BIG RIVERS ELECTRIC CORPORATION
REGULAR BOARD OF DIRECTORS MEETING
FEBRUARY 18, 2011

The regular meeting of the board of directors of Big Rivers Electric Corporation was called to order at 8 a.m., CST, on Friday, February 18, 2011, at 201 Third Street, Henderson, Kentucky 42420.

[redacted]

To fulfill a provision in the Coordination Agreement of meeting with Big Rivers' board annually, the following smelter representatives attended the board work session on Thursday night: Century Aluminum – Wayne Hale and Matt Powell, Rio Tinto Alcan – Allan Eyre, Stephane LeBlanc, Jeremy Jenkins, and Benoit Pepin. They reviewed the status of the aluminum markets as well as provided an update on their respective plant operations. Jeremy Jenkins presented information regarding "Power Costs and the U.S. Aluminum Industry," a copy of which is attached to these minutes.

[redacted]

Rio Tinto Alcan

Power costs and the U.S. aluminum industry

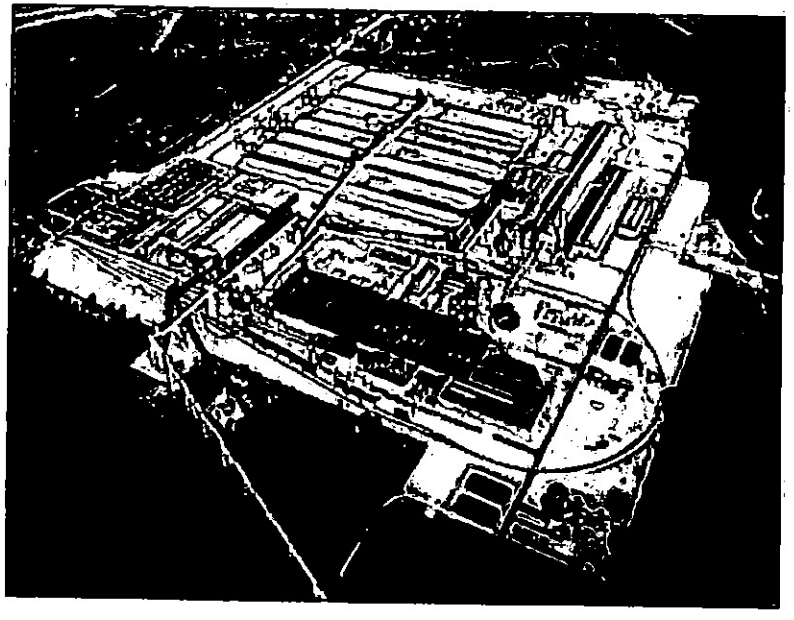
January 18, 2011

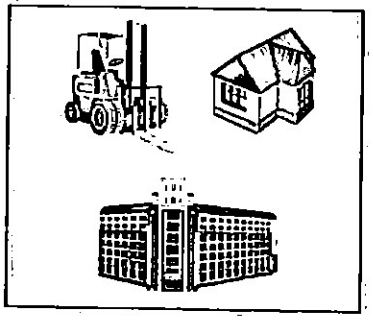
Structure of BREC sales

RioTintoAlcan

Smelters represent 70% of Big Rivers load

Smelters	Members	Market
7300 GWh / 850MW	3500 GWh / 350MW	1200 GWh





U.S. aluminum industry overview

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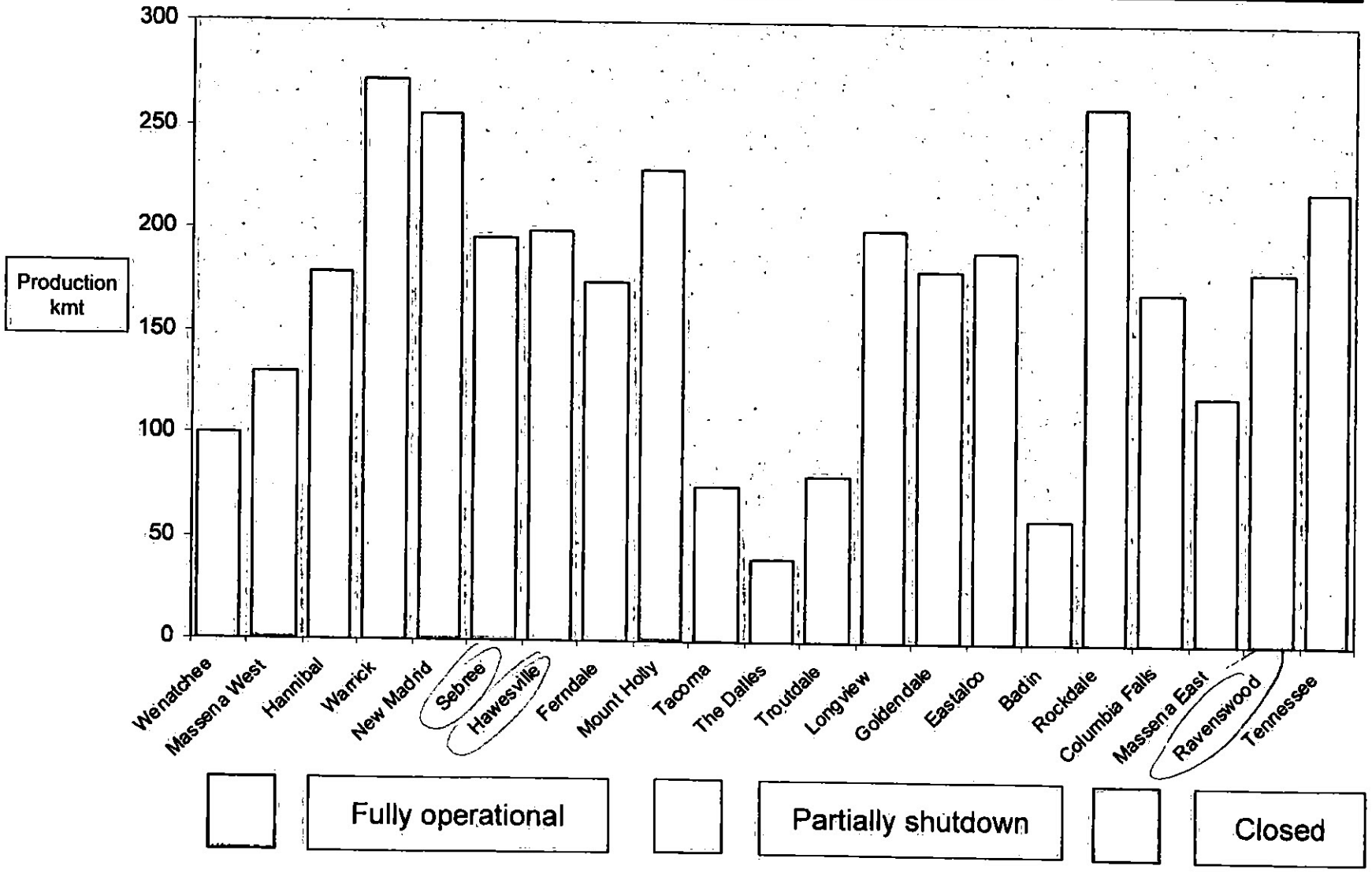
Four facilities currently operational at 100%, five facilities curtailed.
At least 12 shut down in last 10 years, mainly in 2000-03 and 2008-09.



