

**GUARANTEE**

Dated as of January 31, 2014

by and among

**CENTURY ALUMINUM COMPANY,**

**KENERGY CORP.**

and

**BIG RIVERS ELECTRIC CORPORATION**

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OHSUSA:754594965.4

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH  <i>Brent Kirtley</i>
EFFECTIVE <b>1/31/2014</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

## GUARANTEE

This GUARANTEE (this "Guarantee") is made and entered into as of January 31, 2014 by CENTURY ALUMINUM COMPANY, a Delaware corporation (the "Guarantor"), in favor of KENERGY CORP., a Kentucky electric cooperative corporation ("Kenergy"), and BIG RIVERS ELECTRIC CORPORATION, a Kentucky electric generation and transmission cooperative ("Big Rivers").

### RECITALS

A. Kenergy and Century Aluminum Sebree LLC, a Delaware limited liability company and a wholly owned direct or indirect subsidiary of the Guarantor ("Century"), have entered into an Electric Service Agreement, dated as of the date hereof (the "Electric Service Agreement"), under which Kenergy shall provide Century retail electric service.

B. Kenergy and Big Rivers have entered into an Arrangement and Procurement Agreement, dated as of the date hereof (the "Arrangement Agreement"), under which Big Rivers shall provide Kenergy wholesale electric service for resale to Century.

C. Big Rivers and Century have entered into a Direct Agreement, dated as of the date hereof (the "Direct Agreement"), under which they shall coordinate with respect to the performance of their respective obligations under the Electric Service Agreement and the Arrangement Agreement.

F. Century, Guarantor and Kenergy have entered into a Tax Indemnity Agreement, dated as of the date hereof (the "Tax Indemnity Agreement"), under which Century and Guarantor jointly and severally hold Kenergy harmless on an after-tax basis for costs relating to the failure of Kenergy to maintain its status as an entity exempt from federal, state or local income taxation as a result of the transactions under the Transaction Documents.

G. The Guarantor directly or indirectly owns all of the voting stock of Century, and will derive substantial benefits from the transactions contemplated by the Electric Service Agreement and Arrangement Agreement, which benefits are hereby acknowledged by the Guarantor.

H. It is a condition precedent to the closing of the transactions contemplated by the Electric Service Agreement that the Guarantor, simultaneously with the execution and delivery of the Transaction Documents dated the date hereof, shall have executed and delivered this Guarantee to Kenergy and Big Rivers.

I. The Guarantor desires to enter into this Guarantee in order to satisfy the condition precedent described in the preceding recital.

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AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties, intending to be legally bound, hereby covenant and agree as follows:

1. Definitions: Rules of Construction. Capitalized terms used herein but not otherwise defined are used as defined in the Electric Service Agreement. The rules of interpretation set forth in the Electric Service Agreement shall apply to this Guarantee.

2. Guaranteed Obligations. As used herein, "Guaranteed Obligations" shall mean any and all of the obligations of Century under (i) the Electric Service Agreement, (ii) the Direct Agreement, (iii) the Tax Indemnity Agreement and (iv) any other Transaction Document, including (a) the obligations of Century relating to the payment of money to Kenergy or Big Rivers (or their permitted assignees), (b) any such obligations that would become due but for the operation of the automatic stay under Section 362(a) of Title 11 of the United States Code, or (c) interest, fees and other charges whether or not a claim is allowed for such obligations in any such bankruptcy proceeding.

3. Guarantee. The Guarantor hereby 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. The 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, Kenergy and Big Rivers may agree without notice or demand of any kind or nature whatsoever to, or the consent of, the Guarantor.

4. Preservation of Century's Substantive Defenses. Notwithstanding any of Guarantor's waivers hereunder, Kenergy and Big Rivers agree and acknowledge 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 Kenergy or Big Rivers, including any claims or defenses that Century could assert by reason of the invalidity, illegality or unenforceability of any of the Transaction Documents. This Section 4 shall not permit Guarantor to assert any defenses in its own right, based on impairment of Guarantor's rights of subrogation, reimbursement, exoneration, contribution or indemnification, or other suretyship principles.

5. Nature of Guarantee Continuing, Absolute and Unconditional.

(a) This Guarantee is and is intended to be a continuing guarantee of 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 Kenergy or Big Rivers therefor or with respect thereto, whether or not furnished by the Guarantor. The Guarantor hereby waives any right to require that any resort be had by Kenergy or Big Rivers 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

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Kenergy or Big Rivers 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 the Guarantor to be the final, complete and exclusive expression of the agreement between the Guarantor and Kenergy and Big Rivers with respect to the subject matter hereof.

