



S T O L L · K E E N O N · O G D E N  
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July 2, 2009

RECEIVED

JUL 06 2009

PUBLIC SERVICE  
COMMISSION

**VIA EMAIL AND HAND DELIVERY**

Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

**RE: The Application of Big Rivers Electric Corporation for: (i) Approval of Wholesale Tariff Additions for Big Rivers Electric Corporation, (ii) Approval of Transactions, (iii) Approval to Issue Evidences of Indebtedness, and (iv) Approval of Amendments to Contracts; and of E.ON U.S. LLC, Western Kentucky Energy Corp., and LG&E Energy Marketing, Inc. for Approval of Transactions**  
**Case No. 2007-00455**

Dear Mr. DeRouen:

On June 26, 2009, E.ON U.S. LLC submitted five documents in this proceeding for the Commission's information and review. Since then, E.ON U.S. LLC, Big Rivers Electric Corporation, Century Aluminum and Alcan Primary Products Corporation have worked diligently to finish the documents in substantially complete form.

E.ON U.S. LLC encloses the following documents that are now in substantially complete form or are in a further advanced form that the draft is useful for the presentation at the July 6, 2009 Informal Conference:

1. Backstop Commodity Swap Transaction Confirmation and ISDA Master Agreement between E.ON U.S. and Century Aluminum of Kentucky (This document consists of three parts: (1) the ISDA Master Agreement, (2) ISDA Confirmation and (3) ISDA Schedule. The draft of the ISDA Master Agreement has not changed since the draft submitted with the June 29, 2009 letter and is considered to be in substantially complete form. Enclosed are the redline versions of the ISDA Confirmation and ISDA Schedule. These draft documents remain under review by Century Aluminum, Big Rivers Electric Corporation and E.ON U.S. LLC.)

Jeff DeRouen  
July 2, 2009  
Page 2

2. Guarantee by Century Aluminum Company in favor of E.ON US LLC. (Parent Guaranty of Century Aluminum of the obligations of Century Aluminum of Kentucky under the Backstop Commodity Swap Transaction Confirmation described in item No. 2 in the June 26, 2009 letter and under the Letter of Credit Reimbursement Agreement described in item No. 3 below).
3. Letter Agreement between Alcan, Century and E.ON U.S. (This letter amends the Memorandum of Understanding by eliminating the funding at Closing of the Century Fuel Subaccount, to capture the contingent, deferred funding by E.ON U.S. of the Century Fuel Subaccount, and to capture the contingent funding by E.ON U.S. of the \$4.25 million into the Alcan Fuel Subaccount)
4. Letter Agreement between Alcan, Century and Western Kentucky Energy Corp. (This letter amends the November 2007 Closing Date Payment Agreement to eliminate the closing date payment to Century).

The changes between the enclosed documents and the versions submitted on June 26, 2009 are shown in redline. Information previously afforded confidential protection by the Commission in this case has been redacted from the public version of the documents. The confidential version of the documents was filed on July 1, 2009 under separate cover pursuant to a Petition for Confidential Treatment.


The Escrow Agreement between Alcan, Century and Escrow Agent remains subject to review of the parties and will be submitted as soon as it is in substantially complete form.

E.ON U.S. and Big Rivers Electric Corporation continue to use July 16, 2009 as the closing date for the transaction.

Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions please contact me at your convenience.

Yours very truly,

  
Kendrick R. Riggs

KRR:ec

Enclosures

cc: Parties of Record via expedited courier for delivery on July 6, 2009  
Attorney General of Kentucky via hand delivery on July 6, 2009

**ATTACHMENT 1**

**Backstop Commodity Swap Transaction Confirmation  
and  
ISDA Master Agreement Schedule**

CONFIRMATION

Backstop Commodity Swap Transaction between  
E.ON U.S., LLC ("Party A")  
and Century Aluminum of Kentucky General Partnership ("Party B")

July \_\_, 2009

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To: Century Aluminum Kentucky General Partnership  
P.O. Box 500  
State Route 271 North  
Hawesville, KY 42348

From: E.ON U.S., LLC  
220 West Main Street  
Louisville, Kentucky 40202

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Backstop Commodity Swap Transaction entered into between us on the trade date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Master Agreement defined below.

This Confirmation is subject to and incorporates the terms of the 1992 ISDA Master Agreement and Schedule dated as of the date hereof between Party A and Party B (such 1992 ISDA Master Agreement and Schedule, collectively, the "Master Agreement", and the Master Agreement, together with this Confirmation, the "Agreement"). All provisions contained in, or incorporated by reference to, the Master Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between the provisions of that Master Agreement and this Confirmation, this Confirmation shall prevail for the purpose of this Transaction.

Capitalized terms used herein and not otherwise defined herein or in the Master Agreement shall have their corresponding terms in the Retail Electric Service Agreement by and between Kenergy Corp. ("Kenergy") and Party B dated as of even date herewith (the "Century Retail Agreement") as such agreement exists on the date hereof, and shall not include any amendment, modification or novation thereof unless Party A expressly agrees in writing to the inclusion of such amendment, modification or novation. All calculations shall be made and all amounts shall be determined in accordance with the Accounting Principles.

The terms of the Transaction to which this Confirmation relates are as follows:

**1. Terms of the Transaction**

Trade Date: July \_\_, 2009

Effective Date: The "Effective Date" as defined in the Century Retail Agreement.

Swap Termination Date: December 31, 2010 [NOTE: parties discussing conditions under which the term can be extended December 31, 2011]

Notwithstanding the foregoing, the Swap Termination Date will be the date the Century Retail Agreement is terminated if such termination is prior to the date determined in the paragraph above.

Swap Termination Date: December 31, 2010; provided that, in the event that (a) Alean Primary Products Corporation ("Alean") gives a "Notice of Termination for Closure" under the Alean Retail Agreement between Alean and Kenergy dated as of even date herewith prior to the delivery of such a notice by Party B pursuant to Section 7.3 of the Century Retail Agreement and prior to December 31, 2009, and (b) the Transmission Upgrade (as defined in the Coordination Agreement) (the "Transmission Upgrade") is not completed by December 31, 2010, the Termination Date shall automatically be extended to the earlier of (i) the date of the completion of the Transmission Upgrade and (ii) December 31, 2011. [NOTE: we wanted this definition to be clear in this confirmation rather than trying to rely on the Century Retail Agreement; this language also tracks the language in the MOU]

Swap Term: The period from and including the Effective Date to and including the Swap Termination Date.

Underlying Commodity: Energy

Commodity Definitions: Sections 4.1, 4.2 and 4.3 and Articles V, VI and VIII of the Commodity Definitions (as defined in the Master Agreement) will not apply to this Confirmation. In addition, where the terms "Fixed Price Payer" and "Floating Price Payer" are used in the Commodity Definitions, those terms will mean Fixed Payment Payer and Floating Payment Payer as used hereunder. Where the terms "Fixed Amount" and "Fixed Price" are used in the Commodity Definitions, those terms will mean Fixed Payment as used hereunder. Where the terms "Floating Amount" and "Floating Price" are used in the Commodity Definitions, those terms will mean Floating Payment as used hereunder. Additionally, Article VII of the Commodity Definitions shall apply solely to the LME Index.

Fixed Payment Payer: Party A

Floating Payment Payer: Party B

~~*[NOTE: Floating Price/Fixed Price changed to Floating Payment/Fixed Payment because they really are payments rather than prices that will be multiplied with a Notional Amount]*~~

Floating Payment: For each Billing Month under the Century Retail Agreement: (a) the amounts credited to Party B pursuant to Section 4.13.1 of the Century Retail Agreement (including, without limitation, the amounts credited with respect to the Net Proceeds arising from any Surplus Sales and from any Potline Reduction Sales), plus (b) any credits to the TIER Adjustment Charge related to profits from Actual Sales, less (c) the amounts credited to Party B with respect to the Net Proceeds arising from any Undeliverable Energy Sales (after being reduced by \$0.25 per MWh as administrative fee with respect to such Undeliverable Energy Sales), and less (d) any amounts payable which are described in Section 4.14 of the Century Retail Agreement (other than the amounts payable pursuant to Section 10.2.3 of the Century Retail Agreement).

Examples of the Floating Payment determination are found on Appendix 1 attached hereto. Such examples shall be for illustrative purposes only and shall not be considered a part of this Agreement.

Fixed Payment: For each Billing Month under the Century Retail Agreement:

$$\text{(Base Backstop Energy} \times \text{(Base Rate} + \text{Variable Retail Factor))} + \text{((Actual Sales} - \text{Base Backstop Energy)} \times \text{Base Variable Rate)} + \text{(Actual Sales} \times \text{(FAC Factor} + \text{Environmental Surcharge Factor} + \text{Non-FAC Purchased Power Adjustment Factor))} + \text{Allocated Fixed Charges} - \text{Fixed Payment Cap Credit}$$

Where:

Actual Sales (in terms of MWh) = the sum of (a) the Surplus Sales pursuant to Section 10.1 of the Century Retail Agreement and (b) the Potline Reduction Sales pursuant to Section 10.3 of the Century Retail Agreement made in a particular Billing Month.

All-in Rate (in terms of \$/MWh) = the sum of (a) the Base Rate, (b) the FAC Factor, (c) the Environmental Surcharge Factor, (d) the Variable Retail Factor, (e) the Non-FAC Purchased Power Adjustment Factor, and (f) Backstop Fixed Charges, divided by Base Fixed Energy.

Allocated Fixed Charges (in terms of dollars) = Backstop Fixed Charges x (Base Backstop Energy divided by Base Fixed Energy).

Backstop Fixed Charges (in terms of dollars) = the sum of the charges or credits (or any portions thereof) determined pursuant to the following subsections of Section 4.1 of the Century Retail Agreement: (a) Section 4.1.6, the TIER Adjustment Charge calculated pursuant to Section 4.7.1 but excluding any credits to the TIER Adjustment Charge related to profits from Actual Sales, plus or minus (b) Section 4.1.10, the monthly amortization of the Restructuring Amount calculated pursuant to Section 16.5.1, minus (c) Section 4.1.11, the Rebate calculated pursuant to Section 4.9, minus (d) Section 4.1.12, the Equity Development Credit calculated pursuant to Section 4.10, plus (e) Section 4.1.13, the Surcharge calculated pursuant to Section 4.11.

Base Backstop Energy (in terms of MWh) = the product of (a) the portion of Base Demand per Hour for which sales are requested by Party B pursuant to Sections 10.1.1 and 10.3.1 of the Century Retail Agreement (as evidenced by written notice from Party B to Kenergy and Big Rivers), (b) the number of Hours in the Billing Month, and (c) 0.98.

Fixed Payment Cap =

(a) \$52.50/MWh (applicable from the Effective Date until December 31, 2009), or

(b) \$55.00/MWh (applicable from January 1, 2010 until December 31, 2010), or

(c) \$57.50/MWh (applicable from January 1, 2011 until the Swap Termination Date, if such Swap Termination Date is extended beyond December 31, 2010).

Fixed Payment Cap Credit (in terms of dollars) = an amount calculated as follows:

The Fixed Payment Cap Credit will be zero unless (a) the Floating Payment Rate is less than or equal to the All-in Rate and (b) the All-in Rate is greater than the Fixed Payment Cap, in which case the Fixed Payment Cap Credit shall equal: (All-in Rate - Fixed Payment Cap) x (Base Backstop Energy).

Floating Payment Rate = Floating Payment ÷ Actual Sales.

Variable Retail Factor = \$0.045 / MWh, being the number set forth in Section 4.12(a)(i) of the Century Retail Agreement, multiplied by 1000 to convert it to \$/MWh.

For the avoidance of doubt, in no event shall the Fixed Payment ever include any of the following charges or credits (or any portions thereof) determined pursuant to the following subsections of Section 4.1 of the Century Retail Agreement: (a) 4.1.2 (Supplemental Energy Charge), (b) 4.1.3 (Back-Up Energy Charge), and (c) 4.1.5 (Excess Reactive Demand Charge).

Examples of the Floating Payment determination are found on Appendix 2 attached hereto. Such examples shall be for illustrative purposes only and shall not be considered a part of this Agreement.

Product: Financial Swap

Aluminum Production  
Credit:

For the period from the Effective Date through December 31, 2010, Party B shall be entitled to receive a payment (calculated and payable on a Billing Month basis) based on the amount of Energy purchased by Party B pursuant to the Century Retail Agreement in order to produce aluminum, but shall exclude purchases, if any, for delivery or resale to Southwire Company (such amount of Energy purchased is herein called the "Qualifying Energy"); *provided*, however, that in no event shall the aggregate amount of all of the Aluminum Production Credits paid to Party B ever exceed the Base Amount. Such "Aluminum Production Credit" shall be calculated as follows:

Qualifying Energy in any Billing Month x (Base Amount divided by (377 MW x .98 x 24 hours x the number of days during the period from the Effective Date through December 31, 2010)).

Base Amount = the sum of (a) \$ [REDACTED] and (b) (\$2.5 million less the Alcan Reserve Subaccount A as defined in the Escrow Agreement between Alcan and Party B dated as of even date herewith); provided that subsection (b) shall not be less than zero.

Refund Term: From and including the day after the Swap Termination Date through December 31, 2028.

Refund Payment: In the event that the Total Payments exceed the Base Amount, then Party B shall make refund payments during the Refund Term according to the following provisions:



During the Refund Term, Party B will be obligated to make up to 72 monthly payments (to commence in the first calendar month following the Swap Termination Date) to Party A, each equal to the Refund Payment plus the Accrued Interest Payment. Party B's obligation will be to make such payments plus interest in each month of the Refund Term where the Monthly Refund Payment Conditions are met.

Accrued Interest = the aggregate of the Current Month Interest for prior months that has not been paid as of any date of calculation.

Current Month Interest = interest that accrues, in a particular month, from and after the Swap Termination Date, at an annual rate equal to 10.9411.5% (based on a 30/360 day count methodology and compounded monthly) multiplied by (the Refund Amount less the aggregate of the Refund Payments actually paid plus any Accrued Interest).

*~~}. [NOTE: given the undetermined nature of making payments, compounded monthly makes the most sense]~~*

Interest Payment = the lesser of, in a particular month, (a) Accrued Interest plus Current Month Interest and (b) the Current Month Interest multiplied by 3.

LME Index = the average of the daily averages of the Cash Seller & Settlement Price on the London Metal Exchange as published at [www.lme.co.uk/aluminum.asp](http://www.lme.co.uk/aluminum.asp) for prompt delivery of Primary Aluminum for the month prior to the month in which a particular Refund Payment is due.

LME Multiplier = the greater of (a) LME Index divided by \$2600/tonne, and (b) 1.0.

Refund Amount = Total Payments less the Base Amount.

Refund Payment = the lesser of (a) (the Refund Amount divided by 72) multiplied by the LME Multiplier and (b) the Refund Amount less the aggregate Refund Payments actually paid.

Total Payments = the total amount paid by Party A to Party B under this Confirmation during the Swap Term (both with respect to the Financial Swap and the Aluminum Production Credit).

*~~[NOTE: the Refund Payment is the principal and Accrued Interest is its own item; the multiplier does not work right if Accrued Interest included here]~~*

Party B's obligation to make a Refund Payment plus the Accrued Interest Payment in any particular month shall be subject to the

following two conditions (the "Monthly Refund Payment Conditions"): (i) the Hawesville Smelter producing a minimum 16,267 tonnes ~~{NOTE: what is the monthly potential production of the 4 potlines currently in operation?}~~ during such month (as evidenced by a certificate from an officer of Party B as to the production of the Hawesville Smelter in such month); and (ii) the LME Index being equal to or greater than \$2,600/tonne. If either Monthly Refund Payment Condition is not met with respect to any month, then, at Party B's option exercised on or before the second Local Business Day of the following calendar month, Party B's obligation to make the Refund Payment plus the ~~Accrued~~ Accrued Interest Payment in that month will be suspended; *provided*, however, that if such suspension occurs, interest will continue to accrue against the unpaid balance of the Refund Amount.

Party B may make one or multiple Refund Payments in any month during the Refund Term without penalty and regardless of whether the Monthly Refund Payment Conditions have been met.

Termination Payments:

If an Event of Default with respect to Party B occurs under the Agreement and an Early Termination Date is designated by Party A, the determination of the amounts to be paid shall be made as follows:

(1) If an Event of Default with respect to Party B occurs prior to the end of the Swap Term, then the following shall apply:

- (a) Any Unpaid Amounts due from Party A under the Confirmation shall be paid into the Lockbox Account (as defined below) and will not be netted with the Settlement Amount.
- (b) The Settlement Amount shall be determined on the basis of "Loss" and so that "Loss" means the difference between the Base Amount and the Total Payments made prior to the Early Termination Date; provided that such calculation cannot be less than zero; and provided further that such amount shall be paid by Party A into the Lockbox Account.

(2) If an Event of Default with respect to Party B occurs during the Refund Term, then the following shall apply:

- (a) Any Unpaid Amounts due from Party A with respect to payments owed during the Swap Term under the Confirmation shall be paid into the

Lockbox Account and will not be netted with the Settlement Amount.

- (b) The Settlement Amount shall be determined on the basis of "Loss" and so that "Loss" means the Refund Amount less the aggregate of the Refund Payments and Interest Payments actually paid (if any). In determining "Loss" pursuant to this subsection (b), assumptions with respect to the Monthly Refund Payment Conditions (including the future satisfaction of the Monthly Refund Payment Conditions and the forward curve of the LME Index) shall be given full effect, including with respect to the present value of the Refund Payments and ~~plus Accrued Interest Payments that would have been paid if not for the termination.~~

(3) If an Event of Default with respect to Party A occurs under the Agreement and an Early Termination Date is designated by Party B, the determination of the amounts to be paid by Party A shall be made pursuant to Section 6 of the Agreement on the basis of "Loss".

(4) If a Termination Event occurs under the Agreement and an Early Termination Event is designated, payments pursuant to Section 6(e)(ii) of the Agreement shall be determined in the basis of "Loss".

### **Commercial Terms Applicable to the Transaction**

- Escrow Agreement: The "Escrow Agreement" means the Escrow Agreement among Alcan, Party B and the Escrow Agent as defined therein dated as of even date herewith.
- Coordination Agreement: The "Coordination Agreement" means the Coordination Agreement between Big Rivers and Party B dated as of even date herewith.
- Settlement: For the Transaction hereunder, a financial settlement month will occur for each calendar month of the Swap Term and the Refund Term. For the financial swap part of the Transaction, each settlement month the parties agree to financially settle the difference between the Fixed Payment and the Floating Payment for the Transaction in respect of the preceding month. If the Floating Payment exceeds the Fixed Payment, the Floating Payment Payer will pay to the Fixed Payment Payer the excess of the Floating Payment over the Fixed Payment. If the Floating Payment is less than the Fixed Payment, the Fixed Payment Payer

will pay to the Floating Payment Payer the excess of the Fixed Payment over the Floating Payment. Additionally, any Aluminum Production Credit (for all days of the prior month) will be paid during each month of the Swap Term, as applicable and subject to the provisions above. Any Refund Payment plus ~~the Accrued~~ Interest Payment will be paid on a monthly basis, as applicable and subject to the provisions above. As provided herein, the financially settled amounts in respect of the Transaction shall be netted against each other, and the party owing the greater amount will pay the other party such amount.