Aluminum prices since 1989

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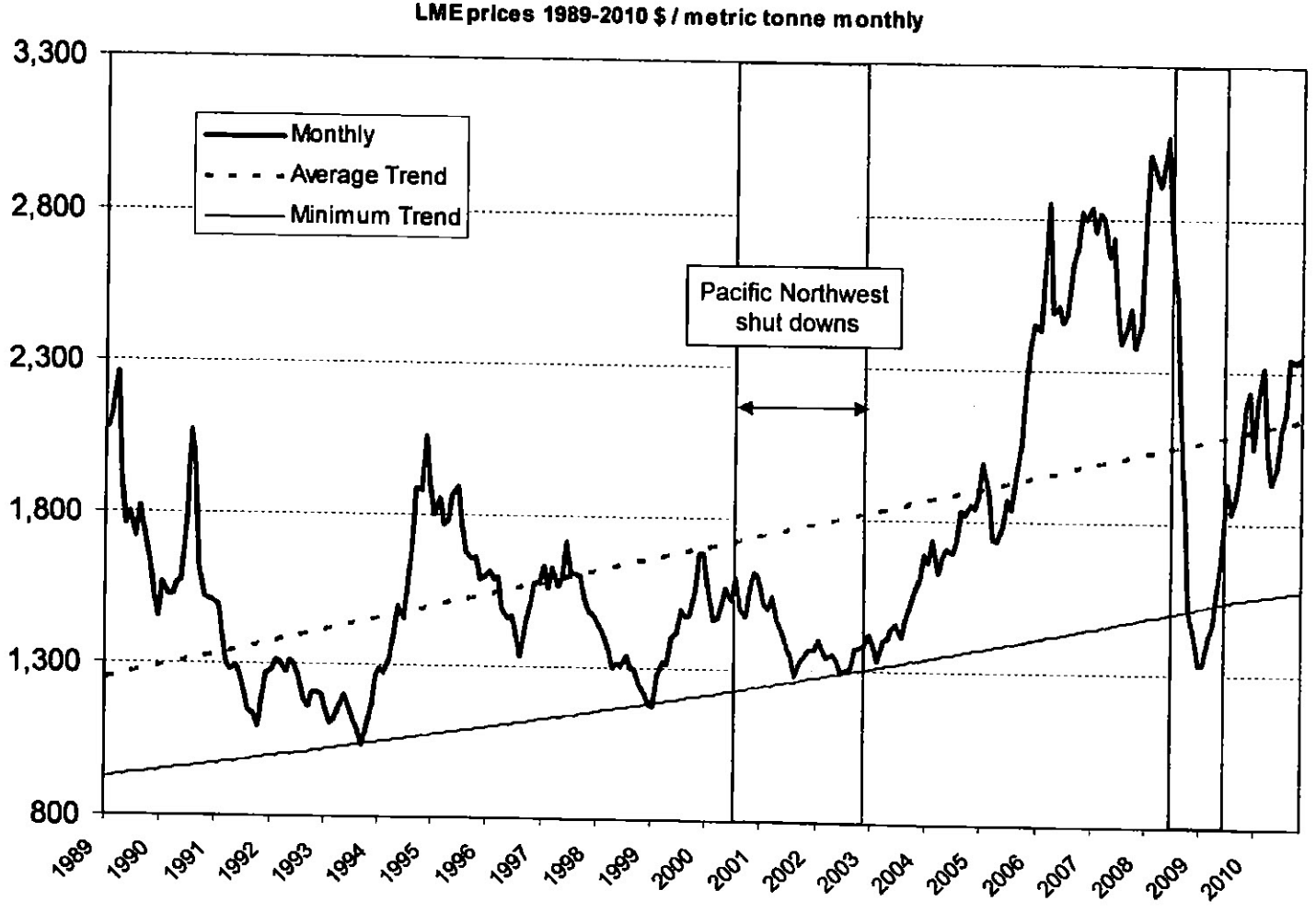
