COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A GENERAL ADJUSTMENT OF ITS RATES FOR ELECTRIC SERVICE; (2) AN ORDER APPROVING ITS 2017 ENVIRONMENTAL COMPLIANCE PLAN; (3) AN ORDER APPROVING ITS TARIFFS AND RIDERS; (4) AN ORDER APPROVING ACCOUNTING PRACTICES TO ESTABLISH REGULATORY ASSETS AND LIABILITIES; AND (5) AN ORDER GRANTING ALL OTHER REQUIRED APPROVALS AND RELIEF	)	**Case No. 2017-00179**

SECTION II

FILING REQUIREMENTS

PART 2 OF 2

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VOLUME 5 OF 7

June 28, 2017

KENTUCKY POWER COMPANY

$120,000,000 4.18% Senior Notes, Series A, due September 30, 2026
$80,000,000 4.33% Senior Notes, Series B, due December 30, 2026

NOTE PURCHASE AGREEMENT

Dated as of July 10, 2014

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(Not a part of the Agreement)

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EXHIBIT 4.4(a) — Form of Opinion of Counsel for the Company

EXHIBIT 4.4(b) — Form of Opinion of Special Counsel for the Purchasers

KENTUCKY POWER COMPANY
1 Riverside Plaza
Columbus, Ohio 43215

$120,000,000 4.18% Senior Notes, Series A, due September 30, 2026
$80,000,000 4.33% Senior Notes, Series B, due December 30, 2026

Dated as of July 10, 2014

To Each of the Purchasers Listed in
SCHEDULE A HERETO:

Ladies and Gentlemen:

KENTUCKY POWER COMPANY, a Kentucky corporation (the *"Company"*), agrees with each of the Purchasers whose names appear at the end hereof as follows:

Section 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of (a) $120,000,000 aggregate principal amount of its 4.18% Senior Notes, Series A, due September 30, 2026 (the *"Series A Notes"*) and (b) $80,000,000 aggregate principal amount of its 4.33% Senior Notes, Series B, due December 30, 2026 (the *"Series B Notes"*; the Series A Notes and the Series B Notes are hereinafter collectively referred to as the *"Notes,"* such term to include any such notes issued in substitution therefor pursuant to **Section 13**). The Notes shall be substantially in the form set out in **Exhibit 1-A** and **Exhibit 1-B**, respectively. Certain capitalized and other terms used in this Agreement are defined in **Schedule B**; and references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Section 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in **Section 3**, Notes in the principal amount and of the series specified opposite such Purchaser's name in **Schedule A** at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

Section 3. CLOSINGS.

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166, at 10:00 a.m. New York time, at two closings (each a *"Closing"* and respectively the *"First Closing"* and the *"Second Closing"*). The First Closing shall be on September 30, 2014 or on such other Business Day thereafter as may be agreed upon by the Company and the Purchasers purchasing the Notes sold at the First Closing. The Second Closing shall be on December 30, 2014 or on such other

Business Day thereafter as may be agreed upon by the Company and the Purchasers purchasing the Notes sold at the Second Closing. At each Closing, the Company will deliver to each Purchaser the Notes of the series to be purchased by such Purchaser in the form of a single Note for each series of the Notes to be purchased by such Purchaser (or such greater number of Notes in denominations of at least $100,000 as such Purchaser may request) dated the date of such Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number 40572089, account description: Kentucky Power Co. – Dist., at Citibank, N.A., 399 Park Avenue, New York, NY 10043, ABA No. 02100089. If at any Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this **Section 3**, or any of the conditions specified in **Section 4** shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

Section 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at a Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at such Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of such Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at such Closing and from the date of this Agreement to such Closing assuming that Sections 9 and 10 are applicable from the date of this Agreement. From the date of this Agreement until such Closing, before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by **Section 5.14**), no Default or Event of Default shall have occurred and be continuing. The Company shall not have entered into any transaction since the date of the Memorandum that would have been prohibited by **Section 10** had such Section applied since such date.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate*. The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of such Closing, certifying that the conditions specified in **Sections 4.1, 4.2** and **4.9** have been fulfilled.

