



(“Mitchell Debt”);<sup>2</sup> and (ii) \$65 million principal amount of Ohio Power’s West Virginia Economic Development Authority (the “WVEDA”) Solid Waste Disposal Facilities Revenue Refunding Bonds (Ohio Power Company – Mitchell Project), Series 2008A due April 1, 2036 (the “WVEDA Bonds”).<sup>3</sup>

### Applicant

2. Kentucky Power was organized in 1919 under the laws of the Commonwealth of Kentucky.<sup>4</sup> The Company’s mailing address is 101A Enterprise Drive, P.O. Box 5190, Frankfort, Kentucky 40602-5190. Its electronic mail address is [jkrosquist@aep.com](mailto:jkrosquist@aep.com). Kentucky Power is engaged in the generation, purchase, transmission, distribution and sale of electric power. Applicant serves approximately 173,000 retail customers in the following 20 counties of eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike and Rowan. In addition, the Company also supplies electric power at wholesale to other utilities and municipalities in Kentucky for resale. Kentucky Power is a utility as that term is defined at KRS 278.010.

3. Kentucky Power's property in Kentucky includes the 1,060 megawatt Big Sandy Plant generating station located in Lawrence County, constructed in conformity with certificates of public convenience and necessity issued by this Commission; transmission lines and all appurtenant facilities; distribution lines; transmission and distribution stations and equipment; office buildings

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<sup>2</sup> See Verified Application of Kentucky Power Company, *In the Matter of: The Application of Kentucky Power Company For: (1) A Certificate of Public Convenience And Necessity Authorizing The Transfer To the Company Of A Fifty Percent Undivided Interest In The Mitchell Generating Station And Associated Assets; (2) Approval Of The Assumption By Kentucky Power Company Of Certain Liabilities In Connection With The Transfer Of The Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral of Costs Incurred In Connection With The Company’s Efforts To Meet Federal Clean Air Act And Related Requirements; And (5) For All Other Required Approvals And Relief* at ¶¶ 43, 44 (Ky. P.S.C. Filed December 19, 2012) (“Mitchell Transfer Application”).

<sup>3</sup> *Id.*

<sup>4</sup> A certified copy of the Company’s Articles of Incorporation and all amendments thereto was attached to the Joint Application in *In the Matter Of: The Joint Application Of Kentucky Power Company, American Electric Power Company, Inc. And Central And South West Corporation Regarding A Proposed Merger*, P.S.C. Case No. 99-149.

and equipment; storerooms for operation and maintenance materials; data processing equipment; metering equipment; communications equipment and motor vehicles.

4. The total original cost and cost to Kentucky Power of Applicant's plant is \$1,849,243,931 as of September 30, 2013. The Company's real property located in Kentucky totaled approximately \$40,118,930 as of the same date.

5. Kentucky Power is a direct, wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP.") AEP is a multi-state public utility holding company whose operating companies provide electric utility service to customers in parts of eleven states – Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.

#### **Non-Party Entities**

6. Ohio Power Company ("Ohio Power") is a corporation organized under the laws of the State of Ohio and provides electric utility service to approximately 1.5 million retail customers in Ohio. Ohio Power does not provide utility service in the Commonwealth of Kentucky and is not a utility subject to the provisions of Chapter 278 of the Kentucky Revised Statutes. Ohio Power, which is a direct, wholly-owned subsidiary of AEP, has offices located at 850 Tech Center Drive, Gahanna, Ohio 43230.

7. AEP Generation Resources Inc.<sup>5</sup> ("AEP Generation Resources") is a corporation organized under the laws of the State of Delaware. It is a direct subsidiary of Ohio Power and an indirect, wholly-owned subsidiary of AEP. AEP Generation Resources was created for the purpose of organizing and operating the generating assets of Ohio Power. AEP Generation

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<sup>5</sup> AEP Generation Resources Inc. is a corporation distinct from AEP Generating Company, which owns a portion of the Rockport generating station.

Resources does not provide utility service in the Commonwealth of Kentucky and is not a utility subject to the provisions of Chapter 278 of the Kentucky Revised Statutes. Its corporate address is 1 Riverside Plaza, Columbus, Ohio 43215.

8. NEWCO Kentucky is a yet-to-be formed corporation to be organized under the laws of the State of Delaware for the limited purpose of transferring the subject assets and liabilities. It will not survive closing. NEWCO Kentucky will exist and hold assets only for a brief period immediately prior to NEWCO Kentucky's merger with Kentucky Power. It will be an indirect wholly-owned subsidiary of AEP Generation Resources. Although NEWCO Kentucky will briefly own certain generating facilities if the proposed transaction occurs, it will not provide utility service in the Commonwealth of Kentucky, and will not be a utility subject to the provisions of Chapter 278 of the Kentucky Revised Statutes.

9. Appalachian Power Company ( "APCo") is a corporation organized under the laws of the Commonwealth of Virginia and provides electric utility service to approximately 1,000,000 retail customers in Virginia and West Virginia. APCo does not provide utility service in the Commonwealth of Kentucky and is not a utility subject to the provisions of Chapter 278 of the Kentucky Revised Statutes. APCo, which is a direct, wholly-owned subsidiary of AEP, maintains an office at 707 Virginia Street East, Charleston, West Virginia 25301.

10. American Electric Power Service Corporation ("AEPSC") is a corporation organized under the laws of the State of New York, AEPSC is a wholly-owned subsidiary of AEP and provides management and professional services to AEP and its utility operating subsidiaries.

## Background

### A. The Mitchell Transfer.

11. In Case No. 2012-00578, filed December 19, 2012, the Company filed an application seeking all necessary approvals for the transfer to Kentucky Power of an undivided 50% interest in the Mitchell generating station comprising 780MW, along with related assets, and to assume the Company's proportionate share of the liabilities associated with the Mitchell generating station ("Transfer Application.")

12. In the Transfer Application, Kentucky Power described the liabilities to be assumed:

14. In conjunction with the transfer of the Transferred Assets, the Company will assume a fifty percent undivided interest in the liabilities described in Section 2.03 of the Asset Contribution Agreement between AEP Generation Resources Inc. and NEWCO Kentucky (Collectively these liabilities constitute the "Assumed Liabilities.") Excluded from Assumed Liabilities are those liabilities described in Section 2.04 of the Asset Contribution Agreement.

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42. The book value of the Assumed Liabilities will be fixed at the time of closing. The book value of the Assumed Liabilities, excluding debt, as of December 31, 2011 was \$159 million.

43. The net book value of the Transferred Assets will initially be financed with a combination of paid-in-capital and an intercompany note. Based on the net book value of \$519 million at December 31, 2011, the estimate of Paid-in-Capital is \$319 million and the anticipated intercompany note is \$200 million. The actual capitalization will be determined at the time of closing based on the actual net assets transferred on or about December 31, 2013.

44. No new debt will be issued by Kentucky Power at the time of the Transfer and Assumption Transaction. Within six months of the closing of the Transfer and Assumption Transaction, Kentucky Power anticipates issuing debt in the approximate amount of \$275 million. The proceeds will be used to retire the intercompany note that will be assumed in connection with the Transfer and Assumption Transaction, and to recapitalize Kentucky Power to restore its debt-capital ratio to levels approximating the levels prior to the Transfer and Assumption Transaction. In addition, the rights and liabilities associated with the West

Virginia Economic Development Authority (“WVEDA”) Pollution Control Revenue Bond (“PCRB”) that partially financed the FGD units constructed at the Mitchell generating station will be transferred to Kentucky Power. This \$65 million WVEDA bond for Mitchell is currently held in trust by Ohio Power and may be reissued by Kentucky Power. Kentucky Power will seek all necessary approvals under KRS 278.300 for any financing activities subsequent to the Transfer and Assumption Transaction.

13. As set forth in the Transfer Application, the Mitchell Transfer will be accomplished by merging NEWCO Kentucky,<sup>6</sup> with and into the Kentucky Power on or about December 31, 2013 (the “Merger”). At the time of the Merger, NEWCO Kentucky’s assets and liabilities are expected to include: (1) an undivided 50% interest in the Mitchell Plant (780MW) and associated assets; (2) approximately \$200 million of Mitchell Debt;<sup>7</sup> and (3) the \$65 million principal amount of Ohio Power’s WVEDA Bonds. By operation of law, following the Merger, and in accordance with the Transfer Order, Kentucky Power will succeed to the obligations of NEWCO Kentucky with respect to the Mitchell Debt and the WVEDA Bonds.<sup>8</sup>

B. The Transfer Order.

14. On July 2, 2013 the Company, Kentucky Industrial Utility Customers, Inc., and Sierra Club entered into and filed a Stipulation and Settlement Agreement (“Stipulation”) in connection with the Mitchell Transfer Application.

15. By the Transfer Order, the Commission approved the Mitchell Transfer and the Stipulation, along with the Company’s assumption of the related liabilities, subject to Kentucky

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<sup>6</sup> As further described in the Transfer Application and the Transfer Order, AEP Generation Resources will acquire all of the generation assets and related liabilities of Ohio Power and transfer certain assets and liabilities to NEWCO Kentucky.

<sup>7</sup> The \$200,000,000 inter-company note described at paragraph 43 of the Application will take the form of the assignment of a portion of the borrowings made by Ohio Power under the Credit Agreement, as described at paragraphs 16, 18-19 of this Application, in a principal amount not to exceed \$200 million.

<sup>8</sup> The WVEDA Bonds cannot be directly transferred from Ohio Power to NEWCO Kentucky (and then Kentucky Power.) Instead, a note that transfers the economic obligations of the WVEDA Bonds from Ohio Power to AEP Generating Resources to NEWCO Kentucky, and pursuant to the Merger of Kentucky Power and NEWCO Kentucky, to Kentucky Power, will be used until such time that the Company is able to refund the WVEDA Bonds.

Power's acceptance of and agreement to be bound by the four modifications set forth in Appendix B to the Transfer Order. The Company filed its acceptance of, and agreement to be bound by, the four modifications set forth in Appendix B to the Transfer Order on October 14, 2013.

16. In the Transfer Order, the Commission authorized the Company's assumption of the Mitchell Debt by operation of law through the Merger.<sup>9</sup> The Mitchell Debt will be assumed by Kentucky Power through assignment of the Mitchell Debt portion of the Credit Agreement, as set out below in paragraphs 18-19 of this Application, through consummation of the Merger in conformity with the Transfer Order. Kentucky Power's obligations under the Credit Agreement will consist solely of the Mitchell Debt and will be payable solely to the lenders thereunder and not to any affiliate.

17. The Transfer Order also authorized Kentucky Power to assume indirectly Ohio Power's obligations with respect to the WVEDA Bonds.<sup>10</sup>

C. The Credit Agreement.

18. In July 2013, Kentucky Power and certain of its affiliates<sup>11</sup> entered into a \$1 billion term credit facility due in May 2015 (the "Credit Agreement") to provide liquidity during Ohio Power's corporate separation process and to facilitate the subsequent transfer of generation assets and liabilities to AEP Generation Resources, then to NEWCO Kentucky, and ultimately to the Company. Under the Credit Agreement, Ohio Power may assign borrowings under the Credit Agreement to AEP Generation Resources upon the transfer of Ohio Power's generation assets to AEP Generation Resources. To implement the Merger and the assumption by Kentucky Power of the Mitchell Debt, AEP Generation Resources will subsequently assign that portion of

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<sup>9</sup> Transfer Application at ¶ 44; Transfer Order at 39, 43.

<sup>10</sup> Transfer Application at ¶ 44; Transfer Order at 39, 43.

<sup>11</sup> AEP, AEP Generation Resources, APCo and Ohio Power also are parties to the Credit Agreement.

the borrowings under the Credit Agreement related to the Mitchell Debt to NEWCO Kentucky, which in turn will merge with Kentucky Power in connection with AEP Generation Resources' transfer of certain of those generation assets to NEWCO Kentucky and, pursuant to the Merger, to Kentucky Power.<sup>12</sup>

19. Kentucky Power will assume the Mitchell Debt through the assignment of a portion of the borrowings made by Ohio Power under the Credit Agreement in a principal amount not to exceed \$200 million. The Company has not incurred, and will not incur, any indebtedness under the Credit Agreement unless and until the Merger is completed as contemplated by the Transfer Order. Kentucky Power's assumption of the Mitchell Debt was approved by the Commission in the Transfer Order.<sup>13</sup> The Company is seeking authorization through this Application to refund the assumed Mitchell Debt through the issuance of longer term Notes as set forth below in paragraphs 20-27 of this Application.

#### **Refunding the Mitchell Debt**

20. To refund the Mitchell Debt (in a principal amount not to exceed \$200 million) Kentucky Power proposes, with the consent and approval of this Commission, to issue and sell, in one or more transactions from time to time through December 31, 2015, up to \$200 million aggregate principal amount of unsecured promissory notes in one or more new series (the "Notes"). The Notes may be issued in the form of Senior Notes, or other unsecured promissory notes. In no event will the amount of Notes issued in the transaction described herein exceed the principal amount of \$200 million. The issuance of the Notes to refund the Mitchell Debt was not the subject

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<sup>12</sup> Certain liabilities associated with the Amos generating station will be transferred to APCo through a similar process.

<sup>13</sup> Transfer Order at 39, 43.

of the Transfer Application and thus the Company is seeking the required authorization through this Application.

21. Each series of the Notes will mature in not less than 9 months and not more than 60 years and will be sold: (i) by competitive bidding; (ii) through negotiation with underwriters or agents in private placement offerings; or (iii) by direct placement with a commercial bank or other institutional investor. The interest rate of the Notes may be fixed or variable as determined to be most advantageous to the Company at the time of the issuance and sale of the Notes subject to the limits described in paragraph 22 below.

22. Any fixed rate of interest on the Notes will be at a yield to maturity which shall not exceed by more than 500 basis points the yield to maturity on United States Treasury bonds of comparable maturity at the time of pricing. Any initial fluctuating rate of interest on the Notes will not exceed 8% per annum at the time of issuance. Applicant will agree to specific redemption provisions, if any, including redemption premiums, at the time of the pricing. If it is deemed advisable, the Notes may be provided some form of credit enhancement, including but not limited to a letter of credit, bond insurance, standby purchase agreement or surety bond.

23. In addition, Kentucky Power may issue one or more Notes in connection with long-term borrowings by AEP, or with any entity owning directly or indirectly all of the outstanding common stock of the Applicant.<sup>14</sup> The interest rates and maturity dates of any such borrowings will be designed to parallel the cost of the capital of AEP to comply with any applicable law or regulation.

24. In connection with the sale of the Notes, Kentucky Power may agree to restrictive covenants which would prohibit it from, among other things (i) creating or permitting to exist any liens on its property, with certain stated exceptions; (ii) creating indebtedness except as specified

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<sup>14</sup> Any such transactions will comply with KRS 278.2201 *et seq.*

therein; (iii) failing to maintain a specified financial condition; (iv) entering into certain mergers, consolidations and dispositions of assets; and (v) permitting certain events to occur in connection with pension plans. In addition, Kentucky Power may permit the holder of the Notes to require the Company to prepay them after certain specified events, including an ownership change.

25. Present market conditions make it difficult to determine whether between the date of the Commission's Order granting the requested authority, and December 31, 2015 (the expiration of the requested authority), it would be more advantageous to Kentucky Power and its customers to sell its Notes with a 60-year or some shorter maturity. It nevertheless is in the public interest that Kentucky Power be afforded the necessary flexibility to adjust its financing program to developments in the markets for medium and long-term debt securities when and as they occur in order to obtain the best possible price, interest rate and terms for its Notes. The Company thus requests authorization to determine at a subsequent date whether there will be more than one series, and on the maturity of each series of the Notes. Kentucky Power may agree to specific redemption provisions, if any, at the time of the pricing of the Notes.

26. Any Notes will likely be issued under a new Indenture or the Indenture dated September 1, 1997 with Deutsche Bank Trust Company Americas, Trustee, or any eligible and qualified successor (the "Indenture"), as supplemented from time to time by one or more company orders or other similar documentation.

27. Based upon past experience with similar financings, the Company estimates issuance costs for the Notes will total approximately \$1,750,000.

## The Refunding Of The WVEDA Bonds

28. The WVEDA Bonds currently are held in trust by Ohio Power;<sup>15</sup> that is, Ohio Power currently is both the issuer (indirect) of the bonds and the holder of the bonds.<sup>16</sup> The Transfer Order approved the transfer to Kentucky Power of the economic rights and liabilities associated with the WVEDA Bonds.<sup>17</sup> As described below, the economic rights and liabilities associated with the WVEDA Bonds initially will be assumed by Kentucky Power through the Company's issuance of the Pass-Through Note described in paragraphs 30-32 of this Application.

29. Kentucky Power will hold the economic rights and liabilities associated with the WVEDA Bonds in trust. Doing so will permit the WVEDA, acting on behalf of Kentucky Power, to issue \$65 million in WVEDA Solid Waste Disposal Facilities Revenue Refunding Bonds.

### A. The Issuance Of The Pass-Through Note.

30. Because WVEDA and not Ohio Power is the direct issuer of the WVEDA Bonds, Ohio Power's obligations with respect to the WVEDA Bonds cannot be directly transferred from Ohio Power to NEWCO Kentucky (and ultimately Kentucky Power) through the Merger. Instead, an instrument (the "Pass-Through Note") will be used to transfer the economic obligations of the WVEDA Bonds, as approved by the Commission in the Transfer Order, from Ohio Power to AEP Generation Resources, then from AEP Generation Resources to NEWCO

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<sup>15</sup> See Transfer Application at ¶ 44; Transfer Order at 39-40.

<sup>16</sup> See, Response of Kentucky Power Company to KPSC 1-14, *In the Matter of: The Application of Kentucky Power Company For: (1) A Certificate of Public Convenience And Necessity Authorizing The Transfer To the Company Of A Fifty Percent Undivided Interest In The Mitchell Generating Station And Associated Assets; (2) Approval Of The Assumption By Kentucky Power Company Of Certain Liabilities In Connection With The Transfer Of The Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral of Costs Incurred In Connection With The Company's Efforts To Meet Federal Clean Air Act And Related Requirements; And (5) For All Other Required Approvals And Relief* (Ky. P.S.C. Filed February 20, 2013).

<sup>17</sup> Transfer Order at 39-40; *See also* Transfer Order at 9-10; Transfer Application at ¶ 44.

Kentucky, and ultimately to the Company through the Merger until such time as the WVEDA Bonds can be refunded by the Kentucky Power in the manner described in paragraphs 33-38 of this Application.

31. The payment terms of the Pass-Through Note will mirror the payment terms of the WVEDA Bonds. The Pass-Through Note will be extinguished according to its terms when the holders of the WVEDA Bonds receive their tender price through the refunding of the WVEDA Bonds as described in Paragraph 33 of this Application.

32. The October 7, 2013 Transfer Order approved the assumption by Kentucky Power of the rights and liabilities associated with the WVEDA Bonds. The Pass-Through Note issued by NEWCO Kentucky will be the vehicle by which the previously-approved assumption of the economic rights and liabilities will be implemented. Further, the Pass-Through Note will be for a term of less than two years and thus is exempted by KRS 278.300(8) from the approval requirements of KRS 278.300(1).

B. The Issuance Of The New Bonds.

33. The Company anticipates refunding the WVEDA Bonds no later than December 31, 2015 through the issuance by the WVEDA, on behalf of Kentucky Power, of a new series of Solid Waste Disposal Facilities Revenue Bonds (the "New Bonds") in a principal amount equal to the existing WVEDA Bonds (\$65 million). The proceeds from the sale of the New Bonds ultimately will be deposited with the New Bonds trustee (as described below) with instructions to deliver those proceeds to the trustee for the WVEDA Bonds (the "WVEDA Bonds Trustee"). The WVEDA Bonds Trustee will redeem and retire the outstanding \$65 million principal amount of the WVEDA Bonds.

34. No proceeds from the issuance of the New Bonds will be paid to Ohio Power. Instead, the proceeds of the New Bonds will be paid to Kentucky Power, as holder of the economic rights and liabilities associated with the WVEDA Bonds. The issuance of the New Bonds provide the Company with the flexibility to issue tax-exempt debt, thereby diversifying its debt, and is expected to reduce the embedded cost of the Company's long-term debt with tax exempt bonds, which traditionally carry less cost than taxable bonds. The proceeds of the New Bonds may be used to refinance a portion of the Mitchell Debt at a lower cost than can be achieved through the issuance of the Notes described at paragraphs 20-26 of this Application, for general corporate purposes, and for working capital.

35. Each series of New Bonds will be sold in one or more underwritten public offerings, direct bank loans, credit agreements or facilities, negotiated sales, or private placement transactions utilizing the customary and appropriate documentation. While Kentucky Power will not be a party to the underwriting, placement or other arrangements for any series of New Bonds, the applicable Loan Agreement, as described in paragraphs 39-43 of this Application, will provide that the applicable series of New Bonds shall have such terms as shall be specified by the Company.

36. The price, maturity date(s), interest rate(s), and the redemption provisions and other terms and provisions of each series of New Bonds (including, in the event all or a portion of any series of New Bonds initially bear a variable rate of interest, the method for determining the interest rate) would be determined on the basis of negotiations between Applicant, the WVEDA, and the purchasers of such bonds.

37. Each series of New Bonds would be issued pursuant to one or more indentures (each an “Indenture”), between the WVEDA and a Trustee. In no event will the amount of New Bonds issued in the transaction described herein exceed a total of \$65,000,000.

38. In connection with each series of New Bonds, the Company may enter into one or more guaranty agreements, bond insurance agreements and other similar undertakings guaranteeing repayment of any part of the obligations under one or more series of New Bonds for the benefit of the holders of such bonds. The Company seeks through this Application the authority to enter into such agreements.

C. The Loan Agreement.

39. Because WVEDA, and not Kentucky Power, will be the issuer of the New Bonds, the Loan Agreement is the financing mechanism by which Kentucky Power will assume financial responsibility for payments on and in connection with the New Bonds.

40. In consideration of the payment of the proceeds of the New Bonds to the WVEDA Bond Trustee to redeem and retire the currently outstanding \$65 principal amount of the WVEDA Bonds, the economic rights and liabilities of which will be held by Kentucky Power, and the consequent extinguishment of the Pass-Through Note, the Company will execute one or more loan or installment payment agreements between the WVEDA and Kentucky Power (collectively the “Loan Agreement”). The payments to be made by Kentucky Power under the Loan Agreement for one or more series of New Bonds, together with other funds available for that purpose, will be sufficient to pay the principal, purchase price or premium, if any, and interest on such New Bonds. The Loan Agreement and the payments to be made by the Company pursuant to each series of New Bonds will be assigned to the applicable Trustee to secure the payment of the principal and interest on the related New Bonds.

41. The Loan Agreement for each series will provide that each loan payment (or installment of the purchase price for the applicable Project) payable by Applicant will be in such an amount (together with other moneys held by the Trustee under the Indenture for that purpose) as will enable the WVEDA to pay, when due, (i) the interest on all New Bonds and any additional bonds and refunding bonds issued under the Indenture for that series; (ii) the stated maturities of the principal of all New Bonds and any additional bonds and refunding bonds issued under the Indenture for that series; and (iii) amounts, including any accrued interest, payable in connection with any redemption of the New Bonds and any additional bonds or refunding bonds issued under the Indenture for that series.

42. The Loan Agreement also will obligate Kentucky Power to pay the fees and charges of the Trustee, as well as certain administrative expenses of the WVEDA. The Company will not agree, without further Order of this Commission, to the issuance of any series of the New Bonds if (i) the stated maturity of any such bonds shall be more than forty (40) years; (ii) the fixed rate of interest to be borne by any such bonds shall exceed 8% or the initial rate of interest to be borne by any such bonds bearing a variable rate of interest shall exceed 8%; (iii) the discount from the initial public offering price of any such bond shall exceed 5% of the principal amount thereof; or (iv) the initial public offering price of any such bond shall be less than 95% of the principal amount thereof.

43. Based upon past experience with similar financings, the Company estimates other issuance costs, excluding underwriting fees, for the New Bonds will total approximately \$300,000.

**Provisions Applicable To Both The Refunding Of The  
Mitchell Debt And The WVEDA Bonds**

A. General Provisions.

44. The Notes and New Bonds will be issued in compliance with all applicable indenture and other standards relating to such securities and capitalization ratios of Kentucky Power.

45. The Company may purchase any outstanding securities through tender offer, negotiated, open market or other form of purchase or otherwise by means other than redemption, if they can be refunded at a lower effective cost. Any such tender offer will occur if Kentucky Power determines that the payment of the necessary premium is prudent in the light of the substantial amounts of interest expense that could be saved by early redemption of any of these series, and proposes to treat said premium as an expense of the New Bonds or Notes to be amortized over the life of the New Bonds or Notes. The Company intends to utilize deferred tax accounting for the premium expense, in order properly to match the amortization of the expense and the related tax effect.

46. The actual cost of the Notes and New Bonds will be determined at the time of the sale or sales thereof. The net effect on revenue requirements resulting from issuance of the Notes and New Bonds will be reflected in the determination of required revenue in rate proceedings in which all factors affecting rates are taken into account according to law.

47. The Company will, within thirty days after the issuance of each series of the Notes and New Bonds, file a verified statement with the Commission disclosing the date or dates of issuance of the Notes and New Bonds, the price paid, the interest rate, the purchasers, and an estimate of all fees and expenses, including underwriting discounts or commissions or other compensation paid by Kentucky Power in connection with the issuance and distribution of the Notes and New Bonds.

B. Treasury Hedge Agreements And Interest Rate Management Agreements.

48. In connection with the issuance of both the Notes and New Bonds, the Company may enter into, from time to time through December 31, 2015, one or more interest rate hedging arrangements, including, but not limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options or interest rate collar agreements (“Treasury Hedge Agreement”) to protect against future interest rate movements in connection with the issuance of the Notes and New Bonds. Each Treasury Hedge Agreement will correspond to one or more Notes and/or New Bonds that Kentucky Power will issue pursuant to this Application; accordingly, the aggregate corresponding principal amounts of all Treasury Hedge Agreements will not exceed an amount equal to, on the date or dates of entering such agreements, of \$265,000,000.

49. Kentucky Power proposes, with the consent and approval of this Commission through the Order to be issued in this proceeding to utilize interest rate management techniques and enter into Interest Rate Management Agreements through December 31, 2015. Such authority will allow the Company sufficient alternatives and flexibility to reduce its effective interest cost and manage interest cost on financings.

50. The Interest Rate Management Agreements will be products commonly used in today’s capital markets, consisting of “interest rate swaps”, “caps”, “collars”, “floors”, “options”, or hedging products such as “forwards” or “futures”, or similar products, the purpose of which is to manage and minimize interest costs. The Company expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for a fixed period and a stated principal amount, and shall be for underlying fixed or variable obligations of Kentucky Power. The Company will not agree to any covenant more restrictive than those contained in the underlying obligation unless such Interest Rate Management Agreement either expires by its terms or is unwindable on or prior to the end of the Authorization Period.

51. Kentucky Power proposes to account for these transactions in accordance with generally accepted accounting principles.

52. Because market opportunities for these interest rate management alternatives are transitory, the Company must be able to execute interest rate management transactions when the opportunity arises to obtain the most competitive pricing. Kentucky Power thus seeks approval to enter into any or all of the described transactions within the parameters discussed above prior to the time the Company reaches agreement with respect to the terms of such transactions.

53. If Kentucky Power utilizes Interest Rate Management Agreements, the Company's annual long-term interest charges could change. The authorization of the Interest Rate Management Agreements consistent with the parameters herein in no way relieves Kentucky Power of its responsibility to obtain the best terms available for the product selected. As a result, it is appropriate and reasonable for the Commission to authorize the Company to agree to such terms and prices consistent with said parameters.

#### **Compliance With KRS 278.300**

54. The Notes will provide long-term financing of the Mitchell Debt assumed by the Company in connection with transfer to Kentucky Power of the fifty percent undivided interest in the Mitchell generating station. The Commission approved the transfer to Kentucky Power of the Mitchell generating station interest and associated Mitchell Debt in the Transfer Order. As a result, the Notes are for a lawful object within the corporate purposes of Kentucky Power, are necessary and appropriate for, and consistent with the proper performance by the Company of its service to the public, and will not impair Kentucky Power's ability to provide that service.

55. The Loan Agreement permits Kentucky Power to take advantage of the low-cost financing available through refunding the WVEDA Bonds that Kentucky Power will hold in trust upon the consummation of the merger of the Company and NEWCO Kentucky. These low cost

funds may be used for general corporate purposes and to refinance a portion of the Mitchell Debt at lower rates than could be obtained through issuance of the notes. As a result, the Loan Agreement is for a lawful object within the corporate purposes of Kentucky Power, is necessary and appropriate for, and consistent with the proper performance by the Company of its service to the public, and will not impair Kentucky Power’s ability to provide that service.

56. The guaranty agreements, bond insurance agreements, and similar undertakings by the Company in connection with the issuance of the New Bonds will facilitate the issuance of the New Bonds and the Company’s ability to take advantage of the low-cost financing available through refunding the WVEDA Bonds as described in paragraph 55 of this Application. As a result, these agreements are for a lawful object within the corporate purposes of Kentucky Power, are necessary and appropriate for, and consistent with the proper performance by the Company of its service to the public, and will not impair Kentucky Power’s ability to provide that service.

**Compliance With All Applicable Regulations**

57. The information required by the applicable regulations may be found as follows:

<b><u>Regulation</u></b>	<b><u>Pertinent Application Location</u></b>
807 KAR 5:001, Section 12	Exhibit G.
807 KAR 5:001, Section 14(1)	Paragraph 2; <i>passim</i> .
807 KAR 5:001, Section 14(2)(a)	Paragraph 2, footnote 4.
807 KAR 5:001, Section 14(2)(b)	Not applicable.
807 KAR 5:001, Section 14(2)(c)	Not applicable.
807 KAR 5:001, Section 17(1)(a)	Paragraphs 3-4.
807 KAR 5:001, Section 17(1)(b)	Paragraphs 20-27; 38-43
807 KAR 5:001, Section 17(1)(c)	Paragraphs 20; 33-34.
807 KAR 5:001, Section 17(1)(d)	Not applicable.

<u>Regulation</u>	<u>Pertinent Application Location</u>
807 KAR 5:001, Section 17(1)(e)	Exhibit H
807 KAR 5:001, Section 17(1)(f)	<i>Passim.</i>
807 KAR 5:001, Section 17(2)(a)	Exhibit G.
807 KAR 5:001, Section 17(2)(b)	Not Applicable.
807 KAR 5:001, Section 17(2)(c)	Not Applicable.

**Requested Date For Final Order**

58. To minimize costs, and to provide the Company with the flexibility to act on advantageous financing terms and conditions, Kentucky Power requests that the Commission issue its order granting the requested relief no later than December 31, 2013, or as soon thereafter as practicable.

**Exhibits**

59. The exhibits listed in the Appendix to this Application are attached to and made a part of this Application.

**Communications**

60. The Company respectfully requests that communications in this matter be addressed to:

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ON BEHALF OF KENTUCKY POWER

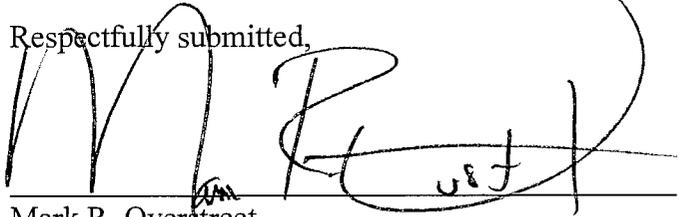
WHEREFORE, Kentucky Power Company requests that the Commission issue an Order:

- (1) Approving pursuant to KRS 278.300 and all applicable provisions the issuance by Kentucky Power of the Notes;
- (2) Approving pursuant to KRS 278.300 and all applicable provisions the entry into the Loan Agreement by Kentucky Power;
- (3) Authorizing Kentucky Power pursuant to KRS 278.300 and all applicable provisions to enter into one or more guaranty agreements, bond insurance agreements and other similar undertakings guaranteeing repayment of any part of the obligations under one or more series of New Bonds for the benefit of the holders of such bonds; and

(4) Granting Kentucky Power such other relief or approvals as may be appropriate or required to consummate transactions set forth in this Application.

This 18<sup>th</sup> day of November, 2013.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', written over a horizontal line.

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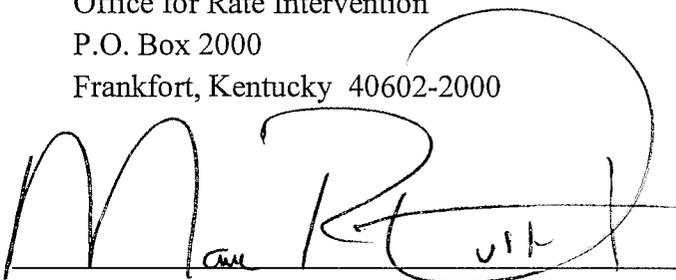
COUNSEL FOR:  
KENTUCKY POWER COMPANY

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served by First Class Mail, upon the following parties of record, this 18<sup>th</sup> day of November 2013.

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## EXHIBIT INDEX<sup>19</sup>

### EXHIBIT A

Indenture dated as of September 1, 1997 with Deutsche Bank Trust Company Americas, successor to Bankers Trust Company, as Trustee, relating to the Notes

### EXHIBIT B

Form of Company Order – Notes

### EXHIBIT C

Form of Supplemental Indenture – Notes

### EXHIBIT D

Form of Note

### EXHIBIT E

Form of Pass-Through Note to be Issued by NEWCO Kentucky to AEP Generation Resources Inc.

### EXHIBIT F

June 1, 2013 Loan Agreement between Ohio Power Company and West Virginia Economic Development Authority as Form of the Loan Agreement between Kentucky Power Company and West Virginia Economic Development Authority relating to the New Bonds.

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<sup>19</sup> Exhibits filed herewith will be re-filed should material modifications to such Exhibits result from further review or negotiations by interested parties.

EXHIBIT G

Financial Statement And Other Information Pursuant to 807 KAR 5:001 Section 12.

Exhibit H

Information Regarding the Mitchell Debt and the WVEDA Bonds Pursuant to 807 KAR 5:001, Section 17(1)(e).

EXHIBIT I

November 14, 2013 Kentucky Power “Certificate of Existence” issued by the Secretary of State of the Commonwealth of Kentucky.

# **EXHIBIT A**

KENTUCKY POWER COMPANY

AND

BANKERS TRUST COMPANY,

AS TRUSTEE

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INDENTURE

Dated as of September 1, 1997

CROSS-REFERENCE TABLE

Section of Trust Indenture Act of 1939, as amended -----	Section of Indenture -----
310 (a) . . . . .	7.09
310 (b) . . . . .	7.08
. . . . .	7.10
310 (c) . . . . .	Inapplicable
311 (a) . . . . .	7.13
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311 (c) . . . . .	Inapplicable
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. . . . .	5.02 (a)
312 (b) . . . . .	5.02 (c)
. . . . .	5.02 (d)
312 (c) . . . . .	5.02 (e)
313 (a) . . . . .	5.04 (a)
313 (b) . . . . .	5.04 (b)
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. . . . .	5.04 (b)
313 (d) . . . . .	5.04 (c)
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314 (d) . . . . .	Inapplicable
314 (e) . . . . .	13.06 (b)
314 (f) . . . . .	Inapplicable
315 (a) . . . . .	7.01 (a)
. . . . .	7.02
315 (b) . . . . .	6.07
315 (c) . . . . .	7.01 (a)
315 (d) . . . . .	7.01 (b)
315 (e) . . . . .	6.08

316 (a)	. . . . .	6.06
	. . . . .	8.04
316 (b)	. . . . .	6.04
316 (c)	. . . . .	8.01
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THIS INDENTURE, dated as of the 1st day of September, 1997, between KENTUCKY POWER COMPANY, a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (hereinafter sometimes referred to as the "Company"), and BANKERS TRUST COMPANY, a corporation of the State of New York, as trustee (hereinafter sometimes referred to as the "Trustee"):

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the execution and delivery of this Indenture to provide for the issuance of unsecured promissory notes or other evidences of indebtedness (hereinafter referred to as the "Securities"), in an unlimited aggregate principal amount to be issued from time to time in one or more series as in this Indenture provided, as registered Securities without coupons, to be authenticated by the certificate of the Trustee, and which will rank pari passu with all other unsecured and unsubordinated debt of the Company;

WHEREAS, to provide the terms and conditions upon which the Securities are to be authenticated, issued and delivered, the Company has duly authorized the execution of this Indenture;

WHEREAS, the Securities and the certificate of authentication to be borne by the Securities (the "Certificate of Authentication") are to be substantially in such forms as may be approved by a Company Order (as defined below), or set forth in this Indenture or in any indenture supplemental to this Indenture;

AND WHEREAS, all acts and things necessary to make the Securities issued pursuant hereto, when executed by the Company and authenticated and delivered by the Trustee as in this Indenture provided, the valid, binding and legal obligations of the Company, and to constitute these presents a valid indenture and agreement according to its terms, have been done and performed or will be done and performed prior to the issuance of such Securities, and the execution of this Indenture has been and the issuance hereunder of the Securities has been or will be prior to issuance in all respects duly authorized, and the Company, in the exercise of the legal right and power in it vested, executes this Indenture and proposes to make, execute, issue and deliver the Securities;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Securities are and are to be authenticated, issued and delivered, and in consideration of the premises, of the purchase and acceptance of the Securities by the holders thereof and of the sum of one dollar (\$1.00) to it duly paid by the Trustee at the execution of these presents, the receipt whereof is hereby acknowledged, the Company covenants and agrees with the Trustee, for the equal and proportionate benefit (subject to the provisions

of this Indenture) of the respective holders from time to time of the Securities, without any discrimination, preference or priority of any one Security over any other by reason of priority in the time of issue, sale or negotiation thereof, or otherwise, except as provided herein, as follows:

#### ARTICLE ONE DEFINITIONS

SECTION 1.01. The terms defined in this Section (except as in this Indenture otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture, any Company Order, any Board Resolution, and any indenture supplemental hereto shall have the respective meanings specified in this Section. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939, as amended, or which are by reference in such Act defined in the Securities Act of 1933, as amended (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of the execution of this instrument.

##### Affiliate:

The term "Affiliate" of the Company shall mean any company at least a majority of whose outstanding voting stock shall at the time be owned by the Company, or by one or more direct or indirect subsidiaries of or by the Company and one or more direct or indirect subsidiaries of the Company. For the purposes only of this definition of the term "Affiliate", the term "voting stock", as applied to the stock of any company, shall mean stock of any class or classes having ordinary voting power for the election of a majority of the directors of such company, other than stock having such power only by reason of the occurrence of a contingency.

##### Authenticating Agent:

The term "Authenticating Agent" shall mean an authenticating agent with respect to all or any of the series of Securities, as the case may be, appointed with respect to all or any series of the Securities, as the case may be, by the Trustee pursuant to Section 2.10.

##### Authorized Officer:

The term "Authorized Officer" shall mean the Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer or any other officer or agent of the Company duly authorized by the Board of Directors to act in respect of matters relating to this Indenture.

Board of Directors or Board:

The term "Board of Directors" or "Board" shall mean the Board of Directors of the Company, or any duly authorized committee of such Board.

Board Resolution:

The term "Board Resolution" shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification.

Business Day:

The term "Business Day", with respect to any Security, shall mean any day that (a) in the Place of Payment (or in any of the Places of Payment, if more than one) in which amounts are payable as specified in the form of such Security and (b) in the city in which the Trustee administers its corporate trust business, is not a day on which banking institutions are authorized or required by law or regulation to close.

Certificate:

The term "Certificate" shall mean a certificate signed by an Authorized Officer. The Certificate need not comply with the provisions of Section 13.06.

Commission:

The term "Commission" shall mean the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body, if any, performing such duties on such date.

Company:

The term "Company" shall mean Kentucky Power Company, a corporation duly organized and existing under the laws of Kentucky, and, subject to the provisions of Article Ten, shall also include its successors and assigns.

Company Order:

The term "Company Order" shall mean a written order signed in the name of the Company by an Authorized Officer and the Secretary or an Assistant Secretary of the Company, pursuant to a Board Resolution establishing a series of Securities.

Corporate Trust Office:

The term "Corporate Trust Office" shall mean the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date of the execution of this Indenture is located at Four Albany Street, New York, New York.

Default:

The term "Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

Depository:

The term "Depository" shall mean, with respect to Securities of any series, for which the Company shall determine that such Securities will be issued as a Global Security, The Depository Trust Company, New York, New York, another clearing agency, or any successor registered as a clearing agency under the Exchange Act or other applicable statute or regulation, which, in each case, shall be designated by the Company pursuant to either Section 2.01 or 2.11.

Discount Security:

The term "Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01(b).

Dollar:

The term "Dollar" or "\$" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

Eligible Obligations:

The term "Eligible Obligations" means (a) with respect to Securities denominated in Dollars, Governmental Obligations; or (b) with respect to Securities denominated in a currency other than Dollars or in a composite currency, such other obligations or instruments as shall be specified with respect to such Securities, as contemplated by Section 2.01.

Event of Default:

The term "Event of Default" with respect to Securities of a particular series shall mean any event specified in Section 6.01, continued for the period of time, if any, therein designated.

Global Security:

The term "Global Security" shall mean, with respect to any series of Securities, a Security executed by the Company and authenticated and delivered by the Trustee to the Depository or pursuant to the Depository's instruction, all in accordance with the Indenture, which shall be registered in the name of the Depository or its nominee.

Governmental Authority:

The term "Governmental Authority" means the government of the United States or of any State or Territory thereof or of the District of Columbia or of any county, municipality or other political subdivision of any of the foregoing, or any department, agency, authority or other instrumentality of any of the foregoing.

Governmental Obligations:

The term "Governmental Obligations" shall mean securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such Governmental Obligation or a specific payment of principal of or interest on any such Governmental Obligation held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by such custodian in respect of the Governmental Obligation or the specific payment of principal of or interest on the Governmental Obligation evidenced by such depository receipt.

Indenture:

The term "Indenture" shall mean this instrument as originally executed, or, if amended or supplemented as herein provided, as so amended or supplemented, and shall include the terms of a particular series of Securities established as contemplated by Section 2.01.

Instructions:

The term "Instructions" shall mean instructions acceptable to the Trustee issued pursuant to a Company Order in connection with a Periodic Offering and signed by an Authorized Officer. Instructions need not comply with the provisions of Section 13.06.

Interest:

The term "interest" when used with respect to non-interest bearing Securities shall mean interest payable after maturity (whether at stated maturity, upon acceleration or redemption or otherwise) or after the date, if any, on which the Company becomes obligated to acquire a Security, whether by purchase or otherwise.

Interest Payment Date:

The term "Interest Payment Date" when used with respect to any installment of interest on a Security of a particular series shall mean the date specified in such Security or in a Board Resolution, Company Order or an indenture supplemental hereto with respect to such series as the fixed date on which an installment of interest with respect to Securities of that series is due and payable.

Officers' Certificate:

The term "Officers' Certificate" shall mean a certificate signed by an Authorized Officer and by the Secretary or Assistant Secretary of the Company. Each such certificate shall include the statements provided for in Section 13.06, if and to the extent required by the provisions thereof.

Opinion of Counsel:

The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel for the Company. Each such opinion shall include the statements provided for in Section 13.06, if and to the extent required by the provisions thereof.

Outstanding:

The term "outstanding", when used with reference to Securities of any series, shall, subject to the provisions of Section 8.04, mean, as of any particular time, all Securities of that series theretofore authenticated and delivered by the Trustee under this Indenture, except (a) Securities theretofore canceled by the Trustee or any paying agent, or delivered to the Trustee or any paying agent for cancellation or which have previously been canceled; (b) Securities or portions thereof for the payment or redemption of which monies or Eligible Obligations in the necessary amount shall have been deposited in trust with the Trustee or with

any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent); provided, however, that if such Securities or portions of such Securities are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article Three provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and (c) Securities in lieu of or in substitution for which other Securities shall have been authenticated and delivered pursuant to the terms of Section 2.07. The principal amount of a Discount Security that shall be deemed to be Outstanding for purposes of this Indenture shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof.

**Periodic Offering:**

The term "Periodic Offering" means an offering of Securities of a series from time to time, during which any or all of the specific terms of the Securities, including without limitation the rate or rates of interest, if any, thereon, the maturity or maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Company or its agents upon the issuance of such Securities.

**Person:**

The term "person" means any individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization or any Governmental Authority.

**Place of Payment:**

The term "Place of Payment" shall mean the place or places where the principal of and interest, if any, on the Securities of any series are payable as specified in accordance with Section 2.01.

**Predecessor Security:**

The term "Predecessor Security" of any particular Security shall mean every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.07 in lieu of a lost, destroyed or stolen Security shall be deemed to evidence the same debt as the lost, destroyed or stolen Security.

**Responsible Officer:**

The term "Responsible Officer" when used with respect to the Trustee shall mean the chairman of the board of directors, the president, any vice president, the secretary, the treasurer, any

trust officer, any corporate trust officer or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

**Security or Securities:**

The term "Security" or "Securities" shall mean any Security or Securities, as the case may be, authenticated and delivered under this Indenture.

**Securityholder:**

The term "Securityholder", "holder of Securities" or "registered holder" shall mean the person or persons in whose name or names a particular Security shall be registered on the books of the Company kept for that purpose in accordance with the terms of this Indenture.

**Series:**

The term "series" means a series of Securities established pursuant to this Indenture and includes, if the context so requires, each Tranche thereof.

**Tranche:**

The term "Tranche" means Securities which (a) are of the same series and (b) have identical terms except as to principal amount and/or date of issuance.

**Trustee:**

The term "Trustee" shall mean Bankers Trust Company, and, subject to the provisions of Article Seven, shall also include its successors and assigns, and, if at any time there is more than one person acting in such capacity hereunder, "Trustee" shall mean each such person. The term "Trustee" as used with respect to a particular series of the Securities shall mean the trustee with respect to that series.

**Trust Indenture Act:**

The term "Trust Indenture Act", subject to the provisions of Sections 9.01, 9.02, and 10.01, shall mean the Trust Indenture Act of 1939, as amended and in effect at the date of execution of this Indenture.

United States:

The term "United States" means the United States of America, its Territories, its possessions and other areas subject to its political jurisdiction.

## ARTICLE TWO

### ISSUE, DESCRIPTION, TERMS, EXECUTION, REGISTRATION AND EXCHANGE OF SECURITIES

SECTION 2.01. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued from time to time in one or more series and in one or more Tranches thereof. Each series shall be authorized by a Company Order or Orders or one or more indentures supplemental hereto, which shall specify whether the Securities of such series shall be subject to a Periodic Offering. The Company Order or Orders or supplemental indenture and, in the case of a Periodic Offering, Instructions or other procedures acceptable to the Trustee specified in such Company Order or Orders, shall establish the terms of the series, which may include the following: (i) any limitations on the aggregate principal amount of the Securities to be authenticated and delivered under this Indenture as part of such series (except for Securities authenticated and delivered upon registration of transfer of, in exchange for or in lieu of other Securities of that series); (ii) the stated maturity or maturities of such series; (iii) the date or dates from which interest shall accrue, the Interest Payment Dates on which such interest will be payable or the manner of determination of such Interest Payment Dates and the record date for the determination of holders to whom interest is payable on any such Interest Payment Date; (iv) the interest rate or rates (which may be fixed or variable), or method of calculation of such rate or rates, for such series; (v) the terms, if any, regarding the redemption, purchase or repayment of such series (whether at the option of the Company or a holder of the Securities of such series and whether pursuant to a sinking fund or analogous provisions, including payments made in cash in anticipation of future sinking fund obligations), including redemption, purchase or repayment date or dates of such series, if any, and the price or prices and other terms and conditions applicable to such redemption, purchase or repayment (including any premium); (vi) whether or not the Securities of such series shall be issued in whole or in part in the form of a Global Security and, if so, the Depositary for such Global Security and the related procedures with respect to transfer and exchange of such Global Security; (vii) the designation of such series; (viii) the form of the Securities of such series; (ix) the maximum annual interest rate, if any, of the Securities permitted for such series;

(x) whether the Securities of such series shall be subject to Periodic Offering; (xi) the currency or currencies, including composite currencies, in which payment of the principal of (and premium, if any) and interest on the Securities of such series shall be payable, if other than Dollars; (xii) any other information necessary to complete the Securities of such series; (xiii) the establishment of any office or agency pursuant to Section 4.02 hereof and any other place or places which the principal of and interest, if any, on Securities of that series shall be payable; (xiv) if other than denominations of \$1,000 or any integral multiple thereof, the denominations in which the Securities of the series shall be issuable; (xv) the obligations or instruments, if any, which shall be considered to be Eligible Obligations in respect of the Securities of such series denominated in a currency other than Dollars or in a composite currency; (xvi) whether or not the Securities of such series shall be issued as Discount Securities and the terms thereof, including the portion of the principal amount thereof which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.01(b); (xvii) if the principal of and premium, if any, or interest, if any, on such Securities are to be payable, at the election of the Company or the holder thereof, in coin or currency, including composite currencies, other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election shall be made; (xviii) if the amount of payment of principal of and premium, if any, or interest, if any, on such Securities may be determined with reference to an index, formula or other method, or based on a coin or currency other than that in which the Securities are stated to be payable, the manner in which such amount shall be determined; and (xix) any other terms of such series not inconsistent with this Indenture.