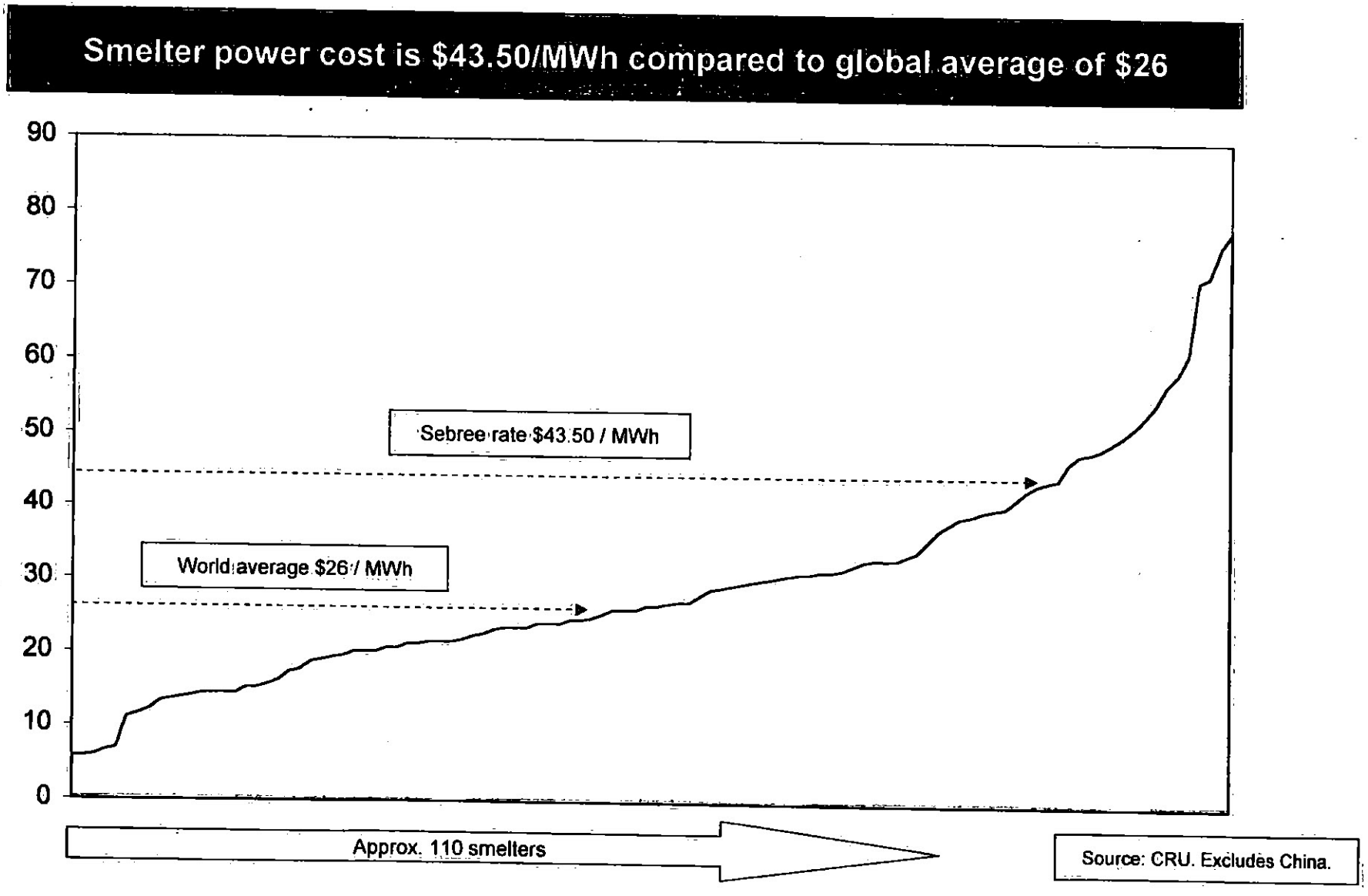
The market for aluminum is highly cyclical.



