SUPPLEMENTAL AGREEMENT

AGREEMENT dated September 10, 1985, between ATLANTIC RICHFIELD COMPANY, a Delaware corporation ("Arco"), and MONTANA ALUMINUM INVESTORS CORP., a Montana corporation ("MAIC"),

W I T N E S S E T H:

WHEREAS, Arco and MAIC have entered into the Agreement of even date herewith ("the Acquisition Agreement") pursuant to which MAIC has acquired all of Arco's stock in Columbia Falls Aluminum Company ("CFAC"); and

WHEREAS, the parties wish to record certain supplemental understandings with respect to the Acquisition Agreement for the purpose of making the aluminum smelter at Columbia Falls, Montana ("the Columbia Falls Facility") a continuing, viable operating entity;

NOW, THEREFORE, the parties agree as follows:

1. Contemporaneously with the date of the closing of the transaction ("the Closing Date") under the Acquisition Agreement (and thereafter as required), Arco will deposit into an interest-bearing escrow account ("the Escrow Fund") at a banking institution acceptable to the parties sufficient cash (estimated at the date hereof to be $4,000,000) to provide for the drawdowns referred to in Section 2 and, if applicable, Section 3. The Escrow Fund shall terminate on the fifth anniversary of the Closing Date. The cash in the Escrow Fund shall be invested as directed in the escrow agreement entered or to be entered into

with the holder of the Escrow Fund for a term beginning on the Closing Date and ending on the fifth anniversary thereof ("the Escrow Term"). Drawdowns referred to in Sections 2 and 3 shall first come out of earnings of the Escrow Fund to the extent thereof and next out of cash deposited in the Escrow Fund by Arco.

2. During the Escrow Term, so long as the Columbia Falls Facility is not in a liquidation/permanent shutdown mode, MAIC may draw upon the Escrow Fund, quarterly in advance, at the rate of $985,000 per annum for the purpose of paying the expenses of MAIC, including, but not limited to, the salaries and benefits of its employees, office expenses, travel, legal fees, consultants' fees and public relations fees. In consideration of the right to make such drawdowns, MAIC shall diligently and actively work for the continuance of the Columbia Falls Facility as a viable operating entity.

3. (a) If, during the Escrow Term, it is determined to liquidate or permanently shut down the Columbia Falls Facility, then MAIC may, during the next succeeding 12 months or the remaining period of the Escrow Term, whichever is less, draw from the Escrow Fund, quarterly in advance, the remaining balance thereof up to $985,000 (or up to a prorated lesser amount if the remaining period of the Escrow Term is less than 12 months) for the payment of salaries and benefits of MAIC's employees as well as other costs incurred by MAIC in connection with such liquidation.

(b) If the Escrow Term shall not have expired by the expiration of the 12-month period referred to in Section 3(a), MAIC may draw down during a period of three years or the remaining period of the Escrow Term, whichever is less, the balance of the Escrow Fund, quarterly in advance, up to $790,000 per year (or up to a prorated lesser amount if the remaining

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period of the Escrow Term is less than 12 months) solely for the payment of salaries and benefits to its employees; provided, however, that no drawdown may be made with respect to a person who has obtained other employment.

(c) Upon the expiration of the Escrow Term, any balance in the Escrow Fund will be paid as a charitable contribution as defined in Section 170(c) of the Internal Revenue Code of 1954 to an organization located in, and for the benefit of residents of, Columbia Falls, Montana, area.

4. Notwithstanding any other provision of this Agreement, at such time prior to the fifth anniversary of this Agreement as MAIC or its shareholders, directors or officers have received any amounts aggregating more than $10,000,000, (i) directly or indirectly from CFAC or (ii) from any source with respect to the sale of equity in CFAC or MAIC, the next $4,000,000 (or such other amount as may have been deposited into the Escrow Fund pursuant to Section 1) so received by MAIC or its shareholders, directors or officers will be repaid to Arco as and when received. Nothing in this Section 4 shall apply to the reimbursement by CFAC of direct out-of-pocket expenses incurred solely for the benefit of CFAC.

5. Within 30 days after the end of each calendar quarter, MAIC shall furnish to Arco a statement of MAIC's income and expenses during such calendar quarter. For purposes of this Agreement, Arco shall have the right, at its expense, to examine and audit at any time and from time to time the books of account and other financial and corporate records of MAIC and its subsidiaries.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of Montana, excluding choice of law rules, and any suit brought in connection with the

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enforcement or interpretation of this Agreement shall be brought in the courts of Montana.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ATLANTIC RICHFIELD COMPANY

By _____
C. O. Goldsmith
Senior Vice President

MONTANA ALUMINUM INVESTORS CORP.

By _____
B. W. Duker
President

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