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to any such Company Order or in any indentures supplemental hereto.

If any of the terms of the series are established by action taken pursuant to a Company Order, a copy of an appropriate record of the applicable Board Resolution shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order setting forth the terms of that series.

SECTION 2.02. The Securities of any series shall be substantially of the tenor and purport (i) as set forth in one or more indentures supplemental hereto or as provided in a Company Order, or (ii) with respect to any Tranche of Securities of a series subject to Periodic Offering, to the extent permitted by any of the documents referred to in clause (i) above, in Instructions, or by other procedures acceptable to the Trustee specified in such

Company Order or Orders, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which Securities of that series may be listed or of the Depository, or to conform to usage.

The Trustee's Certificate of Authentication shall be in substantially the following form:

"This is one of the Securities of the series designated in accordance with, and referred to in, the within-mentioned Indenture.

Dated:

BANKERS TRUST COMPANY

By: \_\_\_\_\_  
Authorized Signatory"

SECTION 2.03. The Securities shall be issuable as registered Securities and in the denominations of \$1,000 or any integral multiple thereof, subject to Sections 2.01(xi) and (xiv). The Securities of a particular series shall bear interest payable on the dates and at the rate or rates specified with respect to that series. Except as otherwise specified as contemplated by Section 2.01, the principal of and the interest on the Securities of any series, as well as any premium thereon in case of redemption thereof prior to maturity, shall be payable in Dollars at the office or agency of the Company maintained for that purpose. Each Security shall be dated the date of its authentication.

The interest installment on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date for Securities of that series shall be paid to the person in whose name said Security (or one or more Predecessor Securities) is registered at the close of business on the regular record date for such interest installment, except that interest payable on redemption or maturity shall be payable as set forth in the Company Order or indenture supplemental hereto establishing the terms of such series of Securities. Except as otherwise specified as contemplated by Section 2.01, interest on Securities will be computed on the basis of a 360-day year of twelve 30-day months.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date for Securities of the same series (herein called "Defaulted Interest") shall forthwith cease to be payable to the registered holder on the relevant regular record date by virtue of having been such holder; and such Defaulted Interest shall be paid by the Company, at its election, as provided in clause (1) or clause (2) below:

(1) The Company may make payment of any Defaulted Interest on Securities to the persons in whose names such Securities (or their respective Predecessor Securities) are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each such Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a special record date for the payment of such Defaulted Interest which shall not be more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such special record date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the special record date therefor to be mailed, first class postage prepaid, to each Securityholder at his or her address as it appears in the Security Register (as hereinafter defined), not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Interest and the special record date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names such Securities (or their respective Predecessor Securities) are registered on such special record date and shall be no longer payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest on any Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Unless otherwise set forth in a Company Order or one or more indentures supplemental hereto establishing the terms of any series of Securities pursuant to Section 2.01 hereof, the term "regular record date" as used in this Section with respect to a series of Securities with respect to any Interest Payment Date for such series shall mean either the fifteenth day of the month immediately preceding the month in which an Interest Payment Date established for such series pursuant to Section 2.01 hereof shall occur, if such Interest Payment Date is the first day of a month, or the last day of the month immediately preceding the month in which an Interest Payment Date established for such series pursuant to Section 2.01 hereof shall occur, if such Interest Payment Date is the fifteenth day of a month, whether or not such date is a Business Day.

Subject to the foregoing provisions of this Section, each Security of a series delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Security of such series shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 2.04. The Securities shall, subject to the provisions of Section 2.06, be printed on steel engraved borders or fully or partially engraved, or legibly typed, as the proper officer of the Company may determine, and shall be signed on behalf of the Company by an Authorized Officer. The signature of such Authorized Officer upon the Securities may be in the form of a facsimile signature of a present or any future Authorized Officer and may be imprinted or otherwise reproduced on the Securities and for that purpose the Company may use the facsimile signature of any person who shall have been an Authorized Officer, notwithstanding the fact that at the time the Securities shall be authenticated and delivered or disposed of such person shall have ceased to be an Authorized Officer.

Only such Securities as shall bear thereon a Certificate of Authentication substantially in the form established for such Securities, executed manually by an authorized signatory of the Trustee, or by any Authenticating Agent with respect to such Securities, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate executed by the Trustee, or by any Authenticating Agent appointed by the Trustee with respect to such Securities, upon any Security executed by the Company shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the registered holder thereof is entitled to the benefits of this Indenture.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with an indenture supplemental hereto or

a Company Order for the authentication and delivery of such Securities and the Trustee, in accordance with such supplemental indenture or Company Order, shall authenticate and deliver such Securities; provided, however, that in the case of Securities offered in a Periodic Offering, the Trustee shall authenticate and deliver such Securities from time to time in accordance with Instructions or such other procedures acceptable to the Trustee as may be specified by or pursuant to such supplemental indenture or Company Order delivered to the Trustee prior to the time of the first authentication of Securities of such series.

In authenticating such Securities and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall receive and (subject to Section 7.01) shall be fully protected in relying upon, (i) an Opinion of Counsel and (ii) an Officers' Certificate, each stating that the form and terms thereof have been established in conformity with the provisions of this Indenture; provided, however, that, with respect to Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel and Officers' Certificate only once at or prior to the time of the first authentication of Securities of such series and that, in such opinion or certificate, the opinion or certificate described above may state that when the terms of such Securities, or each Tranche thereof, shall have been established pursuant to a Company Order or Orders or pursuant to such procedures acceptable to the Trustee, as may be specified by a Company Order, such terms will have been established in conformity with the provisions of this Indenture. Each Opinion of Counsel and Officers' Certificate delivered pursuant to this Section 2.04 shall include all statements prescribed in Section 13.06(b). Such Opinion of Counsel shall also be to the effect that when such Securities have been executed by the Company and authenticated by the Trustee in accordance with the provisions of this Indenture and delivered to and duly paid for by the purchasers thereof, they will be valid and legally binding obligations of the Company, enforceable in accordance with their terms (subject to customary exceptions) and will be entitled to the benefits of this Indenture.

With respect to Securities of a series subject to a Periodic Offering, the Trustee may conclusively rely, as to the authorization by the Company of any of such Securities, the forms and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Company Order, Opinion of Counsel, Officers' Certificate and other documents delivered pursuant to Sections 2.01 and this Section, as applicable, at or prior to the time of the first authentication of Securities of such series unless and until such Company Order, Opinion of Counsel, Officers' Certificate or other documents have been superseded or revoked or expire by their terms.

The Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

SECTION 2.05. (a) Securities of any series may be exchanged upon presentation thereof at the office or agency of the Company designated for such purpose, for other Securities of such series of authorized denominations, and for a like aggregate principal amount, upon payment of a sum sufficient to cover any tax or other governmental charge in relation thereto, all as provided in this Section. In respect of any Securities so surrendered for exchange, the Company shall execute, the Trustee shall authenticate and such office or agency shall deliver in exchange therefor the Security or Securities of the same series which the Securityholder making the exchange shall be entitled to receive, bearing numbers not contemporaneously outstanding.

(b) The Company shall keep, or cause to be kept, at its office or agency designated for such purpose in the Borough of Manhattan, the City and State of New York, or such other location designated by the Company a register or registers (herein referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall register the Securities and the transfers of Securities as in this Article provided and which at all reasonable times shall be open for inspection by the Trustee. The registrar for the purpose of registering Securities and transfer of Securities as herein provided shall be appointed as authorized by Board Resolution or Company Order (the "Security Registrar").

Upon surrender for transfer of any Security at the office or agency of the Company designated for such purpose in the Borough of Manhattan, the City and State of New York, or other location as aforesaid, the Company shall execute, the Trustee shall authenticate and such office or agency shall deliver in the name of the transferee or transferees a new Security or Securities of the same series as the Security presented for a like aggregate principal amount.

All Securities presented or surrendered for exchange or registration of transfer, as provided in this Section, shall be accompanied (if so required by the Company or the Security Registrar) by a written instrument or instruments of transfer, in form satisfactory to the Company or the Security Registrar, duly executed by the registered holder or by his duly authorized attorney in writing.

(c) Except as provided in the first paragraph of Section 2.07, no service charge shall be made for any exchange or registration of transfer of Securities, or issue of new Securities

in case of partial redemption of any series, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge in relation thereto, other than exchanges pursuant to Section 2.06, Section 3.03(b) and Section 9.04 not involving any transfer.

(d) The Company shall neither be required (i) to issue, exchange or register the transfer of any Securities during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of less than all the outstanding Securities of the same series and ending at the close of business on the day of such mailing, nor (ii) to register the transfer of or exchange any Securities of any series or portions thereof called for redemption or as to which the holder thereof has exercised its right, if any, to require the Company to repurchase such Security in whole or in part, except that portion of such Security not required to be repurchased. The provisions of this Section 2.05 are, with respect to any Global Security, subject to Section 2.11 hereof.

SECTION 2.06. Pending the preparation of definitive Securities of any series, the Company may execute, and the Trustee shall authenticate and deliver, temporary Securities (printed, lithographed or typewritten) of any authorized denomination, and substantially in the form of the definitive Securities in lieu of which they are issued, but with such omissions, insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Company. Every temporary Security of any series shall be executed by the Company and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities of such series in accordance with Section 2.04. Without unnecessary delay the Company will execute and will furnish definitive Securities of such series and thereupon any or all temporary Securities of such series may be surrendered in exchange therefor (without charge to the holders thereof), at the office or agency of the Company designated for the purpose, and the Trustee shall authenticate and such office or agency shall deliver in exchange for such temporary Securities an equal aggregate principal amount of definitive Securities of such series, unless the Company advises the Trustee to the effect that definitive Securities need not be executed and furnished until further notice from the Company. Until so exchanged, the temporary Securities of such series shall be entitled to the same benefits under this Indenture as definitive Securities of such series authenticated and delivered hereunder.

SECTION 2.07. In case any temporary or definitive Security shall become mutilated or be destroyed, lost or stolen, the Company (subject to the next succeeding sentence) shall execute, and upon its request the Trustee (subject as aforesaid) shall authenticate and deliver, a new Security of the same series bearing a number not contemporaneously outstanding, in exchange and substitution for the

mutilated Security, or in lieu of and in substitution for the Security so destroyed, lost or stolen. In every case the applicant for a substituted Security shall furnish to the Company and to the Trustee such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and to the Trustee evidence to their satisfaction of the destruction, loss or theft of the applicant's Security and of the ownership thereof. The Trustee may authenticate any such substituted Security and deliver the same upon the written request or authorization of any officer of the Company. Upon the issuance of any substituted Security, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. In case any Security which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Security, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Security) if the applicant for such payment shall furnish to the Company and to the Trustee such security or indemnity as they may require to save them harmless, and, in case of destruction, loss or theft, evidence to the satisfaction of the Company and the Trustee of the destruction, loss or theft of such Security and of the ownership thereof.

Every Security issued pursuant to the provisions of this Section in substitution for any Security which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of the same series duly issued hereunder. All Securities shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities, and shall preclude (to the extent lawful) any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.08. All Securities surrendered for the purpose of payment, redemption, exchange or registration of transfer, or for credit against a sinking fund, shall, if surrendered to the Company or any paying agent, be delivered to the Trustee for cancellation, or, if surrendered to the Trustee, shall be canceled by it, and no Securities shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Indenture. On request of the Company, the Trustee shall deliver to the Company canceled Securities held by the Trustee. In the absence of such

request the Trustee may dispose of canceled Securities in accordance with its standard procedures. If the Company shall otherwise acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation.

SECTION 2.09. Nothing in this Indenture or in the Securities, express or implied, shall give or be construed to give to any person, firm or corporation, other than the parties hereto and the holders of the Securities, any legal or equitable right, remedy or claim under or in respect of this Indenture, or under any covenant, condition or provision herein contained; all such covenants, conditions and provisions being for the sole benefit of the parties hereto and of the holders of the Securities.

SECTION 2.10. So long as any of the Securities of any series remain outstanding there may be an Authenticating Agent for any or all such series of Securities which the Trustee shall have the right to appoint. Said Authenticating Agent shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, transfer or partial redemption thereof, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. All references in this Indenture to the authentication of Securities by the Trustee shall be deemed to include authentication by an Authenticating Agent for such series except for authentication upon original issuance or pursuant to Section 2.07 hereof. Each Authenticating Agent shall be acceptable to the Company and shall be a corporation which has a combined capital and surplus, as most recently reported or determined by it, sufficient under the laws of any jurisdiction under which it is organized or in which it is doing business to conduct a trust business, and which is otherwise authorized under such laws to conduct such business and is subject to supervision or examination by Federal or State authorities. If at any time any Authenticating Agent shall cease to be eligible in accordance with these provisions it shall resign immediately.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time (and upon request by the Company shall) terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon resignation, termination or cessation of eligibility of any Authenticating Agent, the Trustee may appoint an eligible successor Authenticating Agent acceptable to the Company. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers and duties of its predecessor hereunder as if originally named as an Authenticating Agent pursuant hereto. The Company agrees to pay to

each Authenticating Agent from time to time reasonable compensation for its services under this Section.

SECTION 2.11. (a) If the Company shall establish pursuant to Section 2.01 that the Securities of a particular series are to be issued as a Global Security, then the Company shall execute and the Trustee shall, in accordance with Section 2.04, authenticate and deliver, a Global Security which (i) shall represent, and shall be denominated in an amount equal to the aggregate principal amount of, all of the Outstanding Securities of such series, (ii) shall be registered in the name of the Depository or its nominee, (iii) shall be authenticated and delivered by the Trustee to the Depository or pursuant to the Depository's instruction and (iv) shall bear a legend substantially to the following effect: "Except as otherwise provided in Section 2.11 of the Indenture, this Security may be transferred, in whole but not in part, only to another nominee of the Depository or to a successor Depository or to a nominee of such successor Depository."

(b) Notwithstanding the provisions of Section 2.05, the Global Security of a series may be transferred, in whole but not in part and in the manner provided in Section 2.05, only to another nominee of the Depository for such series, or to a successor Depository for such series selected or approved by the Company or to a nominee of such successor Depository.

(c) If at any time the Depository for a series of Securities notifies the Company that it is unwilling or unable to continue as Depository for such series or if at any time the Depository for such series shall no longer be registered or in good standing under the Exchange Act, or other applicable statute or regulation and a successor Depository for such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, this Section 2.11 shall no longer be applicable to the Securities of such series and the Company will execute, and subject to Section 2.05, the Trustee will authenticate and deliver Securities of such series in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Security of such series in exchange for such Global Security. In addition, the Company may at any time determine that the Securities of any series shall no longer be represented by a Global Security and that the provisions of this Section 2.11 shall no longer apply to the Securities of such series. In such event the Company will execute, and subject to Section 2.05, the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver Securities of such series in definitive registered form without coupons, in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Security of such series in exchange for such Global Security. Upon the exchange of the Global Security for such Securities in

definitive registered form without coupons, in authorized denominations, the Global Security shall be canceled by the Trustee. Such Securities in definitive registered form issued in exchange for the Global Security pursuant to this Section 2.11(c) shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Security Registrar. The Trustee shall deliver such Securities to the Depository for delivery to the persons in whose names such Securities are so registered.

SECTION 2.12. In the case of the Securities of any series denominated in any currency other than Dollars or in a composite currency (the "Required Currency"), except as otherwise specified with respect to such Securities as contemplated by Section 2.01, the obligation of the Company to make any payment of the principal thereof, or the premium or interest thereon, shall not be discharged or satisfied by any tender by the Company, or recovery by the Trustee, in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the Trustee timely holding the full amount of the Required Currency then due and payable. If any such tender or recovery is in a currency other than the Required Currency, the Trustee may take such actions as it considers appropriate to exchange such currency for the Required Currency. The costs and risks of any such exchange, including, without limitation, the risks of delay and exchange rate fluctuation, shall be borne by the Company, the Company shall remain fully liable for any shortfall or delinquency in the full amount of Required Currency then due and payable, and in no circumstances shall the Trustee be liable therefor except in the case of its negligence or willful misconduct.

SECTION 2.13. The Company in issuing Securities may use "CUSIP" numbers (if then generally in use) and, if so used, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to holders of Securities; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the CUSIP numbers.

### ARTICLE THREE REDEMPTION OF SECURITIES AND SINKING FUND PROVISIONS

SECTION 3.01. The Company may redeem the Securities of any series issued hereunder on and after the dates and in accordance with the terms established for such series pursuant to Section 2.01 hereof.

SECTION 3.02. (a) In case the Company shall desire to exercise such right to redeem all or, as the case may be, a portion of the Securities of any series in accordance with the right reserved so to do, it shall give notice of such redemption to holders of the Securities of such series to be redeemed by mailing, first class postage prepaid, a notice of such redemption not less than 30 days and not more than 60 days before the date fixed for redemption of that series to such holders at their last addresses as they shall appear upon the Security Register. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the registered holder receives the notice. In any case, failure duly to give such notice to the holder of any Security of any series designated for redemption in whole or in part, or any defect in the notice, shall not affect the validity of the proceedings for the redemption of any other Securities of such series or any other series. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption or subject to compliance with certain conditions provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with any such restriction or condition.

Unless otherwise so provided as to a particular series of Securities, if at the time of mailing of any notice of redemption the Company shall not have deposited with the paying agent an amount in cash sufficient to redeem all of the Securities called for redemption, including accrued interest to the date fixed for redemption, such notice shall state that it is subject to the receipt of redemption moneys by the paying agent on or before the date fixed for redemption (unless such redemption is mandatory) and such notice shall be of no effect unless such moneys are so received on or before such date.

Each such notice of redemption shall identify the Securities to be redeemed (including CUSIP numbers, if any), specify the date fixed for redemption and the redemption price at which Securities of that series are to be redeemed, and shall state that payment of the redemption price of such Securities to be redeemed will be made at the office or agency of the Company, upon presentation and surrender of such Securities, that interest accrued to the date fixed for redemption will be paid as specified in said notice, that from and after said date interest will cease to accrue and that the redemption is for a sinking fund, if such is the case. If less than all the Securities of a series are to be redeemed, the notice to the holders of Securities of that series to be redeemed in whole or in part shall specify the particular Securities to be so redeemed. In case any Security is to be redeemed in part only, the notice which relates to such Security shall state the portion of the principal amount thereof to be redeemed, and shall state that on and after the redemption date, upon surrender of such Security,

a new Security or Securities of such series in principal amount equal to the unredeemed portion thereof will be issued.

(b) If less than all the Securities of a series are to be redeemed, the Company shall give the Trustee at least 45 days' notice in advance of the date fixed for redemption (unless the Trustee shall agree to a shorter period) as to the aggregate principal amount of Securities of the series to be redeemed, and thereupon the Trustee shall select, by lot or in such other manner as it shall deem appropriate and fair in its discretion and which may provide for the selection of a portion or portions (equal to \$1,000 or any integral multiple thereof, subject to Sections 2.01(xi) and (xiv)) of the principal amount of such Securities of a denomination larger than \$1,000 (subject as aforesaid), the Securities to be redeemed and shall thereafter promptly notify the Company in writing of the numbers of the Securities to be redeemed, in whole or in part.

The Company may, if and whenever it shall so elect, by delivery of instructions signed on its behalf by an Authorized Officer, instruct the Trustee or any paying agent to call all or any part of the Securities of a particular series for redemption and to give notice of redemption in the manner set forth in this Section, such notice to be in the name of the Company or its own name as the Trustee or such paying agent may deem advisable. In any case in which notice of redemption is to be given by the Trustee or any such paying agent, the Company shall deliver or cause to be delivered to, or permit to remain with, the Trustee or such paying agent, as the case may be, such Security Register, transfer books or other records, or suitable copies or extracts therefrom, sufficient to enable the Trustee or such paying agent to give any notice by mail that may be required under the provisions of this Section.

SECTION 3.03. (a) If the giving of notice of redemption shall have been completed as above provided, the Securities or portions of Securities of the series to be redeemed specified in such notice shall become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with, subject to the Company Order or supplemental indenture hereto establishing the terms of such series of Securities, interest accrued to the date fixed for redemption and interest on such Securities or portions of Securities shall cease to accrue on and after the date fixed for redemption, unless the Company shall default in the payment of such redemption price and accrued interest with respect to any such Security or portion thereof. On presentation and surrender of such Securities on or after the date fixed for redemption at the place of payment specified in the notice, said Securities shall be paid and redeemed at the applicable redemption price for such series, together with, subject to the Company Order or supplemental indenture hereto

establishing the terms of such series of Securities, interest accrued thereon to the date fixed for redemption.

(b) Upon presentation of any Security of such series which is to be redeemed in part only, the Company shall execute and the Trustee shall authenticate and the office or agency where the Security is presented shall deliver to the holder thereof, at the expense of the Company, a new Security or Securities of the same series, of authorized denominations in principal amount equal to the unredeemed portion of the Security so presented.

SECTION 3.04. The provisions of this Section 3.04 and Sections 3.05 and 3.06 shall be applicable to any sinking fund for the retirement of Securities of a series, except as otherwise specified as contemplated by Section 2.01 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 3.05. Each sinking fund payment shall be applied to the redemption of Securities of such series as provided for by the terms of Securities of such series.

SECTION 3.05. The Company (i) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (ii) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any mandatory sinking fund payment; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the redemption price specified in such Securities for redemption through operation of the mandatory sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

SECTION 3.06. Not less than 45 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 3.05 and the basis for such credit and will, together with such Officers' Certificate, deliver to the Trustee any Securities to be so delivered. Not less than 30 days before each such sinking fund payment date the Trustee shall select

the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 3.02 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 3.02, except that the notice of redemption shall also state that the Securities of such series are being redeemed by operation of the sinking fund and the sinking fund payment date. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Section 3.03.

ARTICLE FOUR  
PARTICULAR COVENANTS OF THE COMPANY

The Company covenants and agrees for each series of the Securities as follows:

SECTION 4.01. The Company will duly and punctually pay or cause to be paid the principal of (and premium, if any) and interest on the Securities of that series at the time and place and in the manner provided herein and established with respect to such Securities.

SECTION 4.02. So long as any series of the Securities remain outstanding, the Company agrees to maintain an office or agency with respect to each such series, which shall be in the Borough of Manhattan, the City and State of New York or at such other location or locations as may be designated as provided in this Section 4.02, where (i) Securities of that series may be presented for payment, (ii) Securities of that series may be presented as hereinabove authorized for registration of transfer and exchange, and (iii) notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be given or served, such designation to continue with respect to such office or agency until the Company shall, by written notice signed by an Authorized Officer and delivered to the Trustee, designate some other office or agency for such purposes or any of them. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, notices and demands. The Trustee will initially act as paying agent for the Securities.

The Company may also from time to time, by written notice signed by an Authorized Officer and delivered to the Trustee, designate one or more other offices or agencies for the foregoing purposes within or outside the Borough of Manhattan, City of New York, and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligations to maintain an

office or agency in the Borough of Manhattan, City of New York for the foregoing purposes. The Company will give prompt written notice to the Trustee of any change in the location of any such other office or agency.

SECTION 4.03. (a) If the Company shall appoint one or more paying agents for all or any series of the Securities, other than the Trustee, the Company will cause each such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section:

(1) that it will hold all sums held by it as such agent for the payment of the principal of (and premium, if any) or interest on the Securities of that series (whether such sums have been paid to it by the Company or by any other obligor of such Securities) in trust for the benefit of the persons entitled thereto;

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor of such Securities) to make any payment of the principal of (and premium, if any) or interest on the Securities of that series when the same shall be due and payable;

(3) that it will, at any time during the continuance of any failure referred to in the preceding paragraph (a)(2) above, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such paying agent; and

(4) that it will perform all other duties of paying agent as set forth in this Indenture.

(b) If the Company shall act as its own paying agent with respect to any series of the Securities, it will on or before each due date of the principal of (and premium, if any) or interest on Securities of that series, set aside, segregate and hold in trust for the benefit of the persons entitled thereto a sum sufficient to pay such principal (and premium, if any) or interest so becoming due on Securities of that series until such sums shall be paid to such persons or otherwise disposed of as herein provided and will promptly notify the Trustee of such action, or any failure (by it or any other obligor on such Securities) to take such action. Whenever the Company shall have one or more paying agents for any series of Securities, it will, prior to each due date of the principal of (and premium, if any) or interest on any Securities of that series, deposit with the paying agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the persons entitled to such principal, premium or interest, and (unless such

paying agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

(c) Anything in this Section to the contrary notwithstanding, (i) the agreement to hold sums in trust as provided in this Section is subject to the provisions of Section 11.04, and (ii) the Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or direct any paying agent to pay, to the Trustee all sums held in trust by the Company or such paying agent, such sums to be held by the Trustee upon the same terms and conditions as those upon which such sums were held by the Company or such paying agent; and, upon such payment by any paying agent to the Trustee, such paying agent shall be released from all further liability with respect to such money.

SECTION 4.04. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.10, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 4.05. The Company will not, while any of the Securities remain outstanding, consolidate with, or merge into, or merge into itself, or sell or convey all or substantially all of its property to any other Person unless the provisions of Article Ten hereof are complied with.

ARTICLE FIVE  
SECURITYHOLDERS' LISTS AND REPORTS BY THE COMPANY  
AND THE TRUSTEE

SECTION 5.01. The Company will furnish or cause to be furnished to the Trustee (a) on each regular record date (as defined in Section 2.03) for the Securities of each Tranche of a series a list, in such form as the Trustee may reasonably require, of the names and addresses of the holders of such Tranche of Securities as of such regular record date, provided, that the Company shall not be obligated to furnish or cause to be furnished such list at any time that the list shall not differ in any respect from the most recent list furnished to the Trustee by the Company and (b) at such other times as the Trustee may request in writing within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished; provided, however, no such list need be furnished for any series for which the Trustee shall be the Security Registrar.

SECTION 5.02. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Securities contained in the most recent list furnished to it as provided in Section 5.01 and as

to the names and addresses of holders of Securities received by the Trustee in its capacity as Security Registrar (if acting in such capacity).

(b) The Trustee may destroy any list furnished to it as provided in Section 5.01 upon receipt of a new list so furnished.

(c) In case three or more holders of Securities of a series (hereinafter referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Securities of such series or holders of all Securities with respect to their rights under this Indenture or under such Securities, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, at its election, either:

(1) afford to such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 5.02; or

(2) inform such applicants as to the approximate number of holders of Securities of such series or of all Securities, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee, in accordance with the provisions of subsection (a) of this Section 5.02, and as to the approximate cost of mailing to such Securityholders the form of proxy or other communication, if any, specified in such application.

(d) If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each holder of such series or of all Securities, as the case may be, whose name and address appears in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 5.02, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Securities of such series or of all Securities, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the

written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Securityholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise, the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(e) Each and every holder of the Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Securities in accordance with the provisions of subsection (c) of this Section, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (c).

SECTION 5.03. (a) The Company covenants and agrees to file with the Trustee, within 30 days after the Company is required to file the same with the Commission, a copy of the annual reports and of the information, documents and other reports (or a copy of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and, unless the Commission shall not accept such information, documents or reports, the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Company covenants and agrees to file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Company covenants and agrees to transmit by mail, first class postage prepaid, or reputable over-night delivery service which provides for evidence of receipt, to the Securityholders, as their names and addresses appear upon the Security Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

(d) The Company covenants and agrees to furnish to the Trustee, on or before May 15 in each calendar year in which any of the Securities are outstanding, or on or before such other day in each calendar year as the Company and the Trustee may from time to time agree upon, a Certificate as to compliance with all conditions and covenants under this Indenture. For purposes of this subsection (d), such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

(e) Delivery of such information, documents or reports to the Trustee pursuant to Section 5.03(a) or 5.03(b) is for informational purposes only and the Trustee's receipt thereof shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including, in the case of Section 5.03(b), the Company's compliance with any of the covenants hereunder.

SECTION 5.04. (a) On or before July 15 in each year in which any of the Securities are outstanding, the Trustee shall transmit by mail, first class postage prepaid, to the Securityholders, as their names and addresses appear upon the Security Register, a brief report dated as of the preceding May 15, with respect to any of the following events which may have occurred within the previous twelve months (but if no such event has occurred within such period no report need be transmitted):

(1) any change to its eligibility under Section 7.09, and its qualifications under Section 310(b) of the Trust Indenture Act;

(2) the creation of or any material change to a relationship specified in paragraphs (1) through (10) of Section 310 of the Trust Indenture Act;

(3) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on any property or funds held or collected by it as trustee if such advances so remaining

unpaid aggregate more than 1/2 of 1% of the principal amount of the Securities outstanding on the date of such report;

(4) any change to the amount, interest rate, and maturity date of all other indebtedness owing by the Company, or by any other obligor on the Securities, to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except any indebtedness based upon a creditor relationship arising in any manner described in paragraphs (2), (3), (4) or (6) of Section 311(b) of the Trust Indenture Act;

(5) any change to the property and funds, if any, physically in the possession of the Trustee as such on the date of such report;

(6) any release, or release and substitution, of property subject to the lien, if any, of this Indenture (and the consideration thereof, if any) which it has not previously reported;

(7) any additional issue of Securities which the Trustee has not previously reported; and

(8) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Securities or the Securities of any series, except any action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 6.07.

(b) The Trustee shall transmit by mail, first class postage prepaid, to the Securityholders, as their names and addresses appear upon the Security Register, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee as such since the date of the last report transmitted pursuant to the provisions of subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge prior to that of the Securities of any series on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this subsection if such advances remaining unpaid at any time aggregate more than 10% of the principal amount of Securities of such series outstanding at such time, such report to be transmitted within 90 days after such time.

(c) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with the Company, with each stock exchange upon which any Securities are listed (if so listed) and also with the Commission. The Company agrees to notify the Trustee when any Securities become listed on any stock exchange.

ARTICLE SIX  
REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS  
ON EVENT OF DEFAULT

SECTION 6.01. (a) Whenever used herein with respect to Securities of a particular series, "Event of Default" means any one or more of the following events which has occurred and is continuing:

(1) default in the payment of any installment of interest upon any of the Securities of that series, as and when the same shall become due and payable, and continuance of such default for a period of 30 days;

(2) default in the payment of the principal of (or premium, if any, on) any of the Securities of that series as and when the same shall become due and payable whether at maturity, upon redemption, pursuant to any sinking fund obligation, by declaration or otherwise, and continuance of such default for a period of 3 Business Days;

(3) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company with respect to that series contained in such Securities or otherwise established with respect to that series of Securities pursuant to Section 2.01 hereof or contained in this Indenture (other than a covenant or agreement which has been expressly included in this Indenture solely for the benefit of one or more series of Securities other than such series) for a period of 90 days after the date on which written notice of such failure, requiring the same to be remedied and stating that such notice is a "Notice of Default" hereunder, shall have been given to the Company by the Trustee, by registered or certified mail, or to the Company and the Trustee by the holders of at least 33% in principal amount of the Securities of that series at the time outstanding;

(4) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company as bankrupt or insolvent, or approving as properly filed a petition seeking liquidation or reorganization of the Company under the Federal Bankruptcy Code or any other similar applicable Federal or State law, and such decree or order

shall have continued unvacated and unstayed for a period of 90 consecutive days; or an involuntary case shall be commenced under such Code in respect of the Company and shall continue undismissed for a period of 90 consecutive days or an order for relief in such case shall have been entered; or a decree or order of a court having jurisdiction in the premises shall have been entered for the appointment on the ground of insolvency or bankruptcy of a receiver or custodian or liquidator or trustee or assignee in bankruptcy or insolvency of the Company or of its property, or for the winding up or liquidation of its affairs, and such decree or order shall have remained in force unvacated and unstayed for a period of 90 consecutive days;

(5) the Company shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking liquidation or reorganization under the Federal Bankruptcy Code or any other similar applicable Federal or State law, or shall consent to the filing of any such petition, or shall consent to the appointment on the ground of insolvency or bankruptcy of a receiver or custodian or liquidator or trustee or assignee in bankruptcy or insolvency of it or of its property, or shall make an assignment for the benefit of creditors; or

(6) the occurrence of any other Event of Default with respect to Securities of such series, as contemplated by Section 2.01 hereof.

(b) The Company shall file with the Trustee written notice of the occurrence of any Event of Default within five Business Days of the Company's becoming aware of any such Event of Default. In each and every such case, unless the principal of all the Securities of that series shall have already become due and payable, either the Trustee or the holders of not less than 33% in aggregate principal amount of the Securities of that series then outstanding hereunder, by notice in writing to the Company (and to the Trustee if given by such Securityholders), may declare the principal (or, if any of such Securities are Discount Securities, such portion of the principal amount thereof as may be specified by their terms as contemplated by Section 2.01) of all the Securities of that series to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in this Indenture or in the Securities of that series or established with respect to that series pursuant to Section 2.01 hereof to the contrary notwithstanding.

(c) Section 6.01(b), however, is subject to the condition that if, at any time after the principal of the Securities of that series shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have

been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the Securities of that series and the principal of (and premium, if any, on) any and all Securities of that series which shall have become due otherwise than by acceleration (with interest upon such principal and premium, if any, and, to the extent that such payment is enforceable under applicable law, upon overdue installments of interest, at the rate per annum expressed in the Securities of that series to the date of such payment or deposit) and the amount payable to the Trustee under Section 7.06, and any and all defaults under the Indenture, other than the nonpayment of principal on Securities of that series which shall not have become due by their terms, shall have been remedied or waived as provided in Section 6.06, then and in every such case the holders of a majority in aggregate principal amount of the Securities of that series then outstanding, by written notice to the Company and to the Trustee, may rescind and annul such declaration and its consequences with respect to that series of Securities; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon.

(d) In case the Trustee shall have proceeded to enforce any right with respect to Securities of that series under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Company and the Trustee shall continue as though no such proceedings had been taken.

SECTION 6.02. (a) The Company covenants that in case an Event of Default described in subsection 6.01(a)(1) or (a)(2) shall have occurred and be continuing, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Securities of that series, the whole amount that then shall have become due and payable on all such Securities for principal (and premium, if any) or interest, or both, as the case may be, with interest upon the overdue principal (and premium, if any) and (to the extent that payment of such interest is enforceable under applicable law and without duplication of any other amounts paid by the Company in respect thereof) upon overdue installments of interest at the rate per annum expressed in the Securities of that series; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, and the amount payable to the Trustee under Section 7.06.

(b) In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to

institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or other obligor upon the Securities of that series and collect in the manner provided by law out of the property of the Company or other obligor upon the Securities of that series wherever situated the monies adjudged or decreed to be payable.

(c) In case of any receivership, insolvency, liquidation, bankruptcy, reorganization, readjustment, arrangement, composition or other judicial proceedings affecting the Company, any other obligor on such Securities, or the creditors or property of either, the Trustee shall have power to intervene in such proceedings and take any action therein that may be permitted by the court and shall (except as may be otherwise provided by law) be entitled to file such proofs of claim and other papers and documents as may be necessary or advisable in order to have the claims of the Trustee and of the holders of Securities of such series allowed for the entire amount due and payable by the Company or such other obligor under this Indenture at the date of institution of such proceedings and for any additional amount which may become due and payable by the Company or such other obligor after such date, and to collect and receive any monies or other property payable or deliverable on any such claim, and to distribute the same after the deduction of the amount payable to the Trustee under Section 7.06; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the holders of Securities of such series to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to such Securityholders, to pay to the Trustee any amount due it under Section 7.06.

(d) All rights of action and of asserting claims under this Indenture, or under any of the terms established with respect to Securities of that series, may be enforced by the Trustee without the possession of any of such Securities, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for payment to the Trustee of any amounts due under Section 7.06, be for the ratable benefit of the holders of the Securities of such series.

In case of an Event of Default hereunder, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal

or equitable right vested in the Trustee by this Indenture or by law.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of that series or the rights of any holder thereof or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding.

SECTION 6.03. Any monies collected by the Trustee pursuant to Section 6.02 with respect to a particular series of Securities shall be applied in the order following, at the date or dates fixed by the Trustee and, in case of the distribution of such monies on account of principal (or premium, if any) or interest, upon presentation of the several Securities of that series, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses of collection and of all amounts payable to the Trustee under Section 7.06;

SECOND: To the payment of the amounts then due and unpaid upon Securities of such series for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively; and

THIRD: To the Company.

SECTION 6.04. No holder of any Security of any series shall have any right by virtue or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof with respect to Securities of such series specifying such Event of Default, as hereinbefore provided, and unless also the holders of not less than 33% in aggregate principal amount of the Securities of such series then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity, shall have failed to institute any such action, suit or proceeding; it being

understood and intended, and being expressly covenanted by the taker and holder of every Security of such series with every other such taker and holder and the Trustee, that no one or more holders of Securities of such series shall have any right in any manner whatsoever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of the holders of any other of such Securities, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Securities of such series. For the protection and enforcement of the provisions of this Section, each and every Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provisions of this Indenture, however, the right of any holder of any Security to receive payment of the principal of (and premium, if any) and interest on such Security, as therein provided, on or after the respective due dates expressed in such Security (or in the case of redemption, on the redemption date), or to institute suit for the enforcement of any such payment on or after such respective dates or redemption date, shall not be impaired or affected without the consent of such holder.

SECTION 6.05. (a) All powers and remedies given by this Article to the Trustee or to the Securityholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any others thereof or of any other powers and remedies available to the Trustee or the holders of the Securities, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture or otherwise established with respect to such Securities.

(b) No delay or omission of the Trustee or of any holder of any of the Securities to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and, subject to the provisions of Section 6.04, every power and remedy given by this Article or by law to the Trustee or to the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

SECTION 6.06. The holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding, determined in accordance with Section 8.04, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to such series; provided, however, that such direction shall not be in conflict with any rule of law or with this Indenture or unduly

prejudicial to the rights of holders of Securities of any other series at the time outstanding determined in accordance with Section 8.04 not parties thereto. Subject to the provisions of Section 7.01, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall, by a Responsible Officer or Officers of the Trustee, determine that the proceeding so directed might involve the Trustee in personal liability. The holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding affected thereby, determined in accordance with Section 8.04, may on behalf of the holders of all of the Securities of such series waive any past default in the performance of any of the covenants contained herein or established pursuant to Section 2.01 with respect to such series and its consequences, except a default in the payment of the principal of, or premium, if any, or interest on, any of the Securities of that series as and when the same shall become due by the terms of such Securities otherwise than by acceleration (unless such default has been cured and a sum sufficient to pay all matured installments of interest and principal otherwise than by acceleration and any premium has been deposited with the Trustee (in accordance with Section 6.01(c)) or a call for redemption of Securities of that series. Upon any such waiver, the default covered thereby shall be deemed to be cured for all purposes of this Indenture and the Company, the Trustee and the holders of the Securities of such series shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 6.07. The Trustee shall, within 90 days after the occurrence of a default with respect to a particular series, transmit by mail, first class postage prepaid, to the holders of Securities of that series, as their names and addresses appear upon the Security Register, notice of all defaults with respect to that series known to the Trustee, unless such defaults shall have been cured or waived before the giving of such notice (the term "defaults" for the purposes of this Section being hereby defined to be the events specified in subsections (1), (2), (3), (4), (5), (6) and (7) of Section 6.01(a), not including any periods of grace provided for therein and irrespective of the giving of notice provided for by subsection (4) of Section 6.01(a)); provided, that, except in the case of default in the payment of the principal of (or premium, if any) or interest on any of the Securities of that series or in the payment of any sinking or analogous fund installment established with respect to that series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers, of the Trustee in good faith determine that the withholding of such notice is in the interests of the holders of Securities of that series; provided further, that in the case of any default of the character specified in Section 6.01(a) (4) with respect to Securities of such series no

such notice to the holders of the Securities of that series shall be given until at least 30 days after the occurrence thereof.

The Trustee shall not be deemed to have knowledge of any default, except (i) a default under subsection (a)(1), (a)(2) or (a)(3) of Section 6.01 as long as the Trustee is acting as paying agent for such series of Securities or (ii) any default as to which the Trustee shall have received written notice or a Responsible Officer charged with the administration of this Indenture shall have obtained written notice.

SECTION 6.08. All parties to this Indenture agree, and each holder of any Securities by his or her acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder, or group of Securityholders, holding more than 10% in aggregate principal amount of the outstanding Securities of any series, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security of such series, on or after the respective due dates expressed in such Security or established pursuant to this Indenture.

#### ARTICLE SEVEN CONCERNING THE TRUSTEE

SECTION 7.01. (a) The Trustee, prior to the occurrence of an Event of Default with respect to Securities of a series and after the curing of all Events of Default with respect to Securities of that series which may have occurred, shall undertake to perform with respect to Securities of such series such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an Event of Default with respect to Securities of a series has occurred (which has not been cured or waived), the Trustee shall exercise with respect to Securities of that series such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) prior to the occurrence of an Event of Default with respect to Securities of a series and after the curing or waiving of all such Events of Default with respect to that series which may have occurred:

(i) the duties and obligations of the Trustee shall with respect to Securities of such series be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable with respect to Securities of such series except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may with respect to Securities of such series conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein);

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Securities of any series at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture with respect to the Securities of that series; and

(4) none of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur or risk personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if the Trustee reasonably believes that the repayment of such funds or liability is not reasonably assured to it under the terms of this Indenture or adequate indemnity against such risk is not reasonably assured to it.

(c) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.01.

SECTION 7.02. Except as otherwise provided in Section 7.01:

(a) The Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, demand, approval, bond, security or other paper or document believed by it (i) to be genuine and (ii) to have been signed or presented by the proper party or parties;

(b) Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by a Board Resolution or an Officers' Certificate (unless other evidence in respect thereof is specifically prescribed herein);

(c) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted hereunder in good faith and in reliance thereon;

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders, pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby; nothing herein contained shall, however, relieve the Trustee of the obligation, upon the occurrence of an Event of Default with respect to a series of the Securities (which has not been cured or waived) to exercise with respect to Securities of that series such of the rights and powers vested in it by this Indenture, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs;

(e) The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, direction, order, demand, approval, bond, security, or other papers or documents, unless requested in writing so to do by the holders of not less than a majority in principal amount of the outstanding Securities of the particular series affected thereby (determined as provided in Section 8.04); provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such costs, expenses or liabilities as a condition to so proceeding. The reasonable expense of every such examination shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company upon demand. Notwithstanding the foregoing, the Trustee, in its direction, may make such further inquiry or investigation into such facts or matters as it may see fit. In making any investigation required or authorized by this subparagraph, the Trustee shall be entitled to examine books, records and premises of the Company, personally or by agent or attorney;

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

SECTION 7.03. (a) The recitals contained herein and in the Securities (other than the Certificate of Authentication on the Securities) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities.

(c) The Trustee shall not be accountable for the use or application by the Company of any of the Securities or of the proceeds of such Securities, or for the use or application of any monies paid over by the Trustee in accordance with any provision of this Indenture or established pursuant to Section 2.01, or for the

use or application of any monies received by any paying agent other than the Trustee.

SECTION 7.04. The Trustee or any paying agent or Security Registrar, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not Trustee, paying agent or Security Registrar.

SECTION 7.05. Subject to the provisions of Section 11.04, all monies received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any monies received by it hereunder except such as it may agree in writing with the Company to pay thereon.

SECTION 7.06. (a) The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its counsel and agents and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, willful misconduct or bad faith. The Company also covenants to indemnify the Trustee (and its officers, agents, directors and employees) for, and to hold it harmless against, any loss, liability or expense incurred without negligence, willful misconduct or bad faith on the part of the Trustee and arising out of or in connection with the acceptance or administration of this trust, including the reasonable costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

(b) The obligations of the Company under this Section to compensate and indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall be secured by a lien prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities.

(c) Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services in connection with an Event of Default, the expenses (including reasonable charges and expenses of its counsel) and compensation for its services are intended to constitute expenses of administration under applicable federal or state bankruptcy, insolvency or similar law.

(d) The provisions of this Section 7.06 shall survive the satisfaction and discharge of this Indenture or the appointment of a successor trustee.

SECTION 7.07. Except as otherwise provided in Section 7.01, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting to take any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee and such certificate, in the absence of bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted to be taken by it under the provisions of this Indenture upon the faith thereof.

SECTION 7.08. If the Trustee has acquired or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

SECTION 7.09. There shall at all times be a Trustee with respect to the Securities issued hereunder which shall at all times be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or other person permitted to act as trustee by the Commission, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least 50 million dollars, and subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Company may not, nor may any person directly or indirectly controlling, controlled by, or under common control with the Company, serve as Trustee. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.10.

SECTION 7.10. (a) The Trustee or any successor hereafter appointed, may at any time resign with respect to the Securities of one or more series by giving written notice thereof to the Company and by transmitting notice of resignation by mail, first class postage prepaid, to the Securityholders of such series, as their names and addresses appear upon the Security Register. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee with respect to Securities of such series by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee with respect to Securities of such series, or any Securityholder of that series who has been a bona fide holder of a Security or Securities for at least six months may, subject to the provisions of Section 6.08, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(1) the Trustee shall fail to comply with the provisions of Section 7.08 after written request therefor by the Company or by any Securityholder who has been a bona fide holder of a Security or Securities for at least six months; or

(2) The Trustee shall cease to be eligible in accordance with the provisions of Section 7.09 and shall fail to resign after written request therefor by the Company or by any such Securityholder; or

(3) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Company may remove the Trustee with respect to all Securities and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 6.08, unless, with respect to subsection (b)(1) above, the Trustee's duty to resign is stayed as provided in Section 310(b) of the Trust Indenture Act, any Securityholder who has been a bona fide holder of a Security or

Securities for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding may at any time remove the Trustee with respect to such series and appoint a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee with respect to the Securities of a series pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.11.

(e) Any successor trustee appointed pursuant to this Section may be appointed with respect to the Securities of one or more series or all of such series, and at any time there shall be only one Trustee with respect to the Securities of any particular series.

SECTION 7.11. (a) In case of the appointment hereunder of a successor trustee with respect to all Securities, every such successor trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor trustee all the rights, powers, and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor trustee all property and money held by such retiring Trustee hereunder, subject to any prior lien provided for in Section 7.06(b).

(b) In case of the appointment hereunder of a successor trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor trustee relates, (2) shall contain

such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust, that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee and that no Trustee shall be responsible for any act or failure to act on the part of any other Trustee hereunder; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein, such retiring Trustee shall with respect to the Securities of that or those series to which the appointment of such successor trustee relates have no further responsibility for the exercise of rights and powers or for the performance of the duties and obligations vested in the Trustee under this Indenture, and each such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor trustee relates; but, on request of the Company or any successor trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor trustee, to the extent contemplated by such supplemental indenture, the property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor trustee relates.

(c) Upon request of any such successor trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor trustee shall accept its appointment unless at the time of such acceptance such successor trustee shall be qualified under the Trust Indenture Act and eligible under this Article.

(e) Upon acceptance of appointment by a successor trustee as provided in this Section, the Company shall transmit notice of the succession of such trustee hereunder by mail, first class postage prepaid, to the Securityholders, as their names and addresses appear upon the Security Register. If the Company fails to transmit such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be transmitted at the expense of the Company.

SECTION 7.12. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of the Trust Indenture Act and eligible under the provisions of Section 7.09, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 7.13. If and when the Trustee shall become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding collection of claims against the Company (or any other obligor upon the Securities).

#### ARTICLE EIGHT CONCERNING THE SECURITYHOLDERS

SECTION 8.01. Whenever in this Indenture it is provided that the holders of a majority or specified percentage in aggregate principal amount of the Securities of a particular series may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such majority or specified percentage of that series have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by such holders of Securities of that series in person or by agent or proxy appointed in writing.

If the Company shall solicit from the Securityholders of any series any request, demand, authorization, direction, notice, consent, waiver or other action, the Company may, at its option, as evidenced by an Officers' Certificate, fix in advance a record date for such series for the determination of Securityholders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other action, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after the record date, but only the Securityholders of record at the close of business on the record date shall be deemed to be Securityholders for the purposes of

determining whether Securityholders of the requisite proportion of outstanding Securities of that series have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other action, and for that purpose the outstanding Securities of that series shall be computed as of the record date; provided that no such authorization, agreement or consent by such Securityholders on the record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

In determining whether the holders of the requisite aggregate principal amount of Securities of a particular series have concurred in any direction, consent or waiver under this Indenture, the principal amount of a Discount Security that shall be deemed to be outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01.

