreement

During the months of January through September 2001, CFAC will not be billed for their Take-or-Pay Obligations under the 1996 Agreement, to the extent such Take-or-Pay Obligations have been accounted for in the definition of "Net Proceeds", section 2(c).

6. NET PROCEEDS FROM REMARKETING

Net Proceeds shall be deemed received by BPA and shall be paid by BPA to CFAC on the date that BPA actually receives good funds from a Qualified Purchaser under a Remarketing Transaction or, if BPA has elected to substitute itself as purchaser under a Remarketing Transaction, on the twentieth (20th) day of the month following the

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month during which such Excess Firm Energy would have been delivered to CFAC if such Excess Firm Energy were not subject to a Remarketing Transaction.

7. BENEFITS TO BPA FROM REMARKETING

- (a) Subject to subsection (b) below, BPA shall be entitled to retain \$60,000,000 from the Net Proceeds at the rate of \$6,666,666 per month during January through September 2001.
- (b) It is the intention of the Parties that BPA share proportionally with CFAC any non-payment by customers of gross revenues to be received by BPA from Remarketing Transactions. In furtherance of the foregoing, BPA's share of actual revenues received in any month shall be equal to such amount of actual revenues received divided by gross revenues contracted for to be received in such month multiplied by \$6,666,666. The calculation required to effect the intention of this subsection (b) shall be made at the end of each month, and corresponding payment adjustments shall be made between the Parties to reflect the aggregate proportional sharing of non-payments required by this subsection (b). The balance of the Net Proceeds received for any month shall be paid by BPA to CFAC. Any shortfall later recovered by BPA shall be shared between the Parties proportionally pursuant to the principles of this section 7(b).
- (c) CFAC waives its right to 165 megawatthour (MWh)/hour of BPA power under the Subscription Agreement for the period from October 1, 2001, through December 31, 2001.

8. USE OF NET PROCEEDS

Net Proceeds received by CFAC, less the amounts retained by BPA pursuant to section 7(a) above, will be used to pay or reimburse itself for transmission and other associated transaction costs in Remarketing Transactions, and for:

- (a) Expenditures or costs related to curtailing production at CFAC, including:
 - (1) Existing compensation, insurance, medical, pension, earned vacation and other benefits and expenditures related to employee layoffs, maintaining additional employees not required for operations at the reduced level and/or job reassignments as a result of reduced smelter operating levels beginning October 1, 2000, it being understood that CFAC will pay such compensation and benefits through December 31, 2001, at the employment level in effect on September 30, 2000.
 - (2) The cost of cancellation penalties or other costs of reducing obligations for alumina or other materials, costs associated with covering product delivery obligations that cannot be met from CFAC's operating capacity during the curtailment and other costs directly associated with the shutdown.

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- (3) Expenditures on fixed operating and other fixed costs directly related to operations at Columbia Falls that cannot be reduced as operating levels are reduced and on debt service, whether or not paid during a curtailment (including scheduled repayments of principal and interest and redemption or retirement of debt), provided that Net Proceeds may be applied to debt service in an aggregate amount not to exceed **\$REDACTED: CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION.**
- (b) Expenditures or costs incurred to secure a future power supply for CFAC and/or to enhance operations of the facilities of CFAC, including:
 - (1) Expenditures incurred for the planning, licensing, siting, acquisition, and/or construction of conventional or renewable resources to provide power for future CFAC operations, and expenditures to purchase or otherwise obtain power from any seller after October 1, 2001, (including any and all purchases under the Subscription Agreement).
 - (2) Expenditures to upgrade the facilities of CFAC to achieve energy conservation, operating efficiencies, environmental benefits, to preserve jobs at the facilities or to restart the facilities.
- (c) Payment of all tax liabilities (including any state and federal taxes, interest and penalties) created by this Addendum.
- (d) Upon request by BPA, CFAC shall provide BPA a non-binding estimate of amounts to be spent under sections 8(a), 8(b), and 8(c) above, and the timing of when such expenditures will occur.
- (e) BPA will have the right, subject to reasonable notice, to conduct limited audits of CFAC for the sole purpose of confirming that Net Proceeds were used as set forth in this section 8. CFAC agrees to make available to BPA at CFAC's offices any and all documentation necessary to conduct such an audit.
- (f) It is specifically agreed by the Parties that any dispute, claim or controversy arising out of or relating to the application of Net Proceeds hereunder shall be a matter to be resolved by arbitration as provided in section 14 of the Subscription Agreement and shall not be excluded from arbitration under section 14(a) of the Subscription Agreement or any other theory or principle, and BPA agrees not to make any such argument in any judicial, administrative or arbitral proceeding.