(c) The Guarantor hereby agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from the Guarantor, that the 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 the Guarantor under this Guarantee are irrevocable, absolute and unconditional and the Guarantor hereby irrevocably waives any defense it may now have or hereafter acquire relating to:

(i) the failure of Kenergy or Big Rivers to assert any claim or demand or to exercise or enforce any right or remedy under the Transaction Documents, 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 Transaction Documents;

(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 Kenergy or Big Rivers;

(iv) the application of any sums by whomsoever paid or howsoever realized to any liability of Century to Kenergy or Big Rivers 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 the 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 the Guarantor or that would otherwise operate as a discharge of the Guarantor as a matter of law or equity.

(e) The Guarantor's obligation hereunder is to perform the Guaranteed Obligations in full when due in accordance with the terms of the Transaction Documents, and

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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 the Guarantor hereunder are independent of the Guaranteed Obligations under or in respect of the Transaction Documents, and a separate action may be brought and prosecuted against the 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) The Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand of performance or payment, notice of non-performance 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 Kenergy or Big Rivers 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.

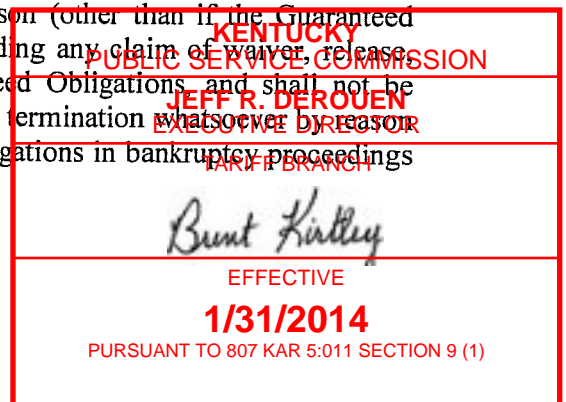
(b) The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guarantee and acknowledges that this Guarantee is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) The Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by Kenergy or Big Rivers that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Guarantor or other rights of the 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 the Guarantor hereunder.

(d) The Guarantor hereby unconditionally and irrevocably waives any duty on the part of Kenergy or Big Rivers to disclose to the 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 Kenergy or Big Rivers.

(e) The Guarantor acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by the Transaction Documents and that the waivers set forth in Section 4, Section 5 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 the 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 the Guarantor under this Guarantee shall not be discharged or impaired or otherwise affected by the failure of Kenergy or Big Rivers 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 the Guarantor or that would otherwise operate as a discharge of the Guarantor as a matter of law or equity.

8. Reinstatement. The 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 Kenergy or Big Rivers upon the bankruptcy, insolvency or reorganization of Century or any other Person.

9. No Waiver; Remedies. No failure on the part of Kenergy or Big Rivers 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 law.

10. Covenant. The Guarantor covenants and agrees that, without the prior written consent of Kenergy and Big Rivers, so long as any part of the Guaranteed Obligations shall remain outstanding, the Guarantor shall not liquidate, wind up or dissolve itself, or suffer any liquidation or dissolution, or directly or indirectly convey, sell, lease, assign, transfer or otherwise dispose of the Sebree Smelter or 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. Kenergy and Big Rivers shall not withhold their prior written consent to any such liquidation or dissolution, or any such sale or other disposition of the Sebree Smelter or all or substantially all of the Guarantor's property and business, occurring in connection with a strategic restructuring of the Guarantor if (a) a wholly owned direct or indirect subsidiary of Guarantor has a ratio of debt to equity of no more than 3.0:1.0 and a net worth of not less than \$200 million (a "Substitute Guarantor") and executes in favor of Kenergy and Big Rivers, 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 Kenergy and Big Rivers such reasonable legal opinions and other documentation as either Kenergy or Big Rivers 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. The Guarantor hereby represents and warrants as of the date of execution and delivery of this Guarantee as follows:

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(a) *Organization and Existence.* The 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 the Guarantor, and assuming the due authorization, execution and delivery of this Guarantee by Kenergy and Big Rivers, constitutes a legal, valid and binding obligation of the Guarantor, enforceable against the 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.

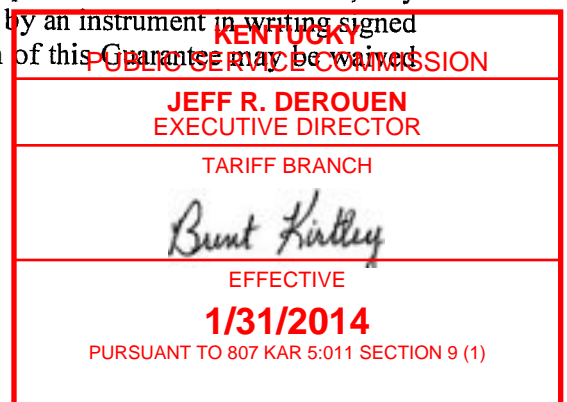
(c) *No Violation.* The execution and delivery of this Guarantee by the Guarantor and the compliance by the Guarantor with the terms and provisions hereof do not and will not (i) contravene any law applicable to the Guarantor or its organizational documents or by-laws, or (ii) contravene the provisions 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 the Guarantor is a party or by which the 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 Authority) or under any law applicable to the Guarantor is required for the due execution, delivery or performance by the 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 the Guarantor's knowledge, threatened litigation, action, suit, proceeding, arbitration, investigation or audit against the Guarantor or Century by any Person before any Governmental Authority which: (i) questions the validity of this Guarantee or the ability of the Guarantor to perform its obligations hereunder, or (ii) if determined adversely to the Guarantor, would materially adversely affect its ability to perform this Guarantee.