SECTION 8.02. Subject to the provisions of Section 7.01, proof of the execution of any instrument by a Securityholder (such proof will not require notarization) or his agent or proxy and proof of the holding by any person of any of the Securities shall be sufficient if made in the following manner:

(a) The fact and date of the execution by any such person of any instrument may be proved in any reasonable manner acceptable to the Trustee.

(b) The ownership of Securities shall be proved by the Security Register of such Securities or by a certificate of the Security Registrar thereof.

(c) The Trustee may require such additional proof of any matter referred to in this Section as it shall deem necessary.

SECTION 8.03. Prior to the due presentment for registration of transfer of any Security, the Company, the Trustee, any paying agent and any Security Registrar may deem and treat the person in whose name such Security shall be registered upon the books of the Company as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notice of ownership or writing thereon made by anyone other than the Security Registrar) for the purpose of receiving payment of or on account of the principal of and premium, if any, and (subject to Section 2.03) interest on such Security and for all other purposes; and neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be affected by any notice to the contrary.

SECTION 8.04. In determining whether the holders of the requisite aggregate principal amount of Securities of a particular

series have concurred in any direction, consent or waiver under this Indenture, Securities of that series which are owned by the Company or any other obligor on the Securities of that series or by any person directly or indirectly controlling or controlled by or under common control with the Company or any other obligor on the Securities of that series shall be disregarded and deemed not to be outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Securities of such series which the Trustee actually knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section, if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

SECTION 8.05. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the holders of the majority or percentage in aggregate principal amount of the Securities of a particular series specified in this Indenture in connection with such action, any holder of a Security of that series which is shown by the evidence to be included in the Securities the holders of which have consented to such action may, by filing written notice with the Trustee, and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Security. Except as aforesaid any such action taken by the holder of any Security shall be conclusive and binding upon such holder and upon all future holders and owners of such Security, and of any Security issued in exchange therefor, on registration of transfer thereof or in place thereof, irrespective of whether or not any notation in regard thereto is made upon such Security. Any action taken by the holders of the majority or percentage in aggregate principal amount of the Securities of a particular series specified in this Indenture in connection with such action shall be conclusively binding upon the Company, the Trustee and the holders of all the Securities of that series.

#### ARTICLE NINE SUPPLEMENTAL INDENTURES

SECTION 9.01. In addition to any supplemental indenture otherwise authorized by this Indenture, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the

Trust Indenture Act as then in effect), without the consent of the Securityholders, for one or more of the following purposes:

(a) to evidence the succession of another person to the Company, and the assumption by any such successor of the covenants of the Company contained herein or otherwise established with respect to the Securities; or

(b) to add to the covenants of the Company such further covenants, restrictions, conditions or provisions for the protection of the holders of the Securities of all or any series, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions, conditions or provisions a default or an Event of Default with respect to such series permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction, condition or provision such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default or may limit the right of the holders of a majority in aggregate principal amount of the Securities of such series to waive such default; or

(c) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture as shall not be inconsistent with the provisions of this Indenture and shall not adversely affect the interests of the holders of the Securities of any series; or

(d) to change or eliminate any of the provisions of this Indenture or to add any new provision to this Indenture; provided, however, that such change, elimination or addition shall become effective only when there is no Security outstanding of any series created prior to the execution of such supplemental indenture that is entitled to the benefit of such provisions; or

(e) to establish the form or terms of Securities of any series as permitted by Section 2.01; or

(f) to add any additional Events of Default with respect to all or any series of outstanding Securities; or

(g) to provide collateral security for the Securities; or

(h) to provide for the authentication and delivery of bearer securities and coupons appertaining thereto representing interest,

if any, thereon and for the procedures for the registration, exchange and replacement thereof and for the giving of notice to, and the solicitation of the vote or consent of, the holders thereof, and for any other matters incidental thereto; or

(i) to evidence and provide for the acceptance of appointment hereunder by a separate or successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Article Seven; or

(j) to change any place or places where (1) the principal of and premium, if any, and interest, if any, on all or any series of Securities shall be payable, (2) all or any series of Securities may be surrendered for registration of transfer, (3) all or any series of Securities may be surrendered for exchange and (4) notices and demands to or upon the Company in respect of all or any series of Securities and this Indenture may be served; provided, however, that any such place shall be located in New York, New York or be the principal office of the Company; or

(k) to provide for the payment by the Company of additional amounts in respect of certain taxes imposed on certain holders and for the treatment of such additional amounts as interest and for all matters incidental thereto; or

(l) to provide for the issuance of Securities denominated in a currency other than Dollars or in a composite currency and for all matters incidental thereto.

Without limiting the generality of the foregoing, if the Trust Indenture Act as in effect at the date of the execution and delivery of this Indenture or at any time thereafter shall be amended and

(x) if any such amendment shall require one or more changes to any provisions hereof or the inclusion herein of any additional provisions, or shall by operation of law be deemed to effect such changes or incorporate such provisions by reference or otherwise, this Indenture shall be deemed to have been amended so as to conform to such amendment to the Trust Indenture Act, and the Company and the Trustee may, without the consent of any Securityholders, enter into a supplemental indenture hereto to effect or evidence such changes or additional provisions; or

(y) if any such amendment shall permit one or more changes to, or the elimination of, any provisions hereof which, at the date of the execution and delivery hereof or at any time thereafter, are required by the Trust Indenture Act to be contained herein, this Indenture shall be deemed to have

been amended to effect such changes or elimination, and the Company and the Trustee may, without the consent of any Securityholders, enter into a supplemental indenture hereto to effect such changes or elimination; or

(z) if, by reason of any such amendment, one or more provisions which, at the date of the execution and delivery hereof or at any time thereafter, are required by the Trust Indenture Act to be contained herein shall be deemed to be incorporated herein by reference or otherwise, or otherwise made applicable hereto, and shall no longer be required to be contained herein, the Company and the Trustee may, without the consent of any Securityholders, enter into a supplemental indenture hereto to effect the elimination of such provisions.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, and to make any further appropriate agreements and stipulations which may be therein contained, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section may be executed by the Company and the Trustee without the consent of the holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 9.02.

SECTION 9.02. With the consent (evidenced as provided in Section 8.01) of the holders of not less than a majority in aggregate principal amount of the Securities of each series affected by such supplemental indenture or indentures at the time outstanding, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as then in effect) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the holders of the Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Securities of any series, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of a Discount Security that would be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01, without the consent of the holders of each Security then outstanding and affected, (ii) reduce the aforesaid percentage of Securities, the holders of which are required to consent to any such supplemental indenture, or reduce the percentage of Securities, the holders of which are required to waive any default and its consequences, without the consent of the holder of each

Security then outstanding and affected thereby, or (iii) modify any provision of Section 6.01(c) (except to increase the percentage of principal amount of securities required to rescind and annul any declaration of amounts due and payable under the Securities) without the consent of the holders of each Security then outstanding and affected thereby.

Upon the request of the Company, accompanied by a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders required to consent thereto, as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture that has expressly been included solely for the benefit of one or more particular series of Securities, or that modifies the rights of holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the holders of Securities of any other series.

It shall not be necessary for the consent of the Securityholders of any series affected thereby under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Trustee shall transmit by mail, first class postage prepaid, a notice, setting forth in general terms the substance of such supplemental indenture, to the Securityholders of all series affected thereby as their names and addresses appear upon the Security Register. Any failure of the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.03. Upon the execution of any supplemental indenture pursuant to the provisions of this Article or of Section 10.01, this Indenture shall, with respect to such series, be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Securities of the series affected thereby shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be

and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.04. Securities of any series, affected by a supplemental indenture, authenticated and delivered after the execution of such supplemental indenture pursuant to the provisions of this Article, Article Two or Article Seven or of Section 10.01, may bear a notation in form approved by the Company, provided such form meets the requirements of any exchange upon which such series may be listed, as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of that series so modified as to conform, in the opinion of the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Company, authenticated by the Trustee and delivered in exchange for the Securities of that series then outstanding.

SECTION 9.05. The Trustee, subject to the provisions of Section 7.01, shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to this Article is authorized or permitted by, and conforms to, the terms of this Article and that it is proper for the Trustee under the provisions of this Article to join in the execution thereof.

#### ARTICLE TEN CONSOLIDATION, MERGER AND SALE

SECTION 10.01. Nothing contained in this Indenture or in any of the Securities shall prevent any consolidation or merger of the Company with or into any other corporation or corporations (whether or not affiliated with the Company), or successive consolidations or mergers in which the Company or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance, transfer or other disposition of all or substantially all of the property of the Company or its successor or successors as an entirety, or substantially as an entirety, to any other corporation (whether or not affiliated with the Company or its successor or successors) authorized to acquire and operate the same; provided, however, the Company hereby covenants and agrees that, upon any such consolidation, merger, sale, conveyance, transfer or other disposition, the due and punctual payment of the principal of (premium, if any) and interest on all of the Securities of all series in accordance with the terms of each series, according to their tenor, and the due and punctual performance and observance of all the covenants and conditions of this Indenture with respect to each series or established with respect to such series pursuant to Section 2.01 to be kept or performed by the Company, shall be expressly assumed, by supplemental indenture (which shall conform to the provisions of the Trust Indenture Act as then in effect) satisfactory in form to the Trustee executed and delivered to the

Trustee by the entity formed by such consolidation, or into which the Company shall have been merged, or by the entity which shall have acquired such property.

SECTION 10.02. (a) In case of any such consolidation, merger, sale, conveyance, transfer or other disposition and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and premium, if any, and interest on all of the Securities of all series outstanding and the due and punctual performance of all of the covenants and conditions of this Indenture or established with respect to each series of the Securities pursuant to Section 2.01 to be kept or performed by the Company with respect to each series, such successor corporation shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part, and thereupon (provided, that in the case of a lease, the term of the lease is at least as long as the longest maturity of any Securities outstanding at such time) the predecessor corporation shall be relieved of all obligations and covenants under this Indenture and the Securities. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of the Company or any other predecessor obligor on the Securities, any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor company, instead of the Company, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the predecessor Company to the Trustee for authentication, and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

(b) In case of any such consolidation, merger, sale, conveyance, transfer or other disposition such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

(c) Nothing contained in this Indenture or in any of the Securities shall prevent the Company from merging into itself or acquiring by purchase or otherwise all or any part of the property of any other corporation (whether or not affiliated with the Company).

SECTION 10.03. The Trustee, subject to the provisions of Section 7.01, may receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or other disposition, and any such assumption, comply with the provisions of this Article.

ARTICLE ELEVEN  
DEFEASANCE AND CONDITIONS TO DEFEASANCE; UNCLAIMED MONIES

SECTION 11.01. Securities of a series may be defeased in accordance with their terms and, unless the Company Order or supplemental indenture establishing the series otherwise provides, in accordance with this Article.

The Company at any time may terminate as to a series all of its obligations for such series under this Indenture ("legal defeasance option"). The Company at any time may terminate as to a series its obligations, if any, under any restrictive covenant which may be applicable to a particular series ("covenant defeasance option"). However, in the case of the legal defeasance option, the Company's obligations in Sections 2.05, 2.07, 4.02, 7.06, 7.10 and 11.04 shall survive until the Securities of the series are no longer outstanding; thereafter the Company's obligations in Sections 7.06, 7.10 and 11.04 shall survive.

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, a series may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, a series may not be accelerated by reference to any restrictive covenant which may be applicable to a particular series so defeased under the terms of the series.

The Trustee, upon request of and at the cost and expense of the Company, shall, subject to compliance with Section 13.06, acknowledge in writing the discharge of those obligations that the Company terminates.

The Company may exercise as to a series its legal defeasance option or its covenant defeasance option if:

- (1) The Company irrevocably deposits in trust with the Trustee or another trustee (x) money in an amount which shall be sufficient; or (y) Eligible Obligations the principal of and the interest on which when due, without regard to reinvestment thereof, will provide moneys, which, together with the money, if any, deposited or held by the Trustee or such other trustee, shall be sufficient; or (z) a combination of money and Eligible Obligations which shall be sufficient, to pay the principal of and premium, if any, and interest, if

any, due and to become due on such Securities on or prior to maturity;

(2) the Company delivers to the Trustee a Certificate to the effect that the requirements set forth in clause (1) above have been satisfied;

(3) immediately after the deposit no Default exists; and

(4) the Company delivers to the Trustee an Opinion of Counsel to the effect that holders of the series will not recognize income, gain or loss for Federal income tax purposes as a result of the defeasance but will realize income, gain or loss on the Securities, including payments of interest thereon, in the same amounts and in the same manner and at the same time as would have been the case if such defeasance had not occurred and which, in the case of legal defeasance, shall be (x) accompanied by a ruling of the Internal Revenue Service issued to the Company or (y) based on a change in law or regulation occurring after the date hereof; and

(5) the deposit specified in paragraph (1) above shall not result in the Company, the Trustee or the trust created in connection with such defeasance being deemed an "investment company" under the Investment Company Act of 1940, as amended.

In the event the Company exercises its option to effect a covenant defeasance with respect to the Securities of any series as described above and the Securities of that series are thereafter declared due and payable because of the occurrence of any Event of Default other than the Event of Default caused by failing to comply with the covenants which are defeased, the amount of money and securities on deposit with the Trustee may not be sufficient to pay amounts due on the Securities of that series at the time of the acceleration resulting from such Event of Default. However, the Company shall remain liable for such payments.

SECTION 11.02. All monies or Eligible Obligations deposited with the Trustee pursuant to Section 11.01 shall be held in trust and shall be available for payment as due, either directly or through any paying agent (including the Company acting as its own paying agent), to the holders of the particular series of Securities for the payment or redemption of which such monies or Eligible Obligations have been deposited with the Trustee.

SECTION 11.03. In connection with the satisfaction and discharge of this Indenture all monies or Eligible Obligations then held by any paying agent under the provisions of this Indenture shall, upon demand of the Company, be paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such monies or Eligible Obligations.

SECTION 11.04. Any monies or Eligible Obligations deposited with any paying agent or the Trustee, or then held by the Company, in trust for payment of principal of or premium or interest on the Securities of a particular series that are not applied but remain unclaimed by the holders of such Securities for at least two years after the date upon which the principal of (and premium, if any) or interest on such Securities shall have respectively become due and payable, upon the written request of the Company and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, shall be repaid to the Company on May 31 of each year or (if then held by the Company) shall be discharged from such trust; and thereupon the paying agent and the Trustee shall be released from all further liability with respect to such monies or Eligible Obligations, and the holder of any of the Securities entitled to receive such payment shall thereafter, as an unsecured general creditor, look only to the Company for the payment thereof.

SECTION 11.05. In connection with any satisfaction and discharge of this Indenture pursuant to this Article Eleven, the Company shall deliver to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that all conditions precedent in this Indenture provided for relating to such satisfaction and discharge have been complied with.

ARTICLE TWELVE  
IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS  
AND DIRECTORS

SECTION 12.01. No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, stockholder, officer or director, past, present or future as such, of the Company or of any predecessor or successor corporation, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, stockholders, officers or directors as such, of the Company or of any predecessor or successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability of every name and nature, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, stockholder, officer or director as such, because of the creation

of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issuance of such Securities.

ARTICLE THIRTEEN  
MISCELLANEOUS PROVISIONS

SECTION 13.01. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 13.02. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the corresponding board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

SECTION 13.03. The Company by instrument in writing executed by authority of two-thirds of its Board of Directors and delivered to the Trustee may surrender any of the powers reserved to the Company under this Indenture and thereupon such power so surrendered shall terminate both as to the Company and as to any successor corporation.

SECTION 13.04. Except as otherwise expressly provided herein any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Securities to or on the Company may be given or served by being deposited first class postage prepaid in a post office letter box addressed (until another address is filed in writing by the Company with the Trustee), as follows: Kentucky Power Company, 1701 Central Avenue, Ashland, Kentucky 41101, with a copy to the Company in care of American Electric Power Service Corporation, 1 Riverside Plaza, Columbus, Ohio 43215, Attention: Treasurer. Any notice, election, request or demand by the Company or any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the Corporate Trust Office of the Trustee.

SECTION 13.05. This Indenture and each Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of said State.

SECTION 13.06. (a) Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

(b) Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant in this Indenture (other than the certificate provided pursuant to Section 5.03(d) of this Indenture) shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

SECTION 13.07. Except as provided pursuant to Section 2.01 pursuant to a Company Order, or established in one or more indentures supplemental to this Indenture, in any case where the date of maturity of principal or an Interest Payment Date of any Security or the date of redemption, purchase or repayment of any Security shall not be a Business Day then payment of interest or principal (and premium, if any) may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of maturity or redemption, and no interest shall accrue for the period after such nominal date.

SECTION 13.08. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by the Trust Indenture Act, such imposed duties shall control.

SECTION 13.09. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 13.10. In case any one or more of the provisions contained in this Indenture or in the Securities of any series shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture or of such Securities, but this Indenture and such Securities shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

SECTION 13.11. The Company will have the right at all times to assign any of its rights or obligations under the Indenture to a direct or indirect wholly owned subsidiary of the Company; provided that, in the event of any such assignment, the Company will remain liable for all such obligations. Subject to the foregoing, this Indenture is binding upon and inures to the benefit of the parties thereto and their respective successors and assigns. This Indenture may not otherwise be assigned by the parties thereto.

SECTION 13.12. The Article and Section Headings in this Indenture and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 13.13. Whenever this Indenture provides for any action by, or the determination of any rights of, holders of Securities of any series in which not all of such Securities are denominated in the same currency, in the absence of any provision to the contrary in the form of Security of any particular series, any amount in respect of any Security denominated in a currency other than Dollars shall be treated for any such action or determination of rights as that amount of Dollars that could be obtained for such amount on such reasonable basis of exchange and as of the record date with respect to Securities of such series (if any) for such action or determination of rights (or, if there shall be no applicable record date, such other date reasonably proximate to the date of such action or determination of rights) as the Company may specify in a written notice to the Trustee or, in the absence of such written notice, as the Trustee may determine.

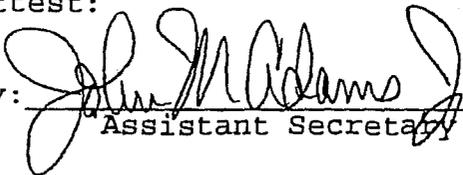
Bankers Trust Company, as Trustee, hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

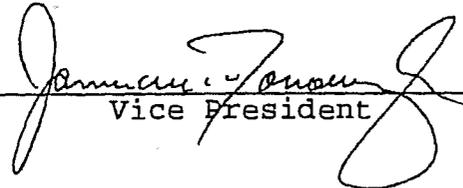
KENTUCKY POWER COMPANY

By:   
Treasurer

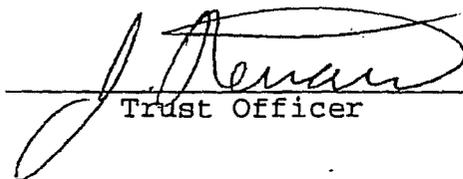
Attest:

By:   
Assistant Secretary

BANKERS TRUST COMPANY,  
as Trustee

By:   
Vice President

Attest:

By:   
Trust Officer

State of Ohio  
County of Franklin } ss:

On this 23rd day of September, 1997, personally appeared before me, a Notary Public within and for said County in the State aforesaid, Armando A. Peña and John M. Adams, Jr., to me known and known to me to be respectively the Treasurer and an Assistant Secretary of KENTUCKY POWER COMPANY, one of the corporations named in and which executed the foregoing instrument, who severally acknowledged that they did sign and seal said instrument as such Treasurer and Assistant Secretary for and on behalf of said corporation and that the same is their free act and deed as such Treasurer and Assistant Secretary, respectively, and the free and corporate act and deed of said corporation.

In Witness Whereof, I have hereunto set my hand and notarial seal this 23rd day of September, 1997.

[Notarial Seal]

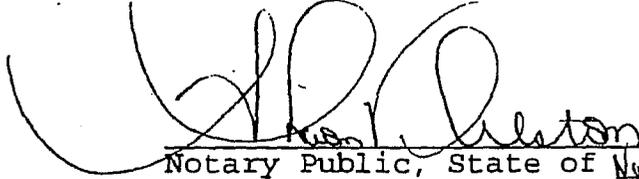
*Man M. Salter*  
\_\_\_\_\_  
Notary Public, State of Ohio  
My Commission Expires: 7-12-99

State of New York }  
County of New York } ss:

Be it remembered, that on this 24<sup>th</sup> day of September, 1997, personally appeared before me the undersigned, a Notary Public within and for said County and State, Bankers Trust Company, one of the corporations named in and which executed the foregoing instrument, by James McDonough one of its Vice Presidents, and by Jason Thirault, one of its Trust Officers, to me known and known by me to be such Vice President and Trust Officer, respectively, who severally duly acknowledged the signing and sealing of the foregoing instrument to be their free act and voluntary deed, and the free act and voluntary deed of each of them as such Vice President and Trust Officer, respectively, and the free act and voluntary deed of said corporation, for the uses and purposes therein expressed and mentioned.

In Witness Whereof, I have hereunto set my hand and notarial seal this 24<sup>th</sup> day of September, 1997.

[Notarial Seal]

  
Notary Public, State of New York  
My Commission Expires: 5-7-99  
SHARON V. ALSTON  
Notary Public, State of New York  
No. 31-4966275  
Qualified in New York County  
Commission Expires \_\_\_\_\_



# **EXHIBIT B**

September 11, 2007

Company Order and Officers' Certificate  
6.0% Senior Notes, Series E, due 2017

Deutsche Bank Trust Company Americas, as Trustee  
25 Deforest Avenue  
Summit, NJ 07901

Ladies and Gentlemen:

Pursuant to Article Two of the Indenture, dated as of September 1, 1997 (as it may be amended or supplemented, the "Indenture"), from Kentucky Power Company (the "Company") to Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), and the Board Resolutions dated February 28, 2006, a copy of which certified by the Secretary or an Assistant Secretary of the Company is being delivered herewith under Section 2.01 of the Indenture,

1. You are hereby requested to authenticate \$325,000,000 aggregate principal amount of 6.0% Senior Notes, Series E, due 2017, executed by the Company and delivered to you concurrently with this Company Order and Officers' Certificate, in the manner provided by the Indenture.
2. You are hereby requested to hold the Notes as custodian for DTC in accordance with the Blanket Issuer Letter of Representations dated June 24, 2004, from the Company to DTC.
3. Concurrently with this Company Order and Officers' Certificate, an Opinion of Counsel under Sections 2.04 and 13.06 of the Indenture is being delivered to you.
4. The undersigned Stephan T. Haynes and Thomas G. Berkemeyer, the Assistant Treasurer and Assistant Secretary, respectively, of the Company do hereby certify that:
  - (i) we have read the relevant portions of the Indenture, including without limitation the conditions precedent provided for therein relating to the action proposed to be taken by the Trustee as requested in this Company Order and Officers' Certificate, and the definitions in the Indenture relating thereto;
  - (ii) we have read the Board Resolutions of the Company and the Opinion of Counsel referred to above;
  - (iii) we have conferred with other officers of the Company, have examined such records of the Company and have made such other investigation as we deemed relevant for purposes of this certificate;
  - (iv) in our opinion, we have made such examination or investigation as is necessary to enable us to express an informed opinion as to whether or not such conditions have been complied with; and

- (v) on the basis of the foregoing, we are of the opinion that all conditions precedent provided for in the Indenture relating to the action proposed to be taken by the Trustee as requested herein have been complied with.

Kindly acknowledge receipt of this Company Order and Officers' Certificate, including the documents listed herein, and confirm the arrangements set forth herein by signing and returning the copy of this document attached hereto.

IN WITNESS WHEREOF, the Company has caused this Company Order and Officer's Certificate to be duly executed and delivered.

Very truly yours,

KENTUCKY POWER COMPANY

By: Stephan T. Hynes  
Assistant Treasurer

And: [Signature]  
Assistant Secretary

Acknowledged by Trustee:

DEUTSCHE BANK TRUST COMPANY  
AMERICAS, as Trustee

By: DEUTSCHE BANK NATIONAL TRUST  
COMPANY

By: [Signature]  
Authorized Signatory

# **EXHIBIT C**

**KENTUCKY POWER COMPANY**  
**TO**  
**DEUTSCHE BANK TRUST COMPANY AMERICAS**  
**(formerly Bankers Trust Company)**  
**AS TRUSTEE**

**FIRST SUPPLEMENTAL INDENTURE**  
**DATED AS OF SEPTEMBER 1, 2007**

\$325,000,000

6.0% SENIOR NOTES, SERIES E, DUE 2017

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\* This Table of Contents does not constitute part of the Indenture or have any bearing upon the interpretation of any of its terms and provisions.

THIS FIRST SUPPLEMENTAL INDENTURE is made as of the 1<sup>st</sup> day of September, 2007, between KENTUCKY POWER COMPANY, a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein called the "Company"), having its principal office at 1 Riverside Plaza, Columbus, Ohio 43215 and Deutsche Bank Trust Company Americas (formerly Bankers Trust Company), a banking corporation, duly organized and existing under the laws of the State of New York, having its principal corporate trust office at 60 Wall Street, New York, New York 10005, as Trustee (herein called the "Trustee").

W I T N E S S E T H:

WHEREAS, the Company has heretofore entered into an Indenture, dated as of September 1, 1997 (the "Original Indenture"), with the Trustee;

WHEREAS, the Original Indenture is incorporated herein by this reference and the Original Indenture, as supplemented by this First Supplemental Indenture, dated as of the date hereof, is herein called the "Indenture";

WHEREAS, under the Original Indenture, a new series of unsecured notes (the "Senior Notes") may at any time be established by the Board of Directors of the Company in accordance with the provisions of the Original Indenture and the terms of such series may be described by a supplemental indenture executed by the Company and the Trustee;

WHEREAS, the Company proposes to create under the Indenture a series of Senior Notes to be designated the "6.0% Senior Notes, Series E, due 2017" (the "Series E Notes"), the form and substance of the Series E Notes and the terms, provisions and conditions thereof to be set forth as provided in the Original Indenture and this First Supplemental Indenture;

WHEREAS, additional Senior Notes of other series hereafter established, except as may be limited in the Original Indenture as at the time supplemented and modified, may be issued from time to time pursuant to the Indenture as at the time supplemented and modified; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this First Supplemental Indenture and to make it a valid and binding obligation of the Company have been done or performed.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE I**

**Additional Definitions**

**SECTION 1.01. Definitions**

The following defined terms used herein shall, unless the context otherwise requires, have the meanings specified below. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Original Indenture.

“Certificated Securities” has the meaning set forth in Section 2.06(c).

“Clearstream” means Clearstream Banking, société anonyme, or any successor securities clearing agency.

“Distribution Compliance Period,” with respect to the Series E Notes, means the period of 40 consecutive days beginning on and including the later of (i) the day on which such Series E Notes are first offered to Persons other than distributors (as defined in Regulation S under the Securities Act) in reliance on Regulation S and (ii) the Original Issue Date.

“DTC” means The Depository Trust Company, the initial Clearing Agency.

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System or any successor securities clearing agency.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Global Securities” means global certificates representing the Series E Notes as described in Section 2.06.

“Holder” means a registered holder of a Series E Note.

“Original Issue Date” means September 11, 2007.

“Owner” means each Person who is the beneficial owner of a Global Security as reflected in the records of the Depository (as defined in the Indenture) or, if a Depository participant is not the Owner, then as reflected in the records of a Person maintaining an account with such Depository (directly or indirectly, in accordance with the rules of such Depository).

“Permanent Regulation S Global Security” has the meaning set forth in Section 2.06(b).

“QIBs” means qualified institutional buyers as defined in Rule 144A.

“Regulation S” means Regulation S under the Securities Act and any successor regulation thereto.

“Rule 144” means Rule 144 under the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Securities and Exchange Commission.

“Rule 144A” means Rule 144A under the Securities Act, as such rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Securities and Exchange Commission.

“Rule 144A Global Security” has the meaning set forth in Section 2.06(b).

“Securities Act” means the Securities Act of 1933, as amended from time to time, or any successor legislation.

“Securities Custodian” means the custodian with respect to a Global Security (as appointed by the Depository), or any successor Person thereto and shall initially be the Trustee.

“Stated Maturity” means September 15, 2017.

“Temporary Regulation S Global Security” has the meaning set forth in Section 2.06(b).

## ARTICLE II

### Series E Notes

SECTION 2.01. Establishment. The Series E Notes shall be designated as the Company’s “6.0% Senior Notes, Series E, due 2017.”

SECTION 2.02. Aggregate Principal Amount. The Trustee shall authenticate and deliver Series E Notes for original issue on the Original Issue Date in the aggregate principal amount of \$325,000,000 upon a Company Order for authentication and delivery thereof and satisfaction of Section 2.01 of the Original Indenture. The aggregate principal amount of the Series E Notes shall be initially limited to \$325,000,000 and shall be subject to Periodic Offerings pursuant to Article Two of the Original Indenture. All Series E Notes need not be issued at the same time and such series may be reopened at any time, without the consent of any Holder, for issuances of additional Series E Notes. Any such additional Series E Notes will have the same interest rate, maturity and other terms as those initially issued. The Series E Notes shall be issued in definitive fully registered form.

SECTION 2.03. Maturity and Interest. (i) The Series E Notes shall mature on, and the date on which the principal of the Series E Notes shall be payable (unless earlier redeemed) shall be, September 15, 2017;

(ii) the interest rate at which the Series E Notes shall bear interest shall be 6.0% per annum; interest shall accrue from the date of authentication of the Series E Notes; the Interest Payment Dates on which such interest will be payable shall be March 15 and September 15, and the Regular Record Date for the determination of holders to whom interest is payable on any such Interest Payment Date shall be the March 1 or September 1 preceding the relevant Interest Payment Date; provided that the first Interest Payment Date shall be March 15, 2008 and interest payable on the Stated Maturity or any redemption date shall be paid to the Person to whom principal shall be paid; each payment of interest shall include interest accrued through the day before the Interest Payment Date.

SECTION 2.04. Optional Redemption. The Series E Notes shall be redeemable at the option of the Company, in whole at any time or in part from time to time, upon not less than thirty but not more than sixty days’ previous notice given by mail to the registered owners of the Series E Notes at a redemption price equal to the greater of (i) 100% of the principal amount of the Series E Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series E Notes being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming

a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 25 basis points, plus accrued interest thereon to the date of redemption.

“Treasury Rate” means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series E Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series E Notes.

“Comparable Treasury Price” means, with respect to any redemption date, (i) the average of Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company and reasonably acceptable to the Trustee.

“Reference Treasury Dealer” means a primary U.S. government securities dealer selected by the Company and reasonably acceptable to the Trustee.

“Reference Treasury Dealer Quotation” means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

SECTION 2.05. Limitation on Secured Debt. So long as any of the Series E Notes are outstanding, the Company shall not create or suffer to be created or to exist any additional mortgage, pledge, security interest, or other lien (collectively “Liens”) on any utility properties or tangible assets now owned or hereafter acquired to secure any indebtedness for borrowed money (“Secured Debt”), without providing that such Series E Notes will be similarly secured. This restriction does not apply to the Company’s subsidiaries, nor will this restriction prevent any of the Company’s subsidiaries from creating or permitting to exist Liens on their property or assets to secure any Secured Debt. In addition, this restriction does not prevent the creation or existence of:

- Liens on property existing at the time of acquisition or construction of such property (or created within one year after completion of such acquisition or

construction), whether by purchase, merger, construction or otherwise, or to secure the payment of all or any part of the purchase price or construction cost thereof, including the extension of any Liens to repairs, renewals, replacements, substitutions, betterments, additions, extensions and improvements then or thereafter made on the property subject thereto;

- Financing of the Company's accounts receivable for electric service;
- Any extensions, renewals or replacements (or successive extensions, renewals or replacements), in whole or in part, of Liens permitted by the foregoing clauses; and
- The pledge of any bonds or other securities at any time issued under any of the Secured Debt permitted by the above clauses.

In addition to the permitted issuances above, Secured Debt not otherwise so permitted may be issued in an amount that does not exceed 15% of Net Tangible Assets as defined below.

"Net Tangible Assets" means the total of all assets (including revaluations thereof as a result of commercial appraisals, price level restatement or otherwise) appearing on the Company's balance sheet, net of applicable reserves and deductions, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount, and all other like intangible assets (which term shall not be construed to include such revaluations), less the aggregate of the Company's current liabilities appearing on such balance sheet. For purposes of this definition, the Company's balance sheet does not include assets and liabilities of its subsidiaries.

This restriction also will not apply to or prevent the creation or existence of leases made, or existing on property acquired, in the ordinary course of business.

#### SECTION 2.06. Global Securities and Certificated Securities.

(a) General. The Series E Notes will be resold initially only to (i) QIBs in reliance on Rule 144A under the Securities Act ("Rule 144A") and (ii) Persons other than U.S. Persons (as defined in Regulation S) in reliance on Regulation S. Series E Notes may thereafter be transferred to, among others, QIBs and purchasers in reliance on Regulation S, subject to the restrictions on transfer set forth herein.

#### (b) Global Securities.

(i) Form. Series E Notes initially resold pursuant to Rule 144A shall be issued initially in the form of one or more permanent Global Securities in definitive, fully registered form (collectively, the "Rule 144A Global Security") and Series E Notes initially resold pursuant to Regulation S and shall be issued initially in the form of one or more temporary global securities in definitive, fully registered form (collectively, the "Temporary Regulation S Global Security"), in each case without interest coupons and with the global securities legend and restricted securities legend set forth in Exhibit A hereto, which shall be deposited on behalf of the purchasers of the Series E Notes represented thereby with the

Securities Custodian, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as provided in the Indenture. Except as set forth in this Section 2.06, beneficial ownership interests in the Temporary Regulation S Global Security (x) will not be exchangeable for interests in the Rule 144A Global Security, the permanent global security (the "Permanent Regulation S Global Security"), or any other security without a legend containing restrictions on transfer of such security prior to the expiration of the Distribution Compliance Period and (y) then may be exchanged for interests in a Rule 144A Global Security or the Permanent Regulation S Global Security only upon certification that beneficial ownership interests in such Temporary Regulation S Global Security are owned either by non-U.S. persons or U.S. persons who purchased such interests in a transaction that did not require registration under the Securities Act.

The Rule 144A Global Security, the Temporary Regulation S Global Security and the Permanent Regulation S Global Security are collectively referred to herein as "Global Securities". The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided.

(ii) Book-Entry Provisions. This Section shall apply only to a Global Security deposited with or on behalf of the Depository. The Company shall execute and the Trustee shall, in accordance with this Section 2.06(b)(ii), authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as the custodian of the Depository or under such Global Security, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat the Depository as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

To the extent a notice or other communication to the beneficial owners of the Series E Notes is required under the Indenture, unless and until Certificated Securities shall have been issued to such owners, the Trustee shall give all such notices and communications specified herein to be given to such owners to the Depository, and shall have no obligations to such Owners.

(c) Certificated Securities. Except as provided in this Section 2.06, owners of beneficial interests in Global Securities shall not be entitled to receive physical delivery of Certificated Securities (as defined below).

Global Securities shall be exchangeable for fully registered, certificated Series E Notes ("Certificated Securities") if (i) the Depository (x) notifies the Company that it is unwilling or unable to continue as Depository for the Global Securities or (y) shall no longer be registered or in good standing under the Exchange Act, or other applicable statute or regulation, and a successor Depository for the Global Securities is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition. Upon surrender to the Trustee of the typewritten certificate or certificates representing the Global Securities by the Depository, accompanied by registration instructions, the Trustee shall execute and authenticate the certificates in accordance with the instructions of the Depository. Neither the Security Registrar nor the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Certificated Securities, the Trustee shall recognize the Holders of the Certificated Securities as Holders. The Certificated Securities shall be printed, lithographed or engraved or may be produced in any other manner as is reasonably acceptable to the Company, as evidenced by the execution thereof by the Company, and shall bear the legend set forth on Exhibit A hereto unless the Company informs the Trustee that such legend is no longer required.

SECTION 2.07. Form of Securities. The Global Securities and Certificated Securities shall be substantially in the form attached as Exhibit A thereto.

SECTION 2.08. Transfer and Exchange.

(a) General. The Series E Notes may not be transferred except in compliance with the legend contained in Exhibit A unless otherwise determined by the Company in accordance with applicable law. No service charge will be made for any transfer or exchange of Series E Notes, but payment will be required of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(b) Transfer and Exchange of Global Securities.

(i) If a holder of a beneficial interest in the Rule 144A Global Security wishes at any time to exchange its interest in the Rule 144A Global Security for an interest in the Permanent Regulation S Global Security, or to transfer its interest in the Rule 144A Global Security to a person who wishes to take delivery thereof in the form of an interest in the Permanent Regulation S Global Security, such holder may, subject to the rules and procedures of the Depository and to the requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in the Permanent Regulation S Global Security. Upon receipt by the Trustee, as transfer agent, of (1) instructions given in accordance with the Depository's procedures from or on behalf of a holder of a beneficial interest in the Rule 144A Global Security, directing the Trustee, as transfer agent, to credit or cause to be credited a beneficial interest in the Permanent Regulation S Global

Security in an amount equal to the beneficial interest in the Rule 144A Global Security to be exchanged or transferred, (2) a written order given in accordance with the Depository's procedures containing information regarding the Euroclear or Clearstream account to be credited with such increase and the name of such account, and (3) a certificate in the form of Exhibit B hereto given by the holder of such beneficial interest stating that the exchange or transfer of such interest has been made pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, the Trustee, as transfer agent, shall promptly deliver appropriate instructions to the Depository, its nominee, or the custodian for the Depository, as the case may be, to reduce or reflect on its records a reduction of the Rule 144A Global Security by the aggregate principal amount of the beneficial interest in such Rule 144A Global Security to be so exchanged or transferred from the relevant participant, and the Trustee, as transfer agent, shall promptly deliver appropriate instructions to the Depository, its nominee, or the custodian for the Depository, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of such Permanent Regulation S Global Security by the aggregate principal amount of the beneficial interest in such Rule 144A Global Security to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions (who may be Euroclear or Clearstream or another agent member of Euroclear or Clearstream or both, as the case may be, acting for and on behalf of them) a beneficial interest in such Permanent Regulation S Global Security equal to the reduction in the principal amount of such Rule 144A Global Security.

(ii) If a holder of a beneficial interest in the Permanent Regulation S Global Security wishes at any time to exchange its interest in the Permanent Regulation S Global Security for an interest in the Rule 144A Global Security, or to transfer its interest in the Permanent Regulation S Global Security to a person who wishes to take delivery thereof in the form of an interest in the Rule 144A Global Security, such holder may, subject to the rules and procedures of Euroclear or Clearstream and the Depository, as the case may be, and to the requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in such Rule 144A Global Security. Upon receipt by the Trustee, as transfer agent, of (1) instructions given in accordance with the procedures of Euroclear or Clearstream and the Depository, as the case may be, from or on behalf of a beneficial owner of an interest in the Permanent Regulation S Global Security directing the Trustee, as transfer agent, to credit or cause to be credited a beneficial interest in the Rule 144A Global Security in an amount equal to the beneficial interest in the Permanent Regulation S Global Security to be exchanged or transferred, (2) a written order given in accordance with the procedures of Euroclear or Clearstream and the Depository, as the case may be, containing information regarding the account with the Depository to be credited with such increase and the name of such account, and (3) prior to the expiration of the Distribution Compliance Period, a certificate in the form of Exhibit B hereto given by the holder of such beneficial interest and stating that the person transferring such interest in such

Permanent Regulation S Global Security reasonably believes that the person acquiring such interest in the Rule 144A Global Security is a QIB and is obtaining such beneficial interest for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and any applicable securities laws of any state of the United States or any other jurisdiction, the Trustee, as transfer agent, shall promptly deliver appropriate instructions to the Depository, its nominee, or the custodian for the Depository, as the case may be, to reduce or reflect on its records a reduction of the Permanent Regulation S Global Security by the aggregate principal amount of the beneficial interest in such Permanent Regulation S Global Security to be exchanged or transferred, and the Trustee, as transfer agent, shall promptly deliver appropriate instructions to the Depository, its nominee, or the custodian for the Depository, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of the Rule 144A Global Security by the aggregate principal amount of the beneficial interest in the Permanent Regulation S Global Security to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Rule 144A Global Security equal to the reduction in the principal amount of the Permanent Regulation S Global Security. After the expiration of the Distribution Compliance Period, the certification requirement set forth in clause (3) of the second sentence of this Section 2.08(b)(ii) will no longer apply to such exchanges and transfers.

(iii) Any beneficial interest in one of the Global Securities that is transferred to a person who takes delivery in the form of an interest in the other Global Securities will, upon transfer, cease to be an interest in such Global Security and become an interest in the other Global Securities and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Security Note for as long as it remains such an interest.

(iv) Beneficial interests in Temporary Regulation S Global Securities may be exchanged for interests in Rule 144A Global Securities or Permanent Regulation S Global Securities if (1) such exchange occurs in connection with a transfer of securities in compliance with Rule 144A, and (2) the transferor of the beneficial interest in the Temporary Regulation S Global Security first delivers to the Trustee a written certificate (in a form satisfactory to the Trustee) to the effect that the beneficial interest in the Temporary Regulation S Global Security is being transferred to a Person (a) who the transferor reasonably believes to be a QIB (b) purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A, and (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

(v) During the Distribution Compliance Period, beneficial ownership interests in Temporary Regulation S Global Securities may only be sold, pledged or transferred through Euroclear or Clearstream in accordance with the applicable procedures relating to such institutions and only (i) to the Company, (ii) so long

as such security is eligible for resale pursuant to Rule 144A, to a Person whom the selling holder reasonably believes is a QIB that purchases for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in accordance with Regulation S (other than a transaction resulting in an exchange for interest in a Permanent Regulation S Global Security), (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if applicable) under the Securities Act or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

(c) Transfer and Exchange of Global Securities and Certificated Securities.

(i) In the event that a Global Security is exchanged for a Certificated Security as provided in Section 2.06(c), such Certificated Security may be exchanged or transferred for one another, subject to Section 2.05 of the Original Indenture, only in accordance with such procedures as are substantially consistent with the provisions of clauses (b)(i) and (ii) above (including the certification requirements intended to ensure that such exchanges or transfers comply with Rule 144, Rule 144A or Regulation S, as the case may be) and as may be from time to time reasonably adopted by the Company.

(ii) Upon receipt by the Trustee of a Certificated Security, duly endorsed or accompanied by appropriate instruments of transfer, the Trustee shall cancel such Certificated Security and cause, or direct the Securities Custodian to cause, in accordance with the standing instructions and procedures existing of the Depository and the Securities Custodian, the aggregate principal amount of Series E Notes represented by the Rule 144A Global Security or Permanent Regulation S Global Security, as applicable, to be increased by the aggregate principal amount of the Certificated Security to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Rule 144A Global Security or Permanent Regulation S Global Security, as applicable, equal to the principal amount of the Certificated Security so canceled. If no Rule 144A Global Securities or Permanent Regulation S Global Securities, as applicable, are then outstanding, the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officers' Certificate, a new Rule 144A Global Security or Permanent Regulation S Global Security, as applicable, in the appropriate principal amount.

(d) Certificates. In connection with any transfer described in paragraphs (b) and (c) of this Section 2.08, the Trustee shall receive a certificate of transfer in the form attached as Exhibit B hereto.

(e) Transfer Restricted Security. Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Global Security) pursuant to Rule 144 under the Securities Act or an effective registration

statement under the Securities Act, which shall be certified to the Trustee and Security Registrar upon which each may conclusively rely:

(i) in the case of any Transfer Restricted Security represented by a Certificated Security, the Security Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a Certificated Security that does not bear the legend set forth in Exhibit A hereto and rescind any restriction on the transfer of such Transfer Restricted Security; and

(ii) in the case of any Transfer Restricted Security represented by a Global Security, such Transfer Restricted Security shall not be required to bear the legend set forth in Exhibit A hereto if all other interests in such Global Note have been or are concurrently being sold or transferred pursuant to Rule 144 under the Securities Act or pursuant to an effective registration statement under the Securities Act.

### ARTICLE III

#### Miscellaneous Provisions

SECTION 3.01. Recitals by Company. The recitals in this First Supplemental Indenture are made by the Company only and not by the Trustee, and all of the provisions contained in the Original Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of Series E Notes and of this First Supplemental Indenture as fully and with like effect as if set forth herein in full.

SECTION 3.02. Ratification and Incorporation of Original Indenture. As supplemented hereby, the Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this First Supplemental Indenture shall be read, taken and construed as one and the same instrument.

SECTION 3.03. Executed in Counterparts. This First Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

SECTION 3.04. Legends. Except as determined by the Company in accordance with applicable law, each Series E Note shall bear the applicable legends relating to restrictions on transfer pursuant to the securities laws in substantially the form set forth on Exhibit A hereto.

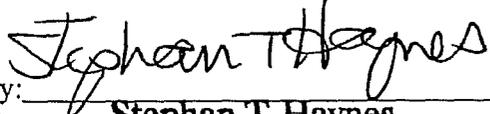
SECTION 3.05. Covenant to Provide Additional Information. The Series E Notes provide that, while the Series E Notes are outstanding, if the Company is not filing periodic reports with the SEC pursuant to Sections 13 or 15(d) of the 1934 Act, it will post on its website (www.aep.com) audited annual and unaudited quarterly financial statements, at such times as would be required for the financial statements filed with the SEC. If the Company is unable, for any reason, to post the financial statements on the Company's website, the Company shall furnish the financial statements to the Trustee, who, at the Company's expense, will furnish such financial statements by mail to the holders of the Series E Notes. In addition, the Company shall also furnish to any holder of the Series E Notes, upon request of the holder, or any

prospective purchaser of Series E Notes designated by any such holder, upon such prospective purchaser's request to the Company or the holder, copies of such financial statements and any other information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for compliance with Rule 144A.

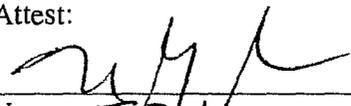
SECTION 3.06. Governing Law. This Supplemental Indenture and the Series E Notes shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of said State.

IN WITNESS WHEREOF, each party hereto has caused this instrument to be signed in its name and behalf by its duly authorized signatories, all as of the day and year first above written.

KENTUCKY POWER COMPANY

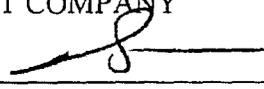
By:   
Name: **Stephan T. Haynes**  
Title: **Assistant Treasurer**

Attest:

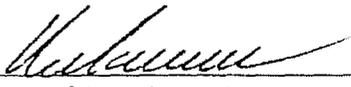
  
Name: **T. Berke Meyer**  
Title: **Ass't Secretary**

DEUTSCHE BANK TRUST COMPANY  
AMERICAS

BY: DEUTSCHE BANK NATIONAL  
TRUST COMPANY

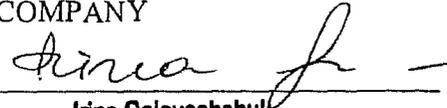
By:   
Name: **David Contino**  
Title: **Assistant Vice President**

Attest:

  
Name: **Yana Kalachikova**  
Title: **Assistant Vice President**

DEUTSCHE BANK TRUST COMPANY  
AMERICAS

BY: DEUTSCHE BANK NATIONAL  
TRUST COMPANY

By:   
Name: **Irina Golovashchuk**  
Title: **Assistant Vice President**

Attest:

  
Name: **Yana Kalachikova**  
Title: **Assistant Vice President**

EXHIBIT A

FORM OF SERIES E NOTE

[Rule 144A Global Security]  
[Regulation S Global Security]

[FORM OF FACE OF INITIAL SECURITY]

[Global Securities Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OR PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[FOR REGULATION S GLOBAL NOTE ONLY] PRIOR TO THE EXPIRATION OF THE '40-DAY DISTRIBUTION COMPLIANCE PERIOD' (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, EXCEPT TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND THE INDENTURE OR OTHERWISE IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

[Restricted Securities Legend]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF THE COMPANY THAT THIS SECURITY MAY NOT BE RESOLD, PLEDGED OR OTHERWISE

TRANSFERRED OTHER THAN (A)(1) TO THE COMPANY, (2) IN A TRANSACTION ENTITLED TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, (3) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (4) OUTSIDE THE UNITED STATES IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (5) IN ACCORDANCE WITH ANOTHER APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY) OR (6) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT AND (B) IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF EACH STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE COMPANY THAT IT IS (1) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT AND THAT IT IS HOLDING THIS SECURITY FOR INVESTMENT PURPOSES AND NOT FOR DISTRIBUTION OR (2) A NON-U.S. PERSON OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT.

