



**Guarantee of Citigroup Energy Inc.  
by Citigroup Global Markets Holdings Inc.**

Guarantee, dated as of [\_\_\_\_\_], of Citigroup Global Markets Holdings Inc., a New York corporation (“Guarantor”), in favor of City of Rochelle, Illinois (“Counterparty”).

1. **Guarantee.** In order to induce Counterparty to enter into an EEI Master Power Purchase and Sale Agreement, dated as of the date hereof (the “Agreement”), with Guarantor’s wholly-owned subsidiary, Citigroup Energy Inc. (“Primary Obligor”), Guarantor absolutely and unconditionally guarantees to Counterparty, its successors and permitted assigns, the due and punctual payment of all amounts payable by Primary Obligor under the Agreement, whether secured or unsecured, joint or several (such amounts, together with any and all expenses provided for in the Agreement incurred by Counterparty in enforcing Counterparty’s rights under this Guarantee, the “Obligations”) all without regard to any counterclaim, set-off, deduction or defense of any kind which Guarantor may have or assert, and without abatement, suspension, deferment or diminution on account of any event or condition whatsoever; provided, however, that Guarantor shall be entitled to exercise or assert, as the case may be, any right, claim or defense that is available to Primary Obligor. Any capitalized term used herein and not otherwise defined shall have the meaning assigned to it in the Agreement. Notwithstanding anything to the contrary herein, the aggregate amount covered by this Guarantee shall not exceed U.S. \$10,000,000.

2. **Nature of Guarantee.** This Guarantee is a guarantee of payment and not of collection. Counterparty shall not be obligated, as a condition precedent to performance by Guarantor hereunder, to file any claim relating to the Obligations in the event that Primary Obligor becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of Counterparty to file a claim shall not affect Guarantor’s obligations hereunder. This Guarantee shall continue to be effective or be reinstated if any payment to Counterparty by Primary Obligor on account of any Obligation is returned to Primary Obligor or is rescinded upon the insolvency, bankruptcy or reorganization of Primary Obligor.

3. **Consents, Waivers and Renewals.** Guarantor agrees that Counterparty may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of Guarantor, change the time, manner or place of payment or any other term of, any Obligation, exchange, release fail to perfect or surrender any collateral for, or renew or change any term of any of the Obligations owing to it, and may also enter into a written agreement with Primary Obligor or with any other party to the Agreement or person liable on any Obligation, or interested therein, for the extension, renewal, payment, compromise, modification, waiver, discharge or release thereof, in whole or in part, without impairing or affecting this Guarantee. Except as otherwise set forth in Section 1 hereof, the Obligations of Guarantor under this Guarantee are unconditional, irrespective of (i) the lack of value, genuineness, validity, or enforceability of the Obligations, (ii) any law, regulation or order of any jurisdiction or any other similar event affecting the term of any Obligation or of Counterparty’s rights with respect thereto and (iii) to the fullest extent permitted by applicable law, (a) any law, rule or policy that is now or hereafter promulgated by any governmental authority (including any central bank) or regulatory body that may adversely affect Primary Obligor’s ability or obligation to make or receive such payments, (b) any nationalization, expropriation, war, riot, civil commotion or other similar event, (c) any inability to convert any currency into the currency of payment of such obligation, and (d) any inability to transfer funds in the currency of payment of such obligation to the place of payment therefor. Guarantor agrees that Counterparty may have recourse to Guarantor for payment of any of

the Obligations, whether or not Counterparty has proceeded against any collateral security or any obligor principally or secondarily obligated for any Obligation. Guarantor waives demands, promptness, diligence and all notices that may be required by law or to perfect Counterparty's rights hereunder except notice to Guarantor of a default by Primary Obligor under the Agreement, provided, however, that any delay in the delivery of notice shall in no way invalidate the enforceability of this Guarantee. No failure, delay or single or partial exercise by Counterparty of its rights or remedies hereunder shall operate as a waiver of such rights or remedies. All rights and remedies hereunder or allowed by law shall be cumulative and exercisable from time to time.

