

(e) any change, restructuring or termination in or of the entity structure or existence of Obligor; or

(f) any other circumstance (including, without limitation, any statute of limitations) that might otherwise constitute a defense available to, or a discharge of, Obligor, the Guarantor or any other guarantor or surety.

Notwithstanding the foregoing or anything herein to the contrary, Guarantor specifically reserves to itself, and may assert in any proceeding arising hereunder, all rights, counterclaims and other defenses arising from or out of the Agreement to which Obligor is or may be entitled to assert, except for defenses arising from or related to the bankruptcy, liquidation, reorganization or similar case or proceeding of the Obligor.

4. Waivers and Acknowledgements.

(a) Except for notices required by this Guaranty in accordance with Section 9, the Guarantor hereby waives promptness, diligence, demand for performance, acceptance, presentment, protest, non-performance, default, acceleration, early termination, or dishonor, any and all notices with respect to any of the foregoing, any other notice with respect to any of the Obligations and this Guaranty, and any requirement that Counterparty protect, secure, perfect or insure any Security or exhaust any right or take any action against Obligor or any other entity or Security.

(b) The Guarantor hereby waives any right to revoke this Guaranty, and, subject to Guarantor's right to terminate this Guaranty, acknowledges that this Guaranty is continuing in nature and applies to all Obligations, whether existing now or in the future.

(c) The Guarantor hereby waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by the Counterparty which in any manner impairs, reduces, releases or otherwise adversely affects the Guarantor's subrogation, reimbursement, exoneration, contribution or indemnification rights or other rights to proceed against Obligor, any other guarantor, any other entity or any Security, and (ii) any defense based on any right of set-off or counterclaim against or in respect of the Guarantor's obligations hereunder related to any other separate agreement between Guarantor and Counterparty.

(d) No failure on the part of Counterparty to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Counterparty of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to Counterparty and allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by Counterparty from time to time.

5. Subrogation.

The Guarantor will not exercise any rights that it may now have or hereafter acquire against Obligor or any other guarantor that arise from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any

right to participate in any claim or remedy of Counterparty against Obligor, any other guarantor or any Security, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from Obligor or any other guarantor, directly or indirectly, in cash or other property, by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Obligations shall have been finally and irrevocably paid in full in cash.

6. Representations.

The Guarantor hereby makes to Counterparty the representations set forth below:

(a) It is duly organized and validly existing under the law of the jurisdiction of its incorporation and is in good standing;

(b) it has the power to execute, deliver and perform its obligations under this Guaranty, and it has taken all necessary action to authorize such execution, delivery and performance;

(c) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(d) all governmental and other consents that are required to have been obtained by it with respect to this Guaranty have been obtained and are in full force and effect and all conditions of any such consents have been complied with;

(e) its obligations under this Guaranty constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)); or

(f) there is not pending, or, to its knowledge, threatened against it, any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Guaranty.

7. Payment.

In the event of default by Obligor in payment of all or any part of the Obligations, Counterparty shall make a demand to Guarantor (a "Demand Letter") for such payment(s), and Guarantor shall pay all amounts payable with respect to all of the Obligations then due and owing in freely transferable, cleared and immediately available funds (US Dollars) to Creditor within five (5) Business Days of receipt of the Demand Letter. A Demand Letter shall be in writing, sent pursuant to Section 9 and shall reasonably and briefly specify in what manner and/or what amount Obligor has defaulted and an explanation of why the Obligations are due, with a statement that Counterparty is calling upon Guarantor to fulfill its obligations hereunder.

8. Transfers; Benefit and Burden.

(a) This Guaranty shall be binding on the Guarantor and its successors, and shall benefit Counterparty, its permitted transferees and its and their successors. Any reference to the Guarantor or Counterparty in this Guaranty shall be construed in accordance with the preceding sentence. Counterparty may sue to enforce this Guaranty in its own name and right.

(b) Guarantor agrees that its obligations and the rights of Counterparty hereunder shall not be affected or impaired by any transfer, consolidation, renaming or other corporate event with respect to Guarantor.

(c) Neither the Guarantor nor the Counterparty shall assign this Guaranty or its rights hereunder without the prior written consent of the Guarantor or the Counterparty, as the case may be, which consent may be withheld in the exercise of its sole discretion; provided, however, either the Guarantor or the Counterparty, as the case may be, may, without the consent of the other party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Guaranty or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Guaranty to an affiliate of the Guarantor which affiliate's creditworthiness is equal to or higher than that of Guarantor, or (iii) transfer or assign this Guaranty to any person or entity succeeding to all or substantially all of Guarantor's assets whose creditworthiness is equal to or higher than that of the Guarantor; provided, however, that in each such case of clauses (ii) and (iii), any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as Guarantor delivers such tax and enforceability assurance as Counterparty may reasonably request.