Lockbox:

To the extent the invoice calculated by the Calculation Agent for any month indicates that payment is due from Party A to Party B, Party A agrees to make such payment to Party B into a lockbox account (the "Lockbox Account") that will be subject to that certain Security and Lockbox Agreement by and between Kenergy, Party B, Big Rivers and Old National Bank dated as of date hereof (the "Lockbox Agreement") ~~to the extent the invoice calculated by the Calculation Agent for any month indicates that payment is due from Party A to Party B.~~ Party B hereby irrevocably directs Party A to make all payments into the Lockbox Account and waives any claims it may have (and indemnifies Party A against any claims made by third parties) in connection with such direction. *[NOTE: changes to this section per Big Rivers comments]*

Payment Due Date:

All payments with respect to amounts owed pursuant to a ~~during the Swap Term Invoice~~ (with respect to the Financial Swap and Aluminum Production Credits) will be due on the first Local Business Day after the ~~23<sup>rd</sup>~~24<sup>th</sup> day of a Billing Month, subject to a day-for-day extension to the extent Party A does not receive from Party B, Big Rivers or Kenergy on or before the 10<sup>th</sup> Local Business Day of such Billing Month, a copy of the invoice that is provided to Party B from Big Rivers or Kenergy pursuant to the Century Retail Agreement, which such invoice shall include itemized charges and credits from Article 4 of the Century Retail Agreement (such invoice, the "Retail Agreement Invoice"). The receipt by Party A of the applicable Retail Agreement Invoice shall be a condition to Party A's payment of any Swap Term Invoice.

Swap Term Invoice:

Within 5 days of receiving the Retail Agreement Invoice, Party B will independently, and agrees to cooperate and work with Party A in order to, verify the accuracy of the Retail Agreement Invoice as soon as practicable after receipt of the Retail Agreement Invoice by both parties. Party B shall calculate and provide an invoice together with supporting information to support the calculation of the Fixed Amount, Floating Amount and Aluminum Price Credits, including any good faith estimates, as applicable (the "Swap Term

Invoice”), to Party A within 3 days after completion of such verification process above. If the Retail Agreement Invoice does not include Supporting Information or if Party B does not receive Supporting Information prior to the 5 day period provided above as is reasonably required for providing a Swap Term Invoice to Party A or if Party A and Party B believe there is an error in the Retail Agreement Invoice, Party B (a) will prepare the Swap Term Invoice based on the Retail Agreement Invoice using a good faith estimate to determine Party A to determine the components of the Fixed Payment, Floating Payment and the Aluminum Production Credits, as applicable, and (b) will dispute the error in the Retail Agreement Invoice pursuant to the Century Retail Agreement. After an estimate is used in a Swap Term Invoice, the next Swap Term Invoice will be trued up to account for the actual determination of the Fixed Amount, Floating Payment and Aluminum Production Credits based on Supporting Information obtained after a Swap Term Invoice has been paid and any dispute with respect to the Retail Agreement Invoice has been resolved.

~~(including, without limitation, hourly scheduling and meter data and price and volume for Surplus Sales and Potline Reduction Sales) that is provided to Party B pursuant to the Century Retail Agreement (such invoice and supporting information, the “Retail Agreement Invoice”) from Big Rivers or Kenergy on or before the 10<sup>th</sup> Local Business Day of such Billing Month. The provision of sufficient supporting information shall be a condition to Party A’s payment of any invoice. [NOTE: several changes to this section per Big Rivers comments]~~

If Party B does not provide the Swap Term Invoice within the 8 days of receiving the Retail Agreement Invoice, Party A shall prepare the Swap Term Invoice, on the basis of the Retail Agreement Invoice, with such estimates as provided above and subject to the resolution of any dispute with respect to the Retail Agreement Invoice.

Disputed Payments:

If any portion of any invoice hereunder (including, without limitation, the Swap Term Invoice), the Retail Agreement Invoice or the Supporting Information is disputed, not delivered or unverifiable, the disputed amount must still be paid when due and the parties shall use Commercially Reasonable Efforts to resolve such dispute, non-delivery or non-verification as soon as practicable thereafter. In the event a payment is found to be incorrect, any refund or additional payment shall be paid to a party together with interest at the Prime Rate commencing on the first day after the date of payment and accruing on each day thereafter until the date the refund or additional payment is made. Any refund or additional payment, plus interest as provided above, will be paid to a party within 5 days after the resolution.

*[NOTE: this conforms to Century Retail Agreement disputed payments provision]*

Local Business Day: Mondays through Fridays of each week except legal holidays established by federal law in the United States of America or state law in the Commonwealth of Kentucky. Any day on which Federal Reserve member banks in New York City are open for business, and a Local Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Standard (or Daylight) time.

Business Day Convention: Modified Following

Contractual Currency: All units denominated in a currency shall refer to, and all payments shall be made in, United States Dollars (USD).

Calculation Agent: During Party A. [NOTE: we recognize that during the Swap Term, means Party B. During the Refund Term, means Party A. we are most likely to make payments, but E.ON will need to verify and do the math anyway and this facilitates the process]

Information Requirements: During the Swap Term, Party B, through its audit rights or otherwise, shall obtain from Big Rivers and Kenergy all supporting information as is reasonably required for Party B to determine and verify the components of the Fixed Payment, Floating Payment and the Aluminum Production Credits (including, without limitation, hourly scheduling and meter data and price and volume for Surplus Sales and Potline Reduction Sales) (the "Supporting Information") as soon as practicable, and provide such Supporting Information to required by Party A. Party B will provide in order to render an invoice to Party B for this Confirmation. Within 5 days of receiving the Retail Agreement Invoice, Party B will independently, and agrees to cooperate and work with Party A in order to, verify the accuracy of the Retail Agreement Invoice as soon as practicable after receipt of the Retail Agreement Invoice, by both parties. Party A shall calculate and provide such invoice to each party within 3 days after completion of such verification process above.

During the Swap Term, in the event Party A requests additional supporting information, or if any Retail Agreement Invoice is disputed by Party A as being potentially erroneous, inconsistent or inconclusive, Party B agrees to use Commercially Reasonable Efforts to enforce its rights, including the right to dispute such payments, under the Century Retail Agreement. Additionally, in the event of any valid billing adjustments under the Century Retail Agreement with respect to any particular month due to miscalculations, recalculations, disputes or other invoice issues, Party BA will recalculate any invoice provided hereunder and refunds or credits shall be provided in future invoices. Such recalculation will be consistent with the terms hereof. In

determining the use of “Commercially Reasonable Efforts” by Party B under this section. “Commercially Reasonable Efforts” will be determined as if this Agreement does not exist.

During the Refund Period, Party B shall provide information substantiating the fact that it either has or has not met the Monthly Refund Payment Conditions on or before the third Local Business Day of each calendar month during the Refund Term.

“Commercially Reasonable Efforts” means, with respect to any decision or other action made, attempted or taken by a Party, such efforts as a reasonably prudent business would undertake for the protection of its own interest under the conditions affecting such decision or other action, without taking into account the benefits of this Agreement to Party B.

Performance Covenant:

Party B agrees to:

(a) perform all of its obligations under the Retail Electric Service Agreement by and between Kenergy and Party B dated as of even date herewith, the Coordination Agreement, the Lockbox Agreement and under any other agreements related thereto (as such agreements may be amended or modified from time to time hereafter and any novation thereof) (collectively, the “Century Transaction Documents”), and

(b) use Commercially Reasonable Efforts to require the performance by each of Kenergy and Big Rivers of its material ~~of their respective~~ obligations under the Century Transaction Documents, including, without limitation, Big Rivers efforts with respect to Surplus Sales and Potline Reduction Sales under the Century Retail Agreement and the provision of Supporting Information. In the event of a breach by Kenergy and/or Big Rivers with respect to any Century Transaction Document, Party B agrees to use Commercially Reasonable Efforts to exercise and prosecute any rights and remedies it may have under such Century Transaction Document, at law or in equity. Party B shall provide notice, as soon as practicable, of any dispute, consent, issues raised, default or event of default under any Century Transaction Document, whether applicable to Party B or another party to such document. In determining the use of “Commercially Reasonable Efforts” by Party B under this subsection (b), “Commercially Reasonable Efforts” will be determined as if this Agreement does not exist.

It shall be an Event of Default under the Agreement if during the Swap Term Party B fails to perform any material obligation under subsection (a) above and such failure results ~~or fails to comply with~~

its obligations under subsection (b) above. ~~[NOTE: we agreed to the deletion of the Additional Events of Default in a termination of a Century Transaction Document, except if such termination results from a failure by Party B the Schedule, but wanted to make a payment pursuant to Section 5.1 clear the Event of Default with respect to this Performance Covenant; E.ON recognizes that Century's failure for its own performance will be an Event of Default for material covenants of Century under the Century Retail Agreement during any calendar month due to a failure of Party A to make a payment due from it in accordance with this Agreement. Transaction Documents]~~

No Third Party Beneficiaries: Nothing in the Agreement may be construed to create any third party beneficiary rights in any third party (including Big Rivers and Kenergy). Nothing in the Agreement may be construed to create any obligation, duty, standard of care or liability of Party A under any of the Century Transaction Documents (including, without limitation, the payment of any invoices under any Century Transaction Document).

2. Account Details:

Party A: Bank of America  
ABA# 026-0095-93  
E.ON U.S. LLC  
Acct# 3752102075

Party B: The Lockbox Account identified in the Lockbox Agreement.



Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending it to us by telecopy to telecopy number 502-627-3950. It is the intention of the parties hereto that one or more executed counterparts hereof, transmitted by telecopy, be deemed to be, and be, an original or originals hereof.

Yours sincerely,

E.ON U.S.<sub>27</sub> LLC

By: \_\_\_\_\_

Name:

Title:

Confirmed as of the date first above written:

CENTURY ALUMINUM KENTUCKY  
GENERAL PARTNERSHIP

By: \_\_\_\_\_

Name:

Title:

APPENDIX 1

EXAMPLES OF FLOATING PAYMENT CALCULATION

APPENDIX 2

EXAMPLES OF FIXED PAYMENT CALCULATION

CONFIRMATION

Backstop Commodity Swap Transaction between  
E.ON U.S. LLC ("Party A")  
and Century Aluminum of Kentucky General Partnership ("Party B")

July \_\_, 2009

To: Century Aluminum Kentucky General Partnership  
P.O. Box 500  
State Route 271 North  
Hawesville, KY 42348

From: E.ON U.S. LLC  
220 West Main Street  
Louisville, Kentucky 40202

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Backstop Commodity Swap Transaction entered into between us on the trade date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Master Agreement defined below.

This Confirmation is subject to and incorporates the terms of the 1992 ISDA Master Agreement and Schedule dated as of the date hereof between Party A and Party B (such 1992 ISDA Master Agreement and Schedule, collectively, the "Master Agreement", and the Master Agreement, together with this Confirmation, the "Agreement"). All provisions contained in, or incorporated by reference to, the Master Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between the provisions of that Master Agreement and this Confirmation, this Confirmation shall prevail for the purpose of this Transaction.

Capitalized terms used herein and not otherwise defined herein or in the Master Agreement shall have their corresponding terms in the Retail Electric Service Agreement by and between Kenergy Corp. ("Kenergy") and Party B dated as of even date herewith (the "Century Retail Agreement") as such agreement exists on the date hereof, and shall not include any amendment, modification or novation thereof unless Party A expressly agrees in writing to the inclusion of such amendment, modification or novation. All calculations shall be made and all amounts shall be determined in accordance with the Accounting Principles.

The terms of the Transaction to which this Confirmation relates are as follows:

**1. Terms of the Transaction**

Trade Date: July \_\_, 2009

Effective Date: The "Effective Date" as defined in the Century Retail Agreement.

Swap Termination Date: December 31, 2010 [*NOTE: parties discussing conditions under which the term can be extended December 31, 2011*]

Notwithstanding the foregoing, the Swap Termination Date will be the date the Century Retail Agreement is terminated if such termination is prior to the date determined in the paragraph above.

Swap Term: The period from and including the Effective Date to and including the Swap Termination Date.

Underlying Commodity: Energy

Commodity Definitions: Sections 4.1, 4.2 and 4.3 and Articles V, VI and VIII of the Commodity Definitions (as defined in the Master Agreement) will not apply to this Confirmation. In addition, where the terms "Fixed Price Payer" and "Floating Price Payer" are used in the Commodity Definitions, those terms will mean Fixed Payment Payer and Floating Payment Payer as used hereunder. Where the terms "Fixed Amount" and "Fixed Price" are used in the Commodity Definitions, those terms will mean Fixed Payment as used hereunder. Where the terms "Floating Amount" and "Floating Price" are used in the Commodity Definitions, those terms will mean Floating Payment as used hereunder. Additionally, Article VII of the Commodity Definitions shall apply solely to the LME Index.

Fixed Payment Payer: Party A

Floating Payment Payer: Party B

Floating Payment: For each Billing Month under the Century Retail Agreement: (a) the amounts credited to Party B pursuant to Section 4.13.1 of the Century Retail Agreement (including, without limitation, the amounts credited with respect to the Net Proceeds arising from any Surplus Sales and from any Potline Reduction Sales), plus (b) any credits to the TIER Adjustment Charge related to profits from Actual Sales, less (c) the amounts credited to Party B with respect to the Net Proceeds arising from any Undeliverable Energy Sales (after being reduced by \$0.25 per MWh as administrative fee with respect to such Undeliverable Energy Sales), and less (d) any

amounts payable which are described in Section 4.14 of the Century Retail Agreement (other than the amounts payable pursuant to Section 10.2.3 of the Century Retail Agreement).

Examples of the Floating Payment determination are found on Appendix 1 attached hereto. Such examples shall be for illustrative purposes only and shall not be considered a part of this Agreement.

Fixed Payment:

For each Billing Month under the Century Retail Agreement:

$(\text{Base Backstop Energy} \times (\text{Base Rate} + \text{Variable Retail Factor})) + ((\text{Actual Sales} - \text{Base Backstop Energy}) \times \text{Base Variable Rate}) + (\text{Actual Sales} \times (\text{FAC Factor} + \text{Environmental Surcharge Factor} + \text{Non-FAC Purchased Power Adjustment Factor})) + \text{Allocated Fixed Charges} - \text{Fixed Payment Cap Credit}$

Where:

Actual Sales (in terms of MWh) = the sum of (a) the Surplus Sales pursuant to Section 10.1 of the Century Retail Agreement and (b) the Potline Reduction Sales pursuant to Section 10.3 of the Century Retail Agreement made in a particular Billing Month.

All-in Rate (in terms of \$/MWh) = the sum of (a) the Base Rate, (b) the FAC Factor, (c) the Environmental Surcharge Factor, (d) the Variable Retail Factor, (e) the Non-FAC Purchased Power Adjustment Factor, and (f) Backstop Fixed Charges, divided by Base Fixed Energy.

Allocated Fixed Charges (in terms of dollars) = Backstop Fixed Charges x (Base Backstop Energy divided by Base Fixed Energy).

Backstop Fixed Charges (in terms of dollars) = the sum of the charges or credits (or any portions thereof) determined pursuant to the following subsections of Section 4.1 of the Century Retail Agreement: (a) Section 4.1.6, the TIER Adjustment Charge calculated pursuant to Section 4.7.1 but excluding any credits to the TIER Adjustment Charge related to profits from Actual Sales, plus or minus (b) Section 4.1.10, the monthly amortization of the Restructuring Amount calculated pursuant to Section 16.5.1, minus (c) Section 4.1.11, the Rebate calculated pursuant to Section 4.9, minus (d) Section 4.1.12, the Equity Development Credit calculated pursuant to Section 4.10, plus (e) Section 4.1.13, the Surcharge calculated pursuant to Section 4.11.

Base Backstop Energy (in terms of MWh) = the product of (a) the portion of Base Demand per Hour for which sales are requested by

Party B pursuant to Sections 10.1.1 and 10.3.1 of the Century Retail Agreement (as evidenced by written notice from Party B to Kenergy and Big Rivers), (b) the number of Hours in the Billing Month, and (c) 0.98.

Fixed Payment Cap =

(a) \$52.50/MWh (applicable from the Effective Date until December 31, 2009), or

(b) \$55.00/MWh (applicable from January 1, 2010 until December 31, 2010), or

(c) \$57.50/MWh (applicable from January 1, 2011 until the Swap Termination Date, if such Swap Termination Date is extended beyond December 31, 2010).

Fixed Payment Cap Credit (in terms of dollars) = an amount calculated as follows:

The Fixed Payment Cap Credit will be zero unless (a) the Floating Payment Rate is less than or equal to the All-in Rate and (b) the All-in Rate is greater than the Fixed Payment Cap, in which case the Fixed Payment Cap Credit shall equal:  $(\text{All-in Rate} - \text{Fixed Payment Cap}) \times (\text{Base Backstop Energy})$ .

Floating Payment Rate = Floating Payment  $\div$  Actual Sales.

Variable Retail Factor = \$0.045 / MWh, being the number set forth in Section 4.12(a)(i) of the Century Retail Agreement, multiplied by 1000 to convert it to \$/MWh.

For the avoidance of doubt, in no event shall the Fixed Payment ever include any of the following charges or credits (or any portions thereof) determined pursuant to the following subsections of Section 4.1 of the Century Retail Agreement: (a) 4.1.2 (Supplemental Energy Charge), (b) 4.1.3 (Back-Up Energy Charge), and (c) 4.1.5 (Excess Reactive Demand Charge).

Examples of the Floating Payment determination are found on Appendix 2 attached hereto. Such examples shall be for illustrative purposes only and shall not be considered a part of this Agreement.

Product:

Financial Swap

Aluminum Production  
Credit:

For the period from the Effective Date through December 31, 2010, Party B shall be entitled to receive a payment (calculated and payable on a Billing Month basis) based on the amount of Energy purchased by Party B pursuant to the Century Retail Agreement in order to produce aluminum, but shall exclude purchases, if any, for delivery or resale to Southwire Company (such amount of Energy purchased is herein called the “Qualifying Energy”); *provided*, however, that in no event shall the aggregate amount of all of the Aluminum Production Credits paid to Party B ever exceed the Base Amount. Such “Aluminum Production Credit” shall be calculated as follows:

Qualifying Energy in any Billing Month x (Base Amount divided by (377 MW x .98 x 24 hours x the number of days during the period from the Effective Date through December 31, 2010)).