9. NOTICES

Any notice required under this Addendum shall be in writing and shall be delivered: (a) in person; (b) by a nationally recognized delivery service; or (c) by United States Certified Mail. Notices are effective when received. Any Party may change its address for notices by giving notice of such change consistent with this section.

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If to CFAC:

Columbia Falls Aluminum Company LLC
40 Lake Bellevue
Suite 100
Bellevue, WA 98005

Attn: James D. Stromberg
Phone: 425-450-4010
FAX: 425-450-5569
E-Mail: stromberg_cfac@worldnet.att.net

If to BPA:

Bonneville Power Administration
P.O. Box 3621
905 NE. 11th Avenue
Portland, OR 97208-3621
Attn: Sydney D. Berwager – PT-6
Account Executive
Phone: 503-230-5657
FAX: 503-230-3681
E-Mail: sdberwager@bpa.gov

10. UNDERLYING PROVISIONS

Unless otherwise specified in this Addendum, all administrative and operational provisions required to perform this Addendum shall be those contained in the Subscription Agreement, including applicable provisions, if any, related to delivery, scheduling, billing, payments, metering, access to facilities, (subject to section 8(f)) dispute resolution, uncontrollable forces, continuity of services, and contract interpretation. Except as expressly provided herein, the 1996 Agreement shall remain in full force and effect and shall be unmodified.

11. CONFIDENTIALITY

Except as required by law, each Party shall keep confidential and not disclose, and shall cause its employees, representatives and agents to keep confidential and not disclose without the prior written consent of the other Party: (a) the dollar amount specified in section 8(a)(3), and (b) the demand and energy amounts specified in Exhibit A.

12. FEDERAL POWER SERVICE AFTER SEPTEMBER 30, 2006

CFAC agrees that it will not argue in any legal or political forum that it has a statutory right to or should be allocated, any direct or indirect service of Federal power after September 30, 2006.

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13. SIGNATURES

The signatories represent that they are authorized to enter into this Addendum on behalf of the Party for whom they sign.

UNITED STATES OF AMERICA
U.S. Department of Energy
Bonneville Power Administration

COLUMBIA FALLS ALUMINUM
COMPANY LLC

By /S/ SYDNEY D. BERWAGER
Account Executive

By /S/ JAMES STROMBERG

Name Sydney D. Berwager
(Print/Type)

Name James Stromberg
(Print/Type)

Date 1/18/01

Date 1-18-01

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Exhibit A

2001 Monthly Amounts Available for Remarketing
REDACTED: CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION

	Demand (MW)	HLH Energy (MWh)	LLH Energy (MWh)
January			
February			
March			
April			
May			
June			
July			
August			
September			

*** The January 2001 amounts will change based on the schedule that curtailments actually occur at CFAC's facilities.**



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

POWER BUSINESS LINE

AUTHENTICATED

May 18, 2011

In reply refer to: PTS

Amendment No. 1
Contract No. 01PB-10772
REMARKETING ADDENDUM
TO THE 1996 AGREEMENT

Mr. Jim Stromberg
Columbia Falls Aluminum Company LLC
40 Lake Bellevue, Suite 100
Bellevue, WA 98005

Dear Mr. Stromberg:

This letter agreement (Amendment No. 1) to Contract No. 01PB-10772 (Remarketing Addendum to the 1996 Agreement) extends the term of such agreement from 2400 hours on September 30, 2006 until 2400 hours on September 30, 2011.

Accordingly, the Parties agree:

- 1. EFFECTIVE DATE.** This Amendment No. 1 shall take effect on the date signed by the Parties.
- 2. AMENDMENT OF REMARKETING ADDENDUM TO THE 1996 AGREEMENT.** The Remarketing Addendum to the 1996 Agreement is amended as follows:

Section 1 is deleted and replaced by the following:

- “1. TERM**
This Addendum takes effect on the date signed by the Parties (the “Effective Date”), and shall continue in effect until 2400 hours on September 30, 2011.”

If this Amendment No. 1 is acceptable to Columbia Falls Aluminum Company LLC, please so indicate by signing both originals and return one original to me. The remaining original is for your files.

Sincerely,

/S/ SCOTT K. WILSON

Account Executive
Scott K. Wilson

ACCEPTED:

COLUMBIA FALLS ALUMINUM COMPANY LLC

By **/S/ J. D. STROMBERG**

Name **James D. Stromberg**
(Print/Type)

Title **VP**

Date **5-18-01**

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