[Temporary Regulation S Global Securities Legend]

EXCEPT AS SET FORTH BELOW, BENEFICIAL OWNERSHIP INTEREST IN THIS TEMPORARY REGULATION S GLOBAL SECURITY WILL NOT BE EXCHANGEABLE FOR INTERESTS IN THE PERMANENT REGULATION S GLOBAL SECURITY OR ANY OTHER SECURITY REPRESENTING AN INTEREST IN THE SECURITIES REPRESENTED HEREBY WHICH DO NOT CONTAIN A LEGEND CONTAINING RESTRICTIONS ON TRANSFER, UNTIL THE EXPIRATION OF THE "40-DAY DISTRIBUTION COMPLIANCE PERIOD" (WITHIN THE MEANING OF RULE 903(d)(3) OF REGULATION S UNDER THE SECURITIES ACT) AND THEN ONLY UPON CERTIFICATION IN FORM REASONABLY SATISFACTORY TO THE TRUSTEE THAT SUCH BENEFICIAL INTERESTS ARE OWNED EITHER BY NON-U.S. PERSONS OR U.S. PERSONS WHO PURCHASED SUCH INTERESTS IN A TRANSACTION THAT DID NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT. DURING SUCH 40-DAY DISTRIBUTION COMPLIANCE PERIOD, BENEFICIAL OWNERSHIP INTEREST IN THIS TEMPORARY REGULATION S GLOBAL SECURITY MAY ONLY BE SOLD, PLEDGED OR TRANSFERRED THROUGH EUROCLEAR BANK S.A./N.A., AS OPERATOR OF THE EUROCLEAR SYSTEM OR CLEARSTREAM BANKING, SOCIÉTÉ ANONYME AND ONLY (I) TO THE COMPANY, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN A TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE

SECURITIES ACT, OR (IV) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASE (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. HOLDERS OF INTERESTS IN THIS TEMPORARY REGULATION S GLOBAL SECURITY WILL NOTIFY ANY PURCHASER OF THIS SECURITY OF THE RESALE RESTRICTIONS REFERRED TO ABOVE, IF THEN APPLICABLE.

BENEFICIAL INTERESTS IN THIS TEMPORARY REGULATIONS S GLOBAL SECURITY MAY BE EXCHANGED FOR INTEREST IN A RULE 144A GLOBAL SECURITY ONLY IF (1) SUCH EXCHANGE OCCURS IN CONNECTION WITH A TRANSFER OF THE NOTES IN COMPLIANCE WITH RULE 144A, AND (2) THE TRANSFEROR OF THE REGULATIONS S GLOBAL SECURITY FIRST DELIVERS TO THE TRUSTEE A WRITTEN CERTIFICATE (IN THE FORM ATTACHED TO THIS CERTIFICATE) TO THE EFFECT THAT THE REGULATIONS S GLOBAL SECURITY BEING TRANSFERRED TO A PERSON (A) WHO THE TRANSFEROR REASONABLY BELIEVES TO BE A QUALIFIED INSTITUTIONAL BUYER WHEN THE MEANING OF RULE 144A (B) PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, AND (C) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

BENEFICIAL INTEREST IN A RULE 144A GLOBAL SECURITY MAY BE TRANSFERRED TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN THE REGULATIONS S GLOBAL SECURITY, WHETHER BEFORE OR AFTER THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD, ONLY IF THE TRANSFEROR FIRST DELIVERS TO THE TRUSTEE A WRITTEN CERTIFICATE (IN THE FORM ATTACHED TO THIS CERTIFICATE) TO THE EFFECT THAT IF SUCH TRANSFER IS BEING MADE IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S OR RULE 144 (IF AVAILABLE) AND THAT, IF SUCH TRANSFER OCCURS PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD, THE INTEREST TRANSFERRED WILL BE HELD IMMEDIATELY THEREAFTER THROUGH EUROCLEAR BANK S.A./N.A. OR CLEARSTREAM BANKING SOCIÉTÉ ANONYME.

KENTUCKY POWER COMPANY  
6.0% Senior Notes, Series E, due 2017

CUSIP: [491386 AM0/144A][U49129AA4/Reg S] Original Issue Date: September 11, 2007

Stated Maturity: September 15, 2017

Interest Rate: 6.0%

Principal Amount: \$325,000,000 (or such other amount as is indicated on Schedule A)

Redeemable:	Yes	X	No
In Whole:	Yes	X	No
In Part:	Yes	X	No

KENTUCKY POWER COMPANY, a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein referred to as the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to [ ] or registered assigns, the principal sum of [ ] DOLLARS (\$[ ]) or such other amount as is indicated on Schedule A hereto on the Stated Maturity specified above (or upon earlier redemption); and to pay interest on said Principal Amount from the Original Issue Date specified above or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, semi-annually in arrears on March 15 and September 15 in each year, commencing on March 15, 2008, at the Interest Rate per annum specified above, until the Principal Amount shall have been paid or duly provided for. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date, as provided in the Indenture, as hereinafter defined, shall be paid to the Person in whose name this Note (or one or more Predecessor Securities) shall have been registered at the close of business on the Regular Record Date with respect to such Interest Payment Date, which shall be the March 1 or September 1 (whether or not a Business Day), as the case may be, immediately preceding such Interest Payment Date, provided that interest payable on the Stated Maturity or any redemption date shall be paid to the Person to whom principal is paid. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid as provided in said Indenture.

If any Interest Payment Date, any redemption date or Stated Maturity is not a Business Day, then payment of the amounts due on this Note on such date will be made on the next succeeding Business Day, and no interest shall accrue on such amounts for the period from and after such Interest Payment Date, redemption date or Stated Maturity, as the case may be, except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, with the same force and effect as if made on such date. The principal of (and premium, if any) and the interest on this Note shall be payable at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City of New York, New York, in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest (other than interest payable on Stated Maturity or

any redemption date) may be made at the option of the Company by check mailed to the registered holder at such address as shall appear in the Security Register.

This Note is one of a duly authorized series of Notes of the Company (herein sometimes referred to as the "Notes"), specified in the Indenture (defined below), all issued or to be issued in one or more series under and pursuant to an Indenture dated as of September 1, 1997 duly executed and delivered between the Company and Bankers Trust Company, now Deutsche Bank Trust Company Americas, a corporation organized and existing under the laws of the State of New York, as Trustee (herein referred to as the "Trustee") (such Indenture, as originally executed and delivered and as thereafter supplemented and amended being hereinafter referred to as the "Indenture"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Notes. By the terms of the Indenture, the Notes are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. This Note is one of the series of Notes designated on the face hereof as 6.0% Senior Notes, Series E, due 2017 initially issued in the aggregate principal amount of \$325,000,000.

This Note may be redeemed by the Company at its option, in whole at any time or in part from time to time, upon not less than thirty but not more than sixty days' previous notice given by mail to the registered owners of the Note at a redemption price equal to the greater of (i) 100% of the principal of the Note being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Note being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 25 basis points, plus, in each case, accrued interest thereon to the date of redemption.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company and reasonably acceptable to the Trustee.

“Reference Treasury Dealer” means a primary U.S. government securities dealer selected by the Company and reasonably acceptable to the Trustee.

“Reference Treasury Dealer Quotation” means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

The Company shall not be required to (i) issue, exchange or register the transfer of any Notes during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of less than all the outstanding Notes of the same series and ending at the close of business on the day of such mailing, nor (ii) register the transfer of or exchange of any Notes of any series or portions thereof called for redemption. This Global Note is exchangeable for Notes in definitive registered form only under certain limited circumstances set forth in the Indenture.

In the event of redemption of this Note in part only, a new Note or Notes of this series, of like tenor, for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender of this Note.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of all of the Notes may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Note upon compliance by the Company with certain conditions set forth therein. This Note will not have a sinking fund.

As described in the supplemental indenture relating to the Notes, so long as the Notes are outstanding, the Company is subject to a limitation on issuance of Secured Debt as described therein and the Company is required to make certain financial information available as described therein and furnish other information as described therein.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes of each series affected at the time outstanding, as defined in the Indenture, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Notes; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Notes of any series, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, or reduce the amount of the

principal of a Discount Security that would be due and payable upon a declaration of acceleration of the maturity thereof pursuant to the Indenture, without the consent of the holder of each Note then outstanding and affected; (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, or reduce the percentage of Notes, the holders of which are required to waive any default and its consequences, without the consent of the holder of each Note then outstanding and affected thereby; or (iii) modify any provision of Section 6.01(c) of the Indenture (except to increase the percentage of principal amount of securities required to rescind and annul any declaration of amounts due and payable under the Notes), without the consent of the holder of each Note then outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes of all series at the time outstanding affected thereby, on behalf of the Holders of the Notes of such series, to waive any past default in the performance of any of the covenants contained in the Indenture, or established pursuant to the Indenture with respect to such series, and its consequences, except a default in the payment of the principal of or premium, if any, or interest on any of the Notes of such series. Any such consent or waiver by the registered Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Note and of any Note issued in exchange herefor or in place hereof (whether by registration or transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Note at the time and place and at the rate and in the money herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable by the registered holder hereof on the Security Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company as may be designated by the Company accompanied by a written instrument or instruments of transfer in form satisfactory to the Company or the Trustee duly executed by the registered Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and for the same aggregate principal amount and series will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to due presentment for registration of transfer of this Note, the Company, the Trustee, any paying agent and any Security Registrar may deem and treat the registered Holder hereof as the absolute owner hereof (whether or not this Note shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Note Registrar) for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Security Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Company or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly released waived and released.

The Notes of this series are issuable only in registered form without coupons in denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations, Notes of this series are exchangeable for a like aggregate principal amount of Notes of this series of a different authorized denomination, as requested by the Holder surrendering the same.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

This Note shall not be entitled to any benefit under the Indenture hereinafter referred to, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

IN WITNESS WHEREOF, the Company has caused this Instrument to be executed.

KENTUCKY POWER COMPANY

By: \_\_\_\_\_  
Assistant Treasurer

Attest:

By: \_\_\_\_\_  
Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Indenture.

Deutsche Bank Trust Company Americas,  
as Trustee

By: Deutsche Bank National Trust Company

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-	as tenants in common	UNIF GIFT MIN ACT-	_____ Custodian _____ (Cust) (Minor)
TEN ENT-	as tenants by the entireties		under Uniform Gifts to Minors Act
JT TEN-	As joint tenants with right of survivorship and not as tenants in common		_____ (State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto \_\_\_\_\_ (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

\_\_\_\_\_ the within Note and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_ agent to transfer said Note on the books of the Company, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

In connection with any transfer of any of the Series E Notes evidenced by this certificate, the undersigned confirms that such Series E Notes are being:

CHECK ONE BOX BELOW

- (1)  exchanged for the undersigned's own account without transfer; or
- (2)  transferred to a person whom the undersigned reasonably believes to be a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933 who is purchasing such Series E Notes for such buyer's own account or the account of a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A under the Securities Act of 1933 and any applicable securities laws of any state of the United States or any other jurisdiction; or
- (3)  exchanged or transferred pursuant to and in compliance with Rule 903 or 904 of Regulation S under the Securities Act of 1933; or
- (4)  transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Series E Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if box (3) or (4) is checked, the Company may require, prior to registering any such transfer of the Series E Notes, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act; provided, further, that if box (2) is checked, the transferee must also certify that it is a qualified institutional buyer as defined in Rule 144A.

---

Signature

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Series E Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Date: \_\_\_\_\_

\_\_\_\_\_

**NOTICE: To be executed by an executive officer.**

SCHEDULE A

The initial aggregate principal amount of Series E Notes evidenced by the Certificate to which this Schedule is attached is \$325,000,000. The notations on the following table evidence decreases and increases in the aggregate principal amount of Series E Notes evidenced by such Certificate.

<u>Decrease in Principal Amount of Series E Notes</u>	<u>Increase in Principal Amount of Series E Notes</u>	<u>Principal Amount of Series E Notes Remaining After Such Decrease or Increase</u>	<u>Notation by Security Registrar</u>
---	---	---	---

EXHIBIT B

FORM OF TRANSFER CERTIFICATE

In connection with any transfer of any of the Series E Notes evidenced by this certificate, the undersigned confirms that such Series E Notes are being:

CHECK ONE BOX BELOW

- (1)  exchanged for the undersigned's own account without transfer; or
- (2)  transferred to a person whom the undersigned reasonably believes to be a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933 who is purchasing such Series E Notes for such buyer's own account or the account of a "qualified institutional buyer" in a transaction meeting the requirements of Rule 144A under the Securities Act of 1933 and any applicable securities laws of any state of the United States or any other jurisdiction; or
- (3)  exchanged or transferred pursuant to and in compliance with Rule 903 or 904 of Regulation S under the Securities Act of 1933; or
- (4)  transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Series E Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if box (3) is checked, the Company may require, prior to registering any such transfer of the Series E Notes, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act; provided, further, that if box (2) is checked, the transferee must also certify that it is a qualified institutional buyer as defined in Rule 144A.

---

Signature

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Series E Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Date: \_\_\_\_\_

\_\_\_\_\_

**NOTICE: To be executed by an executive officer.**

# **EXHIBIT D**

Form of Note

Unless this certificate is presented by an authorized representative of The Depository Trust Company (55 Water Street, New York, New York) to the issuer or its agent for registration of transfer, exchange or payment, and any certificate to be issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein. Except as otherwise provided in Section 2.11 of the Indenture, this Security may be transferred, in whole but not in part, only to another nominee of the Depository or to a successor Depository or to a nominee of such successor Depository.

No. \_\_\_\_\_

KENTUCKY POWER COMPANY  
[Senior Notes], Series \_\_, due 20\_\_

CUSIP:

Original Issue Date:

Stated Maturity:

Interest Rate:

Principal Amount:

Redeemable:	Yes	No
In Whole	Yes	No
In Part	Yes	No

KENTUCKY POWER COMPANY, a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein referred to as the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO. or registered assigns, the Principal Amount specified above on the Stated Maturity specified above, and to pay interest on said Principal Amount from the Original Issue Date specified above or from the most recent interest payment date (each such date, an "Interest Payment Date") to which interest has been paid or duly provided for, semi-annually in arrears on \_\_\_\_\_ and \_\_\_\_\_ in each year, commencing on \_\_\_\_\_, at the Interest Rate per annum specified above, until the Principal Amount shall have been paid or duly provided for. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date, as provided in the Indenture, as hereinafter defined, shall be paid to the Person in whose name this Note (or one or more Predecessor Securities) shall have been registered at the close of business on the Regular Record Date with respect to such Interest Payment Date, which shall be the \_\_\_\_\_ or \_\_\_\_\_ (whether or not a Business Day) prior to such Interest Payment Date,

provided that interest payable on the Stated Maturity or any redemption date shall be paid to the Person to whom principal is paid. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall be paid as provided in said Indenture.

If any Interest Payment Date, any redemption date or Stated Maturity is not a Business Day, then payment of the amounts due on this Note on such date will be made on the next succeeding Business Day, and no interest shall accrue on such amounts for the period from and after such Interest Payment Date, redemption date or Stated Maturity, as the case may be, with the same force and effect as if made on such date. The principal of (and premium, if any) and the interest on this Note shall be payable at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City of New York, New York, in any coin or currency of the United States of America which at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest (other than interest payable on the Stated Maturity or any redemption date) may be made at the option of the Company by check mailed to the registered holder at such address as shall appear in the Security Register.

[This Note is one of a duly authorized series of Notes of the Company (herein sometimes referred to as the "Notes"), specified in the Indenture, all issued or to be issued in one or more series under and pursuant to an Indenture dated as of \_\_\_\_\_ duly executed and delivered between the Company and \_\_\_\_\_, a corporation organized and existing under the laws of the State of New York, as Trustee (herein referred to as the "Trustee") (such Indenture, as originally executed and delivered and as thereafter supplemented and amended being hereinafter referred to as the "Indenture"), to which Indenture and all indentures supplemental thereto or Company Orders reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Notes. By the terms of the Indenture, the Notes are issuable in series which may vary as to amount, date of maturity, rate of interest and in other respects as in the Indenture provided. This Note is one of the series of Notes designated on the face hereof.

This Note may be redeemed by the Company at its option, in whole at any time or in part from time to time, upon not less than thirty but not more than sixty days' previous notice given by mail to the registered owners of the Note at a redemption price equal to the greater of (i) 100% of the principal amount of the Note being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Note being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus \_\_\_ basis points, plus, in each case, accrued interest thereon to the date of redemption.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if fewer than four such Reference Treasury Dealer Quotations are obtained, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Company and reasonably acceptable to the Trustee.

“Reference Treasury Dealer” means a primary U. S. government securities dealer in New York City selected by the Company and reasonably acceptable to the Trustee.

“Reference Treasury Dealer Quotation” means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.]

The Company shall not be required to (i) issue, exchange or register the transfer of any Notes during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of less than all the outstanding Notes of the same series and ending at the close of business on the day of such mailing, nor (ii) register the transfer of or exchange of any Notes of any series or portions thereof called for redemption. This Global Note is exchangeable for Notes in definitive registered form only under certain limited circumstances set forth in the Indenture.

In the event of redemption of this Note in part only, a new Note or Notes of this series, of like tenor, for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender of this Note.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of all of the Notes may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Note upon compliance by the Company with certain conditions set forth therein.

As described in the Company Order and Officers' Certificate, so long as this Note is outstanding, the Company is subject to a limitation on Liens as described therein.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes of each series affected at the time outstanding, as defined in the Indenture, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Notes; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Notes of any series, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of a Discount Security that would be due and payable upon a declaration of acceleration of the maturity thereof pursuant to the Indenture, without the consent of the holder of each Note then outstanding and affected; (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, or reduce the percentage of Notes, the holders of which are required to waive any default and its consequences, without the consent of the holder of each Note then outstanding and affected thereby; or (iii) modify any provision of Section 6.01(c) of the Indenture (except to increase the percentage of principal amount of securities required to rescind and annul any declaration of amounts due and payable under the Notes), without the consent of the holder of each Note then outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes of all series at the time outstanding affected thereby, on behalf of the Holders of the Notes of such series, to waive any past default in the performance of any of the covenants contained in the Indenture, or established pursuant to the Indenture with respect to such series, and its consequences, except a default in the payment of the principal of or premium, if any, or interest on any of the Notes of such series. Any such consent or waiver by the registered Holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders and owners of this Note and of any Note issued in exchange herefor or in place hereof (whether by registration of transfer or otherwise), irrespective of whether or not any notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and premium, if any, and interest on this Note at the time and place and at the rate and in the money herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, this Note is transferable by the registered holder hereof on the Note Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company as may be designated by the Company accompanied by a written instrument or instruments of transfer in form satisfactory to the Company or the Trustee duly executed by the registered Holder hereof or his or her attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and

for the same aggregate principal amount and series will be issued to the designated transferee or transferees. No service charge will be made for any such transfer, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in relation thereto.

Prior to due presentment for registration of transfer of this Note, the Company, the Trustee, any paying agent and any Note Registrar may deem and treat the registered Holder hereof as the absolute owner hereof (whether or not this Note shall be overdue and notwithstanding any notice of ownership or writing hereon made by anyone other than the Note Registrar) for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and interest due hereon and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Note Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture, against any incorporator, stockholder, officer or director, past, present or future, as such, of the Company or of any predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issuance hereof, expressly waived and released.

The Notes of this series are issuable only in registered form without coupons in denominations of \$\_\_\_ and any integral multiple thereof. As provided in the Indenture and subject to certain limitations, Notes of this series are exchangeable for a like aggregate principal amount of Notes of this series of a different authorized denomination, as requested by the Holder surrendering the same.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

This Note shall not be entitled to any benefit under the Indenture hereinafter referred to, be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by or on behalf of the Trustee.

IN WITNESS WHEREOF, the Company has caused this Instrument to be executed.

KENTUCKY POWER COMPANY

By:  
Assistant Treasurer

Attest:

By:  
Assistant Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the series of Notes designated in accordance with, and referred to in, the within-mentioned Indenture.

Dated: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE)

\_\_\_\_\_

\_\_\_\_\_

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF

ASSIGNEE) the within Note and all rights thereunder, hereby

irrevocably constituting and appointing such person attorney to

transfer such Note on the books of the Issuer, with full

power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatever and NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Signature Program ("MSP").

**EXHIBIT E**

INTERCOMPANY PASS-THROUGH NOTE

\$[\_\_\_\_\_]

[December 31, 2013]

NEWCO KENTUCKY, a Delaware corporation (the "Corporation"), for value received, hereby promises to pay to the order of AEP GENERATION RESOURCES INC., an Ohio corporation, its successors and assigns ("Payee"), the principal amount of [\_\_\_\_\_], (\$[\_\_\_\_\_]) and to pay interest (calculated on the basis of a 360-day year and charged on the basis of the actual number of days elapsed) on the unpaid balance of such principal amount at a rate per annum of \_\_\_\_% from the due date thereof until the obligation of the Corporation with respect to the payment thereof shall be discharged.

Interest on the outstanding principal amount of this Note shall be payable semi-annually in arrears, commencing on [December 31, 2013], and on the \_\_\_\_ day of each \_\_\_\_\_ and \_\_\_\_\_ thereafter (the "Interest Payment Dates"). The principal balance of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on \_\_\_\_\_, 20\_\_.

Payments of principal and interest hereunder may be made either (a) in such currency of the United States of America as at the time of payment shall be legal tender therein for the payment of public and private debts, (b) by way of the Corporation's assumption of Payee's liabilities and obligations relating to those certain Pollution Control Revenue Bonds dated \_\_\_\_\_, \_\_\_\_\_ of the [West Virginia Economic Development Authority] (the "Bonds"), or (c) the Bonds are otherwise redeemed, paid at maturity or satisfied and no longer outstanding.

The documentation of the Bonds includes that certain Indenture of Trust by and between the [West Virginia Economic Development Authority] and The Bank of New York Mellon Trust Company, N.A., as trustee, dated as of \_\_\_\_\_, \_\_\_\_\_ (the "Indenture") and that certain Loan Agreement by and between the [West Virginia Economic Development Authority] and the Payee dated as of \_\_\_\_\_, \_\_\_\_\_ (together with the Bonds and the Indenture, the "Documentation").

SECTION 1. The Note; Definitions. As used herein, the term "Note" refers to this Promissory Note of the Corporation, dated the date hereof, and originally issued, executed and delivered by the Corporation in the principal amount of [\_\_\_\_\_], (\$[\_\_\_\_\_]). Unless the context otherwise requires, the term "holder" is used herein to mean the person named as Payee herein. Capitalized terms used in this Note and not otherwise defined herein shall have the meanings set forth in the Documentation.

SECTION 2. Prepayments. The Corporation may, at its option and subject to the giving of notice as provided herein, at any time prepay this Note, without penalty, in whole or in part upon payment of the principal amount thereof, together with interest on the principal amount so prepaid accrued to the prepayment date.

SECTION 3. Amendments and Waivers. This Note may not be modified or amended, except upon the written consent of the holder of this Note, and no covenant, agreement or condition contained in this Note may be waived (either generally or in a particular instance and either retroactively or prospectively) without the written consent of the holder of this Note.

SECTION 4. Events of Default.

(a) Each of the following shall constitute an "Event of Default" hereunder:

(i) Failure by Corporation to pay the interest on, or principal of, this Note within thirty (30) days of the date due; or

(ii) Filing by Corporation of a voluntary petition in bankruptcy or a voluntary petition or any answer seeking arrangement or readjustment of its debts or for any other relief under the Bankruptcy Reform Act of 1994, as amended ("Bankruptcy Code"), or under any other existing or future federal or state insolvency act or law, or any formal written consent to, approval of, or acquiescence in, any such petition or proceeding by Corporation, the application by Corporation for, or the appointment by consent or acquiescence of, a receiver or trustee of Corporation or for all or a substantial part of its property; the making by Corporation of an assignment for the benefit of creditors; or

(iii) Filing of any involuntary petition against Corporation in bankruptcy or seeking arrangement or readjustment of its debts or for any other relief under the Bankruptcy Code, or under any other existing or future federal or state insolvency act or law; or the involuntary appointment of a receiver or trustee of Corporation, or for all or a substantial part of the property of Corporation; and the continuance of any of such events for a period of ninety (90) days undismissed or undischarged; or

(iv) In the event that the Corporation shall fail to perform any term, covenant or agreement, in any material respect, under the [Contribution Agreement even date herewith, between Corporation and Payee or under] this Note.

(b) Upon the occurrence of an Event of Default, then, and in such event, Payee may declare this Note to be due and payable, whereupon the entire unpaid balance of principal, together with all accrued interest thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything herein to the contrary notwithstanding.

SECTION 5. Extension of Maturity. Should the principal of, or interest on, this Note become due and payable on other than a business day, the maturity thereof shall be extended to the next succeeding business day, and, in the case of principal, or an installment of principal, interest shall be payable thereon at the rate per annum herein specified during such extension. The term "business day" shall mean any day that is not a Saturday, Sunday or legal holiday in the State of Ohio.

SECTION 6. Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky without regard to its rules or principles relating to conflicts of laws.

IN WITNESS WHEREOF, the Corporation has caused this Note to be executed on the date first set forth above.

NEWCO KENTUCKY

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

# **EXHIBIT F**

Name: Mitchell 2006A  
Number: 48503.8

INDENTURE OF TRUST

between

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY

and

THE BANK OF NEW YORK TRUST COMPANY, N.A., as Trustee

WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY  
SOLID WASTE DISPOSAL FACILITIES REVENUE REFUNDING BONDS  
(OHIO POWER COMPANY - MITCHELL PROJECT), SERIES 2008A

Dated as of June 1, 2008

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(This Index is not a part of the Indenture of Trust  
but rather is for convenience of reference only.)

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## INDENTURE OF TRUST

**THIS INDENTURE OF TRUST** dated as of June 1, 2008, by and between the WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY, a public corporation and governmental instrumentality of the State of West Virginia (herein called the "Issuer") empowered and authorized by the West Virginia Economic Development Authority Act (Chapter 31, Article 15, Section 1, et seq., the Code of West Virginia, 1931, as amended) (the "Act"), and The Bank of New York Trust Company, N.A., a national banking association (the "Trustee"),

### WITNESSETH:

**WHEREAS**, the Issuer is empowered and authorized by the Act to refund any bonds or notes issued by the Issuer or any other public body or authority of the State;

**WHEREAS**, there has been previously issued for the benefit of Ohio Power Company (the "Company") \$65,000,000 West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Bonds (Ohio Power Company - Mitchell Project), Series 2006A (the "Prior Bonds"), by the Issuer or a county commission of a county in the State;

**WHEREAS**, the Company has requested the Issuer to issue \$65,000,000 West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Refunding Bonds (Ohio Power Company - Mitchell Project), Series 2008A (the "Bonds"), to refund the Prior Bonds;

**WHEREAS**, pursuant to a resolution of the Issuer adopted on May 15, 2008 (the "Bond Resolution"), the execution and delivery of this Indenture of Trust (the "Indenture") have been in all respects duly and validly authorized by the Issuer; and

**WHEREAS**, the issuance of the Bonds has been approved by the Issuer; and

**WHEREAS**, the Issuer has determined that the Bonds issuable hereunder, and the certificate of authentication by the Trustee to be endorsed on all Bonds shall be, respectively, substantially in the forms set forth in *Exhibit A* attached hereto with such variations, omissions and insertions as are required or permitted by this Indenture; and

**WHEREAS**, all acts and conditions required to happen, exist and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed, or at the delivery of the Bonds will exist, will have happened and will have been performed (i) to make the Bonds, when issued, delivered and authenticated, valid obligations of the Issuer in accordance with the terms thereof and hereof and (ii) to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms;

### **NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:**

That the Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the purchasers thereof and other good and valuable consideration, the receipt of which is hereby acknowledged, and in order

to secure the payment of the principal of and premium, if any, and interest on all Bonds outstanding hereunder from time to time, according to their tenor and effect, and such other payments required to be made under this Indenture, and to secure the observance and performance by the Issuer of all the covenants expressed and implied herein and in the Bonds, does hereby (a) absolutely and irrevocably assign unto the Trustee, and unto its successors in the trusts hereunder, and to them and their successors and assigns forever, all right, title and interest of the Issuer in and to the Letter of Credit Account in the Bond Fund created hereunder and all moneys therein, and (b) mortgage, pledge and grant a security interest unto the Trustee, and unto its successors in the trusts hereunder, and to them and their successors and assigns forever, in all right, title and interest of the Issuer in and to (i) the Revenues (other than the Letter of Credit Account in the Bond Fund, and the moneys therein, assigned as described in clause (a) above), including without limitation, all Loan Payments and all other amounts receivable by the Issuer under the Agreement in respect of repayment of the Loan and (ii) the Note and the Agreement, except for the Unassigned Issuer's Rights (collectively, referred to as the "Trust Estate").

**TO HAVE AND TO HOLD IN TRUST** all of the same hereby pledged, conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors and assigns forever first, for the equal and ratable benefit of the registered owners from time to time of the Bonds authenticated hereunder and issued by the Issuer and Outstanding and without any priority as to the Trust Estate of any one Bond over any other Bond (except as expressly provided in or permitted by this Indenture) and second, for the benefit of the Letter of Credit Bank, upon the trusts and subject to the covenants and conditions hereinafter set forth;

**PROVIDED, HOWEVER**, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds issued and secured hereunder, the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in such Bonds, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture and to the Letter of Credit Bank all sums of money due or to become due to it under the Credit Agreement in respect of the Letter of Credit, then upon such final payments, this Indenture and the unvested rights hereby granted shall cease and terminate, otherwise this Indenture to be and remain in full force and effect;

**THIS INDENTURE FURTHER WITNESSETH**, and it is expressly declared that, all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property hereby granted, bargained, conveyed, assigned, mortgaged and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective registered owners, from time to time, of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS

**SECTION 1.01. Definitions.** Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of the Bonds and of any certificate, opinion, request or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein; provided, however, that any terms used herein relating to Bonds in the Auction Mode Rate Determination Method or Auction Procedures that are not expressly defined below shall be deemed to have the meanings provided in *Exhibit B*, Auction Procedures, attached hereto:

“*Act*” mean Chapter 31, Article 15, Section 1, et seq., the Code of West Virginia, 1931, as amended.

“*Additional Redemption Notice*” is defined in Section 3.05(b).

“*Additional Tender Notice*” is defined in Section 3.07(c).

“*Alternate Letter of Credit*” means, with respect to the Bonds, a letter of credit or other security or liquidity device issued in accordance with Section 3.11 hereof which shall have a term of not less than one year and shall have substantially the same material terms as the Letter of Credit with respect to such series; provided that such letter of credit or other security or liquidity device may (and shall if the Bonds shall provide for redemption premium while it is in effect) provide for coverage of premium payable upon redemption of the Bonds.

“*Alternate Rate*” means a rate per annum equal to (a) the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index of Municipal Market Data (the “SIFMA Rate”) most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Rate is no longer published, the S&P Weekly High Grade Index (formerly the J.J. Kenny Index) maintained by Standard & Poor’s Securities Evaluations Inc., or if neither the SIFMA Rate nor the S&P Weekly High Grade Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by SIFMA to determine the SIFMA Rate just prior to when SIFMA stopped publishing the SIFMA Rate.

“*Auction Rate Period*” means each period of time when the Bonds bear interest at an Auction Mode Rate.

“*Bank-Owned Bonds*” has the meaning set forth in Section 3.09(b) hereof.

“*Beneficial Owner*” means the purchaser of a beneficial interest in the Bonds when the Bonds are held by the Securities Depository in the Book-Entry System, and otherwise means a Bondholder.

“*Bond Fund*” means the Bond Fund created in Section 4.02.

“*Bondholder*” or “*holder*” means the registered owner of any Bond.

“*Bonds*” means the \$65,000,000 aggregate principal amount of the Bonds issued pursuant hereto that are authenticated and delivered by the Trustee under and pursuant to Article II hereof.

“*Bond Service Charges*” means, for any period or time, the principal of, premium, if any, and interest due on the Bonds for that period or payable at that time whether due at maturity or upon acceleration or redemption or otherwise.

“*Bond Year*” means, during the period while Bonds remain outstanding, the annual period provided for the computation of Excess Earnings under Section 148(f) of the Code.

“*Book-Entry System*” means the system maintained by the Securities Depository described in Section 5.01.

“*Business Day*” means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York, or Greenwich, Connecticut, are required or authorized by law to remain closed, (iii) a day which the Trustee shall advise the Bank in writing from time to time is a day on which the corporate trust office of the Trustee is required or authorized by law to close, (iv) a day which the Trustee shall advise the Bank in writing from time to time is a day on which the principal office of the Remarketing Agent is required or authorized by law to close, or (v) a day on which the New York Stock Exchange is closed; provided, however, that during an Auction Rate Period the definition of “*Business Day*” shall be supplemented as provided in Exhibit B hereto.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time. References to the Code and Sections of the Code include relevant applicable regulations and proposed regulations thereunder and under the Internal Revenue Code of 1954, as amended, and any successor provisions to those Sections, regulations or proposed regulations and, in addition, all revenue rulings, announcements, notices, procedures and judicial determinations under the foregoing applicable to the Bonds.

“*Commercial Paper Mode*” means each period of time, comprised of Commercial Paper Periods, during which Commercial Paper Rates are in effect.

“*Commercial Paper Period*” means, with respect to any Bond, each period set under Section 2.02(a)(3).

“*Commercial Paper Rate*” means an interest rate on each Bond set under Section 2.02(a)(3).

“*Company*” means Ohio Power Company, an Ohio corporation, and its successors.

“*Company Purchase Account*” means the account created pursuant to Section 3.12(c).

“*Company Representative*” means a person at the time designated to act on behalf of the Company for purposes of this Indenture by a written instrument furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Company by any of its officers. The certificate may designate an alternate or alternates.

“*Company-Held Bonds*” has the meaning set forth in Section 3.09(c).

“*Conversion Notice*” is defined in Section 2.02(b)(1).

The term “*corporation*” includes corporations, partnerships, limited partnership, limited liability partnerships, limited liability companies, associations, companies, statutory trusts and business trusts.

“*Credit Agreement*” means that certain 3-Year Credit Agreement, dated as of April 4, 2008 among the Company, American Electric Power Company, Inc., Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, AEP Texas Central Company, AEP Texas North Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company, the Lenders, as defined therein, the Swingline Bank, as defined therein, the LC Issuing Banks, as defined therein and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended by the Amendment dated as of April 25, 2008, and as the same may be amended from time to time in accordance with its terms or, if an Alternate Letter of Credit has been issued, the reimbursement agreement, or corresponding agreement, if any, in connection with such Alternate Letter of Credit.

“*Daily Rate*” means an interest rate on the Bonds set under Section 2.02(a)(1).

“*Determination Method*” is defined in Section 2.02(a).

“*Eligible Account*” means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company with a short-term debt rating by S&P of “A-2” or better (or, if such institution or company has no short-term debt rating by S&P, with a long-term debt rating by S&P of “BBB+” or better); or (b) maintained with the corporate trust department of a federal or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

“*Event of Default*” means any occurrence or event specified in and defined by Section 7.01.

“*Excess Earnings*” means, as of the date of any computation or for any period, an amount equal to the sum of (i) plus (ii) where:

(i) is the excess of

(a) the aggregate amount earned from the date of issuance of the Bonds on all nonpurpose investments in which gross proceeds of the Bonds are invested (other than investments attributable to an excess described in this clause (i)), including any gain or deducting any loss from disposition of nonpurpose investments, over

(b) the amount that would have been earned if those nonpurpose investments (other than amounts attributable to an excess described in this clause (i)) had been invested at a rate equal to the yield on the Bonds; and

(ii) is any income attributable to the excess described in clause (i) of this definition.

The sum of (i) plus (ii) shall be determined in accordance with Section 148(f) of the Code. As used herein, the terms “gross proceeds,” “nonpurpose investments” and “yield” have the meanings assigned to them for purposes of Section 148 of the Code.

“*Expiration Date*” means the stated expiration date of the Letter of Credit, or such stated expiration date as it may be extended from time to time as provided in the Letter of Credit, or any earlier date on which the Letter of Credit shall expire or be terminated or cancelled.

“*Expiration Tender Date*” means the date five Business Days prior to the Expiration Date.

“*Extraordinary Services*” and “*Extraordinary Expenses*” mean all services rendered and all reasonable expenses (including counsel fees and expenses) properly incurred by the Trustee under this Indenture, other than Ordinary Services and Ordinary Expenses.

“*Favorable Opinion of Tax Counsel*” means an Opinion of Tax Counsel addressed to the Issuer and to the Trustee to the effect that the action proposed to be taken is permitted under the Act and by this Indenture and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Bonds.

“*Fitch*” means Fitch Ratings, Inc. and its successors and assigns.

“*Funds*” means, collectively, the Bond Fund and the Refunding Fund created pursuant hereto.

“*Government Obligations*” means any of the following securities, if and to the extent the same are non-callable and not prepayable: direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

“*Indenture*” means this Indenture of Trust, dated as of June 1, 2008, by and between the Issuer and the Trustee, as it may be supplemented or amended from time to time pursuant to the provisions hereof.

“*Interest Account*” means the account created pursuant to Section 4.02(a).

“*Interest Payment Date*” is defined in the form of the Bonds appearing in Exhibit A hereto.

“*Interest Period*” is defined in the form of the Bonds appearing in Exhibit A hereto.

“*Issuer*” means the West Virginia Economic Development Authority, a public corporation and government instrumentality, constituting a public corporation and governmental instrumentality of the State of West Virginia.

“*Issuer Representative*” means the Executive Director of the Issuer, or, in his absence, the Acting Executive Director of the Issuer, or in his absence, a person at the time designated to act on behalf of the Issuer for purposes of this Indenture by a written instrument furnished to the Trustee

containing the specimen signature of such person and signed on behalf of Issuer by any of its officers. The certificate may designate an alternate or alternates.

*“Letter of Credit”* means the irrevocable, direct pay letter of credit issued by the Letter of Credit Bank contemporaneously with the original delivery of the Bonds, except that upon the issuance of an Alternate Letter of Credit in accordance with Section 3.11 hereof, such term shall mean such Alternate Letter of Credit.

*“Letter of Credit Account”* means the account created pursuant to Section 4.02(d).

*“Letter of Credit Bank”* means initially The Royal Bank of Scotland plc, the issuer of the Letter of Credit with respect to the Bonds, its successors and assigns or any issuer of any Alternate Letter of Credit.

*“Letter of Credit Interest Amount”* means the amount of the interest portion of the Letter of Credit, which (i) during the Daily Rate shall be at least an amount equal to 35 days’ interest on the outstanding Bonds calculated at the Maximum Rate on the basis of a 365 day year for the actual number of days elapsed; (ii) during the Weekly Rate shall be at least an amount equal to 35 days’ interest on the outstanding Bonds calculated at the Maximum Rate on the basis of a 365 day year for the actual number of days elapsed; (iii) during the Long Term Rate shall be at least an amount equal to 185 days’ interest on the outstanding Bonds calculated at the Maximum Rate on the basis of a 360-day year of twelve 30-day months; and (iv) during the Commercial Paper Mode shall be at least an amount equal to interest on the longest Commercial Paper Period permitted under Section 2.02(a)(3)(i) plus 5 days calculated at the Maximum Rate on the basis of 365 day year for the actual number of days elapsed.

*“Letter of Credit Purchase Account”* means the account created pursuant to Section 3.12(b) hereof.

*“Loan”* means the loan by the Issuer to the Company of the proceeds received from the sale of the Bonds.

*“Loan Payments”* means the amounts required to be paid by the Company on the Note in repayment of the Loan pursuant to Section 4.1 of the Agreement.

*“Long-Term Interest Rate”* means an interest rate on the Bonds set under Section 2.02(a)(4).

*“Long-Term Interest Rate Period”* means any period as defined in Section 2.02(a)(4).

*“Maturity Date”* means the stated maturity for the Bonds as set forth in Section 2.01.

*“Maximum Rate”* means, on any day, the least of (i) the maximum interest rate permitted by law, (ii) 12% per annum and (iii) if the Bonds are secured by a Letter of Credit, the per annum interest rate used to calculate the Letter of Credit Interest Amount.

*“Moody’s”* means Moody’s Investors Service, Inc. and its successors and assigns.

“*Note*” means the promissory note with respect to the Bonds issued by the Company to the Trustee pursuant to Section 4.1 of the Agreement to evidence its obligation to make or provide for Loan Payments thereunder.

“*Opinion of Counsel*” means a written opinion of counsel selected by the Company who is acceptable to the Issuer and the Trustee. Such counsel may be an employee of or counsel to the Issuer, the Trustee or the Company.

“*Opinion of Tax Counsel*” means an Opinion of Counsel by counsel of nationally recognized standing in matters relating to the exclusion of interest from gross income on obligations issued by or on behalf of states and their political subdivisions.

“*Ordinary Services*” and “*Ordinary Expenses*” mean those services normally rendered, and those expenses (including counsel fees and expenses) normally incurred, by a trustee, registrar, authenticating agent, tender agent or paying agent under instruments similar to this Indenture.

The term “*outstanding*” or “*Bonds outstanding*” when used with reference to Bonds means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except the following:

- a. Bonds canceled or purchased by or delivered to the Trustee for cancellation.
- b. Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment, including interest accrued to the due date, of which sufficient moneys are held by the Trustee.
- c. Bonds paid or deemed to have been paid within the meaning of Section 10.02.
- d. Bonds in lieu of which others have been authenticated under Section 2.07, Section 2.09 or Section 2.10.

Bonds purchased pursuant to tenders and not delivered to the Trustee for payment are not outstanding, but there will be outstanding Bonds authenticated and delivered in lieu of such undelivered Bonds as provided in Section 2.04.

“*Participant*” means one of the entities which deposit securities, directly or indirectly, in the Book-Entry System.

“*Permitted Investments*” means any of the following securities, if and to the extent such securities are permitted investments under applicable law and subject to the requirements of Section 3.7 of the Agreement:

- (i) Government Obligations;
- (ii) a receipt, certificate or any other evidence of an ownership interest in Government Obligations, or in specified portions thereof (which may consist of specified portions of interest thereon);
- (iii) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Farmers Home Administration
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association
- U.S. Department of Housing & Urban Development
- Federal Housing Administration;

(iv) senior debt obligations rated on the date of purchase “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or senior debt obligations of other government sponsored agencies approved in writing by the Letter of Credit Bank;

(v) interest bearing accounts, demand deposits, including interest bearing money market accounts, time deposits or certificates of deposit which are fully secured by obligations of the type described in clause (i), (ii), (iii) or (iv) above or which are issued by banks or trust companies, including, but not limited to the Trustee and any of its affiliates, organized under the laws of the United States of America or any state thereof, which have combined capital and surplus of at least \$25,000,000;

(vi) commercial paper or finance company paper which is rated on the date of purchase “A-1” or “A-1+” by S&P or “P-1” by Moody’s;

(vii) investments in a money market fund rated on the date of investment “A” or better by S&P or “P-2” or better by Moody’s, including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian of subcustodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are, separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.

(viii) any obligations issued or guaranteed by any state of the United States of America or the District of Columbia, or any political subdivision of any such state or District, rated “A” or better on the date of such purchase by S&P or Moody’s;

(ix) bankers acceptances drawn on and accepted by commercial banks;

(x) repurchase agreements, including repurchase agreements of the Trustee, or any of its affiliates, fully secured by any one or more of the foregoing Permitted Investments; and

(xi) to the extent permitted by law, other forms of investments (including investment agreements) approved in writing by the Letter of Credit Bank.

The term “*Person*” or “*person*” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, estate, unincorporated organization or government or any agency or political subdivision thereof.

“*Principal Account*” means the account created pursuant to Section 4.02(b).

“*Principal Payment Date*” means any date upon which the principal amount of any Bond is due hereunder, including the Maturity Date, any redemption date, or the date to which the maturity of the Bonds is accelerated pursuant to the terms hereof or otherwise.

“*Purchase Fund*” means the account created pursuant to Section 3.12.

“*Purchase Price*” means 100% of the principal amount of the Bonds being purchased plus interest accrued, if any, to (but excluding) the purchase date.

“*Rating Confirmation Notice*” means a written notice from Moody’s, if the Bonds are rated by Moody’s, S&P, if the Bonds are rated by S&P, and Fitch, if the Bonds are rated by Fitch, confirming that the rating on the Bonds will not be lowered or withdrawn (other than a withdrawal of a short term rating upon a change to a Long-Term Interest Rate) as a result of the action proposed to be taken, including any substitution of the Letter of Credit.

“*Record Date*” is defined in the form of the Bond appearing as Exhibit A hereto.

“*Redemption Account*” means the account created pursuant to Section 4.02(c).

“*Redemption Date*” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms hereof.

“*Redemption Price*” means an amount equal to the principal of, and premium, if any, and accrued interest to the Redemption Date, if any, on the Bonds to be redeemed.

“*Refunded Bonds*” means West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Bonds (Ohio Power Company - Mitchell Project), Series 2006A.

“*Refunded Bonds Agreement*” means the Loan Agreement or Agreement of Sale related to the Refunded Bonds.

“*Refunded Bonds Indenture*” means the Indenture of Trust, pursuant to which the Refunded Bonds were issued.

“*Refunded Bonds Trustee*” means The Bank of New York Trust Company, N.A., as the current trustee on the date hereof under the Refunded Bonds Indenture.

“*Refunding Fund*” means the fund by that name created in Section 4.05.

“*Remarketing Agent*” means the Person appointed as Remarketing Agent pursuant to Section 8.10, and its successors under this Indenture.

“*Remarketing Proceeds Account*” means the account created pursuant to Section 3.12(a).

“*Renewal Date*” means the thirty-fifth (35<sup>th</sup>) day prior to the Expiration Date.

“*Responsible Officer*” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Indenture.

“*Revenues*” means (a) the Loan Payments, including all amounts payable with respect to the principal, premium or interest on the Note, (b) all other moneys received or to be received by the Issuer (excluding any amounts to be paid to the Issuer and included in the Unassigned Issuer’s Rights) or the Trustee in respect of repayment of the Loan including, without limitation, all moneys and investments in the Bond Fund, (c) any moneys and investments in the Refunding Fund (until transferred in accordance with Section 4.05 to the Refunded Bonds Trustee), and (d) all income and profit from the investment of the foregoing moneys. The term “Revenues” does not include any moneys or investments in the Purchase Fund.

“*S&P*” means Standard & Poor’s, a division of The McGraw-Hill Companies and its successors and assigns.

“*Seasoned Funds*” means (a) (i) moneys with respect to which the Trustee shall have received an opinion, acceptable to Moody’s, if the Bonds are then rated by Moody’s, S&P, if the Bonds are then rated by S&P, and Fitch, if the Bonds are then rated by Fitch, of counsel experienced in matters pertaining to the United States Bankruptcy Code, that the contemplated use of such moneys would not constitute a transfer of property voidable under Section 544 or 547 of the United States Bankruptcy Code, should the Issuer, or the Company become a debtor under such Code or (ii) investment income derived from the investment of moneys described in clause (i) and (b) with respect to any payment date for the Bonds when no Letter of Credit is in effect, any moneys furnished to the Trustee, and the proceeds of the investment thereof.

“*Securities Depository*” means The Depository Trust Company, New York, New York or its nominee, and its successors and assigns, or any successor appointed under Section 5.01.

“*State*” means the State of West Virginia.

“*Substitution Date*” means the date on which an Alternate Letter of Credit is to be substituted for the Letter of Credit.

“*Substitution Tender Date*” means the date five Business Days prior to the Substitution Date.

“*Trustee*” means The Bank of New York Trust Company, N.A., a national banking association, or any other bank or trust company duly incorporated and existing under and by virtue of the laws of any state or of the United States of America, which may be substituted in its place as provided in Section 8.02 or Section 8.08.

“*Unassigned Issuer’s Rights*” means all of the rights of the Issuer to receive the Issuer Fee and Additional Payments (both as defined in the Agreement) under Section 4.2 of the Agreement, to access and inspection pursuant to Section 5.1 of the Agreement, to be held harmless and indemnified under Section 5.9 thereof, to be reimbursed for attorney’s fees and expenses under Section 7.4 thereof and to give or withhold consent to amendments, changes, modifications, alterations and termination of the Agreement under Section 8.6 thereof and its right to enforce such rights.

“*Weekly Rate*” means an interest rate on the Bonds set under Section 2.02(a)(2).

**SECTION 1.02. Interpretation.** (a) In this Indenture, unless the context otherwise requires:

(i) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Indenture, refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this Indenture;

(ii) An accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles;

(iii) References to Articles and Sections are to the Articles and Sections of this Indenture, except as expressly stated otherwise;

(iv) The singular form of any word, including the terms defined in Section 1.01, includes the plural, and vice versa, and a word of any gender includes all genders;

(v) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons; and

(vi) Any headings preceding the text of the several Articles and Sections of this Indenture, and any index or table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(b) Whenever in this Indenture the Issuer, the Company, the Letter of Credit Bank, the Trustee, the Auction Agent, the Broker-Dealer or the Remarketing Agent is named or referred to, it shall include, and shall be deemed to include, its respective

successors and assigns whether so expressed or not. All of the covenants, stipulations, obligations and agreements by or on behalf of, and other provisions for the benefit of, the Issuer, the Company, the Letter of Credit Bank, the Trustee, the Auction Agent, the Broker-Dealer or the Remarketing Agent contained in the Indenture shall bind and inure to the benefit of such respective successors and assigns and shall bind and inure to the benefit of any officer, board, commission, authority, agency or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Issuer or of its successors or assigns, the possession of which is necessary or appropriate in order to comply with any such covenants, stipulations, obligations, agreements or other provisions of this Indenture.