Base Amount = the sum of (a) \$ [REDACTED], and (b) (\$2.5 million less the Alcan Reserve Subaccount A as defined in the Escrow Agreement between Alcan and Party B dated as of even date herewith); *provided* that subsection (b) shall not be less than zero.

Refund Term:

From and including the day after the Swap Termination Date through December 31, 2028.

Refund Payment:

In the event that the Total Payments exceed the Base Amount, then Party B shall make refund payments during the Refund Term according to the following provisions:

During the Refund Term, Party B will be obligated to make up to 72 monthly payments (to commence in the first calendar month following the Swap Termination Date) to Party A, each equal to the Refund Payment plus the Interest Payment. Party B’s obligation will be to make such payments plus interest in each month of the Refund Term where the Monthly Refund Payment Conditions are met.

Accrued Interest = the aggregate of the Current Month Interest for prior months that has not been paid as of any date of calculation.

Current Month Interest = interest that accrues, in a particular month, from and after the Swap Termination Date, at an annual rate equal to 10.94% (based on a 30/360 day count methodology) multiplied by (the Refund Amount less the aggregate of the Refund Payments actually paid plus any Accrued Interest).



Interest Payment = the lesser of, in a particular month, (a) Accrued Interest plus Current Month Interest and (b) the Current Month Interest multiplied by 3.

LME Index = the average of the daily Cash Seller & Settlement Price on the London Metal Exchange as published at [www.lme.co.uk/aluminum.asp](http://www.lme.co.uk/aluminum.asp) for prompt delivery of Primary Aluminum for the month prior to the month in which a particular Refund Payment is due.

LME Multiplier = the greater of (a) LME Index divided by \$2600/tonne, and (b) 1.0.

Refund Amount = Total Payments less the Base Amount.

Refund Payment = the lesser of (a) (the Refund Amount divided by 72) multiplied by the LME Multiplier and (b) the Refund Amount less the aggregate Refund Payments actually paid.

Total Payments = the total amount paid by Party A to Party B under this Confirmation during the Swap Term (both with respect to the Financial Swap and the Aluminum Production Credit).

Party B's obligation to make a Refund Payment plus the Interest Payment in any particular month shall be subject to the following two conditions (the "Monthly Refund Payment Conditions"): (i) the Hawesville Smelter producing a minimum 16,267 tonnes during such month (as evidenced by a certificate from an officer of Party B as to the production of the Hawesville Smelter in such month); and (ii) the LME Index being equal to or greater than \$2,600/tonne. If either Monthly Refund Payment Condition is not met with respect to any month, then, at Party B's option exercised on or before the second Local Business Day of the following calendar month, Party B's obligation to make the Refund Payment plus the Interest Payment in that month will be suspended; *provided*, however, that if such suspension occurs, interest will continue to accrue against the unpaid balance of the Refund Amount.

Party B may make one or multiple Refund Payments in any month during the Refund Term without penalty and regardless of whether the Monthly Refund Payment Conditions have been met.

Termination Payments:

If an Event of Default with respect to Party B occurs under the Agreement and an Early Termination Date is designated by Party A, the determination of the amounts to be paid shall be made as follows:

(1) If an Event of Default with respect to Party B occurs prior to the end of the Swap Term, then the following shall apply:

- (a) Any Unpaid Amounts due from Party A under the Confirmation shall be paid into the Lockbox Account (as defined below) and will not be netted with the Settlement Amount.
- (b) The Settlement Amount shall be determined on the basis of "Loss" and so that "Loss" means the difference between the Base Amount and the Total Payments made prior to the Early Termination Date; provided that such calculation cannot be less than zero; and provided further that such amount shall be paid by Party A into the Lockbox Account.

(2) If an Event of Default with respect to Party B occurs during the Refund Term, then the following shall apply:

- (a) Any Unpaid Amounts due from Party A with respect to payments owed during the Swap Term under the Confirmation shall be paid into the Lockbox Account and will not be netted with the Settlement Amount.
- (b) The Settlement Amount shall be determined on the basis of "Loss" and so that "Loss" means the Refund Amount less the aggregate of the Refund Payments and Interest Payments actually paid (if any). In determining "Loss" pursuant to this subsection (b), assumptions with respect to the Monthly Refund Payment Conditions (including the future satisfaction of the Monthly Refund Payment Conditions and the forward curve of the LME Index) shall be given full effect, including with respect to the present value of the Refund Payments and Interest Payments that would have been paid if not for the termination.

(3) If an Event of Default with respect to Party A occurs under the Agreement and an Early Termination Date is designated by Party B, the determination of the amounts to be paid by Party A shall be made pursuant to Section 6 of the Agreement on the basis of "Loss".

(4) If a Termination Event occurs under the Agreement and an Early Termination Event is designated, payments pursuant to

Section 6(e)(ii) of the Agreement shall be determined in the basis of "Loss".

**Commercial Terms Applicable to the Transaction**

Escrow Agreement: The "Escrow Agreement" means the Escrow Agreement among Alcan, Party B and the Escrow Agent as defined therein dated as of even date herewith.

Coordination Agreement: The "Coordination Agreement" means the Coordination Agreement between Big Rivers and Party B dated as of even date herewith.

Settlement: For the Transaction hereunder, a financial settlement month will occur for each calendar month of the Swap Term and the Refund Term. For the financial swap part of the Transaction, each settlement month the parties agree to financially settle the difference between the Fixed Payment and the Floating Payment for the Transaction in respect of the preceding month. If the Floating Payment exceeds the Fixed Payment, the Floating Payment Payer will pay to the Fixed Payment Payer the excess of the Floating Payment over the Fixed Payment. If the Floating Payment is less than the Fixed Payment, the Fixed Payment Payer will pay to the Floating Payment Payer the excess of the Fixed Payment over the Floating Payment. Additionally, any Aluminum Production Credit (for all days of the prior month) will be paid during each month of the Swap Term, as applicable and subject to the provisions above. Any Refund Payment plus the Interest Payment will be paid on a monthly basis, as applicable and subject to the provisions above. As provided herein, the financially settled amounts in respect of the Transaction shall be netted against each other, and the party owing the greater amount will pay the other party such amount.

Lockbox: To the extent the invoice calculated by the Calculation Agent for any month indicates that payment is due from Party A to Party B, Party A agrees to make such payment to Party B into a lockbox account (the "Lockbox Account") that will be subject to that certain Security and Lockbox Agreement by and between Kenergy, Party B, Big Rivers and Old National Bank dated as of date hereof (the "Lockbox Agreement"). Party B hereby irrevocably directs Party A to make all payments into the Lockbox Account and waives any claims it may have (and indemnifies Party A against any claims made by third parties) in connection with such direction.

Payment Due Date: All payments with respect to amounts owed pursuant to a Swap Term Invoice (with respect to the Financial Swap and Aluminum

Production Credits) will be due on the first Local Business Day after the 23<sup>rd</sup> day of a Billing Month, subject to a day-for-day extension to the extent Party A does not receive from Party B, Big Rivers or Kenergy on or before the 10<sup>th</sup> Local Business Day of such Billing Month, a copy of the invoice that is provided to Party B from Big Rivers or Kenergy pursuant to the Century Retail Agreement, which such invoice shall include itemized charges and credits from Article 4 of the Century Retail Agreement (such invoice, the “Retail Agreement Invoice”). The receipt by Party A of the applicable Retail Agreement Invoice shall be a condition to Party A’s payment of any Swap Term Invoice.

Swap Term Invoice:

Within 5 days of receiving the Retail Agreement Invoice, Party B will independently, and agrees to cooperate and work with Party A in order to, verify the accuracy of the Retail Agreement Invoice as soon as practicable after receipt of the Retail Agreement Invoice by both parties. Party B shall calculate and provide an invoice together with information to support the calculation of the Fixed Amount, Floating Amount and Aluminum Price Credits, including any good faith estimates, as applicable (the “Swap Term Invoice”), to Party A within 3 days after completion of such verification process above. If the Retail Agreement Invoice does not include Supporting Information or if Party B does not receive Supporting Information prior to the 5 day period provided above for providing a Swap Term Invoice to Party A or if Party A and Party B believe there is an error in the Retail Agreement Invoice, Party B (a) will prepare the Swap Term Invoice based on the Retail Agreement Invoice using a good faith estimate to determine the Fixed Payment, Floating Payment and the Aluminum Production Credits, as applicable, and (b) will dispute the error in the Retail Agreement Invoice pursuant to the Century Retail Agreement. After an estimate is used in a Swap Term Invoice, the next Swap Term Invoice will be trued up to account for the actual determination of the Fixed Amount, Floating Payment and Aluminum Production Credits based on Supporting Information obtained after a Swap Term Invoice has been paid and any dispute with respect to the Retail Agreement Invoice has been resolved.

If Party B does not provide the Swap Term Invoice within the 8 days of receiving the Retail Agreement Invoice, Party A shall prepare the Swap Term Invoice, on the basis of the Retail Agreement Invoice, with such estimates as provided above and subject to the resolution of any dispute with respect to the Retail Agreement Invoice.

Disputed Payments:

If any portion of any invoice hereunder (including, without limitation, the Swap Term Invoice), the Retail Agreement Invoice or the Supporting Information is disputed, not delivered or

unverifiable, the disputed amount must still be paid when due and the parties shall use Commercially Reasonable Efforts to resolve such dispute, non-delivery or non-verification as soon as practicable thereafter. In the event a payment is found to be incorrect, any refund or additional payment shall be paid to a party together with interest at the Prime Rate commencing on the first day after the date of payment and accruing on each day thereafter until the date the refund or additional payment is made. Any refund or additional payment, plus interest as provided above, will be paid to a party within 5 days after the resolution.

- Local Business Day: Mondays through Fridays of each week except legal holidays established by federal law in the United States of America or state law in the Commonwealth of Kentucky.
- Business Day Convention: Modified Following
- Contractual Currency: All units denominated in a currency shall refer to, and all payments shall be made in, United States Dollars (USD).
- Calculation Agent: During the Swap Term, means Party B. During the Refund Term, means Party A.
- Information Requirements: During the Swap Term, Party B, through its audit rights or otherwise, shall obtain from Big Rivers and Kenergy all supporting information as is reasonably required for Party B to determine and verify the components of the Fixed Payment, Floating Payment and the Aluminum Production Credits (including, without limitation, hourly scheduling and meter data and price and volume for Surplus Sales and Potline Reduction Sales) (the “Supporting Information”) as soon as practicable, and provide such Supporting Information to Party A. Party B will provide the Retail Agreement Invoice to Party A as soon as practicable after receipt of the Retail Agreement Invoice.

During the Swap Term, in the event Party A requests additional supporting information, or if any Retail Agreement Invoice is disputed by Party A as being potentially erroneous, inconsistent or inconclusive, Party B agrees to use Commercially Reasonable Efforts to enforce its rights, including the right to dispute such payments, under the Century Retail Agreement. Additionally, in the event of any valid billing adjustments under the Century Retail Agreement with respect to any particular month due to miscalculations, recalculations, disputes or other invoice issues, Party B will recalculate any invoice provided hereunder and refunds or credits shall be provided in future invoices. Such recalculation will be consistent with the terms hereof. In determining the use of “Commercially Reasonable Efforts” by

Party B under this section, “Commercially Reasonable Efforts” will be determined as if this Agreement does not exist.

During the Refund Period, Party B shall provide information substantiating the fact that it either has or has not met the Monthly Refund Payment Conditions on or before the third Local Business Day of each calendar month during the Refund Term.

“Commercially Reasonable Efforts” means, with respect to any decision or other action made, attempted or taken by a Party, such efforts as a reasonably prudent business would undertake for the protection of its own interest under the conditions affecting such decision or other action.

Performance Covenant:

Party B agrees to:

(a) perform all of its obligations under the Retail Electric Service Agreement by and between Kenergy and Party B dated as of even date herewith, the Coordination Agreement, the Lockbox Agreement and under any other agreements related thereto (as such agreements may be amended or modified from time to time hereafter and any novation thereof) (collectively, the “Century Transaction Documents”), and

(b) use Commercially Reasonable Efforts to require the performance by each of Kenergy and Big Rivers of its material obligations under the Century Transaction Documents, including, without limitation, Big Rivers efforts with respect to Surplus Sales and Potline Reduction Sales under the Century Retail Agreement and the provision of Supporting Information. In the event of a breach by Kenergy and/or Big Rivers with respect to any Century Transaction Document, Party B agrees to use Commercially Reasonable Efforts to exercise and prosecute any rights and remedies it may have under such Century Transaction Document, at law or in equity. Party B shall provide notice, as soon as practicable, of any dispute, consent, issues raised, default or event of default under any Century Transaction Document, whether applicable to Party B or another party to such document. In determining the use of “Commercially Reasonable Efforts” by Party B under this subsection (b), “Commercially Reasonable Efforts” will be determined as if this Agreement does not exist.

It shall be an Event of Default under the Agreement if during the Swap Term Party B fails to perform any material obligation under subsection (a) above and such failure results in a termination of a Century Transaction Document, except if such termination results from a failure by Party B to make a payment pursuant to Section 5.1 of the Century Retail Agreement during any calendar month

due to a failure of Party A to make a payment due from it in accordance with this Agreement.

No Third Party Beneficiaries: Nothing in the Agreement may be construed to create any third party beneficiary rights in any third party (including Big Rivers and Kenergy). Nothing in the Agreement may be construed to create any obligation, duty, standard of care or liability of Party A under any of the Century Transaction Documents (including, without limitation, the payment of any invoices under any Century Transaction Document).

2. Account Details:

Party A:       Bank of America  
                  ABA# 026-0095-93  
                  E.ON U.S. LLC  
                  Acct# 3752102075

Party B: The Lockbox Account identified in the Lockbox Agreement.

Please confirm that the foregoing correctly sets forth the terms of our agreement with respect to this Transaction by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending it to us by telecopy to telecopy number 502-627-3950. It is the intention of the parties hereto that one or more executed counterparts hereof, transmitted by telecopy, be deemed to be, and be, an original or originals hereof.

Yours sincerely,

E.ON U.S. LLC

By: \_\_\_\_\_

Name:

Title:

Confirmed as of the date first above written:

CENTURY ALUMINUM KENTUCKY  
GENERAL PARTNERSHIP

By: \_\_\_\_\_

Name:

Title:



**APPENDIX 1**

**EXAMPLES OF FLOATING PAYMENT CALCULATION**

**APPENDIX 2**  
**EXAMPLES OF FIXED PAYMENT CALCULATION**

**SCHEDULE**  
**to the**  
**Master Agreement**

dated as of July \_\_, 2009

between

E.ON U.S. LLC - ("Party A")

and

Century Aluminum of Kentucky General Partnership  
 ("Party B")

This Agreement only applies to that certain Confirmation executed by Party A and Party B dated as of even date herewith (the "Confirmation"). This Agreement will terminate upon the termination of the Confirmation.

**Part 1. Termination Provisions.**

(a) "**Specified Entity**" means in relation to Party A for the purpose of:

Section 5(a)(v)	Not Applicable
Section 5(a)(vi)	Not Applicable
Section 5(a)(vii)	Not Applicable
Section 5(b)(iv)	Not Applicable

and in relation to Party B for the purpose of:

Section 5(a)(v)	Not Applicable
Section 5(a)(vi)	Not Applicable
Section 5(a)(vii)	Not Applicable
Section 5(b)(iv)	Not Applicable

(b) The "**Default Under Specified Transaction**" -provisions of Section 5(a)(v) will not apply to either party.

(c) The "**Cross Default**" provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.

(d) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.

- (e) The “*Automatic Early Termination*” provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) *Payments on Early Termination.* For the purpose of Section 6(e) of this Agreement any such payments shall be as determined pursuant to the terms of the Confirmation.
- (g) “*Termination Currency*” means United States Dollars.
- (h) *Additional Termination Event.* Will not apply.
- (i) The parties agree that this Agreement and the Confirmation are a part of a larger transaction by and among the parties to the Transaction Documents and that this Agreement and Confirmation are an integral part of the transaction contemplated by the Transaction Documents.
- (j) *Inapplicability of ~~Event~~Events of Default.* For purposes of this Agreement, ~~Section~~Sections 5(a)(iv) and ~~(viii)~~ shall not apply to either party.

**Part 2. Tax Representations.**

- (a) *Payer Representations.* For the purpose of Section 3(e) of this Agreement, Party A will make the following representation and Party B will make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement; provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) *Payee Representations.* For the purpose of Section 3(f) of this Agreement, Party A and Party B make the representations specified below, if any:
  - (i) Party A is a limited liability company duly organized and validly existing under the laws of the Commonwealth of Kentucky and is a resident of the United States of America.
  - (ii) Party B is a general partnership duly organized and validly existing under the laws of the State of Kentucky and is a resident of the United States of America.

**Part 3. Agreement to Deliver Documents.**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

- (a) Tax forms, document or certificates to be delivered are:

<b>Party Required To Deliver Document</b>	<b>Form/Document/Certificate</b>	<b>Date By Which To Be Delivered</b>
Party A & Party B	Party A and Party B each agree to complete (accurately and in a manner reasonably satisfactory to the other), execute and deliver such form or forms as are deemed necessary to permit a party to make payments free and clear of, or at a reduced rate of, any deduction or withholding for or on account of any present or future Tax.	As soon as practicable following demand.