Worldwide smelter power costs 2010 US$/MWh

RioTintoAlcan



Comparison to market price

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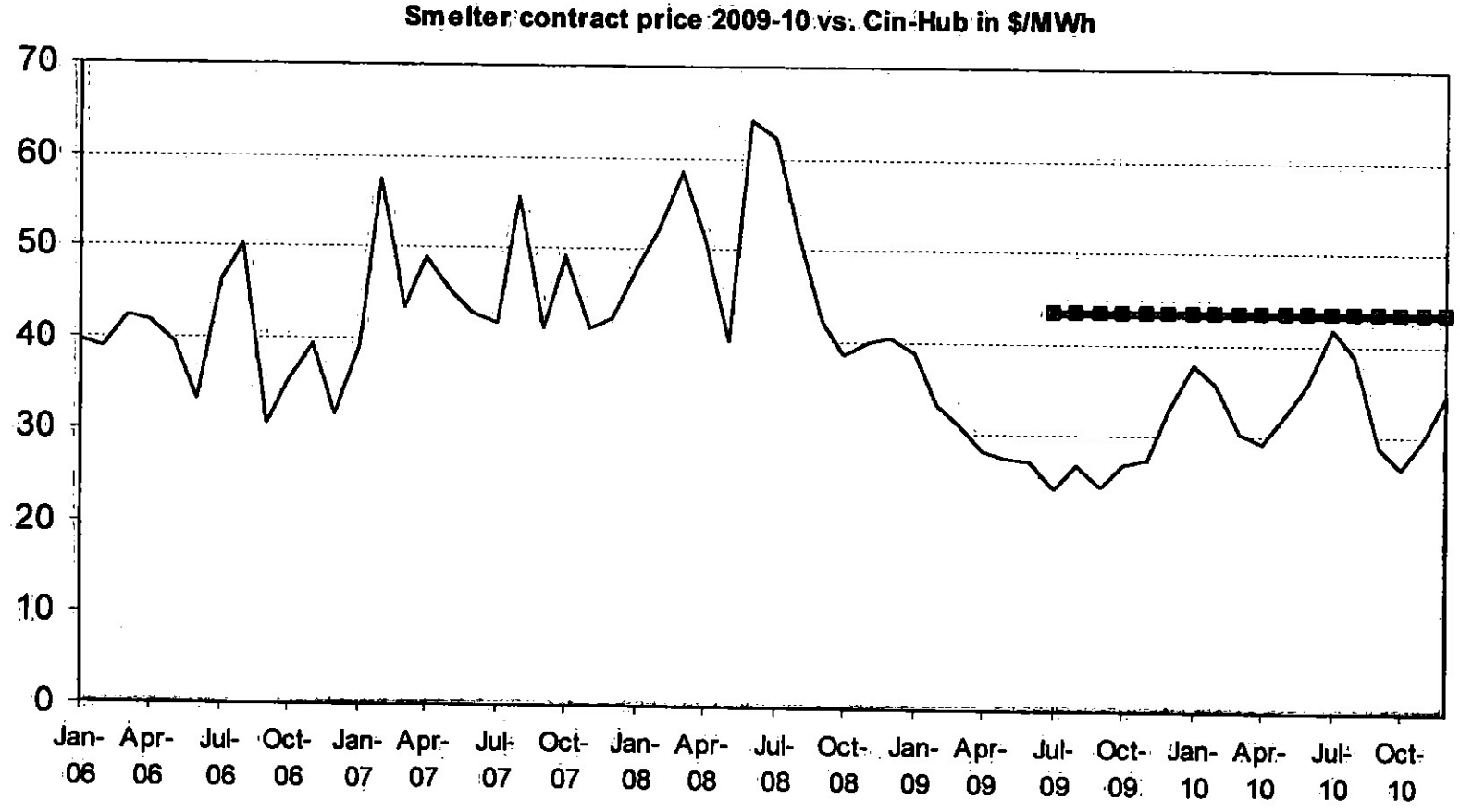
Smelter contract price compared to MISO Cinergy-Gibson hub