(End of Article I)

## ARTICLE II

### CONDITIONS AND TERMS OF BONDS

**SECTION 2.01. Authorization and Issuance of Bonds; Dating.** There is hereby authorized the issuance of the Bonds in the aggregate principal amount of \$65,000,000 to be designated as “West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Refunding Bonds (Ohio Power Company - Mitchell Project), Series 2008A.” The Bonds shall mature on April 1, 2036. All Bonds will be dated the date of original issuance and delivery, will bear interest from that date and shall mature, subject to prior redemption or mandatory tender, on the Maturity Date. The Bonds are special obligations of the Issuer and shall be payable solely from the Revenues.

The Trustee is hereby authorized to authenticate and to deliver the Bonds only upon (i) written direction of the Issuer, (ii) receipt of the executed Note, (iii) receipt of the Letter of Credit and (iv) receipt of the proceeds of sale thereof in the amounts set forth in the written direction of the Issuer.

**SECTION 2.02. Interest on the Bonds.** Interest on the Bonds will be payable as provided in the Bonds and in this Section. The Determination Method may be changed by the Company as described in paragraph (b) below. The methods of determining the various interest rates are as provided in paragraph (a) below, provided that no interest rate set or determined by the Remarketing Agent under (a)(1), (2), (3) or (4), or an Alternate Rate determined under (a)(6), shall exceed the Maximum Rate, and no Auction Mode Rate shall exceed the Maximum Auction Rate.

(a) *Interest Rate Determination Methods.* In accordance with the notification requirements described herein, the Company shall determine the applicable interest rate determination method (each a “Determination Method”) on the Bonds. The interest rate on the Bonds shall be determined by one of the following Determination Methods.

(1) *Daily Rate.* When interest on the Bonds is payable at a Daily Rate, the Remarketing Agent will set a Daily Rate on or before 10:00 a.m., New York City time, on each Business Day for that Business Day. Each Daily Rate will be the minimum rate necessary (as determined by the Remarketing Agent based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) for the Remarketing Agent to sell the Bonds on the day the rate is set at their principal amount (without regard to accrued interest). The Daily Rate for any non-Business Day will be the rate for the last day for which a rate was set.

(2) *Weekly Rate.* When interest on the Bonds is payable at a Weekly Rate, the Remarketing Agent will set a Weekly Rate on or before 5:00 p.m., New York City time, on the last Business Day before the commencement of a period during which the Bonds bear interest at a Weekly Rate and on each Wednesday thereafter so long as interest on the Bonds is to be payable at a Weekly Rate or, if any Wednesday is not a Business Day, on the next preceding Business Day. Each Weekly Rate will be the minimum rate necessary (as determined by the

Remarketing Agent based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) for the Remarketing Agent to sell the Bonds on the date the rate is set at their principal amount (without regard to accrued interest). Thereafter, each Weekly Rate shall apply to (i) the period beginning on the Thursday after the Weekly Rate is set and ending on the following Wednesday or, if earlier, ending on the day before the effective date of a new method of determining the interest rate on the Bonds or (ii) the period beginning on the effective date of the change to a Weekly Rate and ending on the next Wednesday.

(3) *Commercial Paper Rate.* During a Commercial Paper Mode, each Bond will bear interest during the Commercial Paper Period for such Bond at the Commercial Paper Rate for such Bond. Different Commercial Paper Periods may apply to different Bonds at any time and from time to time. Except as otherwise described in this subparagraph (3), the Commercial Paper Period and Commercial Paper Rate for each Bond will be determined by the Remarketing Agent no later than 1:00 p.m., New York City time, on the first day of each Commercial Paper Period.

(i) *Determination of Commercial Paper Periods.* Subject to Section 2.02(b)(2)(vii), each Commercial Paper Period will be a period of at least 1 day and not more than 270 days (or as determined under the Letter of Credit), determined by the Remarketing Agent to be the period which, together with all other Commercial Paper Periods for all Bonds then outstanding, will, in the judgment of the Remarketing Agent, result in the lowest overall interest expense on the Bonds over the next 270 days (or such number of days as determined under the Letter of Credit). Each Commercial Paper Period will end on either the day before a Business Day or on the day before the Maturity Date for such Bond. However, any Bond purchased on behalf of the Company and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Commercial Paper Period for that Bond will have a Commercial Paper Period of 1 day or, if that Commercial Paper Period would not end on a day before a Business Day, a Commercial Paper Period of the shortest possible duration greater than 1 day ending on a day before a Business Day. Notwithstanding the foregoing, if a Letter of Credit is then in effect, no Commercial Paper Period may be established (A) which is longer than a period equal to the maximum number of days' interest coverage provided by such Letter of Credit minus 5 days or (B) which extends beyond the remaining term of such Letter of Credit minus 5 days.

In determining the number of days in each Commercial Paper Period, the Remarketing Agent shall take into account the following factors: (I) existing short-term tax-exempt market rates and indices of such short-term rates, (II) the existing market supply and demand for short-term tax-exempt securities, (III) existing yield curves for short-term and long-

term tax-exempt securities for obligations of credit quality comparable to the Bonds, (IV) general economic conditions, (V) industry economic and financial conditions that may affect or be relevant to the Bonds, (VI) the number of days in other Commercial Paper Periods applicable to the Bonds and (VII) such other facts, circumstances and conditions as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

(ii) *Determination of Commercial Paper Rates.* The Commercial Paper Rate for each Commercial Paper Period for each Bond shall be the minimum rate necessary (as determined by the Remarketing Agent based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) for the Remarketing Agent to sell such Bond on the date and at the time of such determination at its principal amount (without regard to accrued interest).

(4) *Long-Term Interest Rate.* The Remarketing Agent will set a Long-Term Interest Rate on a date not less than the Business Day before the beginning of any period (a “Long-Term Interest Rate Period”) in which interest on any of the Bonds will be payable at a Long-Term Interest Rate. The last day of each such Long-Term Interest Rate Period shall be determined by the Company in accordance with Section 2.02(b)(1). Each Long-Term Interest Rate will be the minimum rate necessary (as determined by the Remarketing Agent with respect to any Long-Term Interest Rate Period based on the examination of tax-exempt obligations comparable to the Bonds known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) for the Remarketing Agent to sell the Bonds for delivery on the effective date of the Long-Term Interest Rate at their principal amount (without regard to accrued interest).

When all Bonds in a Long-Term Interest Rate are not purchased on the date set for mandatory tender for such bonds pursuant to “Mandatory Tender at Beginning of a New Long-Term Interest Rate Period” or “Mandatory Tender Upon a Change in the Determination Method” under paragraph 7 in the form of the Bond, such Bonds (i) shall be returned to their holders and remain outstanding, (ii) shall continue in the Long-Term Interest Rate until purchased, as described in the immediately succeeding clause (iii), and shall bear interest at a Long-Term Interest Rate of the lower of the Maximum Rate or such rate as determined by the Remarketing Agent based upon prevailing market conditions at the time the Bonds were converted to the Long-Term Interest Rate previously in effect until so purchased, (iii) shall be purchased upon the availability of remarketing proceeds to purchase such Bonds (or funds as provided for in Section 3.08(b) hereof), and (iv) in such event such Purchase Price shall not be considered due and payable so that no Event of Default under Section 7.1 of the Agreement or Section 7.01 hereof shall be deemed to have occurred.

The Remarketing Agent shall use its best efforts to cause the Bonds in a Long-Term Interest Rate required to be purchased on the date set for mandatory

tender for such bonds pursuant to “Mandatory Tender at Beginning of a New Long-Term Interest Rate Period” or “Mandatory Tender Upon a Change in the Determination Method” under paragraph 7 in the form of the Bonds, to be remarketed (in such Determination Method or Methods) on the first date thereafter at which time all such Bonds can be sold at par, at a rate not exceeding the Maximum Rate.

(5) *Auction Mode Rate.* During an Auction Rate Period, the Auction Mode Rate will be determined by the Auction Agent in accordance with the provisions set forth in Exhibit B hereto which is part of this Indenture.

(6) *Failure of Remarketing Agent to Announce Interest Rates on the Bonds.* Except as set forth in Exhibit B, if the appropriate interest rate or Commercial Paper Period is not or cannot be determined for any reason, the method of determining interest on the Bonds shall be as provided in this Section 2.02(a)(6). If the Bonds bear interest at the Daily Rate or the Weekly Rate, interest will be payable at the Alternate Rate, and Bonds bearing interest at the Commercial Paper Rate shall be automatically converted to the Weekly Rate (without the necessity of complying with the requirements of Section 2.02(b)), and if the Weekly Rate cannot be determined, interest thereon will be payable at the Alternate Rate, until such time as the Determination Method can be changed in accordance with Section 2.02(b). If the Bonds bear interest at the Long-Term Interest Rate, the Bonds (i) shall not be purchased on the date set for mandatory tender occurring the day after the last day of the then-current Long-Term Interest Rate Period for such Bonds in accordance with “Mandatory Tender at Beginning of a New Long-Term Interest Rate Period” or “Mandatory Tender Upon a Change in the Determination Method” under paragraph 7 in the form of Bond but shall instead be returned to their holders and remain outstanding, (ii) shall continue in the Long-Term Interest Rate until purchased, as described in the immediately succeeding clause (iii), and shall bear interest at a Long-Term Interest Rate of the lower of the Maximum Rate or such rate as determined by the Remarketing Agent based upon prevailing market conditions at the time the Bonds were converted to the Long-Term Interest Rate previously in effect until so purchased, and (iii) shall be purchased upon the availability of remarketing proceeds to purchase such Bonds (or funds as provided for in Section 3.08(b) hereof). In such event the Purchase Price shall not be considered due and payable so that no Event of Default under Section 7.1 of the Agreement or Section 7.01 hereof shall be deemed to have occurred. The Remarketing Agent shall use its best efforts to cause the Bonds in a Long-Term Interest Rate required to be purchased on the date set for mandatory tender for such bonds pursuant to “Mandatory Tender at Beginning of a New Long-Term Interest Rate Period” or “Mandatory Tender Upon a Change in the Determination Method” under paragraph 7 in the form of Bond, to be remarketed (in such Determination Method or Methods ) on the first date thereafter at which time all such Bonds can be sold at par, at a rate not exceeding the Maximum Rate. The Trustee shall promptly notify the Bondholders of any such automatic change as set forth in Section 3.07(b).

While Bonds are in a Commercial Paper Mode, during any transition period caused by an automatic conversion of such Bonds to a Weekly Rate in accordance with this Subsection (6), Bonds bearing interest at a Weekly Rate and Bonds bearing interest at a Commercial Paper Rate, as applicable, shall be governed by the provisions of this Indenture applicable to such methods of determining interest on the Bonds.

(b) (1) *Initial Interest Rate Determination Method; Change in Interest Rate Determination Method.* The Bonds shall bear interest as of the effective date of this Indenture at a Weekly Rate, which Weekly Rate is the minimum rate necessary to sell the Bonds on the date of issuance at a Purchase Price of par. The Company may change the Determination Method, of all but not part of the Bonds, from time to time by notifying, as applicable, the Issuer, the Trustee, the Letter of Credit Bank, the Remarketing Agent, the Auction Agent and the Broker-Dealer. Such notice (a “Conversion Notice”) shall contain (a) the effective date of such change, (b) the proposed Determination Method, and (c) a statement as to whether the Letter of Credit shall be terminated in connection with such change, and may contain, if the change is to a Long-Term Interest Rate or Rates, a determination by the Company of the last day of the first such Long-Term Interest Rate Period and the effective date and last day of any successive Long-Term Interest Rate Periods (which last day for each Long-Term Interest Rate Period must be either the day before the Maturity Date for such Bonds or a day which next precedes a Business Day and is at least 270 days after the effective date); provided, however, that if the change is to the Auction Mode Rate Determination Method from another Determination Method or from the Auction Mode Rate Determination Method to another Determination Method, the Conversion Notice shall be given in accordance with Sections 2.03(a) or 2.03(b), as applicable. The Long-Term Interest Rate Period shall be the same duration for all of the Bonds. The Conversion Notice must be accompanied by a Favorable Opinion of Tax Counsel addressed to the Trustee. If the Company’s Conversion Notice complies with this paragraph, and if the Company shall deliver to the Trustee and the Issuer a confirming Favorable Opinion of Tax Counsel on the effective date as specified in the Conversion Notice, the interest rate on the Bonds will be determined on the basis of the new rate on the effective date specified in the notice until there is another change as provided in this Section.

If the Company wishes to change the Determination Method to or from an Auction Mode Rate, the Company must comply with Section 2.03.

If the Company wishes to designate successive Long-Term Interest Rate Periods without specifying the effective dates and last days as described in the preceding paragraph for the second or any subsequent Long-Term Interest Rate Periods, it may do so by following the same procedure as for a change in the Determination Method as provided in the foregoing paragraph.

If, 30 days before the end of a Long-Term Interest Rate Period, the Company has not provided for the next interest rate period, a new Long-Term Interest Rate Period of the same duration will follow (or if shorter, a Long-Term Interest Rate Period ending on the day before the Maturity Date for the Bonds).

When one Long-Term Interest Rate Period follows another, all provisions of this Indenture applying to a change in the Determination Method will apply, except:

(A) the mandatory tender described under “Mandatory Tender Upon a Change in the Determination Method” in the Bonds;

(B) the Company will not be required to deliver a Favorable Opinion of Tax Counsel if a new Long-Term Interest Rate Period begins as a result of the Company failing to provide for the next interest rate period; and

(C) the Company will not be required to deliver a Favorable Opinion of Tax Counsel if (i) the Company has previously designated a series of successive Long-Term Interest Rate Periods which, together with the current Long-Term Interest Rate Period, are substantially equal in length, (ii) a Favorable Opinion of Tax Counsel addressed to the Trustee was delivered before the first such Long-Term Interest Rate Period in that series which applies to each such successive Long-Term Interest Rate Period and (iii) no other change in the security for the Bonds or in this Indenture or the terms of the Bonds is made which is effective as of, or agreed to in connection with, the effective date of such subsequent Long-Term Interest Rate Period.

(2) *Limitations.* Any change in the Determination Method pursuant to paragraph (1) above must comply with the following:

(i) the effective date of a change (or each effective date in the case of a change from a Commercial Paper Mode) shall be a Business Day which is at least 15 days (30 days if a Long-Term Interest Rate is then in effect and the effective date is before the day after the last day of a Long-Term Interest Rate Period) after receipt by the Trustee of the Company’s Conversion Notice;

(ii) if a Long-Term Interest Rate is then in effect, the effective date of any change must be either the day after the last day of the then current Long-Term Interest Rate Period or, except as described in clause (iii) below, a day on which the Bonds would otherwise be subject to redemption under the paragraph “Optional Redemption During Long-Term Interest Rate Period” in paragraph 9 of the Bonds if the change did not occur;

(iii) if the Company has previously designated successive Long-Term Interest Rate Periods, the effective date of each Long-Term Interest Rate Period must be the day after the last day of the previous Long-Term Interest Rate Period;

(iv) if a Commercial Paper Mode is then in effect, the effective date of any change must be either the day after the last day of the Commercial Paper Mode or, as to any Bond, the day after the last day of the Commercial Paper Period then in effect (or to be in effect) with respect to that Bond;

(v) if any Bonds have been called for redemption and the redemption has not yet occurred, the effective date of the change cannot be before such redemption date;

(vi) if a Long-Term Interest Rate is then in effect, the effective date of any change cannot occur during the period after a Record Date and to, but not including, the related Interest Payment Date;

(vii) if a Commercial Paper Mode is then in effect, the Remarketing Agent shall determine Commercial Paper Periods of such duration that will, in the judgment of the Remarketing Agent, best promote an orderly transition on the effective date. After the receipt by the Trustee of the Company's Conversion Notice, the day after the last day of each Commercial Paper Period shall be, with respect to such Bond, not later than the effective date of the change. The Remarketing Agent shall promptly give written notice of each such last date and each such effective date with respect to each Bond to the Issuer, the Company and the Trustee;

(viii) if an Auction Mode Rate is then in effect, the effective date of any change must be the day after the last day of the Auction Period then in effect;

(ix) if an Auction Mode Rate is then in effect, any change in the Auction Period with respect to a Bond shall be deemed to be a change in the Determination Method for purposes of this Indenture;

(x) in the event of a conversion to an Auction Mode Rate Determination Method from Commercial Paper Mode, the effective date of such conversion may not be earlier than the day following the last day of the longest Commercial Paper Period then in effect; and

(xi) if a Letter of Credit will be in effect following the change in Determination Method, a Letter of Credit with an interest amount equal to or greater than the Letter of Credit Interest Amount for such Determination Method shall be issued and delivered at or prior to the time of such change.

During any transition period in connection with a change in Determination Method from the Commercial Paper Mode to a Daily Rate, Weekly Rate or a Long-Term Interest Rate, as applicable, in which the Remarketing Agent is setting different Commercial Paper Periods in order to effect an orderly transition of such change, Bonds bearing interest at a Commercial Paper Rate shall be governed by the provisions of this Indenture applicable to a Commercial Paper Mode and Bonds bearing interest at a Daily Rate, Weekly Rate, Long-Term Interest Rate or Auction Mode Rate, as applicable, shall be governed by the provisions of this Indenture applicable to such Determination Methods.

(c) *Calculation of Interest.* The Remarketing Agent, and in the case of subparagraph 5 below, the Auction Agent, shall provide the Trustee and the Company with notice in writing or by other written electronic means or by telephone (any such notice by telephone to be delivered to a Responsible Officer of the Trustee) promptly confirmed by facsimile transmission by 1:00 p.m., New York City time,

(1) on the last Business Day of a month in which interest on the Bonds was payable at a Daily Rate, of the Daily Rate for each day in such month,

(2) on each day on which a Weekly Rate becomes effective, of the Weekly Rate,

(3) on the first day of each Commercial Paper Period, of the length thereof and the Commercial Paper Rate, and, if there is more than one Commercial Paper Rate then in effect, of the related applicable principal amounts,

(4) on the first Business Day of a Long-Term Interest Rate Period, of the Long-Term Interest Rate or Long-Term Interest Rates set for that period,

(5) on the first Business Day of each Auction Period, of the Auction Mode Rate set for that period, and

(6) on any Business Day preceding any redemption or purchase date, any interest rate requested by the Trustee in order to enable it to calculate the accrued interest, if any, due on such redemption or purchase date.

Using the rates supplied by this notice, the Trustee will calculate the interest payable on the Bonds. The Remarketing Agent or the Auction Agent, as the case may be, will inform the Trustee and the Company orally at the oral request of either of them of any interest rate so set. The Trustee will confirm the effective interest rate in writing to any Bondholder who requests it.

The setting of the rates by the Remarketing Agent or the Auction Agent, as applicable, the determination of Commercial Paper Periods by the Remarketing Agent and the calculation of interest payable on the Bonds by the Trustee as provided in this Indenture will be conclusive and binding on the Issuer, the Company, the Trustee and the owners of the Bonds.

(d) *Change in Rate Determination Method-Opinions of Counsel.* Notwithstanding any provision of this Section 2.02, no change shall be made in the Determination Method at the direction of the Company pursuant to Section 2.02(b)(1) if the Company shall fail to deliver a Favorable Opinion of Tax Counsel and confirmation thereof if required under Section 2.02(b)(1). If the Trustee shall have sent any notice to the Bondholders regarding a change in rate pursuant to Section 3.07(b), then in the event of such failure to deliver such opinion or confirmation, the Trustee shall promptly notify all Bondholders of such failure and the Bonds shall still be subject to mandatory tender on that proposed date and the Remarketing Agent shall remarket the Bonds pursuant to the terms of this Indenture.

**SECTION 2.03. Changes to and from Auction Mode Rate Determination Method.**

(a) *Changes to Auction Mode Rate.* At the option of the Company, all of the Bonds may be converted from another Determination Method to the Auction Mode Rate Determination Method. Any such conversion shall be made as follows:

(1) In any such conversion from another Determination Method, the effective date for the Auction Rate Period shall be a regularly scheduled Interest Payment Date on which interest is payable for the Interest Period from which the conversion is to be made;

(2) The Company shall give written notice of any such conversion to the Remarketing Agent, the Letter of Credit Bank, the Issuer, the Trustee, the Auction Agent, and the Broker-Dealer, as applicable, not less than 18 days prior to the proposed effective date for the change. Such notice shall specify the information required pursuant to Section 2.02(b)(1) and the length of the Auction Period for such Auction Rate Period. Together with such notice, the Company shall file with the Issuer and the Trustee an Opinion of Tax Counsel addressed to the Trustee to the effect that the conversion of the Bonds to an Auction Mode Rate Determination Method shall not adversely affect the validity of the Bonds or any exclusion from gross income for federal income tax purposes to which interest on the Bonds would otherwise be entitled. No such change to an Auction Mode Rate Determination Method shall become effective unless the Company shall also file, with the Issuer and the Trustee, an Opinion of Tax Counsel addressed to the Trustee to the same effect dated the effective date for the Auction Mode Rate;

(3) At least 15 days prior to the effective date for the Auction Mode Rate, the Trustee shall mail a written notice of the conversion to the owners of all Bonds to be converted;

(4) The initial Auction Mode Rate for the Auction Period commencing on the effective date for the Auction Mode Rate shall be the lowest rate which, in the judgment of the Broker-Dealer, is necessary to enable the Bonds to be remarketed at a price equal to the principal amount thereof, plus accrued interest, if any, on the effective date for the Auction Mode Rate. Such determination shall be conclusive and binding upon the Issuer, the Company, the Trustee, the Auction Agent and the owners of the Bonds to which such rate will be applicable;

(5) Not later than 5:00 p.m., New York City time, on the date of determination of the Auction Mode Rate, the Broker-Dealer shall notify the Trustee and the Company of the Auction Mode Rate by telephone, promptly confirmed in writing;

(6) Interest on the Bonds in an Auction Period of 180 days or less will be computed on the basis of actual days over 360 and in an Auction Period greater than 180 days on the basis of a 360-day year of twelve 30-day months;

(7) The Company may revoke its election to effect a conversion of the interest rate on any Bonds to an Auction Mode Rate by giving written notice of such revocation to the Trustee, the Remarketing Agent, the Auction Agent and the Broker-Dealer, as applicable, at any reasonable time prior to the setting of the Auction Mode Rate by the Broker-Dealer; and

(8) No Bonds may be converted to the Auction Mode Rate Determination Method when the Bonds are not held by a Securities Depository.

(b) *Conversions from Auction Mode Rate Determination Method.* At the option of the Company, all of the Bonds may be converted from an Auction Mode Rate to another Determination Method. Any such conversion shall be made as follows:

(1) The effective date for the new Determination Method shall be the second regularly scheduled Interest Payment Date following the final Auction Date.

(2) The Company shall give written notice of any such conversion to the Issuer, the Trustee, the Remarketing Agent, the Auction Agent and the Broker-Dealer(s) not less than 18 days prior to the proposed effective date for the change. Such notice shall specify the effective date for the new Determination Method, the Determination Method to which the conversion will be made and any additional information required pursuant to Section 2.02(b)(1). Together with such notice, the Company shall file with the Issuer and the Trustee an Opinion of Tax Counsel addressed to the Trustee to the effect that the conversion of the Bonds to be converted will not adversely affect the validity of the Bonds or any exclusion from gross income for federal income tax purposes to which interest on the Bonds would otherwise be entitled. No change to the new Determination Method shall become effective unless the Company shall also file, with the Issuer and the Trustee, an Opinion of Tax Counsel addressed to the Trustee to the same effect dated the effective date for the new Determination Method.

(3) At least 15 days prior to the effective date for the new Determination Method, the Trustee shall mail a written notice of the conversion to the owners of all Bonds to be converted, specifying the effective date for the new Determination Method.

(4) If on the effective date for the new Determination Method any condition precedent to such conversion required under this Indenture is not satisfied, the Trustee will give written notice by first class mail postage prepaid as soon as practicable, and in any event not later than the next succeeding Business Day, to the Bondholders to have been converted, that such conversion has not occurred, that Bonds will not be purchased on the failed effective date for the new Determination Method, that the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to such Bonds which otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed effective date for the new Determination Method, and that the interest rate will continue to be the Auction

Mode Rate; provided, however, that the interest rate borne by such Bonds during the Auction Period commencing on such failed effective date for the new Determination Method will be the Maximum Auction Rate, and the Auction Period will be the seven-day Auction Period.

(5) On the conversion date applicable to the Bonds to be converted, the Bonds to be converted shall be subject to mandatory tender at a Purchase Price equal to 100% of the principal amount thereof, plus accrued interest. The Purchase Price of such Bonds so tendered shall be payable solely from the proceeds of the remarketing of such Bonds. In the event that the conditions of a conversion are not satisfied, including the failure to remarket all applicable Bonds on a mandatory tender date, the Bonds to have been converted will not be subject to mandatory tender, will be returned to their owners, will automatically convert to a seven-day Auction Period and will bear interest at the Maximum Auction Rate.

**SECTION 2.04. Undelivered Bonds.** If a Bond is tendered for purchase as provided in Article III, or if the holder of a Bond gives irrevocable instructions to the Remarketing Agent for purchase, and in each case funds are deposited with the Trustee sufficient for the purchase, the Trustee upon request of the Company or the Remarketing Agent will authenticate a new Bond in the same maturity and in the same denomination registered as the Company or the Remarketing Agent may direct and deliver it to the Company or upon the Company's order, whether or not the Bond purchased is ever delivered, and the undelivered Bonds shall be canceled on the books of the Trustee, whether or not said undelivered Bonds have been delivered to the Trustee. From and after the purchase date, interest on such Bond shall cease to be payable to the prior holder thereof, such holder shall cease to be entitled to the benefits or security of this Indenture and shall have recourse solely to the funds held by the Trustee for the purchase of such Bond, and the Trustee shall not register any further transfer of such Bond by such prior holder. If Bonds to be purchased are not delivered by the holders by 12:00 noon, New York City time, on any purchase date, the Trustee shall hold any funds received for the purchase of those Bonds in trust in a separate account and shall pay such funds to the former owners of the Bonds upon presentation of the Bonds. All funds held by the Trustee for the purchase of undelivered Bonds shall be held uninvested.

**SECTION 2.05. Form of Bonds.** The Bonds shall be substantially in the form of *Exhibit A*, which is part of this Indenture, in the denominations provided for in the Bonds, with appropriate or necessary insertions, omissions and variations as permitted or required hereby, including the appropriate series designation and Maturity Date. The Bonds shall be negotiable instruments in accordance with the Act, and shall express the purpose for which they are issued and any other statements or legends which may be required by law or the provisions hereof, including the provisions of Section 5.01. Bonds will be numbered as determined by the Trustee. All Bonds, unless a supplemental indenture shall have been executed and delivered pursuant to Section 9.01, shall be in fully registered form, and, subject to Section 9.10, the holder of a Bond shall be regarded as the absolute owner thereof for all purposes of this Indenture.

**SECTION 2.06. Execution and Authentication of Bonds.** Each Bond shall be signed by the Chairman and Vice Chairman of the Issuer and attested by the Secretary of the Issuer in their official capacities (provided that any or all of those signatures may be facsimiles)

and shall bear the seal or a facsimile of the seal of the Issuer. In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be that officer before the issuance of the Bond, his signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if he had remained in office until that time. Any Bond may be executed on behalf of the Issuer by an officer who, on the date of execution is the proper officer, although on the date of the Bond that person was not the proper officer.

No Bond shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Indenture unless and until a certificate of authentication, substantially in the form set forth in *Exhibit A* to this Indenture, shall have been signed by the Trustee. The authentication by the Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of this Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Bonds. In authenticating the Bonds, the Trustee shall add the date of its authentication of Bonds. No Bond shall be authenticated except in an authorized denomination.

**SECTION 2.07. Transfer and Exchange of Bonds.** Subject to Section 5.01, all Bonds are transferable or exchangeable by the holder thereof, in person or by the Bondholder's attorney duly authorized in writing, at the office of the Trustee in the books required to be kept by the Trustee pursuant to the provisions of Section 2.08, upon surrender of such Bonds accompanied by delivery of a duly executed written instrument of transfer or exchange in a form approved by the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall execute and deliver a new Bond or Bonds of authorized denominations of the same aggregate principal amount, except that the Trustee may require the payment by any Bondholder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Bonds surrendered pursuant to the provisions of this Section shall be canceled by the Trustee, shall not be redelivered and shall be disposed of as provided in Section 2.11. The Trustee shall not be required to transfer or exchange (i) any Bonds of the maturity or maturities being redeemed during the period commencing on the date ten days prior to the date of selection of Bonds of that maturity for redemption and ending on such date of selection or (ii) any Bond selected for redemption in whole or in part.

**SECTION 2.08. Registration Books.** The Trustee will keep at its office sufficient books for the registration of the ownership, transfer or exchange of the Bonds, which books shall be available for inspection by the Issuer, the Company and the Trustee at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Bonds in such books as hereinabove provided. The ownership of any Bonds may be proved by the books required to be kept by the Trustee pursuant to the provisions of this Section.

**SECTION 2.09. Temporary Bonds.** The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be

authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, the Issuer will prepare and execute and the Trustee will authenticate definitive Bonds without delay, and in that case upon demand of the holder of any temporary Bonds such definitive Bonds shall be exchanged without cost to such Bondholder for temporary Bonds at the office of the Trustee upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this Section shall be canceled by the Trustee, shall not be redelivered and shall be disposed of as provided in Section 2.11.

**SECTION 2.10. Bond Mutilated, Destroyed, Lost or Stolen.** If any Bond shall become mutilated, the Trustee shall authenticate and deliver a new Bond of like tenor and of the same Maturity Date in lieu of the mutilated Bond, but only upon surrender to the Trustee of the mutilated Bond, and every mutilated Bond surrendered to the Trustee shall be canceled by it and shall not be redelivered and shall be disposed of as provided in Section 2.11. If any Bond shall be destroyed, lost or stolen, evidence of such destruction, loss or theft may be submitted to the Trustee and if such evidence is satisfactory to the Trustee, and the Trustee and the Issuer receive indemnity satisfactory to them, the Trustee shall authenticate and deliver a new Bond of like tenor and of the same Maturity Date in substitution for the destroyed, lost or stolen Bond. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered by it under this Section and of the expenses which may be incurred by it under this Section. Any replacement Bond authenticated and delivered under the provisions of this Section in lieu of or in substitution for any mutilated, destroyed, lost or stolen Bond shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Bonds executed and delivered hereunder, to the same extent as the mutilated, destroyed, lost or stolen Bond replaced; and neither the Trustee nor the Issuer shall be required to treat both the original Bond and any replacement Bond as being outstanding for the purpose of determining the principal amount of Bonds which may be authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds outstanding hereunder, but both the original and the replacement Bond shall be treated as one and the same. Notwithstanding any other provision of this Section, rather than authenticating and delivering a new Bond for a mutilated, destroyed, lost or stolen Bond which has been called for redemption, the Trustee may make payment of the principal of such mutilated, destroyed, lost or stolen Bond directly to the holder thereof under such regulations as the Trustee may prescribe.

**SECTION 2.11. Safekeeping and Cancellation of Bonds.** Any Bond surrendered pursuant to this Article for the purpose of payment or retirement, or for exchange, replacement or transfer, shall be canceled upon presentation and surrender thereof to the Trustee.

The Issuer, or the Company on behalf of the Issuer, may deliver at any time to the Trustee for cancellation any outstanding Bonds previously authenticated and delivered hereunder, which the Issuer or the Company may have acquired in any manner whatsoever. All Bonds so delivered shall be canceled promptly by the Trustee. Certification of the surrender and cancellation shall be made to the Issuer by the Trustee upon written request. Unless otherwise directed by the Issuer or the Company, canceled Bonds shall be retained and stored by the Trustee for a period of five years after their cancellation. Those canceled Bonds shall be

destroyed by the Trustee by shredding or incineration five years after their cancellation or at any earlier time directed by the Issuer or the Company. Certificates of any destruction of canceled Bonds (describing the manner thereof) shall be provided by the Trustee to the Issuer and the Company.

**SECTION 2.12. Special Agreement with Bondholders.** Notwithstanding any provision of this Indenture or of any Bond to the contrary, with the approval of the Company, the Trustee may enter into an agreement with any holder of at least \$1,000,000 aggregate principal amount of Bonds of the same series providing for making all payments to that holder on that Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Indenture and in the Bond, without presentation or surrender of the Bond, upon any conditions which shall be satisfactory to the Trustee and the Company; provided, that payment in any event shall be made to the person in whose name a Bond shall be registered on the books required to be kept by the Trustee pursuant to the provisions of Section 2.08, with respect to payment of principal and premium, on the date such principal and premium is due, and, with respect to the payment of interest, as of the applicable Record Date.

(End of Article II)

## ARTICLE III

### REDEMPTION, TENDER AND REMARKETING

**SECTION 3.01. Optional Redemption.** The Bonds are subject to redemption by the Issuer pursuant to, and under “Optional Redemption During Long-Term Interest Rate Period,” “Optional Redemption During Daily or Weekly Rate Period” or “Optional Redemption During Auction Rate Period” in, paragraph 9 of the form of the Bonds in the event that, in accordance with Section 6.1 (redemption in whole or in part) of the Agreement, the Company exercises its option to direct that redemption from moneys available therefor.

**SECTION 3.02. Extraordinary Optional Redemption.** The Bonds are also subject to redemption by the Issuer on any date in the event that, in accordance with Section 6.2 (redemption in whole or in part) of the Agreement, the Company exercises its option to direct that redemption from moneys available therefor and at a redemption price of 100 percent of the principal amount redeemed, plus accrued and unpaid interest to the Redemption Date.

**SECTION 3.03. Optional Redemption Dates.** The redemption date of Bonds to be redeemed pursuant to any optional redemption provision in this Indenture and the Bonds will be a date permitted by the Bonds and specified by the Company in the notice delivered pursuant to Section 6.4 of the Loan Agreement.

**SECTION 3.04. Selection of Bonds to Be Redeemed.** Except as provided in the Bonds, if fewer than all the Bonds are to be redeemed, the Trustee will select the Bonds to be redeemed by lot, except that the Trustee will first select any Bonds owned by the Company or any of its nominees or held by the Trustee for the account of the Company or any of its nominees. The Trustee will make the selection from Bonds not previously called for redemption. For this purpose, the Trustee will consider each Bond in a denomination larger than the minimum denomination permitted by the Bonds at the time to be separate Bonds each in the minimum denomination. Provisions of this Indenture that apply to Bonds called for redemption also apply to portions of Bonds called for redemption.

**SECTION 3.05. Redemption Notices.**

(a) *Official Notice of Redemption.* The Trustee will give notice of each redemption as provided in the Bonds and will at the same time give a copy of the notice to the Remarketing Agent, the Auction Agent, the Letter of Credit Bank and the Broker-Dealer, as applicable. The notice shall identify the Bonds to be redeemed and shall state (1) the redemption date (and, if the Bonds provide that accrued interest will not be paid on the redemption date, the date it will be paid), (2) the redemption price, (3) that the Bonds called for redemption must be surrendered to collect the redemption price, (4) the address at which the Bonds must be surrendered and (5) that interest on the Bonds called for redemption ceases to accrue on the redemption date.

With respect to an optional redemption of any Bonds under “Optional Redemption During Long-Term Interest Rate Period,” “Extraordinary Optional Redemption,” “Optional Redemption During Daily or Weekly Rate Period” or “Optional Redemption During Auction Rate Period” in paragraph 9 of the form of the Bonds, unless moneys sufficient to pay the

principal of, premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice may state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the Issuer shall not redeem such Bonds, the redemption price shall not be due and payable and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

Failure to give any required notice of redemption as to any particular Bonds or any defect therein will not affect the validity of the call for redemption of any Bonds in respect of which no such failure or defect has occurred. Any notice mailed as provided in the Bonds shall be effective when sent and will be conclusively presumed to have been given whether or not actually received by any holder.

(b) *Additional Notice of Redemption.* In addition to the redemption notice required above, further notice (the “Additional Redemption Notice”) shall be given by the Trustee as set out below. No defect in the Additional Redemption Notice nor any failure to give all or any portion of the Additional Redemption Notice shall in any manner defeat the effectiveness of a call for redemption if notice is given as prescribed in paragraph (a) above.

(1) Each Additional Redemption Notice shall contain the information required in paragraph (a) above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of the Bonds as originally issued; (iii) the Determination Method for, or the rate of interest borne by, each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each Additional Redemption Notice shall be sent at least 30 days before the redemption date by registered or certified mail or overnight delivery service (or by such other means as the Trustee may have established with the Securities Depository or any information service) to all registered securities depositories then in the business of holding substantial amounts of obligations similar to the Bonds (such depositories now being The Depository Trust Company of New York, New York, and Midwest Securities Trust Company of Chicago, Illinois) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

The information required in any redemption notice (including an Additional Redemption Notice) pursuant to this Section and the information required in any notice of tender (including an Additional Tender Notice, as hereinafter defined) may be combined in a single notice if it is sent to Bondholders in the manner and at the time specified under “Notice of Redemption” in paragraph 9 of the form of the Bonds.

Any redemption notice may state that no representation is made as to the correctness of “CUSIP” numbers either as printed on the Bonds or as contained in any notice of a redemption

and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers.

If any Bonds which bear interest at an Auction Mode Rate are to be redeemed in whole or in part, and such Bonds are held by a Securities Depository, the Trustee shall include in the notice of redemption delivered to such Securities Depository: (i) under an item entitled "Publication Date for Securities Depository Purposes," the Interest Payment Date prior to the date fixed for redemption, and (ii) an instruction to the Securities Depository to (x) determine on the Publication Date after the Auction held on the immediately preceding Auction Date has settled, the Securities Depository participants whose Securities Depository positions will be redeemed (the Securities Depository Participants") and the principal amount of such Bonds to be redeemed from each such position (the "Securities Depository Redemption Information"), and (y) notify the Auction Agent immediately after such determination of the positions of the Securities Depository Participants in such Bonds immediately prior to such Auction settlement, the positions of the Securities Depository Participants in such Bonds immediately following such Auction settlement, and the Securities Depository Redemption Information. As used herein the term "Publication Date" shall mean three Business Days after the Auction Date next preceding the date fixed for redemption.

Upon surrender to the Trustee, Bonds called for redemption shall be paid as provided in this Article at the redemption price (including premium, if any) stated in the notice, plus interest accrued to the redemption date, or at a Purchase Price as provided in the form of Bond. Bonds called for redemption and purchased pursuant to a tender before the redemption date will not be redeemed but will be dealt with as provided below in this Article.

**SECTION 3.06. Bonds Redeemed in Part.** Subject to Article V, upon surrender of a Bond redeemed in part, the Trustee will authenticate for the holder a new Bond or Bonds in authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered.

**SECTION 3.07. Tender.**

(a) *Optional Tender.* The Bonds are subject to optional tender as provided in paragraph 6 of the form of the Bonds.

(b) *Mandatory Tender of Bonds.* The Bonds are subject to mandatory tender as provided in paragraph 7 of the form of the Bonds.

(c) *Notice to Bondholders of Change in Interest Rate Determination Method.* When a change in the Determination Method is to be made or upon commencement of a new Long-Term Interest Rate Period, the Trustee will, upon notice from the Company pursuant to Section 2.02(b), notify the Bondholders by first class mail at least 15 days before the effective date of the change or the commencement of a new Long-Term Interest Rate Period, except that (i) such notice shall be given at least 30 days prior to the effective date if a Long-Term Interest Rate Period is in effect and the effective date is before the end of the Long-Term Interest Rate Period and (ii) no notice shall be given with respect to a tender under "Mandatory Tender on Each Interest Payment Date During

Commercial Paper Mode” in paragraph 7 of the form of the Bonds. The notice shall be effective when sent and shall state:

- (1) the purchase date;
- (2) the Purchase Price;
- (3) that the Bonds to be tendered must be surrendered to collect the Purchase Price;
- (4) the address at which or the manner in which the Bonds must be surrendered;
- (5) that interest on the Bonds to be tendered ceases to accrue to such holder on the purchase date and such holder will be entitled only to the Purchase Price on the purchase date;
- (6) that the interest rate determination method will be changed and what the new method will be;
- (7) the proposed effective date of the new rate; and
- (8) that a mandatory tender will result on the effective date of the change as provided in the Bonds.

Failure to give any required notice of tender as to any particular Bonds or any defect therein will not affect the validity of the tender of any Bonds in respect of which no such failure or defect has occurred. Any notice mailed as provided in the Bonds shall be effective when sent and will be conclusively presumed to have been given whether or not actually received by any holder.

(d) *Additional Notice of Tender.* In addition to the tender notice required above, further notice (the “Additional Tender Notice”) shall be given by the Trustee as set out below. No defect in the Additional Tender Notice nor any failure to give all or any portion of the Additional Tender Notice shall in any manner defeat the effectiveness of a tender notice if notice is given as prescribed in paragraph (c) above.

(1) Each Additional Tender Notice shall contain the information required in paragraph (c) above for an official notice of tender plus (i) the CUSIP numbers of all Bonds being tendered; (ii) the date of the Bonds as originally issued; (iii) the maturity date of each Bond being purchased; and (iv) any other descriptive information needed to identify accurately the Bonds being purchased.

(2) Each Additional Tender Notice shall be sent at least 15 days before the purchase date by registered or certified mail or overnight delivery service (or by such other means as the Trustee may have established with the Securities Depository or any information service) to all registered securities depositories then in the business of holding substantial amounts of obligations similar to the Bonds (such depositories now being The Depository Trust Company of New

York, New York and Midwest Securities Trust Company of Chicago, Illinois) and to one or more national information services that disseminate notices of purchase of obligations such as the Bonds.

The information required in any tender notice (including an Additional Tender Notice) pursuant to this Section and the information required in any redemption notice (including an Additional Redemption Notice) may be combined in a single notice if it is sent to Bondholders in the manner and at the time specified under "Notice of Tender" in paragraph 7 of the form of the Bonds.

**SECTION 3.08. Source of Funds for Purchase of Bonds.** Funds for the payment of the Purchase Price of tendered Bonds shall be derived solely from the following sources in the order of priority indicated and neither the Trustee nor the Remarketing Agent shall be obligated to provide funds from any other source:

(a) proceeds of the remarketing of Bonds to persons other than the Company, the affiliates of the Company and the Issuer and furnished immediately to the Trustee by the Remarketing Agent and deposited directly into and held continuously in, the Remarketing Proceeds Account; and

(b) proceeds of a draw on the Letter of Credit, if any, and furnished immediately to the Trustee and deposited directly into, and held continuously in, the Letter of Credit Purchase Account; and

(c) money provided by the Company or otherwise available for the payment of the Purchase Price, and deposited directly into and held continuously in the Company Purchase Account.

**SECTION 3.09. Delivery of Bonds.** On each tender date, the Bonds shall be delivered as follows:

(a) Bonds purchased by the Trustee with moneys described in Section 3.08(a) shall be delivered by the Remarketing Agent to the purchasers of those Bonds by 3:00 p.m., New York City time; and

(b) Bonds purchased by the Trustee with moneys described in Section 3.08(b) (the "Bank-Owned Bonds") shall be held by the Trustee and registered in the name of the Letter of Credit Bank or its nominee or held subject to the interest of the Letter of Credit Bank, as holder, on or before 3:00 p.m., New York City time; and

(c) Bonds purchased by the Trustee with moneys described in Section 3.08(c) (the "Company-Held Bonds") shall be, at the direction of the Company, either (i) delivered to and registered in the name of the Company on or before 3:00 p.m., New York City time or (ii) delivered to or held by the Trustee for the account of the Company; and

(d) Notwithstanding the foregoing, the Trustee shall not permit the transfer (other than a transfer to the Letter of Credit Bank as pledge) of a Bond which is being

held by or on behalf of the Letter of Credit Bank or its designee pursuant to this Section 3.09 unless the Trustee shall have received written confirmation from the Letter of Credit Bank, prior to such transfer, that upon such transfer the Letter of Credit shall have been reinstated as to amounts of principal and interest sufficient to cover the principal amount of such Bonds and interest thereon for the appropriate number of days set forth in the Letter of Credit at the Maximum Rate in addition to any other amounts then covered by the Letter of Credit.

**SECTION 3.10. No Remarketing or Sale after Event of Default.** Anything in the Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default under Section 7.01 of this Indenture, the Remarketing Agent shall not remarket any Bonds. In no event will any Bonds be delivered upon the remarketing of Bank-Owned Bonds unless, prior to the delivery of such Bonds to the purchasers thereof, the Trustee has received the proceeds of the remarketing of such Bonds and, with respect to Bank-Owned Bonds, written notice from the Letter of Credit Bank stating that the Letter of Credit is reinstated by the amount drawn in respect of the purchase thereof.

**SECTION 3.11. Letter of Credit; Alternate Letter of Credit.**

(a) While the Letter of Credit is in effect, the Trustee shall, before 4:00 p.m., New York City time, on the Business Day next preceding each Interest Payment Date and Principal Payment Date (other than a Principal Payment Date caused by a declaration of acceleration), and immediately upon a declaration of acceleration pursuant to Section 7.02 hereof, draw on the Letter of Credit in accordance with the terms thereof so as to receive thereunder by 11:00 a.m., New York City time, on said Interest Payment Date or Principal Payment Date, or as soon as practicable following acceleration, as the case may be, an amount, in immediately available funds, equal to the amount of interest payable on the Bonds on such Interest Payment Date, Principal Payment Date, or the date principal and accrued interest on the Bonds is due and payable as a result of a declaration of acceleration; provided, that in no event shall a drawing be made with respect to Bank-Owned Bonds or Company-Held Bonds, if the Letter of Credit by its terms does not permit such a drawing. The proceeds of such draws under paragraph (a) of this Section 3.11 shall be provided directly to the Trustee and directly deposited in the Letter of Credit Account pursuant to Section 4.02(d).

(b) While the Letter of Credit is in effect, the Trustee shall, before 4:00 p.m., New York City time, on the Business Day next preceding each Principal Payment Date (other than a Principal Payment Date caused by a declaration of acceleration), and immediately upon a declaration of acceleration pursuant to Section 7.02 hereof, draw on the Letter of Credit in accordance with the terms thereof so as to receive thereunder by 11:00 a.m., New York City time, on such Principal Payment Date, or as soon as practicable following acceleration, as the case may be, an amount, in immediately available funds, sufficient to pay the principal then payable on such Bonds; provided, that in no event shall a drawing be made with respect to Bank-Owned Bonds or Company-Held Bonds, if the Letter of Credit by its terms does not permit such a drawing. The proceeds of such draw shall be provided directly to the Trustee and directly deposited in the Letter of Credit Account pursuant to Section 4.02(d).

(c) On each purchase date, the Trustee shall draw prior to 12:00 noon, New York City time, on behalf of the Trustee, on the Letter of Credit in accordance with the terms thereof so as to receive thereunder by 3:00 p.m., New York City time, on such date an amount, in immediately available funds, sufficient, together with the remarketing proceeds to be available for such purpose calculated solely on the basis of the notice given by the Remarketing Agent pursuant to Section 3.13(d), to enable the Trustee to pay the Purchase Price in connection therewith; provided, that in no event shall a drawing be made with respect to Bank-Owned Bonds or Company-Held Bonds, if the Letter of Credit by its terms does not permit such a drawing. The proceeds of such draw shall be paid directly to the Trustee, who shall directly deposit said proceeds in the Letter of Credit Purchase Account pursuant to Section 3.12(b) hereof. In the event that the Trustee does not receive notice from the Remarketing Agent pursuant to Section 3.13(d) hereof by 11:45 a.m., New York City time, the Trustee shall immediately draw on the Letter of Credit an amount, in immediately available funds, sufficient to pay the full Purchase Price of the Bonds subject to purchase on such date.

(d) If at any time there shall have been delivered to the Trustee (i) an Alternate Letter of Credit in substitution for the Letter of Credit then in effect, (ii) a Favorable Opinion of Tax Counsel, (iii) a Rating Confirmation Notice from Moody's, if the Bonds are rated by Moody's, S&P, if the Bonds are rated by S&P, and Fitch, if the Bonds are rated by Fitch, or a statement to the effect no Rating Confirmation Notice(s) will be obtained and (iv) written confirmation from the Letter of Credit Bank of the payment of all amounts due under the Credit Agreement in respect of the Letter of Credit on or before the effective date of such Alternate Letter of Credit, then the Trustee shall accept such Alternate Letter of Credit on the Substitution Tender Date and shall surrender the Letter of Credit then in effect to the Letter of Credit Bank on the Substitution Date. The Company shall give the Trustee, the Remarketing Agent and the Letter of Credit Bank written notice of the substitution or the cancellation of an Alternate Letter of Credit for the Letter of Credit then in effect no less than thirty-five (35) days prior to the proposed Substitution Date.