4. **Representations and Warranties.** Guarantor hereby represents and warrants that:

(i) Guarantor is duly organized, validly existing and in good standing under the laws of the State of New York;

(ii) Guarantor has the requisite corporate power and authority to issue this Guarantee and to perform its obligations hereunder, and has duly authorized, executed and delivered this Guarantee;

(iii) Guarantor is not required to obtain any authorization, consent, approval, exemption or license from, or to file any registration with, any government authority as a condition to the validity of, or to the execution, delivery or performance of, this Guarantee;

(iv) as of the date of this Guarantee, there is no action, suit or proceeding pending or threatened against Guarantor before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could affect, in a materially adverse manner, the ability of Guarantor to perform any of its obligations under, or which in any manner questions the validity of, this Guarantee;

(v) the execution, delivery and performance of this Guarantee by Guarantor does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of Guarantor's certificate of incorporation or by-laws or any contractual restriction binding on Guarantor; and

(vi) this Guarantee constitutes the legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5. **Subrogation.** Upon payment by Guarantor of any sums to Counterparty under this Guarantee, all rights of Guarantor against Primary Obligor arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of all the obligations of Primary Obligor under the Agreement, including all Transactions then in effect between Primary Obligor and Counterparty.

6. **Termination.** This Guarantee is a continuing guarantee and shall remain in full force and effect until such time as it may be revoked by Guarantor by notice given to Counterparty, such notice to be deemed effective upon receipt thereof by Counterparty or at such later date as may be specified in such notice; provided, however, that such revocation shall not limit or terminate this Guarantee in respect of any Transaction effected under the Agreement which shall have been entered into prior to the effectiveness of such revocation.

7. **Notices.** Any notice or communication required or permitted to be made hereunder shall be made in the same manner and with the same effect as set forth in the Agreement, unless otherwise specifically provided herein. Notices shall be made to the following addresses set forth below (or to such other addresses as either party may designate by notice to the other party):

If to the Counterparty:

City of Rochelle, Illinois  
700 West 2<sup>nd</sup> Avenue  
Rochelle, Illinois 61069-1540  
Attention: Jason Bird  
Facsimile No.: 815-562-5861

If to the Guarantor:

Citigroup Global Markets Holdings Inc.  
388 Greenwich Street  
New York, NY 10013  
Attention: Citi Treasury

With a copy to:

Legal Department  
388 Greenwich Street  
17<sup>th</sup> Floor  
New York, NY 10013  
Attention: Senior Deputy General Counsel, Citi Markets and Banking  
Facsimile No.: 212 816-5550

8. **GOVERNING LAW; JURISDICTION.** This Guarantee shall be governed by and construed in accordance with the laws of the State of New York. Guarantor hereby irrevocably consents to, for the purposes of any proceeding arising out of this Guarantee, the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the borough of Manhattan in New York City.

9. **Waiver of Immunity.** To the extent that Guarantor has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to Guarantor or Guarantor's property, Guarantor hereby irrevocably waives such immunity in respect of Guarantor's obligations under this Guarantee.

10. **Waiver of Jury Trial.** Guarantor hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Guarantee or the negotiation, administration or enforcement hereof.

11. **Miscellaneous.** Each reference herein to Guarantor, Counterparty or Primary Obligor shall be deemed to include their respective successors and assigns. The provisions hereof shall inure in favor of each such successor or assign. This Guarantee (i) shall supersede any prior or contemporaneous representations,

statements or agreements, oral or written, made by or between the parties with regard to the subject matter hereof and (ii) may be amended only by a written instrument executed by Guarantor and Counterparty and (iii) may not be assigned by either party without the prior written consent of the other party.

12. **Assignment.** Neither this Guarantee nor any Obligation hereunder with respect to any Transaction may be transferred other than in accordance with the express provisions of the Agreement. Any such transfer shall be effective against Guarantor only upon receipt by Guarantor of written notice of such transfer.

13. **Limitation of Liability.** Notwithstanding anything to the contrary contained herein or in the Agreement, whether express or implied, Guarantor shall in no event be required to pay or be liable to Counterparty for any consequential, indirect or punitive damages, opportunity costs or lost profits.

**IN WITNESS WHEREOF**, the undersigned has executed this Guarantee as of the date first above written.

**CITIGROUP GLOBAL MARKETS  
HOLDINGS INC.**

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