- (b) Other documents to be delivered are:

<b>Party Required To Deliver Document</b>	<b>Form/Document/Certificate</b>	<b>Date By Which To Be Delivered</b>	<b>Covered By Section 3(d) Representation</b>
Party B	Duly executed Credit Support Documents specified in Part 4(f) of this Agreement	Upon execution of this Agreement	Yes
Party A & Party B	Evidence of authority and specimen signatures with respect to the signatories executing this Agreement, including the Confirmation, and a certified copy of resolutions of an authorized body authorizing execution, delivery and performance of this Agreement	Upon execution of this Agreement	Yes
Party B	Evidence of authority and specimen signatures with respect to the signatories executing the Credit Support Document to be provided by the Credit Support Provider of Party B, and a certified	Upon execution of Agreement	Yes

	copy of resolutions of an authorized body authorizing execution and delivery of such Credit Support Document and performance of its obligations thereunder		
Party A and Party B	Annual audited financial statements prepared in accordance with generally accepted accounting principles (provided that, in the case of Party B, such financial statements shall be the <u>consolidated</u> financial statements of its Credit Support Provider)	As soon as practicable after demand but in no event later than 120 days after the end of each fiscal year of each party or its Credit Support Provider, if such financial statements are not publicly accessible such as on "EDGAR"	Yes
Party A and Party B	Quarterly unaudited financial statements prepared in accordance with generally accepted accounting principles (provided that, in the case of Party B, such financial statements shall be the <u>consolidated</u> financial statements of its Credit Support Provider)	As soon as practicable after demand, if such financial statements are not publicly accessible such as on "EDGAR"	Yes

Part 4. **Miscellaneous.**

(a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

Address for notices or communications to Party A:

Address: E.ON U.S. LLC  
220 West Main Street, 7<sup>th</sup> Floor  
Louisville, Kentucky 40202  
Attention: Manager Credit and Contract Administration

Telephone No.: 502-627-4253  
Facsimile No.: 502-627-3950

With additional notice of an Event of Default or Termination Event to:

Address: E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202

Attention: General Counsel  
Facsimile No.: 502-627-3950

Address for notices or communications to Party B:

Address: Century Aluminum Company  
P.O. Box 500  
State Route 271 North  
Hawesville, KY 42348  
Attention: Plant Manager  
Facsimile No.: 270-852-2882

With a copy to:

Address: Century Aluminum Company  
2511 Garden Road  
Building A, Suite 200  
Monterey, CA 93940  
Attention: General Counsel  
Facsimile No.: 831-642-9328

- (b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:  
  
Party A appoints as its Process Agent: Not applicable  
Party B appoints as its Process Agent: Not applicable
- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:  
  
Party A is not a Multibranch Party.  
Party B is not a Multibranch Party.
- (e) **Calculation Agent.** The Calculation Agent shall be specified in the Confirmation.
- (f) **Credit Support Document(s).** With respect to Party B, the performance guaranty in favor of Party A supporting the obligations of Party B under this Agreement.
- (g) **Credit Support Provider.**  
Credit Support Provider means in relation to Party A: None  
Credit Support Provider means in relation to Party B: Century Aluminum Company
- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with the law of the State of New York, without reference to choice of law principles (other than Section 5-1401 and 5-1402 of the New York General Obligations Law).
- (i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply. For avoidance of doubt, the parties hereby acknowledge and agree that the provisions of Section 2(c) shall not apply to any transaction or agreement not covered by this Agreement.

- (j) “*Affiliate*” will have the meaning specified in Section 14 of this Agreement. For the purposes of Section 3(c) both parties will be deemed to have no Affiliates.

**Part 5. Other Provisions.**

- (a) ***Jurisdiction.*** Section 13(b) of this Agreement is hereby deleted in its entirety and replaced with the following:

With respect to any suit, action, claim or proceeding relating to this Agreement (“Proceedings”), neither party waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any court, waives any claim that such Proceedings have been brought in an inconvenient forum, nor waives the right to object, with respect to such Proceedings, that a court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any jurisdiction, nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

The above provisions shall be subject to the following:

**WAIVER OF JURY TRIAL. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY CREDIT SUPPORT DOCUMENT. EACH PARTY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY OR ANY CREDIT SUPPORT PROVIDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH A SUIT, ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND PROVIDE ANY CREDIT SUPPORT DOCUMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**

- (b) ***Absence of Litigation.*** Section 3(c) of this Agreement is hereby amended by: (i) adding in the second line thereof after the word “governmental” the words “or regulatory” and (ii) adding the words “in any material respect” immediately prior to the end of the section.
- (c) ***Accuracy of Specified Information.*** Section 3(d) of this Agreement is hereby amended by adding in the third line thereof after the word “respect” and before the period the words “or, in the case of audited or unaudited financial statements, a presentation of the financial condition of the relevant party in accordance with generally accepted accounting principles, consistently applied.”
- (d) ***Additional Representations.*** Section 3 of this Agreement is hereby amended by adding at the end thereof the following Subparagraphs (g), (h), (i), and (j):



“(g) **Eligible Contract Participant.** It qualifies as an “eligible contract participant” as defined at Section 101(12) of the Commodity Futures Modernization Act of 2000 (7 U.S.C.A. Section 1a(12) (West Supp. 2001).

(h) **Safe Harbors.** Each party to this Agreement acknowledges that:

(i) This Agreement (and any associated Credit Support Document) is a "master netting agreement" as defined in the U.S. Bankruptcy Code (the "Code"), and this Agreement and each Transaction hereunder is of a type set forth in Section 561(a)(1)-(5) of the Code;

(ii) Party A is a "master netting agreement participant," a "forward contract merchant" and a "swap participant" as defined in the Code;

(iii) The remedies provided herein, and in any Credit Support Document, are the remedies referred to in Section 561(a), Sections 362(b)(6), (7), (17) and (27), and Section 362(o) of the Code;

(iv) All transfers of cash, securities or other property under or in connection with this Agreement, any Credit Support Document or any Transaction hereunder are "margin payments," "settlement payments" and "transfers" under Sections 546(e), (f), (g) or (j), and under Section 548(d)(2) of the Code; and

(v) Each obligation under this Agreement, any Credit Support Document or any Transaction hereunder is an obligation to make a "margin payment," "settlement payment" and "payment" within the meaning of Sections 362, 560 and 561 of the Code.

(i) **Standardization, Creditworthiness, and Transferability.** The economic terms of this Agreement, any Credit Support Document to which it is a party, and each Transaction have been individually tailored and negotiated by it; it has received and reviewed financial information concerning the other party and has had a reasonable opportunity to ask questions of and receive answers and information from the other party concerning such other party, this Agreement, such Credit Support Document, and such Transaction; the creditworthiness of the other party was a material consideration in its entering into or determining the terms of this Agreement, such Credit Support Document, and such Transaction; and the transferability of this Agreement, such Credit Support Document, and such Transaction is restricted as provided herein and therein.

(j) **No Reliance.** In connection with the negotiation of, the entering into, and the confirming of the execution of this Agreement, any Credit Support Document to which it is a party, and each Transaction: (i) it is acting as principal (and not as agent or in any other capacity, fiduciary or otherwise); (ii) the other party is not acting as a fiduciary or financial or investment advisor for it; (iii) it is not relying upon any representations (whether written or oral) of the other party other than the representations expressly set forth in this Agreement and in such Credit Support Document; (iv) the other party has not given to it (directly or indirectly through any other person) any advice, counsel, assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (either legal, regulatory, tax, financial, accounting, or otherwise) of this Agreement, such Credit Support Document, or such Transaction; (v) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary, and not upon any view expressed by the other party; (vi) all trading

decisions have been the result of arm's length negotiations between the parties; and (vii) it is entering into this Agreement, such Credit Support Document, and such Transaction with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks."

- (e) **Reference Market Makers.** The definition of "Reference Market-makers" in Section 14 of this Agreement is hereby amended by: (i) deleting "(a)" from the second line thereof, (ii) deleting in the fourth line thereof after the word "credit" the words "and (b) to the extent practicable, from among such dealers having an office in the same city" and (iii) replacing such words with the words "or to enter into transactions similar in nature to Transactions."
- (f) **ISDA Definitions.** Unless otherwise specified in a Confirmation, this Agreement, each Confirmation and each Transaction incorporates, and is subject to and governed by, the 2006 ISDA Definitions ("2006 Definitions") and the 2005 ISDA Commodity Definitions ("Commodity Definitions"), as amended, supplemented, updated and restated from time to time, each as published by the International Swaps and Derivatives Association, Inc. (collectively, the "Definitions"). In the event of any inconsistency between the provision of the 2006 Definitions and Commodity Definitions, the Commodity Definitions shall prevail. In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Agreement or the Definitions, such Confirmation will prevail for the purpose of the relevant Transaction.
- (g) **Accounts.** If a Confirmation does not state the account to which payments are to be made, they shall be made to the following:

**Party A**

Pay by Wire: Bank of America, New York, NY  
For the Account of: E.ON U.S. LLC  
Account No.: 3752102075  
Fed. ABA No.: 026-0095-93

**Party B**

Lockbox Account established pursuant to the Lockbox Agreement (as defined in the Confirmation).

- (h) ~~**Set-off.** Without affecting or prejudicing the provisions of this Agreement requiring the calculation and payment of certain net payment amounts on Scheduled Payment Dates, all payments will be made without setoff or counterclaim; provided, however, that upon the designation of an Early Termination Date, in addition to and not in limitation of any other right or remedy (including any right to setoff, counterclaim, or otherwise withhold payment) under applicable law, the Non defaulting Party or the non Affected Party (in either case, "X") may, at its option and in its discretion, setoff, against any amounts owed to the Defaulting Party or Affected Party (in either case, "Y") in Dollars or any other currency by X under this Agreement, any amounts owed in Dollars or any other currency by Y to X under this Agreement. The obligations of Y and X under this Agreement in respect of such amounts shall be deemed satisfied and discharged to the extent of any such setoff. For this purpose, the amounts subject to the set off may be converted at the~~

~~applicable prevailing exchange rate into the Termination Currency by the Non-defaulting Party or non-Affected Party. If the amount of an obligation has not been ascertained, X may, in good faith estimate that obligation and setoff in respect of the estimate, subject to X or Y, as the case may be, accounting to the other party when the obligation is ascertained. X will give Y notice of any setoff effected under this section provided that failure to give such notice shall not affect the validity of the setoff. Nothing in this paragraph shall be deemed to create a charge or other security interest.~~

- (i) ~~Limitation of Rate.~~ Notwithstanding any provision to the contrary contained in this Agreement, in no event shall the Default Rate, Non-default Rate, or Termination Rate exceed the Highest Lawful Rate. For purposes hereof, "Highest Lawful Rate" shall mean, with respect to each party, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged, or received on the subject indebtedness under the law applicable to such party which is presently in effect or, to the extent allowed by law, may hereafter be in effect and which allows a higher maximum non-usurious interest rate than applicable law presently allows.
- (j) **Limitation of Liability.** WITH RESPECT TO CLAIMS UNDER THIS AGREEMENT, NO PARTY SHALL BE REQUIRED TO PAY OR BE LIABLE FOR EXEMPLARY, PUNITIVE, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES (WHETHER OR NOT ARISING FROM ITS NEGLIGENCE) TO ANY OTHER PARTY EXCEPT TO THE EXTENT THAT THE PAYMENTS REQUIRED TO BE MADE PURSUANT TO THIS AGREEMENT ARE DEEMED TO BE SUCH DAMAGES. IF AND TO THE EXTENT ANY PAYMENT REQUIRED TO BE MADE PURSUANT TO THIS AGREEMENT IS DEEMED TO CONSTITUTE LIQUIDATED DAMAGES, THE PARTIES ACKNOWLEDGE AND AGREE THAT SUCH DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE AND THAT SUCH PAYMENT IS INTENDED TO BE A REASONABLE APPROXIMATION OF THE AMOUNT OF SUCH DAMAGES AND NOT A PENALTY.
- (k) **Confidentiality.** Any information made available by one party or its Credit Support Provider to the other party or its Credit Support Provider (if any) with respect to this Agreement or any Transaction hereunder is confidential and shall not be discussed with or disclosed to any third party, except for such information (i) as may become generally available to the public other than as a result of a violation of this Agreement, (ii) as may be required or appropriate in response to any summons, subpoena, or otherwise in connection with any litigation or to comply with any applicable law, order, regulation, or ruling; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure, (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the other party or its Credit Support Provider (if any) in making such disclosure, (iv) as may be furnished to any person or entity (including, without limitation, that party's auditors, attorneys, advisors, or financial institutions) with which the party has a written agreement or which are otherwise required to keep the information that is disclosed in confidence, or (v) as may be required by the securities exchange on which the Credit Support Provider of Party B is listed. With respect to information provided with respect to a Transaction, this obligation shall survive for a period of three (3) years following the expiration or termination of such Transaction. With respect to information provided with respect to this Agreement, this obligation shall survive for a period of three (3) years following the expiration or termination of this Agreement.

| (k†) **Procedures for Entering Transactions.**  
The Parties agree to amend Section 9(e) (ii) by deleting the second and third sentences and replacing with the following:

“A Confirmation shall be entered into as soon as practicable and fully executed by Party A and Party B. Upon full execution of a Confirmation, such Confirmation shall control in the event of any conflict with this Agreement.

| (l†) **Default Rate.** The Default Rate means a rate of interest equal to the “Federal Funds Effective” rate in effect for such day, as published in the most recent weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System plus three percent (3%). Interest at the Default Rate shall accrue and compound daily based on a 360-day year.

| (m†) **Credit Support Default.** Subparagraph (3) of Section 5(a)(iii) is hereby amended by adding in the second line thereof after the word “Document” the words “(or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf)”.

IN WITNESS WHEREOF, this document is hereby executed as of the day and year first above written.

E.ON U.S. LLC

By: \_\_\_\_\_  
Name:  
Title:

CENTURY ALUMINUM OF KENTUCKY  
GENERAL PARTNERSHIP

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE  
to the  
Master Agreement**

dated as of July \_\_, 2009

between

E.ON U.S. LLC ("Party A")

and

Century Aluminum of Kentucky General Partnership  
("Party B")

This Agreement only applies to that certain Confirmation executed by Party A and Party B dated as of even date herewith (the "Confirmation"). This Agreement will terminate upon the termination of the Confirmation.

**Part 1. Termination Provisions.**

(a) "**Specified Entity**" means in relation to Party A for the purpose of:

Section 5(a)(v)	Not Applicable
Section 5(a)(vi)	Not Applicable
Section 5(a)(vii)	Not Applicable
Section 5(b)(iv)	Not Applicable

and in relation to Party B for the purpose of:

Section 5(a)(v)	Not Applicable
Section 5(a)(vi)	Not Applicable
Section 5(a)(vii)	Not Applicable
Section 5(b)(iv)	Not Applicable

(b) The "**Default Under Specified Transaction**" provisions of Section 5(a)(v) will not apply to either party.

(c) The "**Cross Default**" provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.

(d) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.

- (e) The “*Automatic Early Termination*” provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) ***Payments on Early Termination.*** For the purpose of Section 6(e) of this Agreement any such payments shall be as determined pursuant to the terms of the Confirmation.
- (g) “*Termination Currency*” means United States Dollars.
- (h) ***Additional Termination Event.*** Will not apply.
- (i) The parties agree that this Agreement and the Confirmation are a part of a larger transaction by and among the parties to the Transaction Documents and that this Agreement and Confirmation are an integral part of the transaction contemplated by the Transaction Documents.
- (j) ***Inapplicability of Event of Default.*** For purposes of this Agreement, Section 5(a)(iv) shall not apply to either party.

**Part 2. Tax Representations.**

- (a) ***Payer Representations.*** For the purpose of Section 3(e) of this Agreement, Party A will make the following representation and Party B will make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement; provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) ***Payee Representations.*** For the purpose of Section 3(f) of this Agreement, Party A and Party B make the representations specified below, if any:
  - (i) Party A is a limited liability company duly organized and validly existing under the laws of the Commonwealth of Kentucky and is a resident of the United States of America.
  - (ii) Party B is a general partnership duly organized and validly existing under the laws of the State of Kentucky and is a resident of the United States of America.

**Part 3. Agreement to Deliver Documents.**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

- (a) Tax forms, document or certificates to be delivered are:

<b>Party Required To Deliver Document</b>	<b>Form/Document/Certificate</b>	<b>Date By Which To Be Delivered</b>
Party A & Party B	Party A and Party B each agree to complete (accurately and in a manner reasonably satisfactory to the other), execute and deliver such form or forms as are deemed necessary to permit a party to make payments free and clear of, or at a reduced rate of, any deduction or withholding for or on account of any present or future Tax.	As soon as practicable following demand.

- (b) Other documents to be delivered are:

<b>Party Required To Deliver Document</b>	<b>Form/Document/Certificate</b>	<b>Date By Which To Be Delivered</b>	<b>Covered By Section 3(d) Representation</b>
Party B	Duly executed Credit Support Documents specified in Part 4(f) of this Agreement	Upon execution of this Agreement	Yes
Party A & Party B	Evidence of authority and specimen signatures with respect to the signatories executing this Agreement, including the Confirmation, and a certified copy of resolutions of an authorized body authorizing execution, delivery and performance of this Agreement	Upon execution of this Agreement	Yes
Party B	Evidence of authority and specimen signatures with respect to the signatories executing the Credit Support Document to be provided by the Credit Support Provider of Party B, and a certified	Upon execution of Agreement	Yes

	copy of resolutions of an authorized body authorizing execution and delivery of such Credit Support Document and performance of its obligations thereunder		
Party A and Party B	Annual audited financial statements prepared in accordance with generally accepted accounting principles (provided that, in the case of Party B, such financial statements shall be the consolidated financial statements of its Credit Support Provider)	As soon as practicable after demand but in no event later than 120 days after the end of each fiscal year of each party or its Credit Support Provider, if such financial statements are not publicly accessible such as on "EDGAR"	Yes
Party A and Party B	Quarterly unaudited financial statements prepared in accordance with generally accepted accounting principles (provided that, in the case of Party B, such financial statements shall be the consolidated financial statements of its Credit Support Provider)	As soon as practicable after demand, if such financial statements are not publicly accessible such as on "EDGAR"	Yes

Part 4. **Miscellaneous.**

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

Address for notices or communications to Party A:

Address: E.ON U.S. LLC  
220 West Main Street, 7<sup>th</sup> Floor  
Louisville, Kentucky 40202  
Attention: Manager Credit and Contract Administration

Telephone No.: 502-627-4253  
Facsimile No.: 502-627-3950

With additional notice of an Event of Default or Termination Event to:

Address: E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202



Attention: General Counsel  
Facsimile No.: 502-627-3950

Address for notices or communications to Party B:

Address: Century Aluminum Company  
P.O. Box 500  
State Route 271 North  
Hawesville, KY 42348  
Attention: Plant Manager  
Facsimile No.: 270-852-2882

With a copy to:

Address: Century Aluminum Company  
2511 Garden Road  
Building A, Suite 200  
Monterey, CA 93940  
Attention: General Counsel  
Facsimile No.: 831-642-9328

- (b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:
- Party A appoints as its Process Agent: Not applicable  
Party B appoints as its Process Agent: Not applicable
- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:
- Party A is not a Multibranch Party.  
Party B is not a Multibranch Party.
- (e) **Calculation Agent.** The Calculation Agent shall be specified in the Confirmation.
- (f) **Credit Support Document(s).** With respect to Party B, the performance guaranty in favor of Party A supporting the obligations of Party B under this Agreement.
- (g) **Credit Support Provider.**  
Credit Support Provider means in relation to Party A: None  
Credit Support Provider means in relation to Party B: Century Aluminum Company
- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with the law of the State of New York, without reference to choice of law principles (other than Section 5-1401 and 5-1402 of the New York General Obligations Law).
- (i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply. For avoidance of doubt, the parties hereby acknowledge and agree that the provisions of Section 2(c) shall not apply to any transaction or agreement not covered by this Agreement.

- (j) “*Affiliate*” will have the meaning specified in Section 14 of this Agreement. For the purposes of Section 3(c) both parties will be deemed to have no Affiliates.