(e) The Trustee shall not sell, assign or otherwise transfer the Letter of Credit, except to a successor Trustee hereunder and in accordance with the terms of the Letter of Credit and the Indenture. The Trustee shall deliver to the Letter of Credit Bank, in connection with a change to the Long-Term Interest Rate and in connection with any reduction in the aggregate principal amount of the outstanding Bonds not accompanied by an automatic corresponding reduction in the amount available to be drawn under the Letter of Credit, any notice or certificate provided for therein to reduce such amount available to be drawn.

(f) In the event the Letter of Credit Bank fails to honor a draw on the Letter of Credit (or otherwise repudiates the Letter of Credit) under Section 3.11(a) or (b) hereof, the Trustee shall notify the Company by 11:30 a.m., New York City time on such date, of such failure and shall request that the Company transfer sufficient amounts to pay the principal and/or interest on the Bonds due on such date by 2:30 p.m., New York City time, on such date. In the event the Letter of Credit Bank fails to honor a draw on the Letter of Credit (or otherwise repudiates the Letter of Credit) under Section 3.11(c)

hereof, the Trustee shall notify the Company by 3:15 p.m., New York City time on such date, of such failure and shall request that the Company transfer sufficient amounts to pay the Purchase Price on the Bonds due on such date by 3:45 p.m., New York City time, on such date.

**SECTION 3.12. Purchase Fund.** There is hereby established and there shall be maintained with the Trustee a separated fund to be known as the "Purchase Fund." The Trustee shall further establish separated accounts within the Purchase Fund to be known as the "Letter of Credit Purchase Account", the "Remarketing Proceeds Account" and the "Company Purchase Account."

(a) *Remarketing Proceeds Account.* Upon receipt of the proceeds of a remarketing of Bonds on a purchase date, the Trustee shall directly deposit such proceeds, and shall deposit only such proceeds, in the Remarketing Proceeds Account for application to the Purchase Price of the Bonds; provided that, at any time when the Letter of Credit is in effect, proceeds of any remarketing of Bonds to the Issuer, the Company or any affiliate of either of them and proceeds of the remarketing of any other Company-Held Bonds and any Bank-Owned Bonds which have been remarketed shall be held and maintained in a subaccount for the benefit of the Letter of Credit Bank, separated and segregated from all other money in the Remarketing Proceeds Account. Upon instruction from the Letter of Credit Bank, any amount held by the Trustee in the subaccount described in the preceding sentence shall be paid to the Letter of Credit Bank. Neither the Issuer nor the Company shall have any interest in the Remarketing Proceeds Account.

(b) *Letter of Credit Purchase Account.* Upon receipt of the immediately available funds provided to the Trustee pursuant to paragraph (c) of Section 3.11 hereof, the Trustee shall directly deposit such money, and shall deposit only such money, in the Letter of Credit Purchase Account for application to the Purchase Price of the Bonds. Any amounts deposited in the Letter of Credit Purchase Account and determined by the Trustee to be not needed with respect to any purchase date for the payment of the Purchase Price for any Bonds shall be promptly returned following such determination to the Letter of Credit Bank with written notice to the Company. Neither the Issuer nor the Company shall have any interest in the Letter of Credit Purchase Account.

(c) *Company Purchase Account.* Upon receipt of immediately available funds provided to the Trustee by the Company pursuant to paragraph (c) of Section 3.08 hereof, the Trustee shall directly deposit such money, and shall deposit only such money, in the Company Purchase Account for application to the Purchase Price of the Bonds. Any amounts deposited in the Company Purchase Account and determined by the Trustee to be not needed with respect to any purchase date for the payment of the Purchase Price for any Bonds shall be promptly returned following such determination to the Company.

(d) *Investment.* Amounts held in the Remarketing Proceeds Account, the Letter of Credit Purchase Account and the Company Purchase Account by the Trustee shall be held uninvested.

**SECTION 3.13. Disposition of Purchased Bonds.**

(a) *Bonds to be Remarketed.* Bonds purchased pursuant to tenders as provided in the form of Bonds or as provided in Section 3.07 will be offered for sale by the Remarketing Agent as provided in this Section except as follows:

(i) Bonds required to be tendered as described under “Mandatory Tender Upon a Change in the Determination Method” in paragraph 7 of the form of Bond, which are tendered between the date notice of mandatory tender is given and the mandatory tender date, may be remarketed before the mandatory tender date only if the buyer receives a copy of the mandatory tender notice from the Remarketing Agent; and

(ii) Bonds will not be offered for sale under this Section during the continuance of an Event of Default under Section 7.01 of this Indenture. Bonds will be offered for sale under this Section 3.13 during an event which with the passage of time or the giving of notice or both may become an Event of Default only in the sole discretion of the Remarketing Agent.

(b) *Remarketing Effort.* Except to the extent the Company directs the Remarketing Agent not to do so, the Remarketing Agent will offer for sale and use reasonable efforts to sell all Bonds to be sold as provided in paragraph (a) above and, when directed by the Company, (i) any Company-Held Bonds and (ii) any Bank-Owned Bonds so long as the Letter of Credit Bank has provided written notice to the Remarketing Agent and the Trustee stating that the Letter of Credit is reinstated by the amount drawn in respect of purchase thereof. The sale price of each Bond must be equal to the principal amount of each Bond plus accrued interest, if any, to the purchase date. The Company may direct the Remarketing Agent from time to time to cease and to resume sales efforts with respect to some of or all the Bonds. The Remarketing Agent may buy as principal any Bonds to be offered under this Section 3.13.

(c) *Notices in Respect of Tenders.* When the Trustee receives a notice from a Bondholder (or a Beneficial Owner through its direct Participant) as specified in paragraph 6 of the form of the Bond for the Bondholder (or a Beneficial Owner through its direct Participant) that Bonds are being tendered, the Trustee will promptly notify the Remarketing Agent and the Company by facsimile transmission or telephone, promptly confirmed in writing, of the receipt of such notice, but in no event later than the following times:

(i) when the Bonds bear interest at a Daily Rate, no later than 11:15 a.m. (New York City time) on the same Business Day; and

(ii) when the Bonds bear interest at a Weekly Rate, no later than 11:15 a.m. (New York City time) on the Business Day next succeeding receipt of such notice.

(iii) When the Letter of Credit is in effect, Bonds may not be offered for sale by the Remarketing Agent to the Issuer or the Company or any affiliate of the Issuer or the Company.

(d) *Delivery of Remarketed Bonds*

(i) Except when a book-entry system of registration is in effect, the Trustee shall hold all Bonds delivered pursuant to this Section 3.13 in trust for the benefit of the owners thereof until moneys representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Bondholders, and thereafter, if such Bonds are remarketed, shall deliver replacement Bonds, prepared by the Trustee in accordance with the directions of the Remarketing Agent and authenticated by the Trustee, for any Bonds purchased in accordance with the written directions of the Remarketing Agent, to the Remarketing Agent for delivery to the purchasers thereof.

(ii) The Remarketing Agent or, in the case of Bonds bearing interest at an Auction Mode Rate where the Determination Method is being changed, the Auction Agent, shall advise the Trustee and the Company in writing or by facsimile transmission of (A) the principal amount of Bonds which have been remarketed and that the proceeds of such remarketing have been received by the Remarketing Agent, and, (B) except in the case of Bonds bearing interest at an Auction Mode Rate, the denominations and registration instructions (including taxpayer identification numbers), in each case, in accordance with the following schedule (all times of which are New York City time):

CURRENT METHOD OF INTEREST RATE DETERMINATION OR, IN CONNECTION WITH A CHANGE IN SUCH METHOD, THE NEW METHOD OF INTEREST RATE DETERMINATION	TIME BY WHICH INFORMATION TO BE FURNISHED TO TRUSTEE
Commercial Paper Period	11:45 a.m. on the purchase date
Daily Rate Period	11:45 a.m. on the purchase date
Weekly Rate Period	11:45 a.m. on the purchase date
Long-Term Interest Rate Period	11:45 a.m. on the purchase date
Auction Rate Period	12:15 p.m. on the date of the Auction

(iii) The terms of any sale by the Remarketing Agent shall provide for the authorization of the payment of the Purchase Price by the Remarketing Agent to the Trustee in exchange for Bonds registered in the name of the new Bondholder which shall be delivered by the Trustee to the Remarketing Agent at or before 2:00 p.m. (12:00 p.m. if the Bonds are not in a Book-Entry System) (New York City time) on the purchase date if the Purchase Price has been received from the Remarketing Agent by the time set forth in Section 3.13(e) on the purchase date.

(e) *Delivery of Proceeds of Sale.* The Remarketing Agent shall deliver directly to the Trustee an amount equal to the principal amount thereof plus accrued interest, if any, of the Bonds which the Remarketing Agent has advised the Trustee have been remarketed pursuant to Section 3.13(d)(ii) no later than 1:30 p.m. (New York City time) on the purchase date.

**SECTION 3.14. Purchase of Bonds in Lieu of Redemption.** When Bonds are called for redemption pursuant to Section 3.01 hereof (except in the case of “Optional Redemption During Daily or Weekly Period” as provided for in the form of the Bonds), the Company may purchase some or all of the Bonds called for redemption if it (or the Remarketing Agent) gives written notice to the Trustee, the Remarketing Agent, the Auction Agent, the Broker-Dealer and the Letter of Credit Bank not later than the Business Day before the redemption date that it wishes to purchase the principal amount of Bonds specified in the notice, at a Purchase Price equal to the redemption price. On the date specified as the redemption date, the Trustee will be furnished with first, sufficient remarketing proceeds (as provided in Section 3.08(a) hereof); second, sufficient proceeds of a draw on the Letter of Credit (as provided in Section 3.08(b) hereof); and third, other funds provided by the Company as provided in Section 3.08(c) hereof in sufficient time for the Trustee to make the purchase on the redemption date. Any such purchase of Bonds by the Company shall not be deemed to be a payment or redemption of the Bonds or any portion thereof and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

**SECTION 3.15. Discharge Before Redemption, Tender or Maturity.** If the Company at any time deposits with the Trustee money or Government Obligations sufficient to pay at redemption, tender or maturity principal of and interest on the outstanding Bonds, and if the Company also pays or provides for the payment of all other sums then payable by the Company under the Agreement or the Indenture, the lien of the Indenture with respect to the Bonds will be discharged; provided, however, that prior to the effective date of any such discharge, the Trustee shall have received a Rating Confirmation Notice. After discharge, Bondholders must look only to the deposited money and securities for payment except as otherwise specifically provided in the Indenture. The Company may not make any such deposit while the Bonds bear interest at a Daily Rate or a Weekly Rate.

(End of Article III)

## ARTICLE IV

### FUNDS AND ACCOUNTS

**SECTION 4.01. Application of Proceeds.** The proceeds received from the sale of the Bonds shall be applied as follows:

- (a) any proceeds representing accrued interest on the Bonds will be deposited into the Bond Fund; and
- (b) all other proceeds will be deposited into the Refunding Fund.

**SECTION 4.02. Bond Fund.** There is hereby established and created a fund to be designated “West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Refunding Bonds (Ohio Power Company - Mitchell Project), Series 2008A Bond Fund.” The Issuer shall pay or cause moneys to be paid to the Trustee for deposit in the accounts described below maintained within the Bond Fund at the times and in the amounts necessary for the Trustee to make the transfers described below.

The Trustee shall apply money contained in the accounts described below at the following respective times in the manner hereinafter provided, which accounts the Trustee hereby agrees to establish and maintain within the Bond Fund so long as the Indenture is not discharged in accordance with Article X and each such account shall constitute a trust fund for the benefit of the holders of the Bonds and the Letter of Credit Bank, and the money in each such account shall be disbursed only for the purposes and uses hereinafter authorized.

(a) *Interest Account.* The Trustee, on each Interest Payment Date, shall withdraw and apply from moneys on deposit in the Interest Account an amount which shall be sufficient to pay interest payable on the outstanding Bonds on such Interest Payment Date; provided, however, when the Letter of Credit is in effect, the Trustee, on each Interest Payment Date, shall withdraw and apply moneys in the Interest Account, if any, to reimburse the Letter of Credit Bank for draws on the Letter of Credit pursuant to paragraph (a) of Section 3.11 hereof.

(b) *Principal Account.* The Trustee, on each Principal Payment Date, shall withdraw and apply from moneys on deposit in the Principal Account, an amount equal to the principal becoming due on Bonds on such Principal Payment Date (other than a redemption date). Money in the Principal Account shall be used and withdrawn by the Trustee on each Principal Payment Date solely for the payment of the principal of outstanding Bonds; provided, however, when the Letter of Credit is in effect, the Trustee shall apply such amounts, if any, to reimburse the Letter of Credit Bank for draws on the Letter of Credit pursuant to paragraph (b) of Section 3.11 hereof, the proceeds of which were used to pay the principal of Bonds due on such Principal Payment Date.

(c) *Redemption Account.* The Trustee, on or before each redemption date, shall withdraw and apply from moneys on deposit in the Redemption Account amounts required to pay the principal of and premium, if any, and accrued interest on Bonds to be redeemed prior to their stated maturity. Money in the Redemption Account shall be used

and withdrawn by the Trustee on each redemption date solely for the payment of the principal of and premium, if any, and accrued interest on outstanding Bonds upon the redemption thereof prior to their stated maturity; provided, however, when the Letter of Credit is in effect, the Trustee shall apply such amounts, if any, to reimburse the Letter of Credit Bank for draws on the Letter of Credit pursuant to paragraphs (a) and (b) of Section 3.11 hereof, the proceeds of which were used to redeem Bonds.

(d) *Letter of Credit Account.* The Trustee shall directly deposit, or cause to be directly deposited, the proceeds of draws on the Letter of Credit made pursuant to paragraphs (a) and (b) of Section 3.11 in the Letter of Credit Account, and shall deposit only those proceeds therein. Money in the Letter of Credit Account shall be used and withdrawn by the Trustee on each Interest Payment Date and each Principal Payment Date first, before any other source of funds, to pay the interest on and principal of the Bonds (and, if the Letter of Credit provides for payment of premium upon redemption, such premium); provided, however, that in no event shall moneys in the Letter of Credit Account be used to pay interest and premium on or principal of Bonds that are Bank-Owned Bonds or Company-Held Bonds if the Letter of Credit does not permit drawings thereunder with respect to Bank-Owned Bonds or Company-Held Bonds. Amounts in the Letter of Credit Account shall be held uninvested. Neither the Issuer nor the Company shall have any interest in the Letter of Credit Account.

(e) *Payments by Company.* If during any period that a Letter of Credit is in effect there is not sufficient money in the Letter of Credit Account to make the payments on an Interest Payment Date or Principal Payment Date, the Trustee will make such payments from money provided by the Company and deposited into the other accounts of the Bond Fund.

**SECTION 4.03. Payment of Bonds.** The Trustee will make payments of the Purchase Price of, principal of, premium, if any, and interest on the Bonds from moneys available to the Trustee under the Indenture for that purpose under Sections 3.08, 3.11, 3.12 and 4.02 hereof; provided, however, that during an Auction Rate Period, payment of Purchase Price shall occur pursuant to Section 2.03(b)(5) hereof.

All moneys received as proceeds of remarketing the Bonds under Section 3.13 shall be held segregated by the Trustee in the Remarketing Proceeds Account, a separate and segregated trust account, as provided in Section 3.12. To the extent that the payment of principal or interest on the Bonds is made from moneys as described in this Section, such payment shall also satisfy and discharge any payment obligation of the Company under the Agreement and the Trustee shall promptly notify the Company in writing if such payment requirement has not been satisfied. If any Bond is redeemed prior to maturity or if the Company surrenders any Bond to the Trustee for cancellation, the Trustee shall cancel such Bond.

**SECTION 4.04. Moneys Held in Trust; Unclaimed Funds.** During any period in which the Bonds bear interest at a Daily Rate or a Weekly Rate, (i) each fund and account held under this Indenture shall meet the definition of Eligible Account as described in Section 1.01 hereof, and (ii) in the event that a fund or account required to be an Eligible Account no longer meets such definition, the Trustee shall promptly (and, in any case, within not more than thirty

(30) calendar days) transfer such fund or account to another financial institution such that the definition of Eligible Account will again be satisfied.

The Trustee shall deposit into the Bond Fund, which shall be a separate and segregated trust account for the benefit of the Bondholders, all moneys received by it for any payment on the Bonds. The investment of moneys in the accounts of the Bond Fund shall be made in compliance with this Indenture. Money received by the Remarketing Agent or the Trustee from the sale of a Bond under Section 3.13 or for the purchase of a Bond will be held segregated from other funds of the Remarketing Agent or the Trustee in trust for the benefit of the person from whom such Bond was purchased or the person delivering such purchase money, as the case may be, and will not be invested. The Trustee shall promptly, but in no event later than 30 days of their original deposit, apply moneys received from the Company in accordance with this Indenture and as specifically directed by the Company.

Notwithstanding the provisions of the immediately preceding paragraph, any moneys which shall be set aside by the Trustee or deposited with the Trustee and which shall remain unclaimed by the holders of such Bonds for a period of six years after the date on which such Bonds shall have become due and payable shall upon request in writing be paid to the Company, and thereafter the holders of such Bonds shall look only to the Company for payment and then only to the extent of the amount so received without any interest thereon, and the Trustee and the Issuer shall have no responsibility with respect to such moneys. In the absence of any such written request, the Trustee shall from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the Trustee and the escheat authority. All moneys held by the Trustee and subject to this Section shall be held uninvested and without liability for interest thereon. Before making any payment under this Section 4.04, the Trustee shall be entitled to receive at the Company's expense an opinion of counsel to the effect that said payment is permitted under applicable law.

**SECTION 4.05. Refunding Fund; Notice to Redeem Refunded Bonds.** (a) There is hereby established and created a fund to be designated "West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Refunding Bonds (Ohio Power Company - Mitchell Project), Series 2008A Refunding Fund." On June 5, 2008, all moneys in the Refunding Fund shall be transferred by the Trustee to the Refunded Bonds Trustee for deposit in the Bond Fund created in the Refunded Bonds Indenture.

(b) The Trustee shall cause to be kept and maintained records of receipts, investments and disbursements pertaining to the Refunding Fund and, if requested by the Issuer or the Company, after the refunding of the Refunded Bonds has been completed, the Trustee shall file copies of all records pertaining to the Refunding Fund and the investment thereof with the Issuer and the Company.

(c) In accordance with and pursuant to the Refunded Bonds Indenture, the Issuer, at the request and direction of the Company, hereby provides notice to the Trustee, in its capacity as the Refunded Bonds Trustee thereunder, that the Refunded Bonds are to be redeemed on June 5, 2008, at a redemption price of 100% of the principal amount thereof, plus any interest accrued to that redemption date. The Trustee, in its

capacity as the Refunded Bonds Trustee thereunder, hereby acknowledges that it will promptly give notice of such redemption pursuant to the Refunded Bonds Indenture.

**SECTION 4.06. Investments.** So long as the Bonds are outstanding and there is no default hereunder of which the Trustee is deemed to have knowledge pursuant to Section 8.06, moneys on deposit to the credit of the Funds shall, at the written request of the Company Representative, specifying and directing that such investment of such funds be made, be invested by the Trustee in Permitted Investments having a maturity no later than the date such moneys will be needed, or, in the case of the Refunding Fund, transferred as provided in Section 4.05. The Trustee is entitled to rely on said instructions for purposes of this Section.

The Trustee may commingle any of the money held by it hereunder except money derived from draws under the Letter of Credit or Seasoned Funds and money deposited in the Remarketing Proceeds Account, which shall not be commingled with any other funds or accounts, or any other moneys, under any circumstances. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested. The Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold.

Any interest or profits on deposits and investments in the Bond Fund received by the Trustee shall be retained therein. Any interest or profits on deposits and investments in the Refunding Fund shall be retained therein until transferred pursuant to Section 4.05.

The Trustee shall have no responsibility for determining whether any investment is a legally permitted investment of the Issuer or the Company, and the Trustee shall be fully protected in relying upon instructions received in accordance with this Section.

The Issuer and the Company acknowledge that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer and the Company the right to receive brokerage confirmations of security transactions, the Issuer and the Company waives receipt of such confirmations.

(End of Article IV)

## ARTICLE V

### BOOK-ENTRY SYSTEM

**SECTION 5.01. Book-Entry System.** The Bonds shall be initially issued in the name of Cede & Co., as nominee for The Depository Trust Company as the initial Securities Depository and registered owner of such Bonds, and held in the custody of the Securities Depository. A single certificate will be issued and delivered to the Securities Depository, or a custodian thereof, for the Bonds. The Beneficial Owners will not receive physical delivery of Bond certificates except as provided herein. For so long as the Securities Depository shall continue to serve as securities depository for such Bonds as provided herein, all transfers of beneficial ownership interests will be made by book-entry only on the records of the Securities Depository, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of such Bonds is to receive, hold or deliver any Bond certificate. The Issuer, the Company and the Trustee will recognize the Securities Depository or its nominee as the Bondholder of such Bonds for all purposes, including payment, notices and voting.

The Issuer and the Trustee covenant and agree, so long as The Depository Trust Company shall continue to serve as Securities Depository for the Bonds, to meet the requirements of The Depository Trust Company with respect to required notices and other provisions of any Letter of Representations executed with respect to, or any Blanket Letter of Representations applicable to, the Bonds.

The Issuer, the Trustee, the Company and the Remarketing Agent may conclusively rely upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry-System and (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book-entry at the Securities Depository, the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or registering the transfer of the book-entry to produce the same effect. Any provision hereof permitting or requiring delivery of Bonds shall, while the Bonds are in a Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable law.

The Trustee and the Issuer, at the direction and expense of the Company and with the consent of the Remarketing Agent, may from time to time appoint a successor Securities Depository and enter into an agreement with such successor Securities Depository to establish procedures with respect to the Bonds consistent with current industry practice. Any successor Securities Depository shall be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

None of the Issuer, the Company, the Trustee, the Letter of Credit Bank, any Broker-Dealer nor the Remarketing Agent will have any responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any

Beneficial Owner in respect of the principal amount or redemption or Purchase Price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

Bond certificates are required to be delivered to and registered in the name of the Beneficial Owner if the Securities Depository determines to discontinue providing its service with respect to the Bonds and no successor Securities Depository is appointed as described above. Such a determination may be made at any time by giving 30 days' notice to the Issuer, the Company, the Auction Agent, the Remarketing Agent and the Trustee and discharging its responsibilities with respect thereto under applicable law.

The Trustee is hereby authorized to make such changes to the form of bond attached hereto as *Exhibit A* which are necessary or appropriate to reflect whether the Book-Entry System is not in effect, that a successor Securities Depository has been appointed or that an additional or co-paying agent or tender agent has been designated pursuant to Section 8.07.

If at any time, the Securities Depository ceases to hold the Bonds, all references herein to the Securities Depository shall be of no further force or effect.

(End of Article V)

## ARTICLE VI

### COVENANTS

**SECTION 6.01. Payment of Bonds.** The Issuer will promptly pay the principal of, premium, if any, and interest on, Purchase Price, and other amounts due with respect to, the Bonds on the dates and in the manner provided in the Bonds, except to the extent such principal, premium, interest or other amounts are paid under the Letter of Credit, but only from the amounts assigned to and held by the Trustee under the Indenture. Neither the State, nor any political subdivision thereof shall be obligated to pay the principal or Purchase Price of the Bonds, or the premium, if any, or interest thereon or other costs incidental thereto, the same being payable solely from the revenues and receipts hereinabove referred to. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or Purchase Price of the Bonds, or the premium, if any, or interest thereon, or the costs incidental thereto.

**SECTION 6.02. Further Assurances.** The Issuer will execute and deliver such supplemental indentures and such further instruments, and do such further acts, as the Trustee may reasonably require for the better assuring and confirming to the Trustee of the amounts from the sources available under this Indenture for the payment of the Bonds.

**SECTION 6.03. Specific Covenants.** In addition to any other covenants and agreements of the Issuer contained in this Indenture, the Issuer further covenants and agrees with the Bondholders and the Trustee as follows:

(a) Revenues and Assignment of Revenues. The Issuer will not assign the Revenues or create or authorize to be created any debt, lien or charge thereon, other than the assignment thereof under this Indenture.

(b) Recordings and Filings. At the expense of the Company, the Issuer will cause this Indenture, and any related instruments or documents relating to the assignment made by it under this Indenture to secure the Bonds, to be recorded and filed in the manner and in the places which may be required by law in order to preserve and protect fully the security of the Bondholders and the rights of the Trustee hereunder.

(c) Inspection of Project Books. All books, instruments and documents in the Issuer's possession relating to the Project and the Revenues shall be open to inspection at all times during the Issuer's regular business hours by any accountants or other agents of the Trustee which the Trustee may designate from time to time.

(d) Inspection of Registration Books. At reasonable times and under reasonable regulations established by the Trustee, the registration books maintained pursuant to Section 2.08 may be inspected and copied by the Company, the holders of 25 percent or more in principal amount of the Bonds then outstanding, or a designated representative thereof.

(e) Rights and Enforcement of the Agreement. Subject to the limitations set forth in the granting clauses hereof, the Trustee may enforce, in its name or in the name

of the Issuer, all rights of the Issuer for and on behalf of the Bondholders, except for Unassigned Issuer's Rights, and may enforce all covenants, agreements and obligations of the Company under and pursuant to the Agreement. The Issuer, however, will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations, duties and responsibilities on its part to be observed or performed under the Agreement, and will take all actions within its authority to keep the Agreement in effect in accordance with the terms thereof.

(f) Tax Covenants. The Issuer covenants that it shall take no action nor make any investment or use of the proceeds of the Bonds or any other moneys which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code to the extent that the same may be applicable or proposed to be applicable to the Bonds at the time of such action, investment or use.

Notwithstanding any provision of the Indenture to the contrary, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with, or for the purpose of complying with, Section 148 of the Code, or any successor statute or any regulation, ruling or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid to the United States of America or the determination of the maximum amount which may be invested in nonpurpose obligations having a yield higher than the yield on the Bonds, and the Trustee shall not be liable or responsible for monitoring the compliance by the Issuer or the Company with any of the requirements of Section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof; it being acknowledged and agreed that the sole obligation of the Trustee with respect to the investment of monies held under any fund or account created hereunder shall be to invest such monies in accordance with Section 4.06, in each case pursuant to the instructions received by the Trustee in accordance with Section 4.06.

**SECTION 6.04. Observance and Performance of Covenants, Agreements, Issuer and Actions.** The Issuer will observe and perform faithfully at all times all covenants, agreements, authority, actions, undertakings, stipulations and provisions to be observed or performed on its part under the Agreement, this Indenture, the Bond Resolution and the Bonds which are executed, authenticated and delivered under this Indenture, and under all of its proceedings pertaining thereto.

The Issuer represents and warrants that

(a) It is duly authorized by the laws of the State, including particularly and without limitation the Act, to issue the Bonds, to execute and deliver this Indenture and the Agreement and to provide the security for payment of the Bonds in the manner and to the extent set forth in this Indenture.

(b) All actions required on its part to be performed for the issuance, sale and delivery of the Bonds and for the execution and delivery of this Indenture and the Agreement have been or will be taken duly and effectively.

(c) The Bonds will be valid and enforceable special obligations of the Issuer according to their terms.

(End of Article VI)

## ARTICLE VII

### DEFAULT AND LIMITATIONS OF LIABILITY

**SECTION 7.01. Events of Default.** If any of the following events occur, it is hereby declared to constitute an “Event of Default”:

- (a) Default in the due and punctual payment of interest on any Bond;
- (b) Default in the due and punctual payment of the principal of, or premium, if any, on any Bond, whether at the stated maturity thereof or through unconditional proceedings for redemption thereof;
- (c) Subject to Section 2.02(a)(4) and (6), default in the due and punctual payment of the Purchase Price of any Bond required to be purchased in accordance with its terms;
- (d) The Issuer shall fail to observe or perform in any material way any covenant, condition, agreement or provision contained in the Bonds or in this Indenture on the part of the Issuer to be performed other than those set forth in Section 6.01, and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer by the Trustee, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the holders of not less than twenty-five percent (25%) in aggregate principal amount of all Bonds then outstanding;
- (e) The occurrence of an “Event of Default” as defined in Section 7.1 of the Agreement; and
- (f) Receipt by the Trustee of a written notice from the Letter of Credit Bank stating that an event of default has occurred under the Credit Agreement and directing the Trustee to declare the principal of the outstanding Bonds immediately due and payable.

**SECTION 7.02. Acceleration.** If an Event of Default under paragraph (a), (b) or (c) of Section 7.01 occurs and is continuing, the Trustee, may, and upon the written request of the owners of at least 25% in aggregate principal amount of the Bonds then outstanding shall, declare the principal of and accrued interest on the outstanding Bonds to be due and payable immediately. If an Event of Default under paragraph (d) or (e) of Section 7.01 occurs and is continuing, the Trustee may, and upon the request of the owners of at least 25% in aggregate principal amount of the Bonds then outstanding shall, declare the principal of and accrued interest on the outstanding Bonds to be due and payable immediately, provided, however, when the Letter of Credit is in effect and so long as the Letter of Credit Bank has not wrongfully dishonored a drawing under the Letter of Credit (or otherwise repudiated the Letter of Credit), the Trustee will make such a declaration only with the written consent of the Letter of Credit Bank. If an Event of Default under paragraph (f) of Section 7.01 occurs and is continuing, the Trustee shall declare the principal of and accrued interest on the outstanding Bonds to be due and payable immediately.

Upon any such declaration, the principal of and accrued interest on the outstanding Bonds shall be due and payable immediately. Notwithstanding anything else herein to the contrary, interest on the outstanding Bonds will cease to accrue immediately upon a declaration of acceleration for an Event of Default under Section 7.01(f) hereof. When the Letter of Credit is in effect, the Trustee shall, immediately upon a declaration of acceleration, draw upon the Letter of Credit to pay the principal of and interest on the outstanding Bonds; provided, that in no event shall a drawing be made with respect to Bank-Owned Bonds or Company-Held Bonds, if the Letter of Credit by its terms does not permit such a drawing. In the event the Letter of Credit Bank fails to honor a draw on the Letter of Credit (or otherwise repudiates the Letter of Credit) in accordance with the immediately preceding sentence, the Trustee shall immediately notify the Company of such failure and shall request that the Company transfer sufficient amounts to pay the principal of and interest on the Bonds. The Trustee may rescind an acceleration of the Bonds and its consequences if (1) all payment defaults with respect thereto have been cured and all reasonable fees and charges of the Trustee, including reasonable attorneys fees, have been paid, (2) the Bondholders have not been notified of the acceleration, and (3) while the Letter of Credit is in effect, the Letter of Credit Bank has notified the Trustee in writing (i) that the amount available to be drawn under the Letter of Credit has been reinstated so as to be available in an amount equal to the principal amount of the Bonds outstanding less the principal amount of any Bank-Owned Bonds, plus the applicable Letter of Credit Interest Amount and any required premium coverage and (ii) that the Letter of Credit Bank has rescinded in writing any event of default under the Credit Agreement. Except as provided in this Section, the Trustee shall not declare the Bonds to be due and payable.

**SECTION 7.03. Other Remedies; Control by Letter of Credit Bank.** If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the principal of and premium, if any, or interest on the Bonds or to enforce the performance of any provision of the Bonds or this Indenture. However, when the Letter of Credit is in effect and so long as the Letter of Credit Bank has not wrongfully dishonored a drawing under the Letter of Credit or wrongfully repudiated the Letter of Credit, the Trustee will pursue any remedy only at the direction of or with the consent of the Letter of Credit Bank.

The Trustee may maintain a proceeding even if it does not possess any of the Bonds or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Bondholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

**SECTION 7.04. Waiver of Past Defaults.** A majority in aggregate principal amount of the outstanding Bonds by notice to the Trustee may waive an existing Event of Default and its consequences; provided, however, that, when the Letter of Credit is in effect and so long as the Letter of Credit Bank has not wrongfully dishonored a drawing under the Letter of Credit (or otherwise repudiated the Letter of Credit), no waiver of an Event of Default with respect to the Bonds shall be effective unless and until the Letter of Credit Bank has notified the Trustee in writing (i) that the amount available to be drawn under the Letter of Credit has been reinstated so as to be available in an amount equal to the principal amount of the Bonds outstanding less the principal amount of any Bank-Owned Bonds, plus the applicable Letter of

Credit Interest Amount and any required premium coverage, (ii) that the Letter of Credit Bank has rescinded in writing the notice of default, and (iii) the Letter of Credit Bank has waived in writing any event of default under the Credit Agreement. When an Event of Default is waived, it is cured and stops continuing, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent to it.

**SECTION 7.05. Control by Letter of Credit Bank or Majority.** When there is a Letter of Credit in effect and so long as the Letter of Credit Bank has not wrongfully dishonored a drawing under such Letter of Credit (or otherwise repudiated the Letter of Credit), the Letter of Credit Bank may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it with respect to the Bonds. When there is no Letter of Credit in effect or when the Letter of Credit Bank has wrongfully dishonored a drawing under the Letter of Credit (or otherwise repudiated the Letter of Credit), the holders of a majority in aggregate principal amount of Bonds outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on it. Regardless of whether the Letter of Credit Bank or the holders of a majority in aggregate principal amount of Bonds outstanding are in control, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines is unduly prejudicial to the rights of other Bondholders or if the Trustee has not been indemnified pursuant to Section 8.05(d).

**SECTION 7.06. Limitation on Suits.** When a Letter of Credit is in effect and so long as the Letter of Credit Bank has not wrongfully dishonored a drawing under such Letter of Credit (or otherwise repudiated the Letter of Credit), the Letter of Credit Bank may pursue any remedy available under this Indenture without the necessity of any action by the Trustee. A Bondholder may not pursue any remedy with respect to this Indenture or the Bonds unless (a) the Bondholder gives the Trustee notice stating that an Event of Default is continuing, (b) the holders of at least 25% in aggregate principal amount of the outstanding Bonds make a written request to the Trustee to pursue the remedy, (c) such Bondholder or Bondholders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense, (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity and (e) with respect to the Bonds, the Letter of Credit is either not in effect or the Letter of Credit Bank has wrongfully dishonored a drawing under the Letter of Credit.

**SECTION 7.07. Rights of Bondholders to Receive Payment.** Notwithstanding any other provision of this Indenture, the right of any Bondholder to receive payment of principal of, premium, if any, and interest on a Bond, on or after the due dates expressed in the Bond, or to bring suit for the enforcement of any such payment on or after such dates, shall not be impaired or affected without the consent of the Bondholder.

**SECTION 7.08. Collection Suit by Trustee.** If an Event of Default under Section 7.01 occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuer (but only from the sources provided herein), the Company or the Letter of Credit Bank for the whole amount remaining unpaid.

**SECTION 7.09. Trustee May File Proofs of Claim.** The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the

Issuer, the Company or the Letter of Credit Bank, their creditors or property and, unless prohibited by law or applicable regulations, may vote on behalf of the Bondholders in any election of a trustee in bankruptcy or other person performing similar functions.

**SECTION 7.10. Priorities.** As contemplated by and provided for in this Indenture, funds drawn under the Letter of Credit will be used only for the payment of principal of and interest on, premium, if any (to the extent that the Letter of Credit covers premium), and the Purchase Price of, the Bonds, as provided in the Letter of Credit. If the Trustee collects any money pursuant to this Article or if any moneys shall be on deposit in the Bond Fund at the time of the acceleration of the Bonds pursuant to Section 7.02 or shall be deposited into the Bond Fund as a result of such an acceleration, it shall pay out such moneys in the following order: first to the Trustee for amounts to which it is entitled under Section 8.03 (provided, that if such money constitutes proceeds of a draw under the Letter of Credit, the Trustee shall only use such proceeds to pay the holders of the Bonds); second to holders for amounts due and unpaid on the Bonds for principal, premium and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Bonds for principal, premium and interest, respectively; third to the Letter of Credit Bank to the extent it certifies that the Company is indebted to it on account of draws under the Letter of Credit or otherwise under the Credit Agreement; and fourth to the Company (provided, that if such money constitutes proceeds of a draw under the Letter of Credit, the Trustee shall pay the Letter of Credit Bank rather than the Company). Any lien of the Trustee provided for in the Indenture shall in no event apply to any funds drawn under the Letter of Credit or to other funds held for the benefit of the Bondholders. The Trustee may fix a payment date for any payment to the Bondholders.

**SECTION 7.11. Undertaking for Costs.** In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the cost of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Bondholder pursuant to Section 7.06 or a suit by holders of more than 25% in aggregate principal amount of Bonds outstanding.

(End of Article VII)

## ARTICLE VIII

### THE TRUSTEE, THE PAYING AGENT AND THE REMARKETING AGENT

**SECTION 8.01. Employment and Duties of the Trustee.** The Issuer hereby appoints and employs the Trustee to perform the obligations contained herein; all in the manner provided herein and subject to the conditions and terms hereof.

**SECTION 8.02. Removal and Resignation of the Trustee.** The Trustee may resign by notifying the Issuer and the Company. The Trustee may be removed at any time, upon the appointment of and acceptance by a successor Trustee, by an instrument or concurrent instruments in writing delivered to (a) the Trustee, the Issuer, the Letter of Credit Bank, and the Company, and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding, or (b) the Trustee and the owners of the Bonds then outstanding, and signed by the Issuer and the Company; the Company shall promptly provide a copy of such instrument under this subclause (b) to the Remarketing Agent, the Auction Agent and the Letter of Credit Bank. Upon any such removal or resignation, the Issuer, with the consent of the Company, shall promptly appoint a successor Trustee by an instrument in writing, which successor Trustee shall give notice of such appointment to all Bondholders as soon as practicable; provided, that in the event the Issuer does not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a commercial bank, national banking association or trust company, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and be subject to supervision or examination by state or national authorities. If such successor Trustee is a commercial bank or national banking association, such successor Trustee shall have trust powers. In addition, the Trustee and any successor Trustee shall meet the same criteria as would need to be met for an account to be an Eligible Account. If such commercial bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such commercial bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of the appointment by the successor Trustee and the transfer, following payment of all amounts due and owing to the retiring Trustee, by the retiring Trustee to the successor Trustee, of all property held by it hereunder as Trustee.

**SECTION 8.03. Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to payment or reimbursement by the Company, as provided in the Agreement, for reasonable fees and charges for its Ordinary Services and Ordinary Expenses. In the event that it should become necessary for any of them to perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary Extraordinary Expenses incurred in connection therewith, in each case from the Company.

Without creating a default or any Event of Default hereunder, however, the Company may contest in good faith the necessity for any Extraordinary Service and Extraordinary Expense and the reasonableness of any fee, charge or expense.

The Trustee shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by its neglect or willful misconduct. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its Ordinary Services, Ordinary Expenses, Extraordinary Services and Extraordinary Expenses only from (i) the Additional Payments (as defined in the Agreement) made by the Company pursuant to the Agreement or (ii) from other moneys available therefor. Any amounts payable to the Trustee pursuant to this Section shall be payable within a reasonable time after demand and shall bear interest from the due date at the Interest Rate for Advances (as defined in the Agreement).

**SECTION 8.04. Protection of the Trustee.** The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the Issuer or the Company with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in good faith in accordance therewith.

Whenever in the observance or performance of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Issuer Representative, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as agent, depositary or trustee for any committee or body of Bondholders or of owners of obligations of the Issuer as freely as if it were not the Trustee hereunder.

The Trustee may act through agents or co-trustees (which co-trustees, if any, shall be approved by the Company) and shall not be responsible for the misconduct or negligence of any agent or co-trustee appointed with due care.

The Trustee shall not be liable for any action it takes or omits to take in good faith without negligence which it believes to be authorized or within its rights or powers.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Bonds, shall not be accountable for the Issuer's covenants and representations contained in this Indenture, and shall not be responsible for any statement in the Bonds other than its certificate of authentication.

**SECTION 8.05. Duties of Trustee.** (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default,

(1) The Trustee need perform only those duties that are specifically set forth in the Indenture and no others, and

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine those certificates and opinions to determine whether they conform to the requirements of the Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(1) This paragraph does not limit the effect of paragraph (b) of this Section,

(2) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts,

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it in accordance with this Indenture, and

(4) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense, but so long as the Letter of Credit is in effect the Trustee shall not require any indemnity prior to (a) making any payments on the Bonds, (b) requesting payment under the Letter of Credit, (c) effecting mandatory tenders or scheduled or mandatory redemptions of Bonds (pursuant to the required notice and other provisions of the Indenture), or (d) accelerating the Bonds.

(e) The Trustee shall not be liable for interest on any cash held by it.

(f) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a) through (e) of this Section.

**SECTION 8.06. Notice of Defaults.** If an Event of Default occurs and is continuing, the Trustee will mail, first class, postage prepaid, notice of the Event of Default to the Issuer, the Company and the Letter of Credit Bank within five (5) Business Days after the Trustee has knowledge of the Event of Default and to the holders of the Bonds within thirty (30) days after it has knowledge of an Event of Default, provided, however, that, except in the case of a payment default pursuant to Section 7.01(a), (b) or (c), the Trustee may withhold the notice to the Bondholders if and so long as a committee of its officers in good faith determines that withholding the notice is in the interest of the Bondholders.

The Trustee shall not be deemed to have knowledge of any event which, with the giving of notice or lapse of time or both, would be an Event of Default or of any Event of Default, except an Event of Default pursuant to Section 7.01(a), (b) or (c), unless a responsible representative of the Trustee receives written notice of such event or Event of Default.

**SECTION 8.07. Appointment of Separate Paying Agent and/or Tender Agent.** If, at any time, the Securities Depository ceases to hold the Bonds, with the effect that the Bonds are no longer subject to the Book-Entry System, then the Issuer and the Trustee, acting at the request of the Company, may appoint one or more banks or trust companies to act as paying agent and/or tender agent for the Bonds hereunder. Any such paying agent or tender agent shall be a bank or trust company organized under the laws of the United States of America or any state thereof, shall have a reported capital and surplus of at least \$100,000,000 and a corporate trust office located in New York, New York at which Bonds may be presented for payment or purchase and shall perform such duties and responsibilities as may be delegated to it hereunder. In addition, any such paying agent shall meet the same criteria as would need to be met for an account to be an Eligible Account. If such a paying agent or tender agent is appointed, then all references herein to the "Trustee" shall include such paying agent or tender agent to the extent of the duties performed by such entity. Such paying agent or tender agent shall accept its duties in writing. Any such paying agent or tender agent can resign or be removed in the same manner as permitted in Section 8.02 with respect to the Trustee.

**SECTION 8.08. Successor Trustee by Merger; Additional Standard.** If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust assets to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee; provided such resulting, surviving or transferee corporation is authorized to act hereunder as Trustee.

**SECTION 8.09. Duties of Remarketing Agent.** Except as otherwise described herein, the Remarketing Agent will set the interest rates on the Bonds and perform the other duties provided for in Section 2.02 and will remarket the Bonds as provided in Section 3.13, subject to any provisions of a remarketing agreement between the Company and the Remarketing Agent. The Remarketing Agent may for its own account or as broker or agent for others deal in Bonds and may do anything any other Bondholder may do to the same extent as if the Remarketing Agent were not serving as such.

**SECTION 8.10. Eligibility of Remarketing Agent.** The initial Remarketing Agent appointed under this Indenture is Morgan Stanley & Co. Incorporated. Any successor Remarketing Agent will be a bank, trust company or member of the Financial Industry Regulatory Authority organized and doing business under the laws of the United States or any state or the District of Columbia, will have a combined capital stock, surplus and undivided profits of at least \$15,000,000 as shown in its most recently published annual report, will be a Participant in the Securities Depository and will be authorized by law to perform all the duties imposed upon it by this Indenture.

**SECTION 8.11. Replacement of Remarketing Agent.** The Remarketing Agent may resign by notifying the Issuer, the Trustee and the Company. Such resignation will take effect on the earlier of (i) the day a successor Remarketing Agent appointed in accordance with this section 8.11 has accepted the appointment and (ii) 30 days after such notice has been sent. The Company may remove the Remarketing Agent at any time by an instrument signed by the Company and filed with the Remarketing Agent, the Letter of Credit Bank, the Issuer and the Trustee at least 30 days prior to the effective date of such removal (which will not in any event occur prior to the acceptance of the appointment by a successor Remarketing Agent). Upon receipt of a notice of resignation from the Remarketing Agent or upon delivery of a notice of removal to the Remarketing Agent, the Company will use its best efforts to appoint a successor Remarketing Agent. The Trustee shall promptly notify the Bondholders of any change in the Remarketing Agent.

**SECTION 8.12. Compensation of Remarketing Agent.** The Remarketing Agent will not be entitled to any compensation from the Issuer or the Trustee or to any property held under this Indenture but must make separate arrangements with the Company for compensation.

**SECTION 8.13. Successor Remarketing Agent.** If the Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Remarketing Agent, provided that such successor shall be eligible under the applicable provisions in this Article.

**SECTION 8.14. Inapplicability of Provisions Relating to Remarketing Agent.** The provisions of this Indenture relating to the Remarketing Agent, including, but not limited to, Sections 8.09, 8.10, 8.11, 8.12 and 8.13, shall not apply when the Bonds are in an Auction Rate Period.

(End of Article VIII)

## ARTICLE IX

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE AND AGREEMENT

**SECTION 9.01. Supplemental Indentures Not Requiring Consent of Bondholders.** The Issuer and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity, defect or omission in this Indenture, or otherwise amend this Indenture, in such manner as shall not in the opinion of the Trustee impair the security hereof;

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) (i) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under this Indenture, the Agreement and the Bonds, (ii) to add additional covenants of the Issuer, or (iii) to surrender any right or power herein conferred upon the Issuer;

(d) to subject to this Indenture additional revenues, properties or collateral, which may be accomplished by, among other things, entering into instruments with the Company and/or other persons providing for further security, covenants, limitations or restrictions for the benefit of the Bonds;

(e) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as may be required to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be required by said Trust Indenture Act of 1939 or similar federal statute;

(f) to amend any provision pertaining to matters under Federal income tax laws, including Section 148(f) of the Code;

(g) to authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;

(h) to increase or decrease the number of days specified for the giving of notices in Section 3.07 and to make corresponding changes to the period for notice of redemption of the Bonds; provided that no decreases in any such number of days shall

become effective except while the Bonds bear interest at a Daily Rate or a Weekly Rate and until 30 days after the Trustee has given notice to the owners of the Bonds;

(i) to provide for an uncertificated system of registering the Bonds or to provide for the change to or from a Book-Entry System for the Bonds;

(j) to evidence the succession of a new Trustee or the appointment by the Trustee or the Issuer of a co-trustee;

(k) to make any change related to the Bonds that does not materially adversely affect the rights of any Bondholder;

(l) prior to, or concurrently with, the conversion of the Bonds to an Auction Rate Period, to make any change appropriate or necessary with respect to the procedures, definitions or provisions herein or in Exhibit B hereto related to the Auction Mode Rate in order to provide for or facilitate the marketability of Bonds in the Auction Mode Rate; and

(m) to make any other changes to the Indenture that take effect as to any or all remarketed Bonds following a mandatory tender.

**SECTION 9.02. Supplemental Indentures Requiring Consent of Bondholders.**

Exclusive of supplemental indentures covered by Section 9.01 and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than a majority in aggregate principal amount of the Bonds outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer and Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of terms or provisions contained in this Indenture or in any indenture supplemental hereto; provided however, that nothing in this Section contained shall permit, or be construed as permitting (i) without the consent of the holder of the affected Bond an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or a reduction in the principal amount of, or redemption premium on, any Bond or the rate or rates of interest thereon, or (ii) without the consent of the holders of all Bonds outstanding a reduction in the aggregate principal amount of the Bonds required for (A) consent to such supplemental indenture or (B) any action pursuant to Section 9.06.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed to the holder of each Bond at his address as it appears on the registration books hereinabove provided for. Such notice shall be prepared by or on behalf of the Issuer and shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated office of the Trustee for inspection by all Bondholders. If, within ninety (90) days or such longer period as shall be prescribed by the Issuer following the mailing of such notice, the holders of the requisite aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any

Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith and without the necessity for notation on the outstanding Bonds.

**SECTION 9.03. Supplemental Indentures Affecting Rights of Company.** Anything herein to the contrary notwithstanding, a supplemental indenture under this Article IX which affects the rights of the Company shall not become effective unless and until the Company shall have consented to the execution and delivery of such supplemental indenture.