(b) *Secretary's Certificate*. The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of such Closing, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement and (ii) the Company's organizational documents as then in effect.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of such Closing (a) from internal counsel for American Electric Power Service Corporation, an affiliate of the Company, covering the matters set forth in **Exhibit 4.4(a)** and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Winston & Strawn LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in **Exhibit 4.4(b)** and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted by Applicable Law, Etc. On the date of such Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with such Closing, the Company shall sell to each other Purchaser, and each other Purchaser shall purchase, the Notes to be purchased by it at such Closing as specified in **Schedule A**.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of **Section 15.1**, the Company shall have paid on or before such Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in **Section 4.4** to the extent reflected in a statement of such counsel rendered to the Company at least two Business Days prior to such Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for each series of the Notes being sold at such Closing.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in **Schedule 5.5**.

Section 4.10. Company Regulatory Approvals. Prior to the date of such Closing, any approval or consent of any regulatory body, state, federal or local, including, without limitation, any approval or consent required by the Kentucky Public Service Commission and the Federal Energy Regulatory Commission, required for the offer, issuance, sale and delivery of the Notes and the execution, delivery and performance by the Company of this Agreement and the Notes

shall have been obtained, shall be in full force and effect, shall have not have been revoked or amended, shall not be the subject of a pending appeal and shall be legally sufficient to authorize the offer, issue and sale and delivery of the Notes and evidence of such approval or consent satisfactory to the Purchasers and their special counsel shall have been provided to them.

Section 4.11. Funding Instructions. At least three Business Days prior to the date of such Closing, each Purchaser purchasing Notes at such Closing shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in **Section 3** including (a) the name and address of the transferee bank, (b) such transferee bank's ABA number and (c) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.12. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agents, KeyBanc Capital Markets Inc. and RBS Securities Inc., has delivered to each Purchaser a copy of a Private Placement Memorandum, dated May/June 2014 (the "*Memorandum*"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company. This Agreement, the

Memorandum and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in **Schedule 5.3**, and the financial statements listed in **Schedule 5.5**, (this Agreement, the Memorandum and such documents, certificates or other writings and such financial statements delivered to each Purchaser prior to June 12, 2014 being referred to, collectively, as the *"Disclosure Documents"*), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2013, there has been no change in the financial condition, operations, business or properties of the Company except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that would reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

Section 5.4. Directors and Senior Officers. **Schedule 5.4** contains (except as noted therein) a complete and correct list of the Company's directors and senior officers. The Company has no Subsidiaries.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company listed on **Schedule 5.5**. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the financial position of the Company as of the respective dates specified in such financial statements and the results of its operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company does not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company under, any Material indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Company is bound or by which the Company or any of its properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Company of this Agreement or the Notes, other than (a) the authorization of the Kentucky Public Service Commission which authorization has been duly obtained pursuant to an order of the Kentucky Public Service Commission, which is in full force and effect, has not been revoked or amended, is not the subject of a pending appeal; the offer, issuance, sale and delivery of the Notes and the execution,

delivery and performance by the Company of this Agreement and the Notes are in conformity with the terms of such order, (b) as may be required under state or foreign securities or blue sky laws, and (c) such registrations, filings and declarations that are not required to be made until after the date of such Closing and which will be made as and when required.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any property of the Company in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) The Company is not (i) in default under any agreement or instrument to which it is a party or by which it is bound, (ii) in violation of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or (iii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including, without limitation, Environmental Laws, the USA Patriot Act or any of the other laws and regulations that are referred to in **Section 5.16**), which default or violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company has filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon it or its properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that would reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company in respect of federal, state or other taxes for all fiscal periods are adequate in accordance with GAAP. The federal income tax liabilities of the Company have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2013.

Section 5.10. Title to Property; Leases. The Company has good and sufficient title to its properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in **Section 5.5** or purported to have been acquired by the Company after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. (a) The Company owns or possesses all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others, the non-ownership or non-possession of which, individually or in the aggregate, would have a Material Adverse Effect.