**Part 5. Other Provisions.**

- (a) ***Jurisdiction.*** Section 13(b) of this Agreement is hereby deleted in its entirety and replaced with the following:

With respect to any suit, action, claim or proceeding relating to this Agreement (“Proceedings”), neither party waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any court, waives any claim that such Proceedings have been brought in an inconvenient forum, nor waives the right to object, with respect to such Proceedings, that a court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any jurisdiction, nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

The above provisions shall be subject to the following:

**WAIVER OF JURY TRIAL. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY CREDIT SUPPORT DOCUMENT. EACH PARTY (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY OR ANY CREDIT SUPPORT PROVIDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH A SUIT, ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND PROVIDE ANY CREDIT SUPPORT DOCUMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**

- (b) ***Absence of Litigation.*** Section 3(c) of this Agreement is hereby amended by: (i) adding in the second line thereof after the word “governmental” the words “or regulatory” and (ii) adding the words “in any material respect” immediately prior to the end of the section.
- (c) ***Accuracy of Specified Information.*** Section 3(d) of this Agreement is hereby amended by adding in the third line thereof after the word “respect” and before the period the words “or, in the case of audited or unaudited financial statements, a presentation of the financial condition of the relevant party in accordance with generally accepted accounting principles, consistently applied.”
- (d) ***Additional Representations.*** Section 3 of this Agreement is hereby amended by adding at the end thereof the following Subparagraphs (g), (h), (i), and (j):

“(g) **Eligible Contract Participant.** It qualifies as an “eligible contract participant” as defined at Section 101(12) of the Commodity Futures Modernization Act of 2000 (7 U.S.C.A. Section 1a(12) (West Supp. 2001).

(h) **Safe Harbors.** Each party to this Agreement acknowledges that:

(i) This Agreement (and any associated Credit Support Document) is a “master netting agreement” as defined in the U.S. Bankruptcy Code (the “Code”), and this Agreement and each Transaction hereunder is of a type set forth in Section 561(a)(1)-(5) of the Code;

(ii) Party A is a “master netting agreement participant,” a “forward contract merchant” and a “swap participant” as defined in the Code;

(iii) The remedies provided herein, and in any Credit Support Document, are the remedies referred to in Section 561(a), Sections 362(b)(6), (7), (17) and (27), and Section 362(o) of the Code;

(iv) All transfers of cash, securities or other property under or in connection with this Agreement, any Credit Support Document or any Transaction hereunder are “margin payments,” “settlement payments” and “transfers” under Sections 546(e), (f), (g) or (j), and under Section 548(d)(2) of the Code; and

(v) Each obligation under this Agreement, any Credit Support Document or any Transaction hereunder is an obligation to make a “margin payment,” “settlement payment” and “payment” within the meaning of Sections 362, 560 and 561 of the Code.

(i) **Standardization, Creditworthiness, and Transferability.** The economic terms of this Agreement, any Credit Support Document to which it is a party, and each Transaction have been individually tailored and negotiated by it; it has received and reviewed financial information concerning the other party and has had a reasonable opportunity to ask questions of and receive answers and information from the other party concerning such other party, this Agreement, such Credit Support Document, and such Transaction; the creditworthiness of the other party was a material consideration in its entering into or determining the terms of this Agreement, such Credit Support Document, and such Transaction; and the transferability of this Agreement, such Credit Support Document, and such Transaction is restricted as provided herein and therein.

(j) **No Reliance.** In connection with the negotiation of, the entering into, and the confirming of the execution of this Agreement, any Credit Support Document to which it is a party, and each Transaction: (i) it is acting as principal (and not as agent or in any other capacity, fiduciary or otherwise); (ii) the other party is not acting as a fiduciary or financial or investment advisor for it; (iii) it is not relying upon any representations (whether written or oral) of the other party other than the representations expressly set forth in this Agreement and in such Credit Support Document; (iv) the other party has not given to it (directly or indirectly through any other person) any advice, counsel, assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (either legal, regulatory, tax, financial, accounting, or otherwise) of this Agreement, such Credit Support Document, or such Transaction; (v) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary, and not upon any view expressed by the other party; (vi) all trading

decisions have been the result of arm's length negotiations between the parties; and (vii) it is entering into this Agreement, such Credit Support Document, and such Transaction with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks."

- (e) **Reference Market Makers.** The definition of "Reference Market-makers" in Section 14 of this Agreement is hereby amended by: (i) deleting "(a)" from the second line thereof, (ii) deleting in the fourth line thereof after the word "credit" the words "and (b) to the extent practicable, from among such dealers having an office in the same city" and (iii) replacing such words with the words "or to enter into transactions similar in nature to Transactions."
- (f) **ISDA Definitions.** Unless otherwise specified in a Confirmation, this Agreement, each Confirmation and each Transaction incorporates, and is subject to and governed by, the 2006 ISDA Definitions ("2006 Definitions") and the 2005 ISDA Commodity Definitions ("Commodity Definitions"), as amended, supplemented, updated and restated from time to time, each as published by the International Swaps and Derivatives Association, Inc. (collectively, the "Definitions"). In the event of any inconsistency between the provision of the 2006 Definitions and Commodity Definitions, the Commodity Definitions shall prevail. In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Agreement or the Definitions, such Confirmation will prevail for the purpose of the relevant Transaction.
- (g) **Accounts.** If a Confirmation does not state the account to which payments are to be made, they shall be made to the following:

**Party A**

Pay by Wire: Bank of America, New York, NY  
For the Account of: E.ON U.S. LLC  
Account No.: 3752102075  
Fed. ABA No.: 026-0095-93

**Party B**

Lockbox Account established pursuant to the Lockbox Agreement (as defined in the Confirmation).

- (h) **Limitation of Rate.** Notwithstanding any provision to the contrary contained in this Agreement, in no event shall the Default Rate, Non-default Rate, or Termination Rate exceed the Highest Lawful Rate. For purposes hereof, "Highest Lawful Rate" shall mean, with respect to each party, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged, or received on the subject indebtedness under the law applicable to such party which is presently in effect or, to the extent allowed by law, may hereafter be in effect and which allows a higher maximum non-usurious interest rate than applicable law presently allows.
- (i) **Limitation of Liability.** WITH RESPECT TO CLAIMS UNDER THIS AGREEMENT, NO PARTY SHALL BE REQUIRED TO PAY OR BE LIABLE FOR EXEMPLARY, PUNITIVE, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES

(WHETHER OR NOT ARISING FROM ITS NEGLIGENCE) TO ANY OTHER PARTY EXCEPT TO THE EXTENT THAT THE PAYMENTS REQUIRED TO BE MADE PURSUANT TO THIS AGREEMENT ARE DEEMED TO BE SUCH DAMAGES. IF AND TO THE EXTENT ANY PAYMENT REQUIRED TO BE MADE PURSUANT TO THIS AGREEMENT IS DEEMED TO CONSTITUTE LIQUIDATED DAMAGES, THE PARTIES ACKNOWLEDGE AND AGREE THAT SUCH DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE AND THAT SUCH PAYMENT IS INTENDED TO BE A REASONABLE APPROXIMATION OF THE AMOUNT OF SUCH DAMAGES AND NOT A PENALTY.

- (j) **Confidentiality.** Any information made available by one party or its Credit Support Provider to the other party or its Credit Support Provider (if any) with respect to this Agreement or any Transaction hereunder is confidential and shall not be discussed with or disclosed to any third party, except for such information (i) as may become generally available to the public other than as a result of a violation of this Agreement, (ii) as may be required or appropriate in response to any summons, subpoena, or otherwise in connection with any litigation or to comply with any applicable law, order, regulation, or ruling; provided, however, each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure, (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the other party or its Credit Support Provider (if any) in making such disclosure, (iv) as may be furnished to any person or entity (including, without limitation, that party's auditors, attorneys, advisors, or financial institutions) with which the party has a written agreement or which are otherwise required to keep the information that is disclosed in confidence, or (v) as may be required by the securities exchange on which the Credit Support Provider of Party B is listed. With respect to information provided with respect to a Transaction, this obligation shall survive for a period of three (3) years following the expiration or termination of such Transaction. With respect to information provided with respect to this Agreement, this obligation shall survive for a period of three (3) years following the expiration or termination of this Agreement.
- (k) **Procedures for Entering Transactions.**  
The Parties agree to amend Section 9(e) (ii) by deleting the second and third sentences and replacing with the following:  
  
"A Confirmation shall be entered into as soon as practicable and fully executed by Party A and Party B. Upon full execution of a Confirmation, such Confirmation shall control in the event of any conflict with this Agreement.
- (l) **Default Rate.** The Default Rate means a rate of interest equal to the "Federal Funds Effective" rate in effect for such day, as published in the most recent weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System plus three percent (3%). Interest at the Default Rate shall accrue and compound daily based on a 360-day year.
- (m) **Credit Support Default.** Subparagraph (3) of Section 5(a)(iii) is hereby amended by adding in the second line thereof after the word "Document" the words "(or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf)".

IN WITNESS WHEREOF, this document is hereby executed as of the day and year first above written.

E.ON U.S. LLC

By: \_\_\_\_\_  
Name:  
Title:

CENTURY ALUMINUM OF KENTUCKY  
GENERAL PARTNERSHIP

By: \_\_\_\_\_  
Name:  
Title:

**ATTACHMENT 2**

**Guarantee by Century Aluminum**

## GUARANTEE

(Century)

This GUARANTEE (this "Guarantee") is made and entered into as of [\_\_\_\_\_] 2008 [\_\_\_\_\_] 1, 2009, by CENTURY ALUMINUM COMPANY, a Delaware corporation ("Guarantor"), and indirect parent of Century by way of its 100% interest in Century Kentucky Inc. ("Century Kentucky") and Century Kentucky's 80% interest in Century, in favor of E.ON U.S. LLC ("Beneficiary").

## RECITALS

WHEREAS, Century Aluminum of Kentucky General Partnership, a Kentucky general partnership ("Century"), an affiliate of Guarantor, and Beneficiary are parties to the 1992 ISDA Master Agreement dated \_\_\_\_\_ as of the date hereof and the Backstop Commodity Swap Transaction Confirmation dated \_\_\_\_\_ (whether one or more as of the date hereof (collectively, the "Swap Agreement")

WHEREAS, Century and Beneficiary are also parties to a certain Letter of Credit Reimbursement Agreement dated July \_\_, 2009 as of the date hereof (the "Reimbursement Agreement" and together with the "Swap Agreement", collectively the "Agreements"), relating to the obligations of Century to Beneficiary arising from a Letter of Credit obtained by Beneficiary to enhance the credit of Century, all as more particularly described in the Reimbursement Agreement; and

WHEREAS, Guarantor, as an indirect parent of Century, has benefited and in the future will directly or indirectly benefit from the Agreements.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Capitalized terms used herein but not otherwise defined are used as defined in the Agreements.
2. Guaranteed Obligations. As used herein, "Guaranteed Obligations" shall mean any and all obligations of the Century under the Agreements.
3. Guarantee. Guarantor hereby absolutely, unconditionally and irrevocably guarantees, as a primary obligor and not merely as a surety, the prompt performance and payment in full when due, of all the Guaranteed Obligations. Guarantor acknowledges that the Guaranteed Obligations may arise or be created, incurred or assumed at any time and from time to time and in such manner and such circumstances and with such terms and provisions as Century and Beneficiary may agree without notice or demand of any kind or nature whatsoever to, or the consent of, Guarantor.



4. Preservation of Century's Substantive Defenses. Notwithstanding any of Guarantor's waivers hereunder, Beneficiary agrees and acknowledges that Guarantor shall be entitled to assert (separately or jointly with Century) any substantive defenses, or claims in recoupment or setoff, with respect to the Guaranteed Obligations that Century would be entitled to assert against Beneficiary, except for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Century, the invalidity, enforceability or illegality of the Agreements, ultra vires, lack of good standing or qualification, lack of corporate authority or due approval, or any other defenses specifically waived in this Guarantee or the Agreement~~s~~. This Section shall not permit Guarantor to assert any defenses in its own right, and Guarantor waives any defense, based on impairment of Guarantor's rights of subrogation, reimbursement, exoneration, contribution or indemnification, or other suretyship defenses.

5. Nature of Guarantee Continuing, Absolute and Unconditional.

(a) This Guarantee is and is intended to be a continuing guarantee of payment and performance when due of the Guaranteed Obligations, and not of collection, and is independent of and in addition to any other guarantee, endorsement, collateral or other agreement held by Beneficiary therefor or with respect thereto, whether or not furnished by Guarantor.- Guarantor hereby waives any right to require that any resort be had by Beneficiary to any other person or to any of the security held for payment of any of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of Beneficiary in favor of Century or any other person. All Guaranteed Obligations shall be conclusively presumed to have been created in reliance hereon.

(b) This Guarantee shall not be changed or affected by any representation, oral agreement, act or thing whatsoever, except as herein provided. This Guarantee is intended by Guarantor to be the final, complete and exclusive expression of the agreement between Guarantor and Beneficiary with respect to the subject matter hereof.

(c) Guarantor hereby agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from Guarantor, that Guarantor will remain bound upon this Guarantee notwithstanding any extension, renewal or other alteration of any Guaranteed Obligation and the Guarantee herein made shall apply to the Guaranteed Obligations as so amended, renewed or altered.

(d) Subject to Section 4 above, the obligations of Guarantor under this Guarantee are irrevocable, absolute and unconditional and Guarantor hereby irrevocably waives any defense it may now have or hereafter acquire relating to:

(i) the failure of Beneficiary to assert any claim or demand or to exercise or enforce any right or remedy under the Agreements, or against Century;

(ii) any extension, renewal or other alteration of, or any rescission, waiver, amendment or modification of, any term or provision of the Agreements;

(iii) the settlement or compromise of any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, or any subordination of the payment of all or any part thereof to the payment of any liability (whether due or not) of Century to its creditors, other than Beneficiary;

(iv) the application of any sums by whomsoever paid or howsoever realized to any liability of Century to Beneficiary regardless of what liabilities of Century remain unpaid;

(v) the act or failure to act in any manner referred to in this Guarantee which may deprive Guarantor of its right to subrogation against Century to recover any payments made pursuant to this Guarantee;

(vi) any change, restructuring or termination of the organizational structure or existence of Century; or

(vii) any other act or agreement or thing or omission or delay to do any other act or thing that may or might in any manner or to any extent vary the risk of ~~Guarantor~~<sup>2</sup> Guarantor or that would otherwise operate as a discharge of Guarantor as a matter of law or equity.

(e) Guarantor's obligation hereunder is to pay and perform the Guaranteed Obligations in full when due in accordance with the terms of the Agreements, and such obligation shall not be affected by any stay or extension of time for performance by Century resulting from any proceeding under Title 11 of the United States Code, as now constituted or hereafter amended or replaced, or any similar federal or state law.— Subject to Section 4, the obligations of Guarantor hereunder are independent of the Guaranteed Obligations under or in respect of the Agreement, and a separate action may be brought and prosecuted against Guarantor to enforce this Guarantee, irrespective of whether any action is brought against Century or whether Century is joined in any such action.

6. Waivers and Acknowledgments.

(a) Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand of performance or payment, notice of nonperformance or non-payment, default, protest, acceleration or dishonor and any filing of claims with a court in the event of insolvency or bankruptcy of Century, any right to require a proceeding first against Century, protest, notice and all demands whatsoever and any requirement that Beneficiary protect, secure, perfect or insure any lien or any property subject thereto or exhaust any right or take any action against Century or any other person.

(b) Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guarantee and acknowledges that this Guarantee is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by Beneficiary that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of Guarantor or other rights of Guarantor to proceed against Century or any other person and (ii) subject to Section 4, any defense based on any right of set off or counterclaim against or in respect of the obligations of Guarantor hereunder.

(d) Guarantor hereby unconditionally and irrevocably waives any duty on the part of Beneficiary to disclose to Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of Century now or hereafter known by Beneficiary,

(e) Guarantor acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by the ~~Agreement~~Agreements and that the waivers set forth in Section 4 and this Section 6 are knowingly made in contemplation of such benefits.

7. No Discharge or Diminishment of Guarantee. Except as provided in Section 4 above, the obligations of Guarantor under this Guarantee shall not be subject to any reduction, limitation, impairment or termination for any reason (other than if the Guaranteed Obligations have been indefeasibly performed in full), including any claim of waiver, release, surrender, alteration or compromise of any of the Guaranteed Obligations, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of any discharge of Century from any of the Guaranteed Obligations in bankruptcy proceedings or otherwise. Without limiting the generality of the foregoing, the obligations of Guarantor under this Guarantee shall not be discharged or impaired or otherwise affected by the failure of Beneficiary to assert any claim or demand or to enforce any remedy under any Transaction Document or any other agreement or otherwise, by any waiver or modification of any such agreement, by any default, waiver or delay, or by any other act or agreement or thing or omission or delay to do any other act or thing that may or might in any manner or to any extent vary the risk of Guarantor or that would otherwise operate as a discharge of a Guarantor as a matter of law or equity.

8. Reinstatement. Guarantor agrees that this Guarantee shall continue to be effective or be reinstated, as the case may be, with respect to any payment, or any part thereof, of principal of, interest on or any other amount with respect to the Guaranteed Obligations that is at any time rescinded or must otherwise be restored by Beneficiary upon the bankruptcy, insolvency or reorganization of Century, or any other Person, or otherwise.

9. No Waiver: Remedies. No failure on the part of Beneficiary to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by hereunder, at law or in equity.

10. Covenant. Guarantor covenants and agrees that, without the prior written consent of Beneficiary, so long as any part of the Guaranteed Obligations shall remain outstanding, Guarantor shall not liquidate, wind up or dissolve itself, or suffer any liquidation or dissolution, or convey, sell, lease, assign, transfer or otherwise dispose of all or substantially all of its property, assets or business, whether now owned or hereafter acquired, and shall preserve and maintain in full force and effect its legal existence and all of its rights, privileges and franchises necessary for the fulfillment of its obligations under this Guarantee. Beneficiary shall not withhold its prior written consent to any such liquidation or dissolution, or any such sale or other disposition of substantially all of Guarantor's property and business, occurring in connection with a strategic restructuring of Guarantor if (a) a wholly owned direct or indirect subsidiary ~~an affiliate~~ of Guarantor has a ratio of debt to equity of no more than [\_\_\_\_]:1.0 and a net worth of not less than \$[\_\_\_\_] million (a "Substitute Guarantor") and executes in favor of Beneficiary, a substitute guarantee containing terms and conditions substantially the same as those contained herein (a "Substitute Guarantee"), and (b) the Substitute Guarantor shall provide to Beneficiary such reasonable legal opinions and other documentation as either Beneficiary shall reasonably request in connection therewith. Upon compliance with the provisions of Section 10(a) and (b) hereof, the Substitute Guarantor shall be the "Guarantor" for all purposes hereunder and the prior Guarantor shall be released from its obligations arising hereunder after the date on which the Substitute Guarantee shall be effective.