**SECTION 9.04. Trustee Authorized to Join in Supplements; Reliance on Counsel.** The Trustee is authorized to join with the Issuer in the execution and delivery of any supplemental indenture permitted by this Article IX and in so doing shall be fully protected by an Opinion of Counsel that such supplemental indenture is so permitted and has been duly authorized by the Issuer, that all things necessary to make it a valid and binding supplemental indenture have been done and that upon execution it will be valid and binding upon the Issuer in accordance with its terms; provided, however, that the Trustee shall not be required to enter into any supplemental indenture that it reasonably deems to be prejudicial to its interests.

**SECTION 9.05. Amendments, etc. to Agreement Not Requiring Consent of Bondholders.** The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Agreement (i) as may be required by the provisions of the Agreement or this Indenture or otherwise to carry out any of the purposes set forth in Section 9.01, (ii) for the purpose of curing any ambiguity or formal defect or omission therein, or (iii) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

**SECTION 9.06. Amendments, etc. to Agreement Requiring Consent of Bondholders.** Except for the amendments, changes or modifications as provided in Section 9.05, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Agreement without mailing of notice and the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds outstanding. If at any time the Issuer and the Company shall request the consent of the Trustee to any such proposed amendment, change or modification of the Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be mailed in the same manner as provided by Section 9.02 with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file with the Trustee for inspection by all Bondholders.

**SECTION 9.07. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel.** The Trustee is authorized to consent to the execution and delivery of any amendment to the Agreement by the Issuer and the Company permitted by this Article IX and in so doing shall be fully protected by an Opinion of Counsel that such amendment is so permitted and has been duly authorized by the Issuer and the Company and that all things necessary to

make it a valid and binding agreement have been done and upon execution it will be valid and binding upon the Issuer and the Company in accordance with its terms; provided, however, that the Trustee shall not be required to consent to any such amendment that it reasonably deems to be prejudicial to its interests.

**SECTION 9.08.      RESERVED.**

**SECTION 9.09.      Favorable Opinion of Tax Counsel Required.** Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to Sections 9.01 and 9.02 or shall consent to any amendment, change or modification to the Agreement pursuant to Sections 9.05 and 9.06, there shall have been delivered to the Issuer, the Letter of Credit Bank and the Trustee a Favorable Opinion of Tax Counsel.

**SECTION 9.10.      Consent of Letter of Credit Bank.** When the Letter of Credit is in effect and so long as the Letter of Credit Bank has not wrongfully dishonored a drawing under the Letter of Credit or wrongfully repudiated the Letter of Credit, no waiver of or amendment or supplement to this Indenture or to the Agreement other than those enumerated in Section 9.01(f), (g), (h) and (i) shall be made without the prior written consent of the Letter of Credit Bank to such amendment or supplement.

(End of Article IX)

## ARTICLE X

### DEFEASANCE

**SECTION 10.01. Defeasance.** If and when the Bonds secured hereby shall become due and payable in accordance with their terms or through redemption proceedings as provided in this Indenture, or otherwise, and the whole amount of the principal, or Redemption Price and the interest so due and payable upon all of the Bonds shall be paid, or provision shall have been made for the payment of the same, together with all other sums payable under this Indenture by the Issuer, including all fees and expenses of the Trustee, and all amounts in respect of the Letter of Credit have been paid in full under the Credit Agreement then and in that case, this Indenture and the lien created hereby shall be discharged and satisfied and the Issuer shall be released from the covenants, agreements and obligations of the Issuer contained in this Indenture, and the Trustee shall assign and transfer to or upon the order of the Issuer all property (in excess of the amounts required for the foregoing) then held by the Trustee free and clear of any encumbrances and shall execute such documents as may be reasonably required by the Issuer in this regard. Upon payment of all amounts under the Credit Agreement in respect of the Letter of Credit, the Trustee shall surrender the Letter of Credit to the Letter of Credit Bank. If the Bonds are not actually paid upon such discharge, then prior to the effective date of such discharge, the Trustee shall have received a Rating Confirmation Notice.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Issuer shall have kept, performed and observed all the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by the Issuer or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements and other obligations of the Issuer hereunder shall cease, terminate, become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, tender and exchange provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds and the duties, protections, immunities and indemnities of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Issuer, the Trustee and the holders of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of, Redemption Price of and interest on the Bonds, to pay to the Bondholders the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture contained in Section 8.03 relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and the Issuer. Anything herein to the contrary notwithstanding, no funds remaining in the Remarketing Proceeds Account (except any such moneys as shall have been provided from the remarketing of Bonds to the Company, any affiliate thereof, or the Issuer and segregated

therein), the Letter of Credit Purchase Account or the Letter of Credit Account shall be transferred to the Company, any affiliate thereof, or the Issuer.

Notwithstanding the foregoing, this Section 10.01 shall apply to Bonds while they bear interest at a Daily Rate or Weekly Rate only if such Bonds are immediately paid.

**SECTION 10.02. Bonds Deemed to Have Been Paid.** Any outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in Section 10.01 if (a) in case said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, in accordance with the provisions of Article III of this Indenture, notice of redemption of such Bonds on said Redemption Date, (b) there shall have been deposited with the Trustee either moneys (which moneys shall constitute Seasoned Funds and be insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations), in an amount which shall be sufficient, or Government Obligations (which Government Obligations shall have been purchased with Seasoned Funds), the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient (as verified by a report of an independent certified public accountant to pay when due the principal or Redemption Price (as applicable) of, and interest due and to become due on, said Bonds on and prior to the Redemption Date or Maturity Date thereof, as the case may be, and (c) in the event any of said Bonds are not to be redeemed within the next succeeding sixty (60) days, the Issuer shall have given the Trustee in form satisfactory to the Trustee irrevocable instructions to mail, as soon as practicable in the same manner as a notice of redemption is mailed pursuant to Article III of this Indenture, a notice to the holders of such Bonds and to the Securities Depository and any information service that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal or Redemption Price (as applicable) of said Bonds. Neither the securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price (as applicable) of, and interest on said Bonds; provided that any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and consistent with the terms of this Indenture and any escrow agreement pertaining thereto, and at the direction of the Company, be reinvested in Government Obligations maturing at times and in amounts, together with the other moneys and payments with respect to Government Obligations then held by the Trustee pursuant to this Section, sufficient to pay when due the principal or Redemption Price (as applicable) of, and interest to become due on said Bonds on and prior to such Redemption Date or Maturity Date, as the case may be, and interest earned from such reinvestments shall, upon receipt by the Trustee of a written direction of a Company Representative, be paid over to the Company, as received by the Trustee, free and clear of any trust, lien or pledge. Anything herein to the contrary notwithstanding, no funds remaining in the Remarketing Proceeds Account (except any such moneys as shall have been provided from the remarketing of Bonds to the Company, any affiliate thereof, or the Issuer and

segregated therein), the Letter of Credit Purchase Account or the Letter of Credit Account shall be transferred to the Company, any affiliate thereof, or the Issuer.

Any release under this Section shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it under this Indenture and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts by this Indenture created and the performance of its powers and duties under this Indenture; provided, however, that the Trustee shall have no right, title or interest in, or lien on, any moneys or securities deposited pursuant to this Article X.

**SECTION 10.03. Moneys Held for Particular Bonds.** Except as otherwise provided in Section 10.02, the amounts held by the Trustee for the payment of the interest, principal, or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the holders of the Bonds entitled thereto.

(End of Article X)

## ARTICLE XI

### MISCELLANEOUS

**SECTION 11.01. Benefits of This Indenture Limited to Parties.** Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Issuer, the Trustee, the Remarketing Agent, the Auction Agent, the Broker-Dealer, the Letter of Credit Bank, the Company and the holders of the Bonds, including their respective agents, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Issuer shall be for the sole benefit of the Trustee, the Remarketing Agent, the Auction Agent, the Letter of Credit Bank, the Company and the holders of the Bonds, including their respective agents.

**SECTION 11.02. Successor Deemed Included in All References to Predecessor; References to Letter of Credit Bank.** Whenever the Letter of Credit Bank, the Issuer, the Company, the Remarketing Agent, the Auction Agent or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Letter of Credit Bank, the Issuer, the Company, the Remarketing Agent, the Auction Agent or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Letter of Credit Bank, the Issuer, the Company, the Remarketing Agent, the Auction Agent or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

During such time or times as no Letter of Credit is in effect and any and all payment obligations of the Company under any Credit Agreement shall have been well and truly paid, all obligations of the Trustee to the Letter of Credit Bank hereunder and all rights of the Letter of Credit Bank hereunder shall be suspended until such time, if any, as a Letter of Credit shall take effect. If an Event of Default shall have occurred hereunder due to failure by the Letter of Credit Bank to honor a properly presented and conforming drawing by the Trustee under the Letter of Credit or to wrongful repudiation of the Letter of Credit then in effect in accordance with the terms thereof, all obligations of the Trustee to the Letter of Credit Bank hereunder and all rights of such Letter of Credit Bank hereunder shall be suspended until the cure of such failure or repudiation or all of the Bonds have been paid in full.

**SECTION 11.03. Extent of Covenants; No Personal Liability.** All covenants, stipulations, obligations and agreements of the Issuer contained in this Indenture are and shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent authorized by the Act. No covenant, stipulation, obligation or agreement of the Issuer contained in this Indenture shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of the Issuer in other than that person's official capacity. Neither the members of the Issuer nor any official executing the Bonds, this Indenture, the Agreement or any amendment or supplement hereto or thereto shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance or execution hereof or thereof.

**SECTION 11.04. Notice by Mail.** (a) Any notice required to be given hereunder by mail to the Bondholders shall be given by mailing a copy of such notice, first class postage prepaid, to the holders of all the Bonds at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions hereof.

(b) If because of the suspension of delivery of first class mail or for any other reason, the Trustee shall be unable to mail by the required class of mail any notice required to be mailed by the provisions of this Indenture, the Trustee shall give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate mailing thereof, and the giving of that notice in that manner for all purposes of this Indenture shall be deemed to be in compliance with the requirement for the mailing thereof. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

**SECTION 11.05. Funds.** Any Fund required to be established and maintained herein by the Trustee may be established and maintained in the account records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such Funds shall at all times be maintained in accordance with sound industry practice and with due regard for the protection of the security of the Bonds and the rights of the Bondholders.

**SECTION 11.06. Severability.** In case any section or provision of this Indenture, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, or any application thereof, is held to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Indenture or any other covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, covenant, agreement, stipulation, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

**SECTION 11.07. Governing Law.** This Indenture shall be construed and governed in accordance with the laws of the State of West Virginia.

**SECTION 11.08. Notices; Electronic Notice.** All written notices to be given hereunder shall be given by first-class mail, postage prepaid to the party or parties entitled thereto at the address set forth below, or at such other address as may be provided to the other parties hereinafter listed in writing from time to time, which shall be deemed the designated office of such party, namely (provided, however, that notice to the Trustee shall be deemed given only upon receipt):

If to the Issuer:	West Virginia Economic Development Authority North Gate Business Park 160 Association Drive Charleston, West Virginia 25301 Attention: Executive Director Telephone: (304) 558-3608 Telecopier: (304) 558-0206
If to the Company:	Ohio Power Company c/o American Electric Power Service Corporation One Riverside Plaza Columbus, Ohio 43214 Attention: Treasurer Telephone: (614)716-2850 Telecopier: (614) 716-1687
If to the Trustee:	The Bank of New York Trust Company, N.A. Institutional Trust Services 6525 West Campus Oval, Suite 200 New Albany, Ohio 43054 Attention: Joyce A. Antoncic Telephone: (614) 775-5280 Telecopier: (614) 775-5636
If to the Letter of Credit Bank:	The Royal Bank of Scotland PLC 600 Steamboat Road Greenwich, Connecticut 06830 Attention: Letter of Credit Department Telephone: 212-401-3545 Telecopier: 212-401-1494
If to the Remarketing Agent:	Morgan Stanley & Co. Incorporated 1221 Avenue of the Americas, 30th Floor New York, NY 10020 Attention: Jay Sweeney Telephone: (212) 762-8290 Telecopier: (212) 507-2375
If to S & P:	Standard & Poor's Ratings Services 55 Water Street, 42nd Floor New York, New York 10041-0003 Attention: <u>LOC Surveillance</u> Telephone: (212) 438-7318 Telecopier: (212) 438-7321

It shall be sufficient service of any notice, request, demand, authorization, consent, certificate, waiver or other paper required or permitted by the Indenture to be made, given or furnished to or filed with the Trustee if the same shall be delivered by electronic means or facsimile, at the address or telephone number provided by the Trustee from time to time, the receipt of which shall be promptly confirmed by the sender.

**SECTION 11.09. Payment Due on Non-Business Days.** If a payment date is not a Business Day then payment may be made on the next Business Day and no interest shall accrue for the intervening period.

**SECTION 11.10. Notices to Rating Agencies.** Written notice shall be provided by the Trustee to Moody's and S&P of (i) the appointment of any successor Trustee or Remarketing Agent, (ii) any amendment or supplement to the Indenture or any amendment to the Agreement, the Letter of Credit or any Alternate Letter of Credit, (iii) the expiration, termination, substitution or extension of the Letter of Credit or any Alternate Letter of Credit, (iv) the payment of all principal, interest and premium, if any, on all of the Bonds, (v) any change in the Determination Method of the Bonds, and (vi) any mandatory tender or acceleration of the Bonds.

**SECTION 11.11. Next Succeeding Business Day.** Unless otherwise noted in this Indenture, in the event that the day on which any act or function is to be performed or done is not a Business Day, such act or function may be performed or done on the next succeeding Business Day.

**SECTION 11.12. Instruments of Bondholders.** Any writing including, without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Indenture to be executed by any Bondholder may be in any number of concurrent writings of similar tenor and may be executed by that Bondholder in person or by an agent or attorney appointed in writing. Proof of (i) the execution of any writing including, without limitation, any consent, request, direction, approval, objection or other instrument or document, (ii) the execution of any writing appointing any agent or attorney, and (iii) the ownership of Bonds, shall be sufficient for any of the purposes of this Indenture, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(a) The fact and date of the execution by any individual of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the individual signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(b) The fact of ownership of Bonds shall be proved by the register maintained by the Trustee.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing including, without limitation, any consent, request, direction, approval, objection or other instrument or document, of the holder of any Bond shall bind every future holder of the same Bond, with respect to anything done or suffered to be done by the Issuer or the Trustee pursuant to that writing.

**SECTION 11.13. Priority of this Indenture.** This Indenture shall be superior to any liens which may be placed upon the Revenues or any other funds or accounts created pursuant to this Indenture.

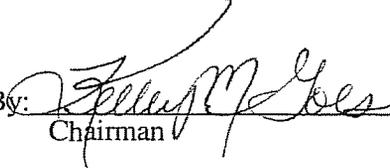
**SECTION 11.14. Binding Effect.** This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject to the limitations contained herein.

**SECTION 11.15. Counterparts.** This Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

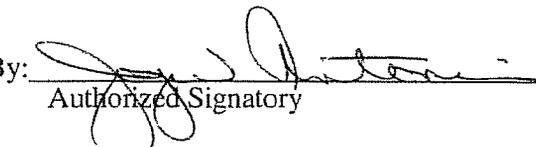
(End of Article XI)

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed and delivered for it and in its name and on its behalf by its duly authorized officer, and in token of its acceptance of the trusts created hereunder, the Trustee has caused this Indenture to be executed and delivered for it and in its name and on its behalf by its duly authorized signer, each as of the day and year first above written.

WEST VIRGINIA ECONOMIC  
DEVELOPMENT AUTHORITY

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

THE BANK OF NEW YORK TRUST COMPANY,  
N.A., as Trustee

By:  \_\_\_\_\_  
Authorized Signatory

**(FORM OF BOND)**

*Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co. has an interest herein.*

Registered  
No. R-

Registered  
\$65,000,000

**UNITED STATES OF AMERICA**

**STATE OF WEST VIRGINIA  
WEST VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY  
SOLID WASTE DISPOSAL FACILITIES REVENUE REFUNDING BONDS  
(OHIO POWER COMPANY - MITCHELL PROJECT), SERIES 2008A**

MATURITY DATE	DATED DATE	CUSIP
April 1, 2036	June 5, 2008	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$65,000,000

West Virginia Economic Development Authority (the "Issuer"), a public corporation and governmental instrumentality of the State of West Virginia empowered and authorized by the West Virginia Economic Development Authority Act (Chapter 341, Article 15, Section 1, *et seq.*, of the Code of West Virginia, 1931, as amended) (the "Act"), for value received, hereby promises to pay, solely from the sources described in this Bond, to the Registered Owner identified above, or registered assigns, on the Maturity Date stated above (or if this Bond is called for earlier redemption as described herein, on the redemption date) the principal amount identified above and to pay interest as provided in this Bond.

1. *Indenture; Agreement.* This Bond is one of the West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Refunding Bonds (Ohio Power Company - Mitchell Project), Series 2008A (the "Bonds"), limited to \$65,000,000 in principal amount, issued under and pursuant to the Act, the Indenture of Trust dated as of June 1, 2008 (the "Indenture"), between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), and a resolution duly enacted by the Issuer. The terms of the Bonds include those in the Indenture and those contained herein. Bondholders are referred to the Indenture for a statement of certain of those terms. When used with reference to the Bonds, the

term “principal” includes any premium payable on those Bonds. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Indenture.

The Issuer has entered into a Loan Agreement dated as of June 1, 2008 (the “Agreement”), with Ohio Power Company (the “Company”). The proceeds of the Bonds will be loaned by the Authority to the Company pursuant to the Agreement to assist the Company in the refunding of the West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Bonds (Ohio Power Company - Mitchell Project), Series 2006A (the “Refunded Bonds”). The principal of and any premium and interest (the “Bond Service Charges”) on the Bonds are payable solely from the Revenues, as defined and as provided for in the Indenture (being, generally, any amounts payable with respect to Bond Service Charges under the Note, any investments and moneys in the Bond Fund and the Refunding Fund (until transferred in accordance with the Indenture to the trustee for the Refunded Bonds), each created in the Indenture, and all income and profit from the investment of the foregoing moneys), and are an obligation of the Issuer only to the extent of the Revenues.

Pursuant to the Agreement, to evidence its obligation to repay the Loan, the Company has issued and delivered to the Trustee its promissory note (the “Note”), being a non-negotiable promissory note of the Company in the principal amount of \$65,000,000. The Company is required to make payments on the Note to the Trustee in the amounts and at the times necessary to pay the Purchase Price to the extent not otherwise paid pursuant to a draw on the Letter of Credit and Bond Service Charges on the Bonds when due, whether at maturity, upon redemption, acceleration or otherwise until paid in full. Pursuant to the Indenture, the Issuer has assigned or granted a security interest to the Trustee in all right, title and interest of the Issuer in and to (i) the Revenues, (ii) the Agreement, except for Unassigned Issuer’s Rights (as defined in the Agreement), and (iii) the Note.

The Indenture and the Agreement may be amended or supplemented as provided by their terms, and references to them include any amendments or supplements.

The Issuer has established a book-entry only system of registration for the Bonds (the “Book-Entry System”). Except as specifically provided otherwise in the Indenture, a Securities Depository (or its nominee) will be the registered owner of this Bond. By acceptance of a confirmation of purchase, delivery or transfer, the Beneficial Owner (if any) of this Bond shall be deemed to have agreed to this arrangement. If the Securities Depository (or its nominee) is the registered owner of this Bond, it shall be treated as the owner of it for all purposes.

2. *Source of Payments.* THIS BOND SHALL NOT CONSTITUTE DEBT OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF WEST VIRGINIA OR OF ANY COUNTY, MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA AND THE HOLDERS AND OWNERS HEREOF SHALL HAVE NO RIGHT TO HAVE TAXES LEVIED BY THE LEGISLATURE OF THE STATE OF WEST VIRGINIA OR THE TAXING AUTHORITY OF ANY COUNTY, MUNICIPALITY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF WEST VIRGINIA FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST ON OR PURCHASE PRICE OF THIS BOND, BUT SHALL BE PAYABLE SOLELY FROM REVENUES AND FUNDS PLEDGED FOR ITS PAYMENT AS AUTHORIZED BY THE ACT.

Payments under the Agreement sufficient for the prompt payment when due of the principal of and premium, if any, and interest on, and any other amounts due with respect to, the Bonds are to be paid to the Trustee by the Company for the account of the Issuer and deposited in a special trust account created by the Issuer and have been duly pledged and assigned for that purpose. In addition, substantially all other rights of the Issuer under the Agreement have also been assigned to the Trustee to secure payment of amounts due on the Bonds.

So long as a Letter of Credit is in effect, all payments with respect to this Bond shall be made in accordance with Section 4.02 of the Indenture.

3. *Interest Rate.* Interest on this Bond will be paid at the lesser of (a) a Daily Rate, a Weekly Rate, a Commercial Paper Rate, a Long-Term Interest Rate or an Auction Mode Rate as selected by the Company and as determined in accordance with the Indenture, (b) the maximum interest rate permitted by law, and (c) if the Bonds are secured by a Letter of Credit, the per annum interest rate used to calculate the Letter of Credit Interest Amount. Interest will initially be payable at a Weekly Rate determined in accordance with the Indenture. The Company may change the Determination Method from time to time. A change in the Determination Method will result in mandatory tender of the Bonds (see "*Mandatory Tender for Purchase*" in paragraph 7 below).

When interest is payable at a Daily Rate, Weekly Rate or Commercial Paper Rate, it will be computed on the basis of the actual number of days elapsed over a year of 365 days (366 days in leap years), when payable at an Auction Mode Rate, on the basis of the actual number of days over 360 days (during Auction Periods of 180 days or less) and on the basis of a 360-day year of twelve 30-day months (during Auction Periods greater than 180 days), and when payable at a Long-Term Interest Rate, on the basis of a 360-day year of twelve 30-day months. Interest on overdue principal and, to the extent lawful, on overdue premium and interest will be payable as provided in the Indenture.

4. *Interest Payment and Record Dates.* Interest will accrue on the unpaid portion of the principal of this Bond from the Dated Date stated above and thereafter from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof to which interest has been paid or duly provided for, unless the date of authentication hereof is an Interest Payment Date to which interest has been paid or duly provided for, in which case from the date of authentication hereof, or unless no interest has been paid or duly provided for on the Bonds of this series, in which case from the Dated Date; provided, however, that if the date of authentication is between the Record Date (as hereinafter defined) for any Interest Payment Date and such Interest Payment Date, then interest will accrue from such Interest Payment Date or, if the Company shall default in payment of the interest due on such Interest Payment Date, then from the next preceding Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid or duly provided for, then from the Dated Date.

When interest is payable at the rate in the first column below, interest accrued during the period (an "*Interest Period*") shown in the second column will be paid on the date (an "*Interest Payment Date*") in the third column to holders of record on the date (a "*Record Date*") in the fourth column:

RATE	INTEREST PERIOD	INTEREST PAYMENT DATE	RECORD DATE
Daily*	Interest Payment Date to Interest Payment Date	First Business Day of the next month	Last Business Day before Interest Payment Date
Weekly*	Interest Payment Date to Interest Payment Date	First Business Day of the next month	Last Business Day before Interest Payment Date
Commercial Paper	From 1 to 270 days as determined for each Bond pursuant to the Indenture (" <i>Commercial Paper Period</i> ")	Day after the last day of Commercial Paper Period	Last Business Day before Interest Payment Date
Long-Term**	270 days or longer	Each first day of each sixth calendar month after effective date of Long-Term Interest Rate	Fifteenth of the month before the Interest Payment Date***
Auction Mode	From 1 to 365 days as determined for each Bond pursuant to the Indenture	The Business Day immediately following each Auction Period, and, in addition, for an Auction Period of 92 or more days, each 13 <sup>th</sup> Tuesday after the first day of such Auction Period****	The second Business Day preceding an Interest Payment Date therefore

"Business Day" is defined in the Indenture. Payment of defaulted interest will be made to holders of record as of the fifth-to-last Business Day before payment.

\* If there shall be a change from a Daily Rate or a Weekly Rate on a day other than the first Business Day of a calendar month, the then current Interest Period relating to such Daily Rate or Weekly Rate shall end on the day immediately preceding the date on which the new interest rate on the Bonds shall become effective, which date in the case of a change from a Daily Rate or a Weekly Rate, shall be the Interest Payment Date for such Interest Period, for which the Record Date shall be the immediately preceding Business Day. If such new interest rate shall be a Daily Rate or a Weekly Rate, the first Interest Period relating thereto shall begin on the effective date of such new interest rate and end on the day immediately preceding the first Business Day of the next month, for which the Interest Payment Date and the Record Date shall be as prescribed in this Table.

\*\* If there shall be a change from a Long-Term Interest Rate on a day other than a regularly scheduled Interest Payment Date for a Long-Term Interest Rate Period, or if there shall be an early termination of such Long-Term Interest Rate Period and a new Long-Term Interest Rate shall be set, such Long-Term Interest Rate Period shall end on the day immediately preceding the date on which the new interest rate shall become effective, which date shall be the Interest Payment Date for such Long-Term Interest Rate Period, for which the Record Date shall be the last day of such Long-Term Interest Rate Period or, if sooner, the first day of such Long-Term Interest Rate Period. If such new interest rate shall be a Daily Rate or a Weekly Rate, the first Interest Period relating thereto shall begin on the effective date of such new interest rate and end on the day immediately preceding the first Business Day of the next month, for which the Interest Payment Date and the Record Date shall be as prescribed in this Table.

\*\*\* If an Interest Payment Date occurs less than 15 days after the first day of a Long-Term Interest Rate Period, the first day of such Long-Term Interest Rate Period is the Record Date for such Interest Payment Date.

\*\*\*\* The Interest Payment Date with respect to a daily Auction Period shall be the first Business Day of the month immediately succeeding such Auction Period.

5. *Method of Payment.* Holders must surrender Bonds to the Trustee to collect principal at maturity or upon redemption. (See “*Optional Tenders*” and “*Mandatory Tender for Purchase*” below for the payment of Purchase Price of tendered Bonds.) Interest on Bonds bearing interest at a Commercial Paper Rate (other than Bonds in the Book-Entry System) is payable only upon presentation of such Bonds to the Trustee. Interest on Bonds bearing interest at a Daily, Weekly, Auction Mode or Long-Term Interest Rate (other than Bonds in the Book-Entry System) will be paid to the registered holder as of the Record Date by check mailed by first-class mail on the Interest Payment Date to such holder’s registered address. A holder of \$1,000,000 or more in principal amount of Bonds may be paid interest at a Daily, Weekly, Auction Mode or Commercial Paper Rate by wire transfer in immediately available funds to an account in the continental United States if the holder makes a written request of the Trustee (in form satisfactory to the Trustee) at least two Business Days before the Record Date specifying the account address. The notice may provide that it will remain in effect for later interest payments until changed or revoked by another written notice. Principal and interest will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfers payable in such money. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

6. *Optional Tenders.* “*Tender*” means to require, or the act of requiring, the Trustee to purchase a Bond at the holder’s option under the provisions of this paragraph 6 at 100% of the principal amount plus interest accrued to (but excluding) the date of purchase. While the Bonds bear interest at a Long-Term Interest Rate, a Commercial Paper Rate or an Auction Mode Rate, the owner of a Bond does not have the option to require the Trustee to purchase its Bond.

*Daily Rate Tender.* When interest on the Bonds is payable at a Daily Rate and a Book-Entry System is in effect, a Beneficial Owner (through its direct Participant in the Securities Depository) may tender its interest in a Bond (or portion of Bond) by delivering an irrevocable written notice by telecopy, facsimile transmission or e-mail transmission to the Trustee (any such notice to be delivered to a Responsible Officer of the Trustee) and an irrevocable notice by telephone, telegraph or facsimile transmission to the Remarketing Agent, in each case prior to 11:00 a.m., New York City time, on a Business Day, stating the principal amount of the Bond (or portion of Bond) being tendered, payment instructions for the Purchase Price and the Business Day (which may be the date the notice is delivered) the Bond (or portion of Bond) is to be purchased. The Beneficial Owner shall effect delivery of such Bond by causing such direct Participant to transfer its interest in the Bond equal to such Beneficial Owner’s interest on the records of the Securities Depository to the participant account of the Trustee with the Securities Depository. Any notice received by the Trustee after 11:00 a.m., New York City time, shall be deemed to have been given on the next Business Day.

When interest on the Bonds is payable at a Daily Rate and a Book-Entry System is not in effect, a holder of a Bond may tender the Bond (or portion of Bond) by delivering the notices as described above (which shall include the certificate number of the Bond), and shall also deliver the Bond to the Trustee by 1:00 p.m., New York City time, on the date of purchase (see additional requirements below).

*Weekly Rate Tender.* When interest on the Bonds is payable at a Weekly Rate and a Book-Entry System is in effect, a Beneficial Owner (through its direct Participant in the

Securities Depository) may tender his interest in a Bond (or portion of Bond) by delivering an irrevocable written notice by telecopy, facsimile transmission or e-mail transmission to the Trustee (any such notice to be delivered to a Responsible Officer of the Trustee) and an irrevocable notice by telephone, telegraph or facsimile transmission to the Remarketing Agent, in each case prior to 5:00 p.m., New York City time on a Business Day stating the principal amount of the Bond (or portion of Bond) being tendered, payment instructions for the Purchase Price and the date, which must be a Business Day at least seven days after the notice is delivered, on which the Bond (or portion of Bond) is to be purchased. The Beneficial Owner shall effect delivery of such Bond by causing such direct Participant to transfer its interest in the Bond equal to such Beneficial Owner's interest on the records of the Securities Depository to the participant account of the Trustee or its agent with the Securities Depository.

When interest on the Bonds is payable at a Weekly Rate and a Book-Entry System is not in effect, a holder of a Bond may tender the Bond (or portion of Bond) by delivering the notices as described above (which shall include the certificate number of the Bond), and shall also deliver the Bond to the Trustee by 1:00 p.m., New York City time, on the date of purchase (see additional requirements below).

*Payment of Purchase Price.* The Purchase Price for a Bond tendered under this paragraph 6 or under paragraph 7 "*Mandatory Tender for Purchase*" will be paid in immediately available funds to the registered owner of the Bond by 4:00 p.m., New York City time on the date of purchase. No purchase of Bonds by the Trustee or advance use of any funds to effectuate any such purchase shall be deemed to be a payment or redemption of the Bonds or of any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness evidenced by such Bonds. So long as the Letter of Credit is in effect, all payments of Purchase Price for the Bonds shall be made in accordance with Section 3.08 of the Indenture.

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7. *Mandatory Tender for Purchase.* As provided below, the Bonds are subject to mandatory tender for purchase under certain circumstances. BY ACCEPTANCE OF THIS BOND, THE OWNER AGREES TO SELL AND SURRENDER THIS BOND, PROPERLY ENDORSED, UNDER THE CONDITIONS DESCRIBED BELOW. All purchases will be made in funds immediately available on the purchase date and will be at the Purchase Price. Bonds tendered for purchase on a date after a call for redemption but before the redemption date will be purchased pursuant to the tender. No purchase of Bonds shall be deemed to be a payment or redemption of the Bonds or of any portion thereof and such purchase will not operate to extinguish or discharge the indebtedness evidenced by such Bonds. So long as the Letter of Credit is in effect, all payments of Purchase Price for the Bonds shall be made in accordance with Section 3.08 of the Indenture.

*Mandatory Tender at Beginning of a New Long-Term Interest Rate Period.* When the Bonds bear interest at a Long-Term Interest Rate and a new Long-Term Interest Rate is to be determined, the Bonds will be subject to mandatory tender for purchase on the effective date of the new Long-Term Interest Rate. In the case of a change prior to the day originally established as the day after the last day of a Long-Term Interest Rate Period, the Bonds will be purchased at the percentage of their principal amount which would be payable upon the applicable redemption described under "*Optional Redemption During Long-Term Interest Rate Period*" below.

*Mandatory Tender on Each Interest Payment Date During Commercial Paper Mode.* When Bonds bear interest at a Commercial Paper Rate, each Bond must be tendered for purchase on the Interest Payment Date for such Bond.

*Mandatory Tender Upon a Change in the Determination Method.* Subject to the provisions of Section 2.02(b) of the Indenture, on the effective date of the change in the Determination Method (the methods being Daily, Weekly, Commercial Paper, Long-Term or Auction Mode Interest Rates) (the "Conversion Date"), the Bonds will be subject to mandatory tender for purchase on the Conversion Date at the Purchase Price, except that in the case of a change prior to the day originally established as the date after the last day of a Long-Term Interest Rate Period, the Bonds will be purchased at the percentage of their principal amount which would be payable upon the applicable redemption described under "*Optional Redemption During Long-Term Interest Rate Period*" below.

*Mandatory Tender Upon Substitution of Alternate Letter of Credit.* The Bonds shall be subject to mandatory tender at the Purchase Price on the Substitution Tender Date. Bonds purchased pursuant to this provision shall be delivered by the holders at or before 12:00 noon on such Substitution Tender Date, and, subject to Section 2.04 of the Indenture, payment of the Purchase Price of such Bonds shall be made by wire transfer in immediately available funds by the Trustee on such Substitution Tender Date. The Trustee shall give notice of such mandatory tender by mail to the holders of the Bonds no less than twenty (20) days prior to the Substitution Tender Date. The notice shall state (i) that the Bonds are subject to mandatory tender; (ii) the Substitution Tender Date; (iii) the Purchase Price; (iv) that Bonds must be surrendered to collect the Purchase Price; (v) the address at which the Bonds must be surrendered; and (vi) that interest on such Bonds will cease to accrue to such holder from and after the Substitution Tender Date and such holder will be entitled only to the Purchase Price on the Substitution Tender Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory tender of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any holder.

*Mandatory Tender Due to an Event of Default Under Credit Agreement.* Whenever the Letter of Credit is in effect, the Bonds shall be subject to mandatory tender if the Trustee receives a written notice from the Letter of Credit Bank that an Event of Default, as defined in the Credit Agreement, has occurred and is continuing, and the Letter of Credit Bank directs the Trustee to effect such mandatory tender. Such Bonds subject to mandatory tender shall be purchased at the Purchase Price on a Business Day not more than nine (9) nor less than five (5) days after the day such notice is received (the "Default Tender Date"). The Trustee shall immediately notify the paying agent of receipt of such notice and of the Default Tender Date. Bonds purchased pursuant to this provision shall be delivered by the holders (with all necessary endorsements) to the designated corporate trust office of the Trustee, at or before 12:00 noon on the Default Tender Date, and, subject to Section 2.04 of the Indenture, payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Trustee on the Default Tender Date; provided, however, that payment of the Purchase Price shall be made pursuant to this provision only if the Bond is so delivered to the Trustee.

The Trustee shall give notice to all holders, the Company and the Remarketing Agent prior to the close of business on the Business Day after receipt of the notice described in the preceding paragraph stating (i) that the Bonds are subject to mandatory tender; (ii) the Default

Tender Date; (iii) the Purchase Price; (iv) that Bonds must be surrendered to collect the Purchase Price; (v) the address at which the Bonds must be surrendered; (vi) that interest on such Bonds will cease to accrue to such holder from and after the Default Tender Date and such holder will be entitled only to the Purchase Price on the Default Tender Date; and (vii) if the Bonds are then rated by Moody's, S&P or Fitch, that such rating or ratings will terminate on the Default Tender Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory tender of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by a holder.

*Mandatory Tender Upon Expiration or Termination of Letter of Credit.* If (i) the Letter of Credit is scheduled to expire on the Expiration Date and by the Renewal Date no extension of such Letter of Credit or Alternate Letter of Credit has been delivered to the Trustee or (ii) on or before the Renewal Date, the Company has delivered notice in accordance with the Credit Agreement, stating that the Letter of Credit will be terminated with respect to all the Bonds on the Expiration Date, then the Bonds shall be subject to mandatory tender on the date five Business Days prior to the Expiration Date (the "Expiration Tender Date") at the Purchase Price. Bonds purchased pursuant to this provision shall be delivered by the holders to the designated corporate trust office of the Trustee at or before 12:00 noon on the Expiration Tender Date, and subject to Section 2.04 of the Indenture, payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Trustee on such Expiration Tender Date; provided, however, that payment of the Purchase Price shall be made pursuant to this provision only if the Bond is so delivered to the Trustee.

The Trustee shall give notice to all holders, the Company and the Remarketing Agent no less than twenty (20) days prior to the Expiration Tender Date. The notice shall state (i) that the Bonds are subject to mandatory tender; (ii) the Expiration Tender Date; (iii) the Purchase Price; (iv) that Bonds must be surrendered, to collect the Purchase Price; (v) the address at which the Bonds must be surrendered; (vi) that the Letter of Credit will terminate on the date specified in such notice; (vii) that interest on such Bonds will cease to accrue to such holder from and after the Expiration Tender Date and such holder will be entitled only to the Purchase Price on the Expiration Tender Date; and (viii) if the Bonds are then rated by Moody's, S&P or Fitch, that such rating or ratings will terminate on the Expiration Tender Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory tender of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by a holder.

At least 15 days before each mandatory tender (except for the tender described under "*Mandatory Tender on Each Interest Payment Date During Commercial Paper Mode*" described above, for which no notice will be given and except that such notice shall be given at least 30 days prior to the effective date if a Long-Term Interest Rate Period is in effect and the effective date is before the end of the Long-Term Interest Rate Period and except to the extent otherwise provided above under "*Mandatory Tender Upon Substitution of Alternate Letter of Credit*," "*Mandatory Tender Due to an Event of Default Under Credit Agreement*" and "*Mandatory Tender Upon Expiration or Termination of Letter of Credit*"), the Trustee will mail a notice of tender by first-class mail to each Bondholder at the holder's registered address. Failure to give any required notice of tender as to any particular Bonds, or any defect therein, will not affect the

validity of the tender of any Bonds in respect of which no failure or defect occurs. Any notice mailed as provided in this paragraph shall be effective when sent and will be conclusively presumed to have been given whether or not actually received by the addressee.

*Effect of Notice.* When notice of tender is required and given, and when Bonds are to be tendered without notice, Bonds tendered become due and payable on the purchase date; in such case when funds are deposited with the Trustee sufficient for purchase, interest on the Bonds to be purchased ceases to accrue with respect to the holder thereof as of the date of purchase.

8. *Delivery Address; Additional Delivery Requirements.* Notices in respect of tenders and Bonds tendered must be delivered to the Trustee, and notices in respect of tenders must be delivered to the Remarketing Agent, as provided in the Indenture.

All tendered Bonds must be accompanied by an instrument of transfer satisfactory to the Trustee, executed in blank by the registered owner or his duly authorized attorney, with the signature guaranteed by an eligible guarantor institution.

*Limitation on Tenders.* Except as provided under “Mandatory Tender Upon a Change in the Determination Method,” “Mandatory Tender at Beginning of a New Long-Term Interest Rate Period” and “Mandatory Tender on Each Interest Payment Date During Commercial Paper Mode,” no Bonds may be tendered while they bear interest at a Commercial Paper Rate, Auction Mode Rate or a Long-Term Interest Rate.

*Irrevocable Notice Deemed to be Tender of Bond; Undelivered Bonds.* The giving of notice by the registered owner of a Bond as provided in paragraph 6 or the occurrence of a mandatory tender for purchase as described in paragraph 7 constitutes the irrevocable tender for purchase of each Bond (or portion of Bond) with respect to which such notice was given, irrespective of whether such Bond was delivered as provided in paragraph 6 or 7. The determination of the Trustee as to whether a notice of tender has been properly sent shall be conclusive and binding upon the Bondholders.

The Trustee may refuse to accept delivery of any Bond for which a proper instrument of transfer has not been provided. If any owner of a Bond who gave notice of optional tender or which is subject to mandatory tender fails to deliver his Bond to the Trustee at the place and on the applicable date and time specified, or fails to deliver his Bond properly endorsed, and moneys for the payment of such Bond are on deposit with the Trustee, his Bond shall constitute an undelivered Bond as described in the Indenture and interest shall cease to accrue on his Bonds as of the tender date and such owner shall have no right under the Indenture other than the right to receive payment of the Purchase Price thereof. BY ACCEPTANCE OF THIS BOND, THE OWNER AGREES TO SELL AND SURRENDER THIS BOND, PROPERLY ENDORSED, TO THE TRUSTEE AFTER THE GIVING OF IRREVOCABLE NOTICE OF TENDER FOR PURCHASE AS DESCRIBED ABOVE.

9. *Redemptions.* All redemptions (and purchases in lieu of redemption) will be made in funds immediately available on the redemption date (or purchase in lieu of redemption date) and will be at a redemption price of 100% of the principal amount of the Bonds being redeemed (unless a premium is required as provided below) plus interest accrued to the

redemption date. So long as the Letter of Credit is in effect, all payments of redemption price shall be made in accordance with Section 4.02 of the Indenture.

*Optional Redemption During Long-Term Interest Rate Period.* During any Long-Term Interest Rate Period, if the Long-Term Interest Rate Period is less than or equal to five years, the Bonds will not be redeemable pursuant to this provision during the Long-Term Interest Rate Period.

If the Long-Term Interest Rate Period is greater than five years, the Bonds will not be redeemable for five years after the date on which the Bonds begin to bear interest at the Long-Term Interest Rate. After the applicable no-call period, the Bonds may be redeemed at any time in whole or in part at 100% of their principal amount plus accrued interest, if any.

As an alternative to and in lieu of the foregoing redemption provisions, if, with respect to any Long-Term Interest Rate Period, a Favorable Opinion of Tax Counsel is delivered to the Trustee not later than the date of the establishment of such Long-Term Interest Rate Period, the Bonds may be redeemed during such Long-Term Interest Rate Period at the option of the Company in whole or in part at any time after a no-call period, if any, established by the Remarketing Agent, at the percentages of their principal amount, plus accrued interest, as follows: the Remarketing Agent shall, given the duration of the Long-Term Interest Rate Period, determine and inform the Trustee and the Company, on a date which is no later than the establishment of the Long-Term Interest Rate, the periods during which the Bonds shall not be subject to redemption (the "Call Protection Period"), the premium or premiums payable upon redemption (the "Call Premiums"), if any, applicable to the redemption of Bonds after the Call Protection Period, and the period or periods during which the Call Premiums shall be effective (the "Call Premium Periods") necessary to establish the Long-Term Interest Rate. Such Call Protection Period, Call Premiums and Call Premium Periods shall be established in accordance with optional call redemption provisions which, in the judgment of the Remarketing Agent, are generally accepted at the time of determination as the standard features for obligations such as the Bonds, given the length of the Long-Term Interest Rate Period.

*Optional Redemption During Daily or Weekly Rate Period.* When interest on the Bonds is payable at a Daily or Weekly Rate, the Bonds may be redeemed in whole or in part at the option of the Company, on any Business Day.

*Optional Redemption During Auction Rate Period.* When interest on the Bonds is payable at an Auction Mode Rate, the Bonds may be redeemed in whole or in part at the option of the Company, on the first day after the last day of the Auction Period then in effect.

*Extraordinary Optional Redemption.* Subject to the conditions set forth in the Agreement and the Indenture, any Bond is subject to extraordinary optional redemption by the Authority upon the direction of the Company, on any date, upon the occurrence of the events described in Section 6.2 (redemption in whole or in part) of the Agreement, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to the date of such redemption.

*Notice of Redemption.* At least 30 days before each redemption, the Trustee will mail a notice of redemption by first-class mail to each Bondholder with Bonds to be redeemed at such holder's registered address. Failure to give any required notice of redemption as to any

particular Bonds, or any defect therein, will not affect the validity of the call for redemption of any Bonds in respect of which no failure or defect occurs. Any notice mailed as provided in this paragraph shall be effective when sent and will be conclusively presumed to have been given whether or not actually received by the addressee.

*Effect of Notice.* When notice is required and given, Bonds called for redemption become due and payable on the redemption date; in such case when funds are deposited with the Trustee sufficient for redemption, interest on the Bonds to be redeemed ceases to accrue as of the date of redemption.

*Purchase in Lieu of Redemption.* As provided in the Indenture, the Company has the right to purchase Bonds in lieu of the optional redemption described in this paragraph under “*Optional Redemption During Long-Term Interest Rate Period*” and “*Optional Redemption During Auction Rate Period.*”

10. *Denominations; Transfer; Exchange.* The Bonds may be issued in registered form without coupons in denominations as follows: (1) when interest is payable at a Daily, Weekly or Commercial Paper Rate, \$100,000 and any larger denominations constituting an integral multiple of \$5,000; (2) when interest is payable at a Long-Term Interest Rate, \$5,000 and integral multiples of \$5,000 thereafter; and (3) when interest is payable at an Auction Mode Rate, \$25,000 and integral multiples thereof. A holder may register the transfer of or exchange Bonds in accordance with the Indenture. The Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Except in connection with the purchase of Bonds tendered for purchase, the Trustee will not be required to register the transfer of or exchange any Bond which has been called for redemption or during the period beginning 15 days before the mailing of notice calling the Bonds or any portion of the Bonds for redemption and ending on the redemption date.

11. *Persons Deemed Owners.* The registered holder of this Bond shall be treated as the owner of it for all purposes.

12. *Funds in Trust; Unclaimed Funds.* All moneys which the Trustee shall have withdrawn from the account of the Company or shall have received from any other source and set aside, or deposited with the paying agents, for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption or tender, shall be held in trust for the respective holders of such Bonds. But any moneys which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the holders of such Bonds for a period of six years after the date on which such Bonds shall have become due and payable shall upon request in writing be paid to the Company, and thereafter the holders of such Bonds shall look only to the Company for payment and then only to the extent of the amount so received without any interest thereon, and the Trustee, the Issuer and the paying agents shall have no responsibility with respect to such moneys. In the absence of any such written request, the Trustee shall from time to time deliver such unclaimed funds to or as directed by pertinent escheat authority, as identified by the Trustee in its sole discretion, pursuant to and in accordance with applicable unclaimed property laws, rules or regulations. Any such delivery shall be in accordance with the customary practices and procedures of the Trustee and the escheat authority. All moneys held by the Trustee and subject to this paragraph 12 shall be held uninvested and

without liability for interest thereon. Before making any payment under this paragraph 12, the Trustee shall be entitled to receive at the Company's expense an opinion of counsel to the effect that said payment is permitted under applicable law.

13. *Discharge Before Redemption, Tender or Maturity.* If the Company at any time deposits with the Trustee money or Government Obligations as described in the Indenture sufficient to pay at redemption, tender or maturity principal of and interest on the outstanding Bonds, and if the Company also pays or provides for the payment of all other sums then payable by the Company under the Agreement or the Indenture, the lien of the Indenture will be discharged; provided, however, that prior to the effective date of any such discharge, the Trustee shall have received a Rating Confirmation Notice. After discharge, Bondholders must look only to the deposited money and securities for payment except as otherwise specifically provided in the Indenture. The Company may not make any such deposit while the Bonds bear interest at a Daily Rate or Weekly Rate, unless the Bonds will be immediately paid.

14. *Amendment, Supplement, Waiver.* Subject to certain exceptions and to rights granted to the Letter of Credit Bank under the Indenture, the Indenture, the Agreement or the Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, with the consent of the holders of at least a majority in principal amount of the Bonds then outstanding. Any such consent shall be irrevocable and shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond. Without the consent of any Bondholder, the Issuer may amend or supplement the Indenture, the Agreement or the Bonds as described in the Indenture, among other things, to cure any ambiguity, omission, defect or inconsistency, to provide for uncertificated Bonds in addition to or in place of certificated Bonds, to provide for a Book-Entry System for the Bonds or to make any change that does not materially adversely affect the rights of any Bondholder.

15. *Defaults and Remedies.* The Indenture provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Bonds may become or may be declared immediately due and payable, as provided in the Indenture. An Event of Default and its consequences may be waived as provided in the Indenture. Bondholders may not enforce the Indenture or the Bonds except as provided in the Indenture. Except as specifically provided in the Indenture, the Trustee may refuse to enforce the Indenture or the Bonds unless it receives indemnity satisfactory to it. Subject to certain limitations, holders of a majority in principal amount of the Bonds then outstanding may direct the Trustee in its exercise of any trust or power.

*No Recourse Against Others.* A member, director, officer or employee, as such, of the Issuer shall not have any liability for any obligations of the Issuer or the Company under the Bonds or the Indenture or for any claim based on such obligations or their creation. Each Bondholder by accepting a Bond waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Bond.

17. *Authentication.* This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been duly executed by the Trustee.

18. *Abbreviations.* Customary abbreviations may be used in the name of a Bondholder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A (= Uniform Gifts to Minors Act).

A copy of the Indenture may be inspected at the corporate trust office of the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Secretary, all as of the date first above written.

WEST VIRGINIA ECONOMIC DEVELOPMENT  
AUTHORITY

(SEAL)

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

ATTEST:

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

CERTIFICATION OF AUTHENTICATION

This Bond is one of the Bonds of the Series designated therein and issued under the provisions of the within-mentioned Indenture.