9. Notices and Communications; Place of Payment.

(a) Any notice or other communication in respect of this Guaranty must be in writing and may be given in any manner set forth below to the address or number provided and will be deemed effective as indicated:

(i) if delivered in person or by courier, on the date it is delivered or its delivery is attempted, unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Business Day, in which case that notice or communication shall be deemed given and effective on the first following day that is a Business Day;

(ii) if transmitted by facsimile, on the date such transmission is received, unless the date of that transmission is not a Business Day or that transmission is received after the close of business on a Business Day, in which case that notice or communication shall be deemed given and effective on the first following day that is a Business Day

(iii) if sent by certified or registered mail (return receipt requested), on the date that mail is delivered or its delivery is attempted; or unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Business Day or that notice or communication is delivered (or attempted) or received, as applicable, after the close of

business on a Business Day, in which case that notice or communication shall be deemed given and effective on the first following day that is a Business Day.

(b) Guarantor's address and facsimile number for such notices and other communications is as follows:

Siemens Energy, Inc.
4400 Alafaya Trail
Orlando, Florida 32826
Attn.: Paul Briggs
Phone No.: (407) 736-2000
Fax No.: (407) 243-3181

provided, that Guarantor may by not less than fifteen (15) Business Days prior written notice to Counterparty change the address details above at which notices or other communications are to be given to it.

(c) Counterparty's address and facsimile number for such notices and other communications is as follows:

Brazos Electric Power Cooperative, Inc.
7616 Bagby Avenue
Waco, Texas 76712
Attention: Executive Vice President and General Manager
Telephone: 254-750-6200
Fax No.: 254-750-6229

provided, that Counterparty may by not less than fifteen (15) Business Days prior written notice to the Guarantor change the address details above at which notices or other communications are to be given to it.

(d) All amounts payable by the Guarantor to Counterparty under this Guaranty shall be payable to Counterparty at its office at 7616 Bagby Avenue, Waco, Texas 76712, or at such other place and in such manner as may be specified in written notice given by Counterparty to the Guarantor, which written notice may be included in the Demand Letter given by Counterparty to the Guarantor under this Guaranty.

10. Costs and Expenses.

The Guarantor agrees to pay on demand by Counterparty all reasonable Collection Costs incurred by Counterparty.

11. Term; Termination.

This Guaranty shall continue in full force and effect from the Effective Date until the earlier of (i) the satisfaction the Obligations of Obligor under the Agreement guaranteed by this Guaranty or (ii) one (1) year after the date that the Plant (as such term is defined in the Agreement) achieves Commercial Operation (as such term is defined in the

Agreement) under the Agreement other than with respect to claims or causes of action on which suit has been brought under this Guaranty prior to the date that is one (1) year after the date that the Plant achieves Commercial Operation under the Agreement, as to which claims and causes of action the Guaranty shall continue in full force and effect.

12. Miscellaneous.

(a) This Guaranty constitutes the entire agreement and understanding of the Guarantor with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) The headings used in this Guaranty are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Guaranty.

(c) No amendment of this Guaranty shall be effective unless in writing and signed by Guarantor and Counterparty; provided however, that a written instrument executed solely by Guarantor may expressly extend the termination date, expressly increase the Maximum Amount, or both, and any such notice so given shall be and constitute conclusive evidence of the increase or extension described therein, shall be irrevocable and binding upon the Guarantor for all purposes of this Guaranty, and Counterparty shall, from and after its receipt thereof, be unconditionally and conclusively entitled to rely thereon without necessity giving notice of its receipt or acceptance thereof to Guarantor.

13. Governing Law; Jurisdiction.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Texas without reference to its choice of law doctrine.

With respect to any suit, action or proceedings relating to this Guaranty ("Proceedings"), the Guarantor irrevocably (i) submits to the exclusive jurisdiction of: the courts of the State of Texas and any United States District Court located in Texas and (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such courts, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such courts do not have any jurisdiction over the Guarantor. Nothing in this Guaranty precludes Counterparty from bringing Proceedings in any other jurisdiction nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

[Signature Page Follows]

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be duly executed and delivered by its duly authorized officer as of the Effective Date.

Siemens Energy, Inc.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____