(b) To the best knowledge of the Company, no product of the Company infringes in any Material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person which infringement, individually or in the aggregate would have a Material Adverse Effect.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company, which violation, individually or in the aggregate, would have a Material Adverse Effect.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) For each of the Plans which are pension plans within the meaning of section 3(2) of ERISA (other than Multiemployer Plans) that are subject to the funding requirements of section 302 of ERISA or section 412 of the Code, **Schedule 5.12(b)** sets forth the funding target attainment percentage as of January 1, 2013, on the basis of the actuarial assumptions specified for funding purposes in such Plan's actuarial valuation report for the plan year beginning January 1, 2013. The term "funding target attainment percentage" has the meaning specified in section 303 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) **Schedule 5.12(d)** sets forth the unfunded accumulated post retirement benefit obligation (APBO) as determined as of the last day of the Company's most recently ended fiscal year, December 31, 2013, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60 for retiree medical and life insurance plans, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code, of the Company and such obligations would not, individually or in the aggregate, result in a Material Adverse Effect. The increase in such liabilities from December 31, 2013, to the date hereof is not Material and would not result in a Material Adverse Effect.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of

ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this **Section 5.12(e)** is made in reliance upon and subject to the accuracy of such Purchaser's representation in **Section 6.2** as to the sources of the funds used to pay the purchase price of the Notes to be purchased by such Purchaser and under the assumption that the parties identified to the Company pursuant to clauses (d), (e) and (g) thereof do not trigger issues with respect to the issuance and sale of the Notes to the parties described in those clauses.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 60 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes as set forth in Section II.5 of the Memorandum. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin Stock does not constitute more than 2% of the value of the assets of the Company and the Company does not have any present intention that Margin Stock will constitute more than 2% of the value of such assets.

Section 5.15. Existing Indebtedness; Future Liens. (a) **Schedule 5.15** sets forth a complete and correct list of all outstanding Indebtedness of the Company as of July 10, 2014 (including a description of the obligors and obligees, principal amount outstanding and collateral therefor, if any, and guarantee thereof, if any), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company. The Company is not in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company, the outstanding principal amount of which exceeds $1,000,000, and no event or condition exists with respect to any Indebtedness of the Company, the outstanding principal amount of which exceeds $1,000,000, that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment and that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) Except as disclosed in **Schedule 5.15**, the Company has not agreed or consented to cause or permit any of its property, whether now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness or to cause or permit in the future (upon the happening of a

contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by **Section 10.2**.

(c) Except as disclosed in **Schedule 5.15**, the Company is not a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company.

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the Company nor any Controlled Entity is (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury (*"OFAC"*) (an *"OFAC Listed Person"*) (ii) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program, or (iii) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions, including but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act (*"CISADA"*) or any similar law or regulation with respect to Iran or any other country, the Sudan Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order relating to any of the foregoing (collectively, *"U.S. Economic Sanctions"*) (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (i), clause (ii) or clause (iii), a *"Blocked Person"*). Neither the Company nor any Controlled Entity has been notified that its name appears or may in the future appear on a state list of Persons that engage in investment or other commercial activities in Iran or any other country that is subject to U.S. Economic Sanctions.

(b) No part of the proceeds from the sale of the Notes hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (i) in connection with any investment in, or any transactions or dealings with, any Blocked Person, or (ii) otherwise in violation of U.S. Economic Sanctions.

(c) Neither the Company nor any Controlled Entity (i) has been found in violation of, charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA Patriot Act or any other United States law or regulation governing such activities (collectively, *"Anti-Money Laundering Laws"*) or any U.S. Economic Sanctions violations, (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or any U.S. Economic Sanctions violations, (iii) has been assessed civil penalties under any Anti-Money Laundering Laws or any U.S. Economic Sanctions, or (iv) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the

Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws and U.S. Economic Sanctions.