Smelter support to Big Rivers

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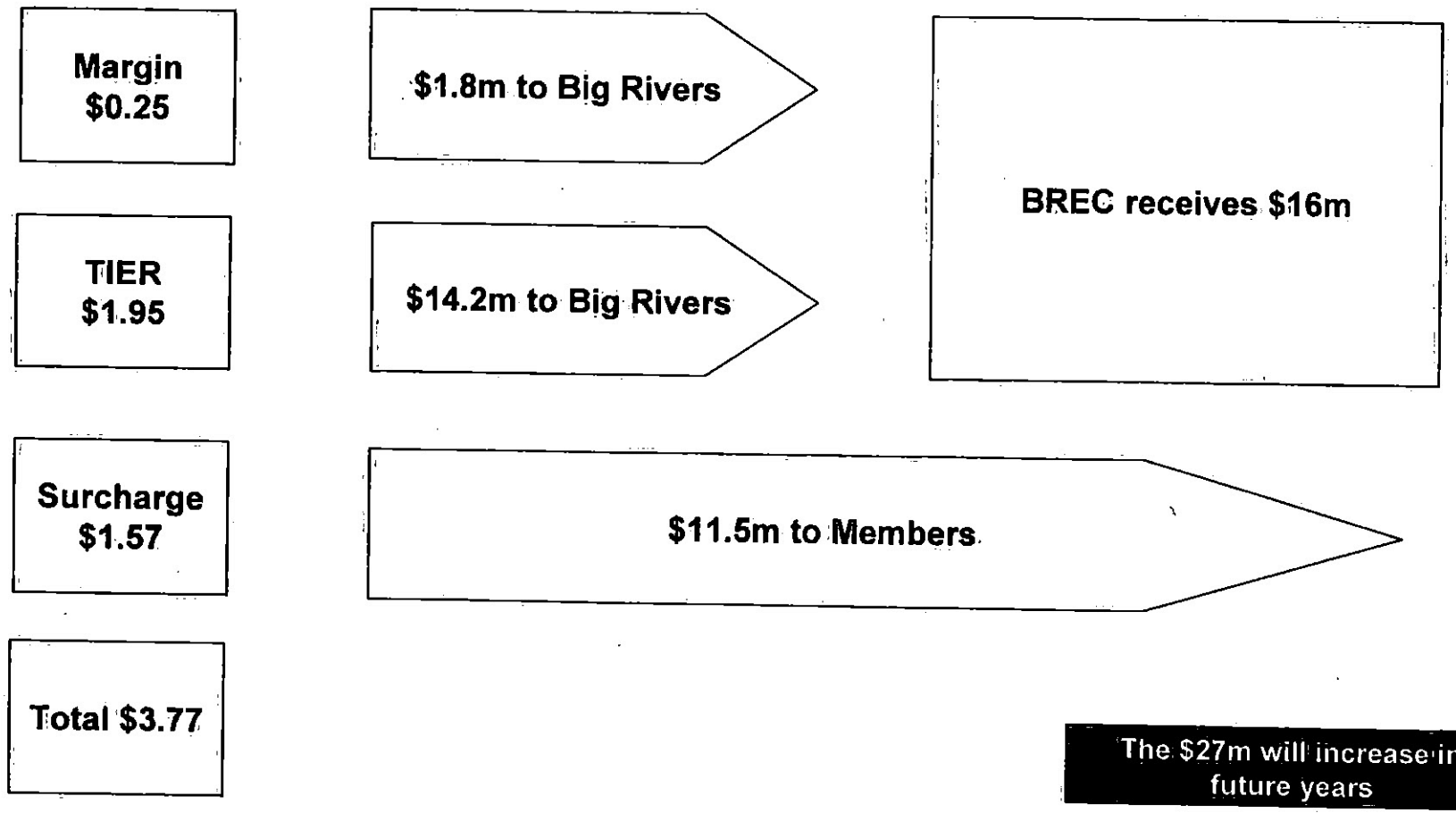
Additional $27m support from Smelter to Big Rivers + Members.
This equates to $7.50/MWh if spread over the Member load.



The $27m will increase in future years

Advantages to BREC and members of smelter business

RioTintoAlcan

Smelter baseload reduces operating and financial risk to Big Rivers.

- Near-constant 7*24 baseload suitable for coal-fired power.
- Allows a larger generation network to be maintained than would otherwise be the case (increased flexibility and stability with reduced uncertainty).
- Direct pass-through of non-fuel purchased power cost
- Smelter loads can protect against system blackout in extreme conditions (such as 2009 ice storm).
- Contract price is more stable than the power market
- Aids Big Rivers borrowing ability (Big Rivers must borrow from the commercial market, not RUS)

Conclusion

RioTintoAlcan

The success of the Smelters is essential for the financial health and survival of Big Rivers and financial stability of the Members.

- Rio Tinto Alcan smelter at Sebree is a significant contributor to the operational and financial stability of Big Rivers
- Absence of the smelters would result in a major rate increase to the Members
  - Smelters support to Big Rivers of $27m annually reduces Member rates by $7.50 / MWh
- The smelter competes in a global marketplace which is highly cyclical
- Much of the U.S. aluminum industry has closed since the year 2000, due to high power costs
  - most of those still operating have self-generated power or have special contracts or other regulatory treatments that keep costs low or track the LME.
- Sebree has reduced its own cost base by $30m (excluding power) since 2008.
- The coming years will be a significant challenge for the Sebree smelter to remain competitive and avoid closure.