11. Representations and Warranties. Guarantor hereby represents and warrants as of the date of execution and delivery of this Guarantee as follows:

(a) Organization and Existence. Guarantor (i) is duly organized, validly existing and in good standing under the laws of the State of ~~Texas~~ Delaware, and is duly qualified to transact business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to

be so qualified, including the Commonwealth of Kentucky; and (ii) has the requisite power and authority to conduct its business as presently conducted, to own or hold under lease its properties, and to enter into and perform its obligations under this Guarantee.

(b) *Authorization, Execution and Binding Effect.* This Guarantee has been duly authorized, executed and delivered by Guarantor, and ~~assuming the due authorization, execution and delivery of this Guarantee by Beneficiary,~~ constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with the terms hereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) *No Violation.* The execution and delivery of this the Guarantee by Guarantor and the compliance by Guarantor with the terms and provisions hereof do not and will not (i) ~~contravene~~ any law applicable to Guarantor or its organizational documents or bylaws, or (ii) ~~contravene~~ the provisions of or constitute a default (or an event which, with notice or passage of time, or both would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which Guarantor is a party or by which Guarantor, or its property, is bound.

(d) *No Required Consents, Approvals or Conditions.* No authorization, consent, approval or other action by, and no notice to or filing or registration with, and no new license or permit from, any Person (including without limitation, any Governmental Entity) or under any law applicable to Guarantor is required for the due execution, delivery or performance by Guarantor of this Guarantee. There are no conditions to the effectiveness of this Guarantee that have not been satisfied or waived.

(e) *Absence of Litigation.* There is no pending or, to Guarantor's knowledge, threatened ~~any~~ litigation, action, suit, proceeding, arbitration, investigation or audit against Guarantor or Century by any Person before any Governmental Entity which: (i) questions the validity of this Guarantee or the ability of Guarantor to perform its obligations hereunder, or (ii) if determined adversely to Guarantor, would materially adversely affect its ability to perform this Guarantee.

(f) *Independent Decision.* Guarantor has, independently and without reliance upon Beneficiary and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guarantee.

12. Amendment. Except as otherwise expressly provided in this Guarantee, any provision of this Guarantee may be amended or modified only by an instrument in writing signed by Guarantor ~~and~~ Beneficiary, and any provision of this Guarantee may be waived only by Beneficiary in writing.

13. Continuing Guarantee; Successors and Assigns. This Guarantee is a continuing Guarantee and shall remain in full force and effect until the payment in full of the Guaranteed Obligations, and shall be binding upon Guarantor and its respective successors and assigns; *provided, however,* that Guarantor may not assign or transfer any of its rights, benefits, obligations or duties hereunder, directly or indirectly, by operation of law or otherwise, without the prior written consent of Beneficiary which consent shall not be unreasonably withheld, subject to Section 10. Any purported assignment in violation of this Section 13 shall be void. This Guarantee shall inure to the benefit of the respective successors and assigns of Beneficiary permitted under the Agreements, and, in the event of any transfer or assignment of rights by Beneficiary, the rights and privileges herein conferred upon the transferring entity shall automatically extend to and be vested in such permitted transferee or assignee, all subject to the terms and conditions hereof.

14. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing and shall be deemed duly given if (and then two Business Days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Guarantor: Century Aluminum Company  
P.O. Box 500  
State Route 271  
Hawesville, ~~Kentucky~~ KY 42348  
Facsimile: 270-852-2882  
Attention: Plant Manager

With a copy to: Century Aluminum Company  
2511 Garden Road  
Building A, Suite 200  
Monterey, CA 93949  
Facsimile: 831-642-9328  
Attention: General Counsel

If to Beneficiary: E.ON U.S. LLC  
220 West Main Street, 7<sup>th</sup> Floor  
Louisville, KY 40202

Facsimile: 502-627-3950  
Attention: Manager Credit and Contract Administration

With a copy to: E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202  
Facsimile: 502-627-3950  
Attention: General Counsel

Any party hereto may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any party hereto may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

15. Severability. Any term or provision of this Guarantee which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Guarantee or affecting the validity or enforceability of any of the terms or provisions of this Guarantee in any other jurisdiction.

16. Expenses. Guarantor agrees to pay to Beneficiary on demand all reasonable costs and expenses (including, without limitation, attorneys' fees) in any way relating to the enforcement or protection of the rights of the Beneficiary hereunder.

17. Governing Law. This Guarantee shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to its conflicts of laws rules (except for Sections 5-1401 and 5-1402 of the New York General Obligations Law). Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of New York in any action or proceeding arising out of or relating to this ~~Guaranty-Guarantee~~. Guarantor waives any objection to such jurisdiction on the grounds that it is an inconvenient forum or any similar grounds. Guarantor consents to the service of process in any action or proceeding relating to this ~~Guaranty-Guarantee~~ by notice to Guarantor in accordance with the notice provisions of this ~~Guaranty-Guarantee~~. Nothing shall prevent the Beneficiary from enforcing any related judgment against Guarantor in any other jurisdiction.

~~WAIVER OF RIGHT TO TRIAL BY JURY. EACH OF GUARANTOR AND BENEFICIARY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY.~~

18. WAIVER OF RIGHT TO TRIAL BY JURY. EACH OF GUARANTOR AND BENEFICIARY (BY ITS ACCEPTANCE OF THIS GUARANTEE) HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTEE.

19. Headings. The article and section headings contained in this Guarantee are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Guarantee.

~~Counterparts. This Guarantee may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties to this Guarantee may execute this Guarantee by signing any such counterpart.~~

..[Signature pages follow]

page follows.

\_\_\_\_\_ IN WITNESS WHEREOF, Guarantor has caused this Guarantee to be duly executed by its duly authorized officer as of the day and year first written above.

CENTURY ALUMINUM COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## GUARANTEE

(Century)

This GUARANTEE (this "Guarantee") is made and entered into as of [\_\_\_\_\_] , 2009, by CENTURY ALUMINUM COMPANY, a Delaware corporation ("Guarantor"), and indirect parent of Century by way of its 100% interest in Century Kentucky Inc. ("Century Kentucky") and Century Kentucky's 80% interest in Century, in favor of E.ON U.S. LLC ("Beneficiary").

## RECITALS

WHEREAS, Century Aluminum of Kentucky General Partnership, a Kentucky general partnership ("Century"), an affiliate of Guarantor, and Beneficiary are parties to the 1992 ISDA Master Agreement dated as of the date hereof and the Backstop Commodity Swap Transaction Confirmation dated as of the date hereof (collectively, the "Swap Agreement")

WHEREAS, Century and Beneficiary are also parties to a certain Letter of Credit Reimbursement Agreement dated as of the date hereof (the "Reimbursement Agreement" and together with the Swap Agreement, collectively the "Agreements"), relating to the obligations of Century to Beneficiary arising from a Letter of Credit obtained by Beneficiary to enhance the credit of Century, all as more particularly described in the Reimbursement Agreement; and

WHEREAS, Guarantor, as an indirect parent of Century, has benefited and in the future will directly or indirectly benefit from the Agreements.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Capitalized terms used herein but not otherwise defined are used as defined in the Agreements.
2. Guaranteed Obligations. As used herein, "Guaranteed Obligations" shall mean any and all obligations of the Century under the Agreements.
3. Guarantee. Guarantor hereby absolutely, unconditionally and irrevocably guarantees, the prompt performance and payment in full when due, of all the Guaranteed Obligations. Guarantor acknowledges that the Guaranteed Obligations may arise or be created, incurred or assumed at any time and from time to time and in such manner and such circumstances and with such terms and provisions as Century and Beneficiary may agree without notice or demand of any kind or nature whatsoever to, or the consent of, Guarantor.
4. Preservation of Century's Substantive Defenses. Notwithstanding any of Guarantor's waivers hereunder, Beneficiary agrees and acknowledges that Guarantor shall be entitled to assert (separately or jointly with Century) any substantive defenses, or claims in recoupment or setoff, with respect to the Guaranteed Obligations that Century would be entitled to assert against Beneficiary, except

for defenses arising out of the bankruptcy, insolvency, dissolution or liquidation of Century, the invalidity, enforceability or illegality of the Agreements, ultra vires, lack of good standing or qualification, lack of corporate authority or due approval, or any other defenses specifically waived in this Guarantee or the Agreements. This Section shall not permit Guarantor to assert any defenses in its own right, and Guarantor waives any defense, based on impairment of Guarantor's rights of subrogation, reimbursement, exoneration, contribution or indemnification, or other suretyship defenses.

5. Nature of Guarantee Continuing, Absolute and Unconditional.

(a) This Guarantee is and is intended to be a continuing guarantee of payment and performance when due of the Guaranteed Obligations, and not of collection, and is independent of and in addition to any other guarantee, endorsement, collateral or other agreement held by Beneficiary therefor or with respect thereto, whether or not furnished by Guarantor. Guarantor hereby waives any right to require that any resort be had by Beneficiary to any other person or to any of the security held for payment of any of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of Beneficiary in favor of Century or any other person. All Guaranteed Obligations shall be conclusively presumed to have been created in reliance hereon.

(b) This Guarantee shall not be changed or affected by any representation, oral agreement, act or thing whatsoever, except as herein provided. This Guarantee is intended by Guarantor to be the final, complete and exclusive expression of the agreement between Guarantor and Beneficiary with respect to the subject matter hereof.

(c) Guarantor hereby agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from Guarantor, that Guarantor will remain bound upon this Guarantee notwithstanding any extension, renewal or other alteration of any Guaranteed Obligation and the Guarantee herein made shall apply to the Guaranteed Obligations as so amended, renewed or altered.

(d) Subject to Section 4 above, the obligations of Guarantor under this Guarantee are irrevocable, absolute and unconditional and Guarantor hereby irrevocably waives any defense it may now have or hereafter acquire relating to:

(i) the failure of Beneficiary to assert any claim or demand or to exercise or enforce any right or remedy under the Agreements, or against Century;

(ii) any extension, renewal or other alteration of, or any rescission, waiver, amendment or modification of, any term or provision of the Agreements;

(iii) the settlement or compromise of any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, or any subordination of the payment of all or any part thereof to the payment of any liability (whether due or not) of Century to its creditors, other than Beneficiary;

(iv) the application of any sums by whomsoever paid or howsoever realized to any liability of Century to Beneficiary regardless of what liabilities of Century remain unpaid;

(v) the act or failure to act in any manner referred to in this Guarantee which may deprive Guarantor of its right to subrogation against Century to recover any payments made pursuant to this Guarantee;

(vi) any change, restructuring or termination of the organizational structure or existence of Century; or

(vii) any other act or agreement or thing or omission or delay to do any other act or thing that may or might in any manner or to any extent vary the risk of Guarantor or that would otherwise operate as a discharge of Guarantor as a matter of law or equity.

(e) Guarantor's obligation hereunder is to pay and perform the Guaranteed Obligations in full when due in accordance with the terms of the Agreements, and such obligation shall not be affected by any stay or extension of time for performance by Century resulting from any proceeding under Title 11 of the United States Code, as now constituted or hereafter amended or replaced, or any similar federal or state law. Subject to Section 4, the obligations of Guarantor hereunder are independent of the Guaranteed Obligations under or in respect of the Agreement, and a separate action may be brought and prosecuted against Guarantor to enforce this Guarantee, irrespective of whether any action is brought against Century or whether Century is joined in any such action.

6. Waivers and Acknowledgments.

(a) Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand of performance or payment, notice of nonperformance or non-payment, default, protest, acceleration or dishonor and any filing of claims with a court in the event of insolvency or bankruptcy of Century, any right to require a proceeding first against Century, protest, notice and all demands whatsoever and any requirement that Beneficiary protect, secure, perfect or insure any lien or any property subject thereto or exhaust any right or take any action against Century or any other person.

(b) Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guarantee and acknowledges that this Guarantee is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by Beneficiary that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of Guarantor or other rights of Guarantor to proceed against Century or any other person and (ii) subject to Section 4, any defense based on any right of set off or counterclaim against or in respect of the obligations of Guarantor hereunder.

(d) Guarantor hereby unconditionally and irrevocably waives any duty on the part of Beneficiary to disclose to Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of Century now or hereafter known by Beneficiary,

(e) Guarantor acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by the Agreements and that the waivers set forth in Section 4 and this Section 6 are knowingly made in contemplation of such benefits.

7. No Discharge or Diminishment of Guarantee. Except as provided in Section 4 above, the obligations of Guarantor under this Guarantee shall not be subject to any reduction, limitation, impairment or termination for any reason (other than if the Guaranteed Obligations have been indefeasibly performed in full), including any claim of waiver, release, surrender, alteration or compromise of any of the Guaranteed Obligations, and shall not be subject to any defense or set-off,

counterclaim, recoupment or termination whatsoever by reason of any discharge of Century from any of the Guaranteed Obligations in bankruptcy proceedings or otherwise. Without limiting the generality of the foregoing, the obligations of Guarantor under this Guarantee shall not be discharged or impaired or otherwise affected by the failure of Beneficiary to assert any claim or demand or to enforce any remedy under any Transaction Document or any other agreement or otherwise, by any waiver or modification of any such agreement, by any default, waiver or delay, or by any other act or agreement or thing or omission or delay to do any other act or thing that may or might in any manner or to any extent vary the risk of Guarantor or that would otherwise operate as a discharge of a Guarantor as a matter of law or equity.

8. Reinstatement. Guarantor agrees that this Guarantee shall continue to be effective or be reinstated, as the case may be, with respect to any payment, or any part thereof, of principal of, interest on or any other amount with respect to the Guaranteed Obligations that is at any time rescinded or must otherwise be restored by Beneficiary upon the bankruptcy, insolvency or reorganization of Century, or any other Person, or otherwise.

9. No Waiver: Remedies. No failure on the part of Beneficiary to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by hereunder, at law or in equity.

10. Covenant. Guarantor covenants and agrees that, without the prior written consent of Beneficiary, so long as any part of the Guaranteed Obligations shall remain outstanding, Guarantor shall not liquidate, wind up or dissolve itself, or suffer any liquidation or dissolution, or convey, sell, lease, assign, transfer or otherwise dispose of all or substantially all of its property, assets or business, whether now owned or hereafter acquired, and shall preserve and maintain in full force and effect its legal existence and all of its rights, privileges and franchises necessary for the fulfillment of its obligations under this Guarantee. Beneficiary shall not withhold its prior written consent to any such liquidation or dissolution, or any such sale or other disposition of substantially all of Guarantor's property and business, occurring in connection with a strategic restructuring of Guarantor if (a) an affiliate of Guarantor has a ratio of debt to equity of no more than [\_\_\_\_]:1.0 and a net worth of not less than \$[\_\_\_\_] million (a "Substitute Guarantor") and executes in favor of Beneficiary, a substitute guarantee containing terms and conditions substantially the same as those contained herein (a "Substitute Guarantee"), and (b) the Substitute Guarantor shall provide to Beneficiary such reasonable legal opinions and other documentation as either Beneficiary shall reasonably request in connection therewith. Upon compliance with the provisions of Section 10(a) and (b) hereof, the Substitute Guarantor shall be the "Guarantor" for all purposes hereunder and the prior Guarantor shall be released from its obligations arising hereunder after the date on which the Substitute Guarantee shall be effective.

11. Representations and Warranties. Guarantor hereby represents and warrants as of the date of execution and delivery of this Guarantee as follows:

(a) *Organization and Existence.* Guarantor (i) is duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to transact business as a foreign corporation in any jurisdiction where the nature of its business and its activities require it to be so qualified, including the Commonwealth of Kentucky; and (ii) has the requisite power and authority to conduct its business as presently conducted, to own or hold under lease its properties, and to enter into and perform its obligations under this Guarantee.

(b) *Authorization, Execution and Binding Effect.* This Guarantee has been duly authorized, executed and delivered by Guarantor, and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with the terms hereof, except as enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws relating to or affecting the rights of creditors generally and by general principles of equity.

(c) *No Violation.* The execution and delivery of this the Guarantee by Guarantor and the compliance by Guarantor with the terms and provisions hereof do not and will not (i) contravene any law applicable to Guarantor or its organizational documents or bylaws, or (ii) contravene the provisions of or constitute a default (or an event which, with notice or passage of time, or both would constitute a default) by it under, any indenture, mortgage or other material contract, agreement or instrument to which Guarantor is a party or by which Guarantor, or its property, is bound.

(d) *No Required Consents, Approvals or Conditions.* No authorization, consent, approval or other action by, and no notice to or filing or registration with, and no new license or permit from, any Person (including without limitation, any Governmental Entity) or under any law applicable to Guarantor is required for the due execution, delivery or performance by Guarantor of this Guarantee. There are no conditions to the effectiveness of this Guarantee that have not been satisfied or waived.

(e) *Absence of Litigation.* There is no pending or, to Guarantor's knowledge, threatened litigation, action, suit, proceeding, arbitration, investigation or audit against Guarantor or Century by any Person before any Governmental Entity which: (i) questions the validity of this Guarantee or the ability of Guarantor to perform its obligations hereunder, or (ii) if determined adversely to Guarantor, would materially adversely affect its ability to perform this Guarantee.

(f) *Independent Decision.* Guarantor has, independently and without reliance upon Beneficiary and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guarantee.

12. Amendment. Except as otherwise expressly provided in this Guarantee, any provision of this Guarantee may be amended or modified only by an instrument in writing signed by Guarantor and Beneficiary, and any provision of this Guarantee may be waived only by Beneficiary in writing.

13. Continuing Guarantee; Successors and Assigns. This Guarantee is a continuing Guarantee and shall remain in full force and effect until the payment in full of the Guaranteed Obligations, and shall be binding upon Guarantor and its respective successors and assigns; *provided, however,* that Guarantor may not assign or transfer any of its rights, benefits, obligations or duties hereunder, directly or indirectly, by operation of law or otherwise, without the prior written consent of Beneficiary which consent shall not be unreasonably withheld, subject to Section 10. Any purported assignment in violation of this Section 13 shall be void. This Guarantee shall inure to the benefit of the respective successors and assigns of Beneficiary permitted under the Agreements, and, in the event of any transfer or assignment of rights by Beneficiary, the rights and privileges herein conferred upon the transferring entity shall automatically extend to and be vested in such permitted transferee or assignee, all subject to the terms and conditions hereof.

14. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing and shall be deemed duly given if (and then two Business Days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Guarantor: Century Aluminum Company

2076676v2  
2077470v2  
2080142v2

P.O. Box 500  
State Route 271  
Hawesville, KY 42348  
Facsimile: 270-852-2882  
Attention: Plant Manager

With a copy to: Century Aluminum Company  
2511 Garden Road  
Building A, Suite 200  
Monterey, CA 93949  
Facsimile: 831-642-9328  
Attention: General Counsel

If to Beneficiary: E.ON U.S. LLC  
220 West Main Street, 7<sup>th</sup> Floor  
Louisville, KY 40202  
Facsimile: 502-627-3950  
Attention: Manager Credit and Contract Administration

With a copy to: E.ON U.S. LLC  
220 West Main Street  
Louisville, KY 40202  
Facsimile: 502-627-3950  
Attention: General Counsel

Any party hereto may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any party hereto may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

15. Severability. Any term or provision of this Guarantee which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Guarantee or affecting the validity or enforceability of any of the terms or provisions of this Guarantee in any other jurisdiction.