(d)(1) Neither the Company nor any Controlled Entity (i) has been charged with, or convicted of bribery or any other anti-corruption related activity under any applicable law or regulation in a U.S. or any non-U.S. country or jurisdiction, including but not limited to, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010 (collectively, *"Anti-Corruption Laws"*), (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws or (iv) has been or is the target of sanctions imposed by the United Nations or the European Union;

(2) To the Company's actual knowledge after making due inquiry, neither the Company nor any Controlled Entity has, within the last five years, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or a commercial counterparty for the purposes of: (i) influencing any act, decision or failure to act by such Governmental Official in his or her official capacity or such commercial counterparty, (ii) inducing a Governmental Official to do or omit to do any act in violation of the Governmental Official's lawful duty, or (iii) inducing a Governmental Official or a commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage; and

(3) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes. The Company is not subject to regulation under the Investment Company Act of 1940, as amended or the ICC Termination Act of 1995, as amended.

Section 5.18. Notes Rank Pari Passu. The payment obligations of the Company under this Agreement and the Notes rank at least *pari passu* in right of payment with all other unsecured Indebtedness (actual or contingent) of the Company, which is not expressed to be subordinate or junior in rank to any other unsecured Indebtedness of the Company, including, without limitation, all unsecured Indebtedness of the Company described in **Schedule 5.15** hereto.

Section 5.19. Environmental Matters. (a) The Company has no knowledge of any claim nor received any notice of any claim, and no proceeding has been instituted raising any claim against the Company or any of its real properties now or formerly owned, leased or operated by it or other assets, alleging any damage to the environment or violation of any Environmental

Laws, except, in each case, such as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) The Company has no knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by it or to other assets or their use, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(c) The Company has not stored any Hazardous Materials on real properties now or formerly owned, leased or operated by it nor has it disposed of any Hazardous Materials in a manner which is contrary to any Environmental Laws in each case in any manner that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) All buildings on all real properties now owned, leased or operated by the Company are in compliance with applicable Environmental Laws, except where failure to comply would not reasonably be expected to result in a Material Adverse Effect.

Section 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that (a) it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds (each of which is an "accredited investor") as for each of which such Purchaser exercises sole investment discretion for investment purposes only and not with a view to the distribution thereof; *provided* that the re-sale or disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control, (b) it is an "accredited investor" (as defined in Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act), (c) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Notes, (d) it and any accounts for which it is acting are each able to bear the economic risk of its investments and (e) it has received adequate information concerning the Company and the Notes to make an informed investment decision with respect to the purchase of the Notes. Each Purchaser understands that the Notes have not been, and will not be, registered under the Securities Act (and that the Company is not required to register the Notes) and may be resold only (A) if registered pursuant to the provisions of the Securities Act, (B) if an exemption from registration is available, including, without limitation, by disposition of any of the Notes and then (i) to the Company; (ii) inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A; (iii) inside the United States to an institutional investor that (1) is an "accredited investor" (as defined in Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act) and (2) makes the representations set forth in this **Section 6**; or (iv) outside the United States in compliance with Rule 904 under the Securities Act or (C) if resold under circumstances where neither such registration nor such exemption is required by law.

Each Purchaser agrees that, following the transfer of a Note and upon the request of the Company and without invalidating any transfer of any Note pursuant to this Agreement, it shall make reasonable best efforts to furnish to the Company any certificate which it may have

received from any transferee of such Note with respect to such transferee's compliance with the terms of this **Section 6.1** in order to confirm that the transfer was made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a *"Source"*) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (*"PTE"*) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the *"NAIC Annual Statement"*)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed ten percent (10%) of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1, or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as have been disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the *"QPAM Exemption"*) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an

ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the *"INHAM Exemption"*)) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this **Section 6.2**, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

Section 7. INFORMATION AS TO THE COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each Purchaser and holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments; *provided* that delivery within the time period specified above of copies of the Company's quarterly report containing substantially all the information required to be provided under this **Section 7.1(a)** shall be deemed to satisfy the requirements of this **Section 7.1(a)**;