Dated: June 5, 2008

THE BANK OF NEW YORK TRUST  
COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT MIN ACT--

TEN COM -- as tenants in common  
TENENT -- as tenants by the entireties  
JT TEN -- as joint tenants with right of survivorship and not as tenants in common

\_\_\_\_ Custodian \_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts to  
Minors Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Please Insert Social Security or  
Other Identifying Number of Assignee

/ \_\_\_\_\_ /

\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises. \_\_\_\_\_

Dated: \_\_\_\_\_

Signature guaranteed:  
\_\_\_\_\_

Medallion Number: \_\_\_\_\_  
\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e. Securities Transfer Agents Medallion Program (STAMP), or New York Stock Exchange Medallion Signature Program (MSP).

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B  
TO  
INDENTURE OF TRUST

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Auction Procedures

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ARTICLE I  
DEFINITIONS

In addition to the words and terms elsewhere defined in the Indenture, the following words and terms as used in this Exhibit B and elsewhere in the Indenture have the following meanings with respect to bonds in an Auction Rate Period (the "Bonds") unless the context or use indicates another or different meaning or intent.

"Agent Member" means a member of, or participant in, the Securities Depository who shall act on behalf of a Bidder.

"All Hold Rate" means, as of any Auction Date, 45% of the Reference Rate in effect on such Auction Date.

"Applicable Percentage" means, as of any date of determination, the percentage of the Reference Rate (in effect on such Auction Date) determined in accordance with the Indenture, based on the Prevailing Rating of the Bonds in effect at the close of business on the Business Day immediately preceding such Auction Date:

Prevailing Rating	Applicable Percentages
AAA/Aaa	150%
AA/Aa	175%
A/A	200%
Below A/A	350%

"Auction" means each periodic implementation of the Auction Procedures.

"Auction Agent" means the auctioneer appointed in accordance with Section 3.01 or 3.02 of this Exhibit B.

"Auction Agreement" means an agreement among the Company, the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in this Exhibit B with respect to the Bonds while bearing interest at an Auction Mode Rate, as such agreement may from time to time be amended or supplemented.

"Auction Date" means during any period in which the Auction Procedures are not suspended in accordance with the provisions hereof, (i) if the Bonds are in a daily Auction Period, each Business Day, and (ii) if the Bonds are in any other Auction Period, the Business Day next preceding the last Interest Payment Date for the Auction Period (whether or not an Auction shall be conducted on such date); *provided, however*, that the last Auction Date with respect to the Bonds in an Auction Period other than a daily Auction Period shall be the earlier of (a) the Business Day next preceding the Interest Payment Date next preceding the Conversion Date for the Bonds and (b) the Business Day next preceding the Interest Payment Date next preceding the final maturity date for the Bonds; and *provided, further*, that if the Bonds are in a daily Auction Period, the last Auction Date shall be the earlier of (x) the Business Day next preceding the Conversion Date for the Bonds and (y) the Business Day next preceding the final maturity date for the Bonds. On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there shall be two Auctions, one for the last daily Auction Period and one for the first Auction Period following the conversion. The first Auction Date for the Bonds shall be the date specified by the Company as the first Auction Date in connection with the conversion of the Bonds to an Auction Mode Rate.

"Auction Desk" means the business unit of a Broker-Dealer that fulfills the responsibilities of the Broker-Dealer under a Broker-Dealer Agreement, including soliciting Bids for the Bonds, and units of the Broker-Dealer which are not separated from such business unit by information controls appropriate to control, limit and monitor the inappropriate dissemination and use of information about Bids.

"Auction Mode Rate" means the rate of interest to be borne by the Bonds during each Auction Period determined in accordance with Section 2.04 of this Exhibit B; *provided, however*, in no event may the Auction Mode Rate exceed the Maximum Auction Rate.

“Auction Period” means any period of less than 365 days during which the Bonds bear interest at a single Auction Mode Rate, as established pursuant to the Indenture.

“Auction Procedures” means the procedures for conducting Auctions for Bonds during an Auction Rate Period set forth in this Exhibit B.

“Auction Rate” means for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, *provided, however*, if all of the Bonds are the subject of Submitted Hold Orders, the All Hold Rate and (ii) if Sufficient Clearing Bids do not exist, the Maximum Auction Rate.

“Authorized Denominations” means \$25,000 and integral multiples thereof, notwithstanding anything else in the Indenture to the contrary, so long as the Bonds bear interest at an Auction Mode Rate.

“Available Bonds” means on each Auction Date, the aggregate principal amount of Bonds that are not the subject of Submitted Hold Orders.

“Bid” has the meaning specified in subsection (a) of Section 2.01 of this Exhibit B.

“Bidder” means each Existing Holder and Potential Holder who places an Order.

“Broker-Dealer” means any entity that is permitted by law to perform the function required of a Broker-Dealer described in this Exhibit B, that is a member of, or a direct participant in, the Securities Depository, that has been selected by the Company, and that is a party to a Broker-Dealer Agreement with the Company and the Auction Agent.

“Broker-Dealer Agreement” means an agreement among the Auction Agent, the Company and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in this Exhibit B, as such agreement may from time to time be amended or supplemented.

“Broker-Dealer Deadline” means, with respect to an Order, the internal deadline established by the Broker-Dealer through which the Order was placed after which it will not accept Orders or any change in any Order previously placed with such Broker-Dealer; *provided, however*, that nothing shall prevent the Broker-Dealer from correcting Clerical Errors by the Broker-Dealer with respect to Orders from Bidders after the Broker-Dealer Deadline pursuant to the provisions herein. Any Broker-Dealer may change the time or times of its Broker-Dealer Deadline as it relates to such Broker-Dealer by giving notice not less than two Business Days prior to the date such change is to take effect to Bidders who place Orders through such Broker-Dealer.

“Business Day” shall mean any day other than a Saturday or Sunday or other than a day on which commercial banks located in all of the cities in which the Principal Offices of the Trustee, the Paying Agent, the Broker-Dealer and the Auction Agent are located are authorized by law or regulation to close or on which the New York Stock Exchange or the Federal Reserve Bank of New York is closed.

“Clerical Error” means a clerical error in the processing of an Order, and includes, but is not limited to, the following: (i) a transmission error, including but not limited to, an Order sent to the wrong address or number, failure to transmit certain pages or illegible transmission, (ii) failure to transmit an Order received from one or more Existing Holders or Potential Holders (including Orders from the Broker-Dealer which were not originated by the Auction Desk) prior to the Broker-Dealer Deadline or generated by the Broker-Dealer’s Auction Desk for its own account prior to the Submission Deadline or (iii) a typographical error. Determining whether an error is a “Clerical Error” is within the reasonable judgment of the Broker-Dealer, provided that the Broker-Dealer has a record of the correct Order that shows it was so received or so generated prior to the Broker-Dealer Deadline or the Submission Deadline, as applicable.

“Conversion Date” means the date on which the Bonds begin to bear interest at a Daily Rate, Flexible Rate, Weekly Rate, Monthly Rate, Quarterly Rate, Semiannual Rate, Multiannual Rate or Fixed Rate.

“Default Rate” means, in respect of any Auction Period other than a daily Auction Period, a per annum rate equal to three hundred and fifty percent (350%) of the Reference Rate determined on the Auction Date next preceding the first day of such Auction Period or in the case of Bonds in a Daily Auction Period, three hundred and fifty percent (350%) of the Reference Rate determined on the Auction Date which was the first day of such Auction Period, *provided, however*, the Default Rate shall not exceed the Maximum Interest Rate.

“Error Correction Deadline” means one hour after the Auction Agent completes the dissemination of the results of the Auction to Broker-Dealers without regard to the time of receipt of such results by any Broker-Dealer; *provided, however*, in no event shall the Error Correction Deadline extend past 4:00 p.m., New York City time, unless the Auction Agent experiences technological failure or force majeure in disseminating the Auction results which causes a delay in dissemination past 3:00 p.m., New York City time.

“Existing Holder” means a Person who is a beneficial owner of Bonds, *provided, however*, for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as an Existing Holder.

“Failed Auction” means an Auction for which there were not Sufficient Clearing Bids.

“Hold Order” has the meaning specified in subsection (a) of Section 2.01 of this Exhibit B.

“Interest Payment Date” with respect to Bonds bearing interest at Auction Mode Rates, means (a) when used with respect to any Auction Period of less than 92 days (other than a daily Auction Period), the Business Day immediately following such Auction Period, (b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding the first day of such Auction Period, (c) when used with respect to an Auction Period of 92 or more days, each Tuesday after the first day of such Auction Period or the next Business Day if such Tuesday is not a Business Day and on the Business Day immediately following such Auction Period, (d) each Conversion Date and (e) the Maturity Date.

“Maximum Auction Rate” means as of any Auction Date the product of the Reference Rate multiplied by the Applicable Percentage; *provided, however*, that if there have been two or more consecutive Failed Auctions since the last Successful Auction and there has not been a Successful Auction for a period of greater than 90 days after the first of such Failed Auctions, the Maximum Auction Rate shall be the Maximum Interest Rate; *provided, further* that in no event shall the Maximum Auction Rate exceed the Maximum Interest Rate.

“Order” means a Hold Order, Bid or Sell Order.

“Potential Holder” means any Person, including any Existing Holder, who may be interested in acquiring a beneficial interest in the Bonds in addition to the Bonds currently owned by such Person, if any, *provided, however*, for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as a Potential Holder.

“Prevailing Rating” means (a) AAA/Aaa, if the Bonds will have a rating of AAA by S&P and Fitch and a rating of Aaa by Moody’s, (b) if not AAA/AAA/Aaa, AA/AA/Aa if the Bonds will have a rating of AA- or better by S&P and Fitch and a rating of Aa3 or better by Moody’s, (c) if not AAA/AAA/Aaa or AA/AA/Aa, A/A/A if the Bonds will have a rating of A- or better by S&P and Fitch and a rating of A3 or better by Moody’s, and (d) if not AAA/AAA/Aaa, AA/AA/Aa or A/A/A, then below A/A/A, whether or not the Bonds are rated by any securities rating agency. For purposes of this definition, S&P’s rating categories of “AAA,” “AA-” and “A-,” Fitch rating categories of “AAA,” “AA-” and “A-” and Moody’s rating categories of “Aaa,” “Aa3” and “A3,” will be deemed to refer to and include the respective rating categories correlative thereto in the event that any such Rating Agencies will have changed or modified their generic rating categories or if any successor thereto appointed in accordance with the definitions thereof will use different rating categories. If the Bonds are not rated by S&P, Fitch or Moody’s, the requirement of a rating by S&P, Fitch or Moody’s, as applicable, will be disregarded. If the ratings for the Bonds are split between two of the foregoing categories, the lower rating will determine the Prevailing Rating. If there is no rating, then the Auction Rate will be the Maximum Auction Rate.

“Principal Office” means, with respect to the Auction Agent, the office thereof designated in writing to the Company, the Trustee and each Broker-Dealer.

“Reference Rate” shall have the meaning specified in Section 2.07 of this Exhibit B.

“Sell Order” has the meaning specified in subsection (a) of Section 2.01 of Exhibit B.

“Submission Deadline” means 1:00 p.m., New York City time, on each Auction Date not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date in a daily Auction Period, or such other time on such date as shall be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent. Notwithstanding the foregoing, the Auction Agent will follow the Securities Industry and Financial Markets Association’s Early Market Close Recommendations for shortened trading days for the bond markets (the “SIFMA Recommendation”) unless the Auction Agent is instructed otherwise in writing by the Trustee or the Company. In the event of a SIFMA Recommendation with respect to an Auction Date, the Submission Deadline will be 11:30 a.m., instead of 1:00 p.m., New York City time.

“Submitted Bid” has the meaning specified in subsection (b) of Section 2.04 of this Exhibit B.

“Submitted Hold Order” has the meaning specified in subsection (b) of Section 2.04 of this Exhibit B.

“Submitted Order” has the meaning specified in subsection (b) of Section 2.04 of this Exhibit B.

“Submitted Sell Order” has the meaning specified in subsection (b) of Section 2.04 of this Exhibit B.

“Successful Auction” means an Auction for which there were Sufficient Clearing Bids.

“Sufficient Clearing Bids” means an Auction for which the aggregate principal amount of Bonds that are the subject of Submitted Bids by Potential Holders specifying one or more rates not higher than the Maximum Auction Rate is not less than the aggregate principal amount of Bonds that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Holders specifying rates higher than the Maximum Auction Rate.

“Winning Bid Rate” means the lowest rate specified in any Submitted Bid which if selected by the Auction Agent as the Auction Rate, subject to the All Hold Rate, would cause the aggregate principal amount of Bonds that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the aggregate principal amount of Available Bonds.

## ARTICLE II AUCTION PROCEDURES

General Procedures. While the Bonds bear interest at the Auction Mode Rate, Auctions shall be conducted on each Auction Date (other than (i) the Auction Date immediately preceding each Auction Rate Period commencing after the ownership of the Bonds is no longer maintained in the Book-Entry System pursuant to the Indenture or (ii) for an Auction Period of 92 days or more, the Auction Date preceding each 13th Tuesday after the first day of such Auction Period or the next Business Day if such Tuesday is not a Business Day). If there is an Auction Agent on such Auction Date, Auctions shall be conducted in the manner set forth in this Exhibit B.

Section 2.01. *Orders by Existing Holders and Potential Holders.*

(a) Prior to the Broker-Dealer Deadline on each Auction Date:

(i) each Existing Holder may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, information as to:

(A) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder commits to continue to hold for the next succeeding Auction

Period without regard to the rate determined by the Auction Procedures for such Auction Period;

(B) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder commits to continue to hold for the next succeeding Auction Period if the rate determined by the Auction Procedures for such Auction Period shall not be less than the rate per annum then specified by such Existing Holder (and which such Existing Holder offers to sell on the next succeeding Auction Date (or the same day in the case of a daily Auction Period) if the rate determined by the Auction Procedures for the next succeeding Auction Period shall be less than the rate per annum then specified by such Existing Holder); and/or

(C) the principal amount of Bonds, if any, held by such Existing Holder which such Existing Holder offers to sell on the next succeeding Auction Date (or on the same day in the case of a daily Auction Period) without regard to the rate determined by the Auction Procedures for the next succeeding Auction Period; and

(ii) for the purpose of implementing the Auctions, the Broker-Dealers shall contact Potential Holders, including Persons that are Existing Holders, to determine the principal amount of Bonds, if any, which each such Potential Holder offers to purchase if the rate determined by the Auction Procedures for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Holder.

For the purposes hereof an Order containing the information referred to in clause (i)(A) above is herein referred to as a "Hold Order," an Order containing the information referred to in clause (i)(B) or (ii) above is herein referred to as a "Bid," and an Order containing the information referred to in clause (i)(C) above is herein referred to as a "Sell Order."

(b) (i) Subject to the provisions of Section 2.03 of this Exhibit B, a Bid by an Existing Holder shall constitute an offer to sell:

(A) the principal amount of Bonds specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be less than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Bonds to be determined as set forth in subsection (a)(v) of Section 2.05 hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate; or

(C) a lesser principal amount of Bonds to be determined as set forth in subsection (b)(iv) of Section 2.05 hereof if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(ii) Subject to the provisions of Section 2.03 of this Exhibit B, a Sell Order by an Existing Holder shall constitute an offer to sell:

(A) the principal amount of Bonds specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of Bonds as set forth in subsection (b)(iv) of Section 2.05 hereof if Sufficient Clearing Bids do not exist.

(iii) Subject to the provisions of Section 2.03 of this Exhibit B, a Bid by a Potential Holder shall constitute an offer to purchase:

(A) the principal amount of Bonds specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Bonds as set forth in subsection (a)(vi) of Section 2.05 hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate.

(c) Anything herein to the contrary notwithstanding:

(i) the Auction Procedures shall be suspended during the period commencing on the date of the Auction Agent's receipt of notice from the Trustee of an occurrence of an Event of Default resulting from the failure to pay the principal or interest on any Bond when due followed by the failure of the Bond Insurer to pay a proper claim under the Insurance Policy related to the Bonds, but shall resume two Business Days after the date on which the Auction Agent receives notice from the Trustee that such Event of Default, or failure of the Bond Insurer to pay, has been waived or cured, with the next Auction to occur on the next regularly scheduled Auction Date occurring thereafter; and

(ii) any Order by an Existing Holder or Potential Holder shall be revocable until the Broker-Dealer Deadline, and after the Broker-Dealer Deadline, all such Orders shall be irrevocable, except as provided in Sections 2.02(f)(ii) and 2.02(g).

Section 2.02. *Submission of Orders by Broker-Dealers to Auction Agent.*

(a) Each Broker-Dealer shall submit to the Auction Agent in writing or by such other method as shall be reasonably acceptable to the Auction Agent, prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and specifying, with respect to each Order:

(i) the aggregate principal amount of Bonds, if any, that are the subject of such Order;

(ii) to the extent that such Bidder is an Existing Holder:

(A) the principal amount of Bonds, if any, subject to any Hold Order placed by such Existing Holder;

(B) the principal amount of Bonds, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(C) the principal amount of Bonds, if any, subject to any Sell Order placed by such Existing Holder; and

(iii) to the extent such Bidder is a Potential Holder, the rate and amount specified in such Potential Holder's Bid.

(b) If more than one Bid is submitted to a Broker-Dealer on behalf of any Potential Holder, each Bid submitted with the same rate shall be aggregated by the Broker-Dealer and considered a single Bid and each Bid submitted with a different rate shall be considered a separate Bid with the rate and the principal amount of Bonds specified therein.

(c) Any Bid submitted by an Existing Holder or a Potential Holder to a Broker-Dealer specifying a rate lower than the All Hold Rate shall be treated as a Bid specifying the All Hold Rate, and any such Bid shall be considered as valid and shall be selected in ascending order of the respective rates in the Submitted Bids (as defined in Section 2.04).

(d) Neither the Issuer, the Company, the Trustee, any remarketing agent nor the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(e) Nothing contained herein shall preclude a Broker-Dealer from placing an Order for some or all of the Bonds for its own account.

(f) Until the Submission Deadline, a Broker-Dealer may withdraw or modify any Order previously submitted to the Auction Agent (i) for any reason if the Order was generated by the Auction Desk of the Broker-Dealer for the account of the Broker-Dealer or (ii) to correct a Clerical Error in the case of any other Order, including Orders from the Broker-Dealer which were not originated by the Auction Desk.

(g) After the Submission Deadline and prior to the Error Correction Deadline, a Broker-Dealer may:

(i) submit to the Auction Agent an Order received from an Existing Holder, Potential Holder or a Broker-Dealer which is not an Order originated by the Auction Desk, in each case prior to the Broker-Dealer Deadline, or an Order generated by the Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline (provided that in each case the Broker-Dealer has a record of such Order and the time when such Order was received or generated) and not submitted to the Auction Agent prior to the Submission Deadline as a result of (A) an event of force majeure or a technological failure which made delivery prior to the Submission Deadline impossible or, under the conditions then prevailing, impracticable or (B) a Clerical Error on the part of the Broker-Dealer; or

(ii) modify or withdraw an Order received from an Existing Holder or Potential Holder or generated by the Broker-Dealer (whether generated by the Broker-Dealer's Auction Desk or elsewhere within the Broker-Dealer) for its own account and submitted to the Auction Agent prior to the Submission Deadline or pursuant to clause (i) above, if the Broker-Dealer determines that such Order contained a Clerical Error on the part of the Broker-Dealer.

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In the event a Broker-Dealer makes a submission, modification or withdrawal pursuant to this Section 2.02(g) and the Auction Agent has already run the Auction, the Auction Agent shall rerun the Auction, taking into account such submission, modification or withdrawal. Each submission, modification or withdrawal of an Order submitted pursuant to this Section 2.02(g) by a Broker-Dealer after the Submission Deadline and prior to the Error Correction Deadline shall constitute a representation by the Broker-Dealer that (A) in the case of a newly submitted Order or portion thereof or revised Order, the failure to submit such Order prior to the Submission Deadline resulted from an event described in clause (i) above and such Order was received from an Existing Holder or Potential Holder or is an Order received from the Broker-Dealer that was not originated by the Auction Desk, in each case, prior to the Broker-Dealer Deadline, or generated internally by such Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline or (B) in the case of a modified or withdrawn Order, such Order was received from an Existing Holder, a Potential Holder or the Broker-Dealer which was not originated by the Auction Desk prior to the Broker-Dealer Deadline, or generated internally by such Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline and such Order as submitted to the Auction Agent contained a Clerical Error on the part of the Broker-Dealer and that such Order has been modified or withdrawn solely to effect a correction of such Clerical Error, and in the case of either (A) or (B), as applicable, the Broker-Dealer has a record of such Order and the time when such Order was received or generated. The Auction Agent shall be entitled to rely conclusively (and shall have no liability for relying) on such representation for any and all purposes of the Auction Procedures.

Section 2.03. *Treatment of Orders by the Auction Agent.* Anything herein to the contrary notwithstanding:

(a) If the Auction Agent receives an Order which does not conform to the requirements of the Auction Procedures, the Auction Agent may contact the Broker-Dealer submitting such Order until one

hour after the Submission Deadline and inform such Broker-Dealer that it may resubmit such Order so that it conforms to the requirements of the Auction Procedures. Upon being so informed, such Broker-Dealer may correct and resubmit to the Auction Agent any such Order that, solely as a result of a Clerical Error on the part of such Broker-Dealer, did not conform to the requirements of the Auction Procedures when previously submitted to the Auction Agent. Any such resubmission by a Broker-Dealer shall constitute a representation by such Broker-Dealer that the failure of such Order to have so conformed was solely as a result of a Clerical Error on the part of such Broker-Dealer. If the Auction Agent has not received a corrected conforming Order within one hour and fifteen minutes of the Submission Deadline, the Auction Agent shall, if and to the extent applicable, adjust or apply such Order, as the case may be, in conformity with the provisions of subsections (b) or (c) of this Section 2.03 and, if the Auction Agent is unable to so adjust or apply such Order, the Auction Agent shall reject such Order.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If one or more Orders covering in the aggregate more than the principal amount of outstanding Bonds held by any Existing Holder are submitted to the Auction Agent, such Orders shall be considered valid as follows and in the following order of priority:

(i) all Hold Orders shall be considered valid Hold Orders, but only up to and including in the aggregate the principal amount of Bonds held by such Existing Holder, and if the aggregate principal amount of Bonds subject to such Hold Orders exceeds the aggregate principal amount of Bonds held by such Existing Holder, the aggregate principal amount of Bonds subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of outstanding Bonds held by such Existing Holder;

(ii) (A) any Bid of an Existing Holder shall be considered valid as a Bid of an Existing Holder up to and including the excess of the principal amount of Bonds held by such Existing Holder over the aggregate principal amount of the Bonds subject to Hold Orders referred to in paragraph (i) above;

(B) subject to sub-clause (A) of this paragraph (ii), all Bids of an Existing Holder with the same rate shall be aggregated and considered a single Bid of an Existing Holder up to and including the excess of the principal amount of Bonds held by such Existing Holder over the principal amount of Bonds held by such Existing Holder subject to Hold Orders referred to in sub-paragraph (i) of this paragraph (d);

(C) subject to sub-clause (A) of this paragraph (ii), if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid Bids of an Existing Holder in the ascending order of their respective rates up to the amount of the excess of the principal amount of Bonds held by such Existing Holder over the principal amount of Bonds held by such Existing Holder subject to Hold Orders referred to in sub-paragraph (i) of this paragraph (d); and

(D) the principal amount, if any, of such Bonds subject to Bids not considered to be Bids of an Existing Holder under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Holder at the rate specified therein; and

(iii) all Sell Orders shall be considered valid Sell Orders, but only up to and including a principal amount of Bonds equal to the excess of the principal amount of Bonds held by such Existing Holder over the sum of the principal amount of the Bonds considered to be subject to Hold Orders pursuant to sub-paragraph (i) of this paragraph (d) and the principal amount of Bonds considered to be subject to Bids of such Existing Holder pursuant to sub-paragraph (ii) of this paragraph (d).

(d) For purposes of any Auction, any Order which specifies Bonds to be held, purchased or sold in a principal amount which is not \$25,000 or an integral multiple thereof shall be rounded down to the nearest \$25,000, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such lower amount.

(e) For purposes of any Auction other than during a daily Auction Period, any portion of an Order of an Existing Holder which relates to a Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted.

(f) For purposes of any Auction other than during a daily Auction Period, no portion of a Bond which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction.

(g) If an Order or Orders covering all of the Bonds held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Bonds held by such Existing Holder and not subject to Orders submitted to the Auction Agent; *provided, however*, that if there is a conversion from one Auction Period to another Auction Period and Orders have not been submitted to the Auction Agent prior to the Submission Deadline covering the aggregate principal amount of Bonds to be converted held by such Existing Holder, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Holder covering the principal amount of Bonds to be converted held by such Existing Holder not subject to Orders submitted to the Auction Agent.

(h) Any Bid specifying a rate higher than the Maximum Auction Rate will (i) be treated as a Sell Order if submitted by an Existing Holder and (ii) not be accepted if submitted by a Potential Holder.

Section 2.04. *Determination of Auction Mode Rate.*

(a) Not later than 10:30 a.m., New York City time, on each Auction Date, the Auction Agent shall advise the Broker-Dealers and the Trustee by telephone (or other electronic means acceptable to the Auction Agent) of the All Hold Rate, the Maximum Auction Rate and the Reference Rate.

(b) Promptly after the Submission Deadline on each Auction Date, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall determine (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids and (iii) the Auction Rate.

(c) Promptly after the Auction Agent has made the determinations pursuant to subsection (b) of this Section 2.04, the Auction Agent shall advise the Trustee and the Company by telex, facsimile or other electronic transmission of the Auction Rate for the next succeeding Auction Period and the Trustee shall promptly notify DTC of such Auction Rate.

(d) In the event there is no duly appointed Auction Agent or Broker-Dealer, or the Auction Agent fails to calculate or, for any reason, fails to timely provide the Auction Rate for any Auction Period, (i) if the preceding Auction Period was a period of 35 days or less, the new Auction Period shall be the same as the preceding Auction Period and the Auction Mode Rate for the New Auction Period shall be the same as the Auction Mode Rate for the preceding Auction Period, and (ii) if the preceding Auction Period was a period of greater than 35 days, the preceding Auction Period shall be extended to the seventh day following the day that would have been the last day of such Auction Period had it not been extended (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Mode Rate in effect for the preceding Auction Period will continue in effect for the Auction Period as so extended. In the event an Auction Period is extended as set forth in clause (ii)

of the preceding sentence, an Auction shall be held on the last Business Day of the Auction Period as so extended to take effect for an Auction Period beginning on the Business Day immediately following the last day of the Auction Period as extended which Auction Period will end on the date it would otherwise have ended on had the prior Auction Period not been extended. Notwithstanding the foregoing, no Auction Rate shall be extended for more than 35 days. If at the end of 35 days there remains no duly appointed Auction Agent or Broker Dealer, or the Auction Agent fails to calculate or provide the Auction Rate, the Auction Rate shall be the Maximum Auction Rate.

(e) In the event the Auction Procedures are suspended as provided in Section 2.01(c)(i), the Auction Rate for the period from the date of such suspension until the next succeeding regularly scheduled Auction Period shall be the Default Rate.

(f) In the event of a failed conversion from a Auction Mode Rate Determination Method to another Determination Method or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Mode Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(g) If the Bonds are not rated or if the Bonds are no longer maintained in book-entry-only form by the Securities Depository then the Auction Mode Rate shall be the Maximum Auction Rate.

Section 2.05. *Allocation of Bonds.*

(a) In the event of Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Holder shall be accepted, thus requiring each such Existing Holder to continue to hold the Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Holder shall be accepted, and the Submitted Bid of each Existing Holder specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Holder to sell the Bonds that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Holder specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to continue to hold the Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Holder specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the Bonds that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Holder specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to continue to hold the Bonds that are the subject of such Submitted Bid, but only up to and including the principal amount of Bonds obtained by multiplying (A) the aggregate principal amount of Bonds outstanding which are not the subject of Submitted Hold Orders described in sub-paragraph (i) of this paragraph (a) or of Submitted Bids described in sub-paragraphs (iii) and (iv) of this paragraph (a) by (B) a fraction the numerator of which shall be the principal amount of Bonds outstanding held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the aggregate principal amount of Bonds outstanding subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Holder to sell any excess amount of Bonds;

(vi) the Submitted Bid of each Potential Holder specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Holder to purchase the Bonds that are the subject of such Submitted Bid, but only in an amount equal to the principal amount of Bonds obtained by multiplying (A) the aggregate principal amount of Bonds outstanding which are not the subject of Submitted Hold Orders described in sub-paragraph (i) of this paragraph (a) or of Submitted Bids described in sub-paragraphs (iii), (iv) or (v) of this paragraph (a) by (B) a fraction the numerator of which shall be the principal amount of Bonds outstanding subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate principal amount of Bonds outstanding subject to such Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(vii) the Submitted Bid of each Potential Holder specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Holder shall be accepted, thus requiring each such Existing Holder to continue to hold the Bonds that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Holder specifying any rate that is not higher than the Maximum Auction Rate shall be accepted, thus requiring each such Existing Holder to continue to hold the Bonds that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Holder specifying any rate that is not higher than the Maximum Auction Rate shall be accepted, thus requiring each such Potential Holder to purchase the Bonds that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Holder shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Holder specifying any rate that is higher than the Maximum Auction Rate shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the principal amount of Bonds obtained by multiplying (A) the aggregate principal amount of Bonds subject to Submitted Bids described in paragraph (iii) of this subsection (b) by (B) a fraction the numerator of which shall be the principal amount of Bonds outstanding held by such Existing Holder subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the principal amount of Bonds outstanding subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Holder shall be required to continue to hold such excess amount of Bonds; and

(v) the Submitted Bid of each Potential Holder specifying any rate that is higher than the Maximum Auction Rate shall be rejected.

(c) If, as a result of the procedures described in subsection (a) or (b) of this Section 2.05, any Existing Holder or Potential Holder would be required to purchase or sell an aggregate principal amount of Bonds which is not an integral multiple of \$25,000 on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, round up or down the principal amount of Bonds to be purchased or sold by any Existing Holder or Potential Holder on such Auction Date so that the aggregate principal amount of Bonds purchased or sold by each Existing Holder or Potential Holder on such Auction Date shall be an integral multiple of \$25,000, even if such allocation results in one or more of such Existing Holders or Potential Holders not purchasing or selling any Bonds on such Auction Date.

(d) If, as a result of the procedures described in subsection (a) of this Section 2.05, any Potential Holder would be required to purchase less than \$25,000 in principal amount of Bonds on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate Bonds for purchase among Potential Holders so that the principal amount of Bonds purchased on such Auction Date by any Potential Holder shall be an integral multiple of \$25,000, even if such allocation results in one or more of such Potential Holders not purchasing Bonds on such Auction Date.

Section 2.06. *Notice of Auction Rate.*

(a) On each Auction Date, the Auction Agent shall notify by telephone, other electronic means, or other communication acceptable to the parties or in writing each Broker-Dealer that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of the following:

(i) the Auction Rate determined on such Auction Date for the succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Bonds, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Bonds, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of the Bonds to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of Bonds to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of Bonds to be (A) purchased from one or more Existing Holders on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Holders on whose behalf such Broker-Dealer submitted Bids; and

(vi) the immediately succeeding Auction Date.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of each such Person was accepted or rejected and (C) the immediately succeeding Auction Date;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of Bonds to be purchased pursuant to such Bid (including, with respect to the Bonds in a daily Auction Period, accrued interest if the purchase date is not an Interest Payment Date for such Bond) against receipt of such Bonds; and

(iii) instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected in whole or in part to instruct such Existing

Holder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

Section 2.07. *Reference Rate.*

(a) The Reference Rate on any Auction Date with respect to Bonds in any Auction Period of 35 days or less shall be the offered rate for deposits in U.S. dollars for a one-month period (LIBOR) which appears on Reuters Page LIBOR01 on Reuters 3000Xtra (or any successor service) at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market. The Reference Rate with respect to Bonds in any Auction Period of more than 35 days shall be the rate on Treasury securities having a maturity which most closely approximates the length of the Auction Period, as last published in The Wall Street Journal. If either rate is unavailable, the Reference Rate shall be an index or rate agreed to by all Broker-Dealers and consented to by the Company.

(b) If for any reason on any Auction Date the Reference Rate shall not be determined as hereinabove provided in this Section, the Reference Rate shall be the Reference Rate for the Auction Period ending on such Auction Date.

(c) The determination of the Reference Rate as provided herein shall be conclusive and binding upon the Issuer, the Company, the Trustee, any remarketing agent, the Broker-Dealers, the Auction Agent and the Owners and Beneficial Owners of the Bonds.

Section 2.08. *Miscellaneous Provisions Regarding Auctions.*

(a) In this Exhibit B, each reference to the purchase, sale or holding of Bonds shall refer to beneficial interests in Bonds, unless the context clearly requires otherwise.

(b) During an Auction Rate Period, the provisions of the Indenture concerning the Auction Procedures and the definitions contained therein and described in this Exhibit B, including without limitation the definitions of All Hold Rate, Interest Payment Date, Maximum Auction Rate, Reference Rate, Applicable Percentage and Auction Mode Rate, may be amended pursuant to the Indenture by obtaining the consent of the Bond Insurer and the owners of all Bonds bearing interest at a Auction Mode Rate, as follows. If, on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed notice of such proposed amendment to the registered owners of the Bonds as required by the Indenture, (i) the Auction Mode Rate which is determined on such date is the Winning Bid Rate and (ii) there is delivered to the Company and the Trustee a Favorable Opinion, the proposed amendment shall be deemed to have been consented to by the owners of all affected Bonds affected by such amendment.

(c) During an Auction Rate Period, so long as the ownership of the Bonds is maintained in book-entry form by the Securities Depository, an Existing Holder or a beneficial owner may sell, transfer or otherwise dispose of a Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions, such Existing Holder or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the Existing Holder of such Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this Section 2.08 if such Broker-Dealer remains the Existing Holder of the Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Section 2.09. *Changes in Auction Period or Auction Date.*

(a) Changes in Auction Period. The Company may, from time to time on any Interest Payment Date following the end of an Auction Period, change the length of the Auction Period with respect to all of the Bonds in order to accommodate economic and financial factors that may affect or be relevant to

the length of the Auction Period and the interest rate borne by such Bonds. The Company shall initiate the change in the length of the Auction Period by giving written notice to the Issuer, the Bond Insurer, the Trustee, the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 days prior to the Auction Date for such Auction Period. The change in length of the Auction Period shall take effect only if Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. For purposes of the Auction for such first Auction Period only, except to the extent any Existing Holder submits an Order with respect to such Bonds, each Existing Holder shall be deemed to have submitted Sell Orders with respect to all of its Bonds if the change is to a longer Auction Period and a Hold Order if the change is to a shorter Auction Period. If there are not Sufficient Clearing Bids for the first Auction Period, the Auction Mode Rate for the new Auction Period shall be the Maximum Auction Rate, and the Auction Period shall be a seven-day Auction Period.

(b) Changes in Auction Date. During any Auction Rate Period, the Auction Agent, with the written consent of the Company, may specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the Bonds. The Auction Agent shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the Issuer, the Company, the Broker-Dealers, any remarketing agent, and the Securities Depository. In the event the Auction Agent specifies an earlier Auction Date, the days of the week on which an Auction Period begins and ends shall be adjusted accordingly.

(c) Changes Resulting from Unscheduled Holidays. If, in the opinion of the Auction Agent and the Broker-Dealers, there is insufficient notice of an unscheduled holiday to allow the efficient implementation of the Auction Procedures set forth herein, the Auction Agent and the Broker-Dealers may, as they deem appropriate, set a different Auction Date and adjust any Interest Payment Dates and Auction Periods affected by such unscheduled holiday. In the event there is not agreement among the Broker-Dealers, the Auction Agent shall set the different Auction Date and make such adjustments as directed by the Broker-Dealer for a majority of the outstanding Units (where each Unit is equal to the principal amount of the minimum Authorized Denomination and based on the number of Units for which a Broker-Dealer is listed as the Broker-Dealer in the Existing Holder Registry maintained by the Auction Agent pursuant to Section 2.2(a) of the Auction Agreement), and, if there is not a majority so directing, the Auction Date shall be moved to the next succeeding Business Day following the scheduled Auction Date, and the Interest Payment Date and the Auction Period shall be adjusted accordingly.

### ARTICLE III

#### AUCTION AGENT

##### Section 3.01. *Auction Agent.*

(a) The Auction Agent shall be appointed by the Company to perform the functions specified herein. The Auction Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument, delivered to the Company, the Trustee, the Issuer and each Broker-Dealer which shall set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to the Issuer, the Company and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in Bonds with the same rights as if such entity were not the Auction Agent.

Section 3.02. *Qualifications of Auction Agent; Resignation; Removal*

The Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$30,000,000 or (b) a member of NASD having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties and obligations imposed upon it by the Indenture and a member of or a participant in the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 90 days notice to the Company, the Paying Agent, the Issuer, the Trustee and the Bond Insurer. The Auction Agent may be removed at any time by the Company by written notice, delivered to the Auction Agent, and the Trustee; provided that a successor Auction Agent has been appointed by the Company. Upon any such resignation or removal, the Company shall appoint a successor Auction Agent meeting the requirements of this section. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties hereunder until its successor has been appointed by the Company and such successor Auction Agent has accepted such position; *provided, however*, that in the event that a successor Auction Agent has not been appointed within forty-five (45) days after the date specified in its notice of resignation, then the Auction Agent may petition a court of competent jurisdiction for a replacement. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving forty-five (45) days notice to the Company, the Issuer and the Trustee and the Bond Insurer even if a successor Auction Agent has not been appointed.

# **EXHIBIT G**

1. Amounts and kinds of stock authorized.

2,000,000 Shares of Common Stock, \$50 par value.

2. Amounts and kinds of stock issued and outstanding.

1,009,000 Shares of Common Stock, \$50 par value, recorded at \$50,450,000.

3. Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

The Company has no preferred stock authorized or outstanding.

4. Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking funds provisions.

None

5. Amount of bonds authorized, and amount issued, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with the amount of interest paid thereon during the last fiscal year.

None

6. Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the twelve months ending September 30, 2013.

Date of Issue	Date of Maturity	Rate of Interest	Principal Amount as of December 31, 2012	Principal Amount as of September 30, 2013	Interest Expense 12 Months Ending December 31, 2012	Interest Expense 12 Months Ending September 30, 2013
<u>Senior Notes</u>						
06/13/2003	12/01/2032	5.625%	\$75,000,000	\$75,000,000	\$4,218,750	\$4,218,750
09/11/2007	09/15/2017	6.000%	\$325,000,000	\$325,000,000	\$19,500,000	\$19,500,000
06/18/2009	06/18/2021	7.250%	\$40,000,000	\$40,000,000	\$2,900,000	\$2,900,000
06/18/2009	06/18/2029	8.030%	\$30,000,000	\$30,000,000	\$2,409,000	\$2,409,000
06/18/2009	06/18/2039	8.130%	\$60,000,000	\$60,000,000	\$4,878,000	\$4,878,000
<u>Promissory Notes</u>						
02/05/2004	06/01/2015	5.250%	\$20,000,000	\$20,000,000	\$1,050,000	\$1,050,000

Short Term Borrowings

The Company participates in the AEP System Corporate Borrowing Program. As of September 30, 2013, the Company had \$0 of Short Term Debt borrowing.

Note: The Senior Notes in 2003 and 2007 were issued in a public offering. The Senior Notes in 2009 were issued in a private offering to qualified institutional investors. The Promissory Notes were issued to American Electric Power, Inc.

KENTUCKY POWER COMPANY  
Financial Exhibit Pursuant  
to 807 KAR 5:001, Section  
12  
September 30, 2013

7. Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution of assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the twelve months ending September 30, 2013.

**The Company has no other indebtedness.**

8. Rate and amount of dividends paid during the five previous calendar years, and the amount of capital stock on which dividends were paid each year:

Year	Common Dividend Amount	Common Shares Outstanding	Dividend per Common Share
2012	\$32,000,000	1,009,000	\$31.72
2011	\$28,000,000	1,009,000	\$27.75
2010	\$21,000,000	1,009,000	\$20.81
2009	\$19,500,000	1,009,000	\$19.33
2008	\$14,000,000	1,009,000	\$13.88

9. Detailed income statement and balance sheet (see attached Exhibit E pages 3 - 5).

Kentucky Power  
Balance Sheet - Assets  
As of September 30, 2013

<b>ASSETS</b>	
Cash and Cash Equivalents	844,552
Other Cash Deposits	0
Customers	7,349,756
Accrued Unbilled Revenues	48,846
Miscellaneous Accounts Receivable	10,140,245
Allowances for Uncollectible Accounts	(68,627)
<b>Accounts Receivable</b>	<b>17,470,221</b>
<b>Advances to Affiliates</b>	<b>6,300,209</b>
<b>Fuel, Materials and Supplies</b>	<b>74,583,215</b>
<b>Risk Management Contracts - Current</b>	<b>5,041,532</b>
<b>Margin Deposits</b>	<b>1,300,126</b>
<b>Unrecovered Fuel - Current</b>	<b>0</b>
<b>Other Current Regulatory Assets</b>	<b>0</b>
<b>Prepayments and Other Current Assets</b>	<b>2,913,876</b>
<b>TOTAL CURRENT ASSETS</b>	<b>108,453,730</b>
Electric Production	560,511,006
Electric Transmission	491,308,853
Electric Distribution	678,308,268
General Property, Plant and Equipment	64,422,934
Construction Work-in-Progress	57,588,482
<b>TOTAL PROPERTY, PLANT and EQUIPMENT</b>	<b>1,852,139,543</b>
less: Accumulated Depreciation and Amortization	(633,085,745)
<b>NET PROPERTY, PLANT and EQUIPMENT</b>	<b>1,219,053,798</b>
Net Regulatory Assets	203,119,871
Securitized Transition Assets and Other	0
Spent Nuclear Fuel and Decommissioning Trusts	0
Investments in Power and Distribution Projects	0
Goodwill	0
Long-Term Risk Management Assets	4,293,824
Employee Benefits and Pension Assets	0
Other Non Current Assets	8,223,426
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>215,637,122</b>
<b>TOTAL ASSETS</b>	<b>1,543,144,650</b>

Kentucky Power  
Balance Sheet - Assets  
As of September 30, 2013

Kentucky Power  
Balance Sheet - Liabilities & Equity  
As of September 30, 2013

<b>LIABILITIES</b>	
Accounts Payable	48,458,128
Advances from Affiliates	0
Short-Term Debt	0
Other Current Regulatory Liabilities	0
Long-Term Debt Due Within One Year Non-Affiliated	0
Long-Term Debt Due Within One Year - Affiliated	0
Risk Management Liabilities	2,382,684
Accrued Taxes	4,548,793
Memo: Property Taxes	10,481,747
Accrued Interest	5,417,649
Risk Management Collateral	807,710
Utility Customer Deposits	23,961,708
Deposits - Customer and Collateral	24,769,417
Over-Recovered Fuel Costs - Current	5,582,040
Other Current Liabilities	17,183,095
<b>TOTAL CURRENT LIABILITIES</b>	<b>108,341,806</b>
Long-Term Debt - Affiliated	20,000,000
Long-Term Debt - Non Affiliated	530,000,000
Long-Term Debt - Premiums and Discounts Unamort	(653,006)
<i>Memo - LTD NonAffiliated and Premiums</i>	529,346,994
Long-Term Risk Management Liabilities	2,489,263
Deferred Income Taxes	351,829,747
Deferred Investment Tax Credits	183,252
Regulatory Liabilities and Deferred Credits	24,011,629
<i>Memo - Reg Liab and Def ITC</i>	24,194,881
Asset Retirement Obligation	4,068,056
Nuclear Decommissioning	0
Employee Benefits and Pension Obligations	29,709,297
Trust Preferred Securities	0
Cumulative Preferred Stocks of Subs - Mandatory Red	0
Other Non-Current Liabilities	4,747,492
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>966,385,730</b>
<b>TOTAL LIABILITIES</b>	<b>1,074,727,535</b>
Cumulative Pref Stocks of Subs - Not subject Mand Reden	0
Minority Interest - Deferred Credits	0
<b>COMMON SHAREHOLDERS' EQUITY</b>	
Common Stock	50,450,000
Paid In Capital	238,750,000
Premium on Capital Stock	0
Retained Earnings	179,460,940
Accumulated Other Comprehensive Income (Loss)	(243,825)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>468,417,115</b>
<i>Memo: Total Equity</i>	468,417,115
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,543,144,650</b>

**Kentucky Power  
Income Statement  
Twelve Month Period Ending September 30, 2013**

<b>REVENUES</b>	
Revenue - Retail Sales	34,218,303
Revenue - Transmision	684,133
Revenue - Sales for Resale	11,063,224
Revenue - Other Operating	1,300,506
Provision for Rate Refund	(71,158)
A Revenue - Power Sales	-
<b>TOTAL OPERATING REVENUES</b>	<b>47,195,008</b>
<b>FUEL EXPENSES</b>	
Total Fuel for Electric Generation	3,239,061
Total Purchased Power	24,990,958
<b>GROSS MARGIN</b>	<b>18,964,990</b>
<b>OPERATING EXPENSES</b>	
Operational Expenses	38,162,310
Maintenance Expenses	4,565,041
Total Maintenance and Operational Expenses	42,727,351
Loss(Gain) of Sale of Property	-
Depreciation and Amortization	4,792,805
Taxes Other Than Income Taxes	1,005,042
<b>TOTAL OPERATING EXPENSES</b>	<b>48,525,198</b>
<b>OPERATING INCOME</b>	<b>(29,560,208)</b>
<b>NON-OPERATING INCOME / (EXPENSES)</b>	
Total Interest & Dividend Income	12,813
Interest & Dividend Carrying Charge	6,110
<i>Memo: Total Interest &amp; Dividend Income w/ Carrying</i>	18,922
AFUDC	180,799
Gain on Disposition of Equity Investments	-
Total Interest Charges	2,892,835
<b>INCOME BEFORE INCOME TAXES and EQUITY EARNINGS</b>	<b>(32,253,322)</b>
<b>INCOME TAXES and EQUITY EARNINGS</b>	
Total Income Taxes	(11,325,620)
Equity Earnings of Subs	-
<b>INCOME AFTER INCOME TAXES and EQUITY EARNINGS</b>	<b>(20,927,702)</b>
Discontinued Operations (Net of Taxes)	-
Cumulative Effect of Accounting Changes	-
Extraordinary Income / (Expenses)	-
<b>NET INCOME</b>	<b>(20,927,702)</b>
Minority Interest	-
Preferred Stock Dividend Subs	-
<b>Earnings to Common Shareholders</b>	<b>(20,927,702)</b>

# **EXHIBIT H**

## EXHIBIT H

(Information Required By 807 KAR 5:001, Section 17(1)(e))

### Mitchell Debt

The Mitchell Debt comprises the proportionate share of Ohio Power Company's debt capitalization represented by the fifty percent interest in the Mitchell generating station being transferred to Kentucky Power. As a result, the particular debt issue, associated expense, interest rate, and other require information cannot be specified. Generally, the debt capitalization associated with the Mitchell Debt was used for operating supplies, equipment, construction, and other uses.

### \$65 Million Principal Amount Of West Virginia Economic Development Authority Solid Waste Disposal Facilities Revenue Refunding Bonds (Ohio Power Company – Mitchell Project), Series 2008A due April 1, 2036.

- (a) Issuer: West Virginia Economic Development Authority.
- (b) Par Value: \$65,000,000.
- (c) Date, Amount, Time, and Rate of Interest: The interest rate varies daily and is paid monthly. The average daily rate of interest for the month of October 2013 was 0.051935%. The last monthly interest payment was \$2,867.12 on November 1, 2013.
- (d) Payees: The Bank of New York Trust Company, N.A. as Trustee for the benefit of the holders of the bonds. The bonds currently are held by Ohio Power Company.
- (e) Use of Proceeds: Various systems for the disposal of solid wastes generated by the flue gas desulfurization system constructed at the Mitchell generating station.

# **EXHIBIT I**

**Commonwealth of Kentucky**  
**Alison Lundergan Grimes, Secretary of State**

Alison Lundergan Grimes  
Secretary of State  
P. O. Box 718  
Frankfort, KY 40602-0718  
(502) 564-3490  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication number: 145090  
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**KENTUCKY POWER COMPANY**

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is July 21, 1919 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 14<sup>th</sup> day of November, 2013, in the 222<sup>nd</sup> year of the Commonwealth.



*Alison Lundergan Grimes*  
Alison Lundergan Grimes  
Secretary of State  
Commonwealth of Kentucky  
145090/0028317