16. Expenses. Guarantor agrees to pay to Beneficiary on demand all reasonable costs and expenses (including, without limitation, attorneys' fees) in any way relating to the enforcement or protection of the rights of the Beneficiary hereunder.

17. Governing Law. This Guarantee shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to its conflicts of laws rules (except for Sections 5-1401 and 5-1402 of the New York General Obligations Law). Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of New York in any action or proceeding arising out of or relating to this Guarantee. Guarantor waives any objection to such jurisdiction on the grounds that it is an inconvenient forum or any similar grounds. Guarantor consents to the service of process in any action or proceeding relating to this Guarantee by notice to Guarantor in accordance with the notice

provisions of this Guarantee. Nothing shall prevent the Beneficiary from enforcing any related judgment against Guarantor in any other jurisdiction.

18. WAIVER OF RIGHT TO TRIAL BY JURY. EACH OF GUARANTOR AND BENEFICIARY (BY ITS ACCEPTANCE OF THIS GUARANTEE) HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTEE.

19. Headings. The article and section headings contained in this Guarantee are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Guarantee.

[Signature page follows.]

IN WITNESS WHEREOF, Guarantor has caused this Guarantee to be duly executed by its duly authorized officer as of the day and year first written above.

CENTURY ALUMINUM COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ATTACHMENT 3**

**Letter Agreement between Alcan, Century and E.ON U.S.**

**(Amends Memorandum of Understanding)**

~~DRAFT: June 26, 2009~~

[TO BE TRANSCRIBED ON E.ON U.S. STATIONERY]

July \_\_\_\_, 2009

Alcan Primary Products Corporation  
P.O. Box 44  
Sebree, Kentucky 42419

Century Aluminum of Kentucky  
General Partnership  
Hawesville Plant  
P.O. Box 500  
1627 St. Rt 271 North  
Hawesville, Kentucky 42348

Re: Escrow Funding Arrangements

Gentlemen:

Reference is made to the Memorandum of Understanding dated June 23, 2008 (the "MOU") by and among E.ON U.S. LLC ("E.ON"), Alcan Primary Products Corporation ("Alcan") and Century Aluminum of Kentucky General Partnership ("Century"). Pursuant to the MOU, among other transactions, E.ON agreed to fund a fuel reserve in the aggregate amount of \$ [REDACTED] for the benefit of Alcan and Century, collectively (to be allocated to two fuel subaccounts, \$ [REDACTED] in a subaccount for the benefit of Alcan and \$39,694,117.60 in a subaccount for the benefit of Century) (collectively, the "Reserve Payment"), but only upon the closing of the transactions contemplated in the Transaction Termination Agreement dated as of March 26, 2007, as amended (the "Termination Agreement"), among Big Rivers Electric Corporation, WKEC and LG&E Energy Marketing Inc. (the "Closing").

Reference is also made to the Escrow Agreement to be entered into as of the Closing among Alcan, Century and PNC Bank, National Association \_\_\_\_\_, as Escrow Agent, pursuant to which, among other transactions, those parties will agree to the administration and distribution of certain escrow amounts to be funded by E.ON at or, potentially, following the Closing, upon the terms and subject to the conditions set forth therein (the "Escrow Agreement"). A copy of the Escrow Agreement is attached to this letter agreement as Exhibit A. Capitalized terms used but not defined in this letter agreement shall have their same respective meanings as in the MOU or, if not defined in the MOU, then in the Escrow Agreement.

Alcan Primary Products Corporation  
Century Aluminum of Kentucky  
General Partnership  
July \_\_, 2009  
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Reference is also made to (a) the Retail Electric Service Agreement to be entered into as of the Closing by Century and Kenergy Corp., pursuant to which, among other transactions, Kenergy Corp. will agree to sell and deliver certain quantities of power to Century upon the terms and subject to the conditions set forth therein (the "Century Retail Agreement"), and (b) the Retail Electric Service Agreement to be entered into as of the Closing by Alcan and Kenergy Corp., pursuant to which, among other transactions, Kenergy Corp. will agree to sell and deliver certain quantities of power to Alcan upon the terms and subject to the conditions set forth therein (the "Alcan Retail Agreement").

Reference is also made to the ISDA Master Agreement (including the Schedule thereto) and the related Backstop Commodity Swap Transaction Confirmation to be entered into as of the Closing by E.ON and Century, pursuant to which E.ON will provide Century certain limited financial protections following the Closing upon the terms and subject to the conditions set forth therein (the "Hedge Agreement").

The Closing is occurring on the date hereof. In light of certain changes in circumstances and their resulting impact on the transactions contemplated in the Termination Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, Alcan, Century and E.ON desire to amend and supplement the MOU effective immediately, in order to: (a) reduce the amount of the Reserve Payment, and eliminate the allocation or payment of any portion of the Reserve Payment to Century, or to any subaccount for the benefit of Century; (b) evidence the agreement of E.ON to pay certain additional amounts into escrow for the benefit of Alcan as of the Closing, to be held by the Escrow Agent in accordance with the Escrow Agreement; (c) establish a mechanism by which E.ON could become obligated for the payment of certain amounts to the Escrow Agent for deposit into the Century Fuel Subaccount under the Escrow Agreement; and (d) establish a mechanism by which E.ON could become obligated for the payment of certain additional amounts to the Escrow Agent for deposit into the Alcan Fuel Subaccount under the Escrow Agreement; in each case upon and subject to the terms and conditions set forth in this letter agreement.

1. Reduction in Reserve Payment.

The parties hereto agree that notwithstanding anything contained in the MOU to the contrary:

(a) any references in the MOU to "\$ [REDACTED]", including without limitation, in reference to the amount of the fuel reserve contemplated in clause (ii) of Section 1 of the MOU and in clause (ii) of Section 2 of the MOU, and the amount contemplated in the third (3<sup>rd</sup>) sentence of Section 3 of the MOU as to be funded by E.ON (all being references to the same amount), are hereby changed to read "\$ [REDACTED]";

(b) all amounts contemplated in the MOU (excluding the amounts, if any, contemplated in Sections 2, 3 and 4 of this letter agreement) as to be funded by E.ON as of the Closing into a "fuel reserve" or "Smelter Escrow", or as to be paid by E.ON as of the Closing directly to one or both of the Smelters (being collectively limited to the \$ [REDACTED] amount referred to in Subsection (a) above), shall instead be paid by E.ON as of the Closing solely to the Escrow Agent for allocation to and deposit into the Alcan Fuel Subaccount maintained pursuant to the Escrow Agreement, and not to Century or to any reserve account, subaccount or escrow account maintained for the benefit of Century; and

(c) Century hereby irrevocably waives and disclaims any right that it may have to any portion of the amounts contemplated in Subsections (a) and (b) above, including without limitation, any portion of the \$ [REDACTED] funding amount that was originally contemplated in the MOU; provided, that nothing contained in this Subsection (c) shall be deemed to affect or limit any funding or payment obligations of E.ON set forth in Section 3 below or in the Hedge Agreement.

Consistent with the foregoing:

(i) Alcan hereby acknowledges and agrees that its (and its relevant affiliates') willingness to support the Unwind Transaction, to execute and deliver at the Closing the agreements contemplated in the Termination Agreement as to be executed and delivered by Alcan (or its relevant affiliates), and to consummate the transactions contemplated in those agreements, shall not be conditioned upon the payment to Century of any of the amounts contemplated in Subparagraph (a), (b) or (c) above;

(ii) Century hereby acknowledges and agrees that (A) its (and its relevant affiliates') willingness to support the Unwind Transaction, to execute and deliver at the Closing the agreements contemplated in the Termination Agreement as to be executed and delivered by Century (or its relevant affiliates), and to consummate the transactions contemplated in those agreements, shall not be conditioned upon the payment to Century of any of the amounts contemplated in Subparagraph (a), (b) or (c) above, and (B) such a payment shall not be required as an inducement for or in consideration of the execution, delivery or performance by Century and its relevant affiliates of such agreements at and after the Closing (it being understood and agreed that other adequate consideration for such agreements will have been delivered to Century and its relevant affiliates at or as a result of the Closing or the transactions contemplated in the Termination Agreement);

(iii) Century hereby fully and forever remises, releases and discharges E.ON of and from any further obligation or liability whatsoever, whether under the MOU or otherwise, to pay to

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Century Aluminum of Kentucky  
General Partnership  
July \_\_, 2009  
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Century of any of the amounts contemplated in Subparagraph (a), (b) or (c) above; provided, that nothing contained in this Subsection (iii) shall be deemed to affect or limit any funding or payment obligations of E.ON set forth in Section 3 below or in the Hedge Agreement; ~~and~~

(iv) any reference in subclause (ii) of Section 1 of the MOU or in subclause (ii) of Section 2 of the MOU to “for the benefit of the Smelters” shall be deemed to mean “for the benefit of Alcan”; and

(v) E.ON hereby acknowledges and agrees that nothing contained in this letter agreement shall be deemed to restrict or otherwise affect any rights of Century or Alcan to receive any amounts under or pursuant to the Escrow Agreement in accordance with the terms thereof, but subject to the conditions and limitations expressly set forth in the Escrow Agreement.

2. Additional Payments into Escrow.

(a) E.ON hereby agrees to deliver to the Escrow Agent at the Closing (but not before), for the benefit of Alcan, the aggregate sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_) in immediately available funds [**This number will be Alcan’s portion of the \$2.5 million originally earmarked for the Smelters’ Reserve Subaccounts A**], to be deposited into the escrow account designated as the Alcan Reserve Subaccount A pursuant to Section 2(a) of the Escrow Agreement, said sum to be held, administered and distributed in accordance with the terms of the Escrow Agreement and the MOU as they may relate to the Alcan Reserve Subaccount A; and

(b) E.ON further agrees to deliver to the Escrow Agent at the Closing (but not before), for the benefit of Alcan, the aggregate sum of FIFTEEN MILLION DOLLARS (\$15,000,000) in immediately available funds, to be deposited into the escrow account designated as Alcan Reserve Subaccount B pursuant to Section 2(a) of the Escrow Agreement, said sum to be held, administered and distributed in accordance with the terms of the Escrow Agreement and the MOU as they may relate to the Alcan Reserve Subaccount B.

3. Conditional Funding of Century Fuel Subaccount. In the event (a) the Closing occurs, (b) Century has executed and delivered to Kenergy the Century Retail Agreement as contemplated in the Termination Agreement, (c) the Century Retail Agreement remains in effect as of December 31, 2010, and (d) neither Century nor its successors or permitted assigns has delivered a “Notice of Termination for Closure” (as defined in the Century Retail Agreement) to Kenergy on or prior to December 31, 2010, then E.ON agrees to deliver to the Escrow Agent on or prior to January 31, 2011, for deposit into the Century Fuel Subaccount and administration and distribution in accordance with the Escrow Agreement, the amount determined by reference to the following formula, but only to the extent that amount is a positive number:

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\$39,694,117.60 minus ((a) \$39,694,117.60/\$\_\_\_\_\_ [This number will be \$39,694,117.60 plus the amount originally earmarked for deposit into the Century Reserve Subaccount A, plus \$41,000,000.00] multiplied by (b) the cumulative total of all Aluminum Production Credits that have become payable by E.ON to Century during the period from the date of the Closing through December 31, 2010 pursuant to the Hedge Agreement);

where "Aluminum Production Credit" has the meaning set forth in the Hedge Agreement.

4. Conditional Additional Funding of Alcan Fuel Subaccount. In the event (a) the Closing occurs, (b) Alcan has executed and delivered to Kenergy the Alcan Retail Agreement as contemplated in the Termination Agreement, (c) the Alcan Retail Agreement remains in effect as of December 31, 2010, (d) neither Alcan nor its successors or permitted assigns has delivered a "Notice of Termination for Closure" (as defined in the Alcan Retail Agreement) to Kenergy as of December 31, 2010, and (e) *either* E.ON has no obligation to deliver any amounts to the Escrow Agent on or prior to January 31, 2011 (for deposit into the Century Fuel Subaccount) pursuant to Section 3 of this letter agreement, *or* the amount that E.ON is obligated to deliver to the Escrow Agent on or prior to January 31, 2011 (for deposit into the Century Fuel Subaccount) pursuant to Section 3 of this letter agreement is less than Thirteen Million Five Hundred Thousand Dollars (\$13,500,000.00), then E.ON agrees to deliver to the Escrow Agent in immediately available funds, on or prior to January 31, 2011, Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000.000), for deposit into the Alcan Fuel Subaccount and administration and distribution in accordance with the Escrow Agreement.

This letter agreement is for the sole and exclusive benefit of the signatories hereto, and shall not create or vest in any person or entity not a signatory hereto any rights of enforcement, other rights or benefits whatsoever, including without limitation, any third-party beneficiary or other similar rights. This letter agreement, together with the MOU and the Escrow Agreement, constitute the entire agreement and understanding of the Parties with respect to the subject matter hereof and thereof, superseding any other prior or contemporaneous oral or written agreements or understandings with respect to such subject matter. This letter agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Kentucky, but without regard to its conflicts of laws rules or principles.

Except as amended, modified or supplemented pursuant to this letter agreement, the MOU shall continue in full force and effect from and after the date hereof in accordance with its terms. Nothing contained in this letter agreement shall be deemed to amend, modify or

Alcan Primary Products Corporation  
Century Aluminum of Kentucky  
General Partnership  
July \_\_, 2009  
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supplement the Escrow Agreement, or shall obligate E.ON or any of its affiliates to consummate the Closing.

| If the foregoing is consistent with our agreement, please execute multiple copies of this

Alcan Primary Products Corporation  
Century Aluminum of Kentucky  
General Partnership  
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Letter Agreement in the space provided below and return them to each of the other parties.  
Thank you for your cooperation.

Sincerely yours,

**E.ON U.S. LLC**

By: \_\_\_\_\_  
Paul W. Thompson  
Senior Vice President, Energy Services

ACKNOWLEDGED AND AGREED:

**ALCAN PRIMARY PRODUCTS  
CORPORATION**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**CENTURY ALUMINUM OF KENTUCKY  
GENERAL PARTNERSHIP**

**BY: METALSCO, LLC, GENERAL  
PARTNER**

By: \_\_\_\_\_  
Title: \_\_\_\_\_



Alcan Primary Products Corporation  
Century Aluminum of Kentucky  
General Partnership

July \_\_, 2009

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|

EXHIBIT A  
ESCROW AGREEMENT

See attached

| LOU: 3455929-43

[TO BE TRANSCRIBED ON E.ON U.S. STATIONERY]

July \_\_, 2009

Alcan Primary Products Corporation  
P.O. Box 44  
Sebree, Kentucky 42419

Century Aluminum of Kentucky  
General Partnership  
Hawesville Plant  
P.O. Box 500  
1627 St. Rt 271 North  
Hawesville, Kentucky 42348

Re: Escrow Funding Arrangements

Gentlemen:

Reference is made to the Memorandum of Understanding dated June 23, 2008 (the "MOU") by and among E.ON U.S. LLC ("E.ON"), Alcan Primary Products Corporation ("Alcan") and Century Aluminum of Kentucky General Partnership ("Century"). Pursuant to the MOU, among other transactions, E.ON agreed to fund a fuel reserve in the aggregate amount of \$ [REDACTED] for the benefit of Alcan and Century, collectively (to be allocated to two fuel subaccounts, \$ [REDACTED] in a subaccount for the benefit of Alcan and \$39,694,117.60 in a subaccount for the benefit of Century) (collectively, the "Reserve Payment"), but only upon the closing of the transactions contemplated in the Transaction Termination Agreement dated as of March 26, 2007, as amended (the "Termination Agreement"), among Big Rivers Electric Corporation, WKEC and LG&E Energy Marketing Inc. (the "Closing").

Reference is also made to the Escrow Agreement to be entered into as of the Closing among Alcan, Century and PNC Bank, National Association, as Escrow Agent, pursuant to which, among other transactions, those parties will agree to the administration and distribution of certain escrow amounts to be funded by E.ON at or, potentially, following the Closing, upon the terms and subject to the conditions set forth therein (the "Escrow Agreement"). A copy of the Escrow Agreement is attached to this letter agreement as Exhibit A. Capitalized terms used but not defined in this letter agreement shall have their same respective meanings as in the MOU or, if not defined in the MOU, then in the Escrow Agreement.

Reference is also made to (a) the Retail Electric Service Agreement to be entered into as of the Closing by Century and Kenergy Corp., pursuant to which, among other transactions, Kenergy Corp. will agree to sell and deliver certain quantities of power to Century upon the

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terms and subject to the conditions set forth therein (the "Century Retail Agreement"), and (b) the Retail Electric Service Agreement to be entered into as of the Closing by Alcan and Kenergy Corp., pursuant to which, among other transactions, Kenergy Corp. will agree to sell and deliver certain quantities of power to Alcan upon the terms and subject to the conditions set forth therein (the "Alcan Retail Agreement").

Reference is also made to the ISDA Master Agreement (including the Schedule thereto) and the related Backstop Commodity Swap Transaction Confirmation to be entered into as of the Closing by E.ON and Century, pursuant to which E.ON will provide Century certain limited financial protections following the Closing upon the terms and subject to the conditions set forth therein (the "Hedge Agreement").

The Closing is occurring on the date hereof. In light of certain changes in circumstances and their resulting impact on the transactions contemplated in the Termination Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, Alcan, Century and E.ON desire to amend and supplement the MOU effective immediately, in order to: (a) reduce the amount of the Reserve Payment, and eliminate the allocation or payment of any portion of the Reserve Payment to Century, or to any subaccount for the benefit of Century; (b) evidence the agreement of E.ON to pay certain additional amounts into escrow for the benefit of Alcan as of the Closing, to be held by the Escrow Agent in accordance with the Escrow Agreement; (c) establish a mechanism by which E.ON could become obligated for the payment of certain amounts to the Escrow Agent for deposit into the Century Fuel Subaccount under the Escrow Agreement; and (d) establish a mechanism by which E.ON could become obligated for the payment of certain additional amounts to the Escrow Agent for deposit into the Alcan Fuel Subaccount under the Escrow Agreement; in each case upon and subject to the terms and conditions set forth in this letter agreement.