(b) *Annual Statements* — within 105 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances; *provided* that the delivery within the time period specified above of the Company's annual report for such fiscal year containing substantially all the information and the opinion of independent public accountants required to be provided under this **Section 7.1(b)** (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) shall be deemed to satisfy the requirements of this **Section 7.1(b)**;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability or to its public securities holders generally) and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material; *provided, further,* that the Company should be deemed to have made such delivery of such SEC and other reports if it shall have timely made such SEC and other reports available via Electronic Delivery;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(f) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including, but without limitation, actual copies of the Company's financial statements) or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such Purchaser or holder of Notes.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a Purchaser or holder of Notes pursuant to **Section 7.1(a)** or **Section 7.1(b)** shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) *Covenant Compliance* — the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of **Section 10.1** and **Section 10.2**, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence), and in the event that the Company has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to **Section 22.3**) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election; and

(b) *Event of Default* — a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation. The Company shall permit the representatives of each Purchaser and holder of Notes that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such Purchaser or holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary; to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7.4. Electronic Delivery. Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to **Sections 7.1(a)**, **(b)** or **(c)** and **Section 7.2** shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto ("*Electronic Delivery*"):

(i) such financial statements satisfying the requirements of **Section 7.1(a)** or **(b)** and related Officer's Certificate satisfying the requirements of **Section 7.2** are delivered to each Purchaser or holder of a Note by e-mail;

(ii) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of **Section 7.1(a)** or **Section 7.1(b)**, as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of **Section 7.2** available on its home page on the internet, which is located at http://aep.com as of the date of this Agreement;

(iii) such financial statements satisfying the requirements of **Section 7.1(a)** or **Section 7.1(b)** and related Officer's Certificate(s) satisfying the requirements of **Section 7.2** are timely posted by or on behalf of the Company on IntraLinks or any other similar website (including the Company's home page located at http://aep.com) to which each Purchaser or holder of Notes has free access; or

(iv) the Company shall have filed any of the items referred to in **Section 7.1(c)** with the SEC on EDGAR and shall have made such items available on its home page on

the internet or on IntraLinks or on any other similar website to which each Purchaser or holder of Notes has free access;

provided however, that upon request of any Purchaser or holder to receive paper copies of such forms, financial statements and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such Purchaser or holder.

Section 8. PREPAYMENT OF THE NOTES.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of each series of the Notes shall be due and payable on the stated maturity date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount. (a) At any time prior to (i) in the case of the Series A Notes, 90 days prior to the stated maturity date of the Series A Notes, and (ii) in the case of the Series B Notes, 90 days prior to the stated maturity date of the Series B Notes, the Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes of any series, in an amount not less than 10% of the aggregate principal amount of the Notes of such series then outstanding, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount, and (b) at any time after (i) in the case of the Series A Notes, 90 days prior to the stated maturity date of the Series A Notes, and (ii) for the Series B Notes, 90 days prior to the stated maturity date of the Series B Notes, the Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes of the relevant series, in an amount not less than 10% of the aggregate principal amount of the Notes of such series then outstanding, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment; *provided* that if a Default or Event of Default shall have occurred and is continuing, in the case of a prepayment of less than all of the Notes, such partial prepayment shall be applied against each series of Notes in proportion to the aggregate principal amount outstanding of each series. The Company will give each holder of Notes written notice of each optional prepayment under this **Section 8.2** not less than 30 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to **Section 17**. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of each series of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with **Section 8.4**), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment, if applicable (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount, if applicable, as of the specified prepayment date.

Section 8.3. Change in Control.

(a)Notice of Change in Control or Control Event. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event, give written notice of such Change in Control or Control Event to each holder of Notes and apply to a Rating Agency for a review of the then applicable credit rating in respect of the Notes or other Rated Securities; it being understood that the Company will at the same time inform such Rating Agency of the Change in Control or Control Event.

(b)Notice of Change in Control Prepayment Event. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control Prepayment Event, give written notice of such Change in Control Prepayment Event to each holder of Notes and such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (c) of this **Section 8.3** and shall be accompanied by the certificate described in subparagraph (f) of this **Section 8.3**.