(f) *Independent Decision.* The Guarantor has, independently and without reliance upon Kenergy or Big Rivers 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 the Guarantor, Kenergy and Big Rivers, and any provision of this Guarantee may be waived only by Kenergy and Big Rivers acting jointly.

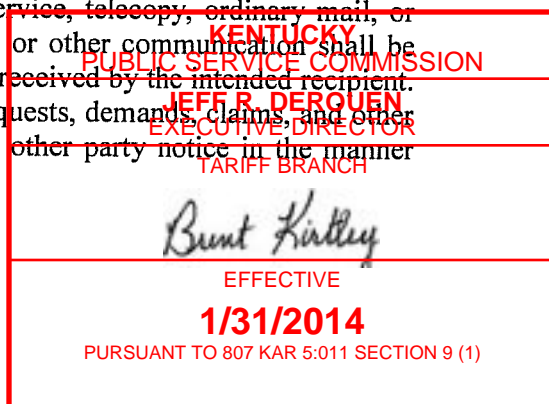


13. Continuing Guarantee; Successors and Assigns. This Guarantee is a continuing Guarantee, shall survive termination or expiration of any or all of the Transaction Documents and shall remain in full force and effect until the payment in full of the Guaranteed Obligations, and shall be binding upon the Guarantor and its respective successors and assigns; *provided, however,* that the 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 Kenergy and Big Rivers 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 Kenergy and Big Rivers permitted under the Transaction Documents, and, in the event of any transfer or assignment of rights by Kenergy or Big Rivers, 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 the Guarantor:	Century Aluminum Company One South Wacker Drive Suite 1000 Chicago, Illinois 60606 Facsimile: 312-696-3102 Attention: General Counsel
If to Kenergy:	Kenergy Corp. P.O. Box 18 Henderson, Kentucky 42419-0018 Facsimile: 270-685-2279 Attention: President and CEO
If to Big Rivers:	Big Rivers Electric Corporation 201 Third Street P.O. Box 24 Henderson, Kentucky 42419 Facsimile: 270-827-2558 Attention: President and CEO

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, 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. Governing Law. This Guarantee shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Kentucky, without regard to its conflicts of laws rules.

17. Disputes. If a dispute arises between or among the parties hereto concerning the terms or conditions of this Guarantee, the duties or obligations of the parties under this Guarantee, or the implementation, interpretation or breach of this Guarantee, the parties hereto shall be bound by the dispute resolution procedures set forth in Article 16, and the jurisdictional provisions set forth in Section 18.2, of the Electric Service Agreement as if such provisions were set forth fully herein and referred to the parties hereto.

18. 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.

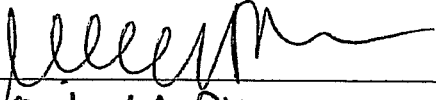
19. Counterparts. This Guarantee may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties to this Guarantee may execute this Guarantee by signing any such counterpart.

[Signatures Follow on Next Page]

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
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TARIFF BRANCH  <i>Brent Kirtley</i>
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IN WITNESS WHEREOF, the Guarantor, Kenergy and Big Rivers have caused this Guarantee to be duly executed as of the day and year first written above.

CENTURY ALUMINUM COMPANY

By:   
Name: Michael A. Bless  
Title: President + CEO

KENERGY CORP.

By: \_\_\_\_\_  
Name: Gregory J. Starheim  
Title: President and Chief Executive Officer

BIG RIVERS ELECTRIC CORPORATION

By: \_\_\_\_\_  
Name: Mark A. Bailey  
Title: President and Chief Executive Officer

GUARANTEE (TRANSAC

Brent Kirtley

**KENTUCKY**  
**PUBLIC SERVICE COMMISSION**  
**JEFF R. DEROUEN**  
**EXECUTIVE DIRECTOR**  
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IN WITNESS WHEREOF, the Guarantor, Kenergy and Big Rivers have caused this Guarantee to be duly executed as of the day and year first written above.

CENTURY ALUMINUM COMPANY

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

KENERGY CORP.

By: *Gregory J. Starheim*  
Name: Gregory J. Starheim  
Title: President and Chief Executive Officer

BIG RIVERS ELECTRIC CORPORATION

By: *Mark A. Bailey*  
Name: Mark A. Bailey  
Title: President and Chief Executive Officer

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH <i>Brent Kirtley</i>
GUARANTEE (TR... S) EFFECTIVE
<b>1/31/2014</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)