1. Reduction in Reserve Payment.

The parties hereto agree that notwithstanding anything contained in the MOU to the contrary:

(a) any references in the MOU to "\$ [REDACTED]", including without limitation, in reference to the amount of the fuel reserve contemplated in clause (ii) of Section 1 of the MOU and in clause (ii) of Section 2 of the MOU, and the amount contemplated in the third (3<sup>rd</sup>) sentence of Section 3 of the MOU as to be funded by E.ON (all being references to the same amount), are hereby changed to read "\$ [REDACTED]";

(b) all amounts contemplated in the MOU (excluding the amounts, if any, contemplated in Sections 2, 3 and 4 of this letter agreement) as to be funded by E.ON as of the

Alcan Primary Products Corporation  
Century Aluminum of Kentucky  
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Closing into a “fuel reserve” or “Smelter Escrow”, or as to be paid by E.ON as of the Closing directly to one or both of the Smelters (being collectively limited to the \$ [REDACTED] amount referred to in Subsection (a) above), shall instead be paid by E.ON as of the Closing solely to the Escrow Agent for allocation to and deposit into the Alcan Fuel Subaccount maintained pursuant to the Escrow Agreement, and not to Century or to any reserve account, subaccount or escrow account maintained for the benefit of Century; and

(c) Century hereby irrevocably waives and disclaims any right that it may have to any portion of the amounts contemplated in Subsections (a) and (b) above, including without limitation, any portion of the \$ [REDACTED] funding amount that was originally contemplated in the MOU; provided, that nothing contained in this Subsection (c) shall be deemed to affect or limit any funding or payment obligations of E.ON set forth in Section 3 below or in the Hedge Agreement.

Consistent with the foregoing:

(i) Alcan hereby acknowledges and agrees that its (and its relevant affiliates’) willingness to support the Unwind Transaction, to execute and deliver at the Closing the agreements contemplated in the Termination Agreement as to be executed and delivered by Alcan (or its relevant affiliates), and to consummate the transactions contemplated in those agreements, shall not be conditioned upon the payment to Century of any of the amounts contemplated in Subparagraph (a), (b) or (c) above;

(ii) Century hereby acknowledges and agrees that (A) its (and its relevant affiliates’) willingness to support the Unwind Transaction, to execute and deliver at the Closing the agreements contemplated in the Termination Agreement as to be executed and delivered by Century (or its relevant affiliates), and to consummate the transactions contemplated in those agreements, shall not be conditioned upon the payment to Century of any of the amounts contemplated in Subparagraph (a), (b) or (c) above, and (B) such a payment shall not be required as an inducement for or in consideration of the execution, delivery or performance by Century and its relevant affiliates of such agreements at and after the Closing (it being understood and agreed that other adequate consideration for such agreements will have been delivered to Century and its relevant affiliates at or as a result of the Closing or the transactions contemplated in the Termination Agreement);

(iii) Century hereby fully and forever remises, releases and discharges E.ON of and from any further obligation or liability whatsoever, whether under the MOU or otherwise, to pay to Century of any of the amounts contemplated in Subparagraph (a), (b) or (c) above; provided, that nothing contained in this Subsection (iii) shall be deemed to affect or limit any funding or payment obligations of E.ON set forth in Section 3 below or in the Hedge Agreement;

Alcan Primary Products Corporation  
Century Aluminum of Kentucky  
General Partnership  
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(iv) any reference in subclause (ii) of Section 1 of the MOU or in subclause (ii) of Section 2 of the MOU to “for the benefit of the Smelters” shall be deemed to mean “for the benefit of Alcan”; and

(v) E.ON hereby acknowledges and agrees that nothing contained in this letter agreement shall be deemed to restrict or otherwise affect any rights of Century or Alcan to receive any amounts under or pursuant to the Escrow Agreement in accordance with the terms thereof, but subject to the conditions and limitations expressly set forth in the Escrow Agreement.

2. Additional Payments into Escrow.

(a) E.ON hereby agrees to deliver to the Escrow Agent at the Closing (but not before), for the benefit of Alcan, the aggregate sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_) in immediately available funds [**This number will be Alcan’s portion of the \$2.5 million originally earmarked for the Smelters’ Reserve Subaccounts A**], to be deposited into the escrow account designated as the Alcan Reserve Subaccount A pursuant to Section 2(a) of the Escrow Agreement, said sum to be held, administered and distributed in accordance with the terms of the Escrow Agreement and the MOU as they may relate to the Alcan Reserve Subaccount A; and

(b) E.ON further agrees to deliver to the Escrow Agent at the Closing (but not before), for the benefit of Alcan, the aggregate sum of FIFTEEN MILLION DOLLARS (\$15,000,000) in immediately available funds, to be deposited into the escrow account designated as Alcan Reserve Subaccount B pursuant to Section 2(a) of the Escrow Agreement, said sum to be held, administered and distributed in accordance with the terms of the Escrow Agreement and the MOU as they may relate to the Alcan Reserve Subaccount B.

3. Conditional Funding of Century Fuel Subaccount. In the event (a) the Closing occurs, (b) Century has executed and delivered to Kenergy the Century Retail Agreement as contemplated in the Termination Agreement, (c) the Century Retail Agreement remains in effect as of December 31, 2010, and (d) neither Century nor its successors or permitted assigns has delivered a “Notice of Termination for Closure” (as defined in the Century Retail Agreement) to Kenergy on or prior to December 31, 2010, then E.ON agrees to deliver to the Escrow Agent on or prior to January 31, 2011, for deposit into the Century Fuel Subaccount and administration and distribution in accordance with the Escrow Agreement, the amount determined by reference to the following formula, but only to the extent that amount is a positive number:

$$\$39,694,117.60 \text{ minus } ((a) \$39,694,117.60 / \$ \text{_____})$$
 [**This number will be \$39,694,117.60 plus the amount originally earmarked for deposit into the Century Reserve Subaccount A, plus**

Alcan Primary Products Corporation  
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July \_\_, 2009  
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**\$41,000,000.00]** multiplied by (b) the cumulative total of all Aluminum Production Credits that have become payable by E.ON to Century during the period from the date of the Closing through December 31, 2010 pursuant to the Hedge Agreement);

where "Aluminum Production Credit" has the meaning set forth in the Hedge Agreement.

4. Conditional Additional Funding of Alcan Fuel Subaccount. In the event (a) the Closing occurs, (b) Alcan has executed and delivered to Kenergy the Alcan Retail Agreement as contemplated in the Termination Agreement, (c) the Alcan Retail Agreement remains in effect as of December 31, 2010, (d) neither Alcan nor its successors or permitted assigns has delivered a "Notice of Termination for Closure" (as defined in the Alcan Retail Agreement) to Kenergy as of December 31, 2010, and (e) *either* E.ON has no obligation to deliver any amounts to the Escrow Agent on or prior to January 31, 2011 (for deposit into the Century Fuel Subaccount) pursuant to Section 3 of this letter agreement, *or* the amount that E.ON is obligated to deliver to the Escrow Agent on or prior to January 31, 2011 (for deposit into the Century Fuel Subaccount) pursuant to Section 3 of this letter agreement is less than Thirteen Million Five Hundred Thousand Dollars (\$13,500,000.00), then E.ON agrees to deliver to the Escrow Agent in immediately available funds, on or prior to January 31, 2011, Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000.000), for deposit into the Alcan Fuel Subaccount and administration and distribution in accordance with the Escrow Agreement.

This letter agreement is for the sole and exclusive benefit of the signatories hereto, and shall not create or vest in any person or entity not a signatory hereto any rights of enforcement, other rights or benefits whatsoever, including without limitation, any third-party beneficiary or other similar rights. This letter agreement, together with the MOU and the Escrow Agreement, constitute the entire agreement and understanding of the Parties with respect to the subject matter hereof and thereof, superseding any other prior or contemporaneous oral or written agreements or understandings with respect to such subject matter. This letter agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Kentucky, but without regard to its conflicts of laws rules or principles.

Except as amended, modified or supplemented pursuant to this letter agreement, the MOU shall continue in full force and effect from and after the date hereof in accordance with its terms. Nothing contained in this letter agreement shall be deemed to amend, modify or supplement the Escrow Agreement, or shall obligate E.ON or any of its affiliates to consummate the Closing.

Alcan Primary Products Corporation  
Century Aluminum of Kentucky  
General Partnership  
July \_\_, 2009  
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If the foregoing is consistent with our agreement, please execute multiple copies of this Letter Agreement in the space provided below and return them to each of the other parties. Thank you for your cooperation.

Sincerely yours,

**E.ON U.S. LLC**

By: \_\_\_\_\_  
Paul W. Thompson  
Senior Vice President, Energy Services

ACKNOWLEDGED AND AGREED:

**ALCAN PRIMARY PRODUCTS  
CORPORATION**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**CENTURY ALUMINUM OF KENTUCKY  
GENERAL PARTNERSHIP**

**BY: METALSCO, LLC, GENERAL  
PARTNER**

By: \_\_\_\_\_  
Title: \_\_\_\_\_



Alcan Primary Products Corporation  
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General Partnership  
July \_\_, 2009  
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**EXHIBIT A**  
**ESCROW AGREEMENT**

See attached

LOU: 3455929-4

**ATTACHMENT 4**

**Letter Agreement between Alcan, Century and E.ON U.S.  
(Amends November 2007 Closing Date Payment Agreement)**

**DRAFT: June 26, 2009**

**[To be Transcribed on WKE Letterhead]**

July \_\_\_\_\_, 2009

Alcan Primary Products Corporation  
P.O. Box 44  
Henderson, Kentucky 42419

Century Aluminum of Kentucky General Partnership  
Hawesville Plant  
P.O. Box 500  
1627 State Route 271 North  
Hawesville, Kentucky 42348

Subject: Amendments to Closing Date Payment Agreement

Gentlemen:

Reference is made to the letter agreement dated November 5, 2007, among Alcan Primary Products Corporation (“Alcan”), Century Aluminum of Kentucky General Partnership (“Century”, and together with Alcan, the “Smelters”), and Western Kentucky Energy Corp. (“WKEC”, and together with the Smelters, the “Parties”), pursuant to which, among other transactions, WKEC agreed to make a certain payment for the benefit of the Smelters at the Closing contemplated therein (the “Closing Date Payment Agreement”). Capitalized terms used but not defined in this letter agreement shall have their same respective meanings as in the Closing Date Payment Agreement.

The Closing is occurring on the date hereof. In light of certain changes in circumstances and their resulting impact on the transactions contemplated in the Termination Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties desire to amend the Closing Date Payment Agreement in the manner contemplated below, and to make certain additional covenants, agreements and acknowledgments upon the terms and subject to the conditions set forth below, in each case effective immediately.

The Parties agree that the fourth (4<sup>th</sup>) full paragraph of the Closing Date Payment Agreement (being the second (2<sup>nd</sup>) full paragraph on page 2 of that agreement) is hereby amended to be and read in its entirety as follows:

WKEC, Alcan and Century hereby agree that, upon the Closing and, as contemplated in the Termination Agreement: (i) the corresponding execution and delivery by E.ON U.S. LLC, WKEC, LEM, Kenergy Corp., Alcan and its relevant affiliates of the Alcan Termination and Release in form satisfactory to those parties; and (ii) the corresponding execution and delivery by E.ON U.S. LLC, WKEC, LEM,

Kenergy Corp., Century, its relevant affiliates, and Southwire Company of the Century Termination and Release in form satisfactory to those parties; WKEC shall pay to Alcan for its sole account (but not to Century) the aggregate sum of [REDACTED] in immediately available funds (the "Closing Payment").

Consistent with the foregoing: (a) Alcan hereby acknowledges and agrees that its (and its relevant affiliates') willingness to execute and deliver the Alcan Termination and Release at the Closing, and to consummate the transactions contemplated therein, shall not be conditioned upon the payment of any portion of the Closing Payment to Century; (b) Century hereby acknowledges and agrees that its (and its relevant affiliates') willingness to execute and deliver the Century Termination and Release at the Closing, and to consummate the transactions contemplated therein, shall not be conditioned upon the payment of any portion of the Closing Payment to Century, and such a payment shall not be required as an inducement for or in consideration of the execution, delivery or performance by Century and its relevant affiliates of the Century Termination and Release at and after the Closing (it being understood and agreed that other adequate consideration for the Century Termination and Release Agreement (including without limitation, as set forth in the ISDA Master Agreement (including the Schedule thereto) and the related Backstop Commodity Swap Transaction Confirmation to be entered into on the date hereof by E.ON and Century, in the Retail Electric Service Agreement to be entered into on the date hereof by Century and Kenergy Corp., and in the Century Termination and Release Agreement) will have been delivered to Century and its relevant affiliates at or as a result of the Closing or the transactions contemplated in the Termination Agreement); and (c) Century hereby fully and forever remises, releases and discharges WKEC of and from any further obligation or liability whatsoever under the Closing Date Payment Agreement to pay any portion of the Closing Payment (including, without limitation, any portion of the Closing Payment as defined in the original Closing Date Payment Agreement) to Century.

This letter agreement is for the sole and exclusive benefit of the signatories hereto, and shall not create or vest in any person or entity not a signatory hereto any rights of enforcement, other rights or benefits whatsoever, including without limitation, any third-party beneficiary or other similar rights. This letter agreement, together with the Closing Date Payment Agreement, constitute the entire agreement and understanding of the Parties with respect to the subject matter hereof and thereof, superseding any other prior or contemporaneous oral or written agreements or understandings with respect to such subject matter. This letter agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Kentucky, but without regard to its conflicts of laws rules or principles.

Except as amended, modified or supplemented pursuant to this letter agreement, the Closing Date Payment Agreement shall continue in full force and effect from and after the date hereof in accordance with its terms.

If the foregoing is consistent with our agreement, please execute multiple copies of this

Alcan Primary Products Corporation  
Century Aluminum of Kentucky General Partnership  
July \_\_\_\_, 2009  
Page 3

letter agreement in the spaces provided below and return them to each of the other Parties.  
Thank you for your cooperation.

Sincerely yours,

**WESTERN KENTUCKY ENERGY CORP.**

By: \_\_\_\_\_  
Paul W. Thompson, President

**ACKNOWLEDGED AND AGREED**

as of the date first written above:

**ALCAN PRIMARY PRODUCTS CORPORATION**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**CENTURY ALUMINUM OF KENTUCKY GENERAL  
PARTNERSHIP**

By: METALSCO, LLC, General Partner

By: \_\_\_\_\_

Title: \_\_\_\_\_

[To be Transcribed on WKE Letterhead]

July \_\_\_\_\_, 2009

Alcan Primary Products Corporation  
P.O. Box 44  
Henderson, Kentucky 42419

Century Aluminum of Kentucky General Partnership  
Hawesville Plant  
P.O. Box 500  
1627 State Route 271 North  
Hawesville, Kentucky 42348

Subject: Amendments to Closing Date Payment Agreement

Gentlemen:

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The Closing is occurring on the date hereof. In light of certain changes in circumstances and their resulting impact on the transactions contemplated in the Termination Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties desire to amend the Closing Date Payment Agreement in the manner contemplated below, and to make certain additional covenants, agreements and acknowledgments upon the terms and subject to the conditions set forth below, in each case effective immediately.

The Parties agree that the fourth (4<sup>th</sup>) full paragraph of the Closing Date Payment Agreement (being the second (2<sup>nd</sup>) full paragraph on page 2 of that agreement) is hereby amended to be and read in its entirety as follows:

WKEC, Alcan and Century hereby agree that, upon the Closing and, as contemplated in the Termination Agreement: (i) the corresponding execution and delivery by E.ON U.S. LLC, WKEC, LEM, Kenegy Corp., Alcan and its relevant affiliates of the Alcan Termination and Release in form satisfactory to those parties; and (ii) the corresponding execution and delivery by E.ON U.S. LLC, WKEC, LEM, Kenegy Corp., Century, its relevant affiliates, and Southwire Company of the Century Termination and Release in form satisfactory to those

parties; WKEC shall pay to Alcan for its sole account (but not to Century) the aggregate sum of [REDACTED] in immediately available funds (the "Closing Payment").

Consistent with the foregoing: (a) Alcan hereby acknowledges and agrees that its (and its relevant affiliates') willingness to execute and deliver the Alcan Termination and Release at the Closing, and to consummate the transactions contemplated therein, shall not be conditioned upon the payment of any portion of the Closing Payment to Century; (b) Century hereby acknowledges and agrees that its (and its relevant affiliates') willingness to execute and deliver the Century Termination and Release at the Closing, and to consummate the transactions contemplated therein, shall not be conditioned upon the payment of any portion of the Closing Payment to Century, and such a payment shall not be required as an inducement for or in consideration of the execution, delivery or performance by Century and its relevant affiliates of the Century Termination and Release at and after the Closing (it being understood and agreed that other adequate consideration for the Century Termination and Release Agreement (including without limitation, as set forth in the ISDA Master Agreement (including the Schedule thereto) and the related Backstop Commodity Swap Transaction Confirmation to be entered into on the date hereof by E.ON and Century, in the Retail Electric Service Agreement to be entered into on the date hereof by Century and Kenergy Corp., and in the Century Termination and Release Agreement) will have been delivered to Century and its relevant affiliates at or as a result of the Closing or the transactions contemplated in the Termination Agreement); and (c) Century hereby fully and forever remises, releases and discharges WKEC of and from any further obligation or liability whatsoever under the Closing Date Payment Agreement to pay any portion of the Closing Payment (including, without limitation, any portion of the Closing Payment as defined in the original Closing Date Payment Agreement) to Century.

This letter agreement is for the sole and exclusive benefit of the signatories hereto, and shall not create or vest in any person or entity not a signatory hereto any rights of enforcement, other rights or benefits whatsoever, including without limitation, any third-party beneficiary or other similar rights. This letter agreement, together with the Closing Date Payment Agreement, constitute the entire agreement and understanding of the Parties with respect to the subject matter hereof and thereof, superseding any other prior or contemporaneous oral or written agreements or understandings with respect to such subject matter. This letter agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Kentucky, but without regard to its conflicts of laws rules or principles.

Except as amended, modified or supplemented pursuant to this letter agreement, the Closing Date Payment Agreement shall continue in full force and effect from and after the date hereof in accordance with its terms.

If the foregoing is consistent with our agreement, please execute multiple copies of this

Alcan Primary Products Corporation  
Century Aluminum of Kentucky General Partnership  
July \_\_\_\_\_, 2009  
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letter agreement in the spaces provided below and return them to each of the other Parties.  
Thank you for your cooperation.

Sincerely yours,

**WESTERN KENTUCKY ENERGY CORP.**

By: \_\_\_\_\_  
Paul W. Thompson, President

**ACKNOWLEDGED AND AGREED**  
as of the date first written above:

**ALCAN PRIMARY PRODUCTS CORPORATION**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**CENTURY ALUMINUM OF KENTUCKY GENERAL  
PARTNERSHIP**

By: METALSCO, LLC, General Partner

By: \_\_\_\_\_

Title: \_\_\_\_\_