(c)Offer to Prepay Notes. The offer to prepay Notes contemplated by subparagraph (b) of this **Section 8.3** shall be an offer to prepay, in accordance with and subject to this **Section 8.3**, all, but not less than all, the Notes held by each holder (in this case only, *"holder"* in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date (which date shall be a Business Day) specified in such offer (the *"Proposed Prepayment Date"*). Such date shall be not more than 60 days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(d)Acceptance/Rejection. A holder of Notes may accept the offer to prepay made pursuant to this **Section 8.3** by causing a notice of such acceptance to be delivered to the Company not later than 15 days after receipt by such holder of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this **Section 8.3** shall be deemed to constitute a rejection of such offer by such holder.

(e)Prepayment. Prepayment of the Notes to be prepaid pursuant to this **Section 8.3** shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment, but without Make-Whole Amount or other premium. The prepayment shall be made on the Proposed Prepayment Date.

(f)Officer's Certificate. Each offer to prepay the Notes pursuant to this **Section 8.3** shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this **Section 8.3**; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) that the conditions of this **Section 8.3** have been fulfilled; and (vi) in reasonable detail, the nature and date of the Change in Control.

(g)Certain Definitions. *"Change in Control"* shall be deemed to have occurred if any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act), other than AEP or any of its wholly-owned direct or indirect subsidiaries,

(i) become the "beneficial owners" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the date of the Closing), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of the Company's Voting Stock, or

(ii) acquire after the date of the Closing (x) the power to elect, appoint or cause the election or appointment of at least a majority of the members of the board of directors of the Company, through beneficial ownership of the capital stock of the Company or otherwise, or (y) all or substantially all of the properties and assets of the Company.

A *"Change in Control Prepayment Event"* occurs if, within the period of 120 days from and including the date on which a Change in Control occurs, either

(i) there are Rated Securities outstanding at the time of such Change in Control and a Rating Downgrade in respect of such Change in Control occurs, or

(ii) at such time there are no Rated Securities and the Company fails to obtain (whether by failing to seek a rating or otherwise) either

(A) a Corporate Credit Rating, or

(B) a rating of any other unsecured and unsubordinated Indebtedness which has a remaining maturity of five years or more (and which does not have the benefit of a guarantee from any Person other than any such Person that at such time also so guarantees the obligations of the Company under this Agreement and the Notes) of either (1) the Company or (2) the Person which has acquired the Company as a result of such Change in Control, so long as such Person has become an obligor under or guarantor of the Notes pursuant to documentation reasonably satisfactory to the Required Holders,

from a Rating Agency, of at least Investment Grade (a *"Negative Rating Event"*), in each case after giving pro forma effect to the transaction giving rise to such Change in Control.

For the avoidance of doubt, a Change in Control and the related Rating Downgrade or, as the case may be, Negative Rating Event, together (but not individually) constitute the Change in Control Prepayment Event).

"*Control Event*" means:

(i) the execution by the Company or any of its Subsidiaries or Affiliates of any agreement or letter of intent with respect to any proposed transaction or event or

series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change in Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or

(iii) the making of any written offer by any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of the Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change in Control.

"*Corporate Credit Rating*" means a rating of the Company or of the Person which acquires control of the Company as a result of a Change in Control if such Person has become an obligor under or guarantor of the Notes pursuant to documentation reasonably satisfactory to the Required Holders, of at least Investment Grade.

"*Investment Grade*" means a rating of BBB-/Baa3 (as applicable), or their respective equivalents for the time being, or better; *provided*, if such rating is "BBB-" in the case of S&P or "Baa3" in the case of Moody's, then such Person or Indebtedness shall not have been placed on "credit watch" and shall not have a "negative outlook" from S&P and Moody's.

"*Rated Securities*" means the Notes, if at any time and for so long as they shall have a rating from a Rating Agency, and otherwise any other unsecured and unsubordinated Indebtedness of the Company having a remaining maturity of five years or more (and which does not have the benefit of a guarantee from any Person other than any such Person that at such time also so guarantees the obligations of the Company under this Agreement and the Notes) which is rated by a Rating Agency.

"*Rating Agency*" means Standard & Poor's Ratings Services ("*S&P*") or Moody's Investors Service, Inc. ("*Moody's*") or any of their respective subsidiaries and their successors; provided, that if either of Moody's or S&P ceases to provide rating services to issuers or investors, the Company may appoint a replacement for such Rating Agency that is reasonably acceptable to Bankers Trust Company and its successors and assigns, the trustee under the Indenture, dated as of September 1, 1997, by and between the Company and Bankers Trust Company.

"*Rating Downgrade*" shall be deemed to have occurred in respect of a Change in Control if, within 120 days from and including the date on which the Change in Control occurs, the rating assigned to the Rated Securities by any Rating Agency (whether provided at the invitation of the Company or of its own volition) which is current immediately before the time the Change in Control occurs (i) if Investment Grade, is either lowered by such Rating Agency such that it is no longer Investment Grade or withdrawn and not replaced by an Investment Grade rating of another Rating Agency or (ii) if below Investment Grade, is not raised by such Rating Agency to Investment Grade.

All calculations contemplated in this **Section 8.3** involving the capital stock of any Person shall be made with the assumption that all convertible Securities of such Person then outstanding and all convertible Securities issuable upon the exercise of any warrants, options and other rights outstanding at such time were converted at such time and that all options, warrants and similar rights to acquire shares of capital stock of such Person were exercised at such time.

Section 8.4. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to **Section 8.2**, the principal amount of the Notes of any series to be prepaid shall be allocated pro rata among all of the Notes of such series of the Notes being prepaid at such time in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. All partial prepayments made pursuant to **Section 8.3** shall be applied only to the Notes of the holders who have elected to participate in such prepayment.

Section 8.5. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this **Section 8**, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.6. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 25% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 5 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.7. Make-Whole Amount. The term *"Make-Whole Amount"* means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal; *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"*Called Principal*" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to **Section 8.2** or has become or is declared to be immediately due and payable pursuant to **Section 12.1**, as the context requires.

"*Discounted Value*" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"*Reinvestment Yield*" means, with respect to the Called Principal of any Note, 0.50% (50 basis points) over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding sentence, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the most recently issued actively traded, on the run U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the most recently issued actively traded on the run U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"*Remaining Average Life*" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (i) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (ii) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"*Remaining Scheduled Payments*" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; *provided* that if such

Settlement Date is not a date on which interest payments are due to be made under the terms of such Note, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to **Section 8.2** or **12.1**.

"*Settlement Date*" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to **Section 8.2** or has become or is declared to be immediately due and payable pursuant to **Section 12.1**, as the context requires.

Section 9. AFFIRMATIVE COVENANTS.

From the date of this Agreement until the Second Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 9.1. Compliance with Laws. Without limiting **Section 10.6**, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, Environmental Laws, the USA Patriot Act and the other laws and regulations that are referred to in **Section 5.16**, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business, owning similar properties and located in the same general area as the Company and its Subsidiaries, except where any failure to maintain such insurance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; *provided, however,* that so long as no Event of Default hereunder shall have occurred and be continuing, the Company may self-insure by way of deductibles, through its captive insurance company, or otherwise, such amount as is customarily maintained on similar properties by companies of similar size and financial standing and having similar operations and to the extent consistent with prudent business practices.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times; *provided* that this **Section 9.3** shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is

desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary; *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or claim if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes, assessments, charges, levies and claims in the aggregate would not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Legal Existence, Etc. Subject to **Section 10.3**, the Company will at all times preserve and keep in full force and effect its legal existence and the Company will at all times preserve and keep in full force and effect the legal existence of each of its Subsidiaries (unless merged into the Company or a Wholly-owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such legal existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Notes to Rank Pari Passu. The Notes and all other obligations under this Agreement of the Company are and at all times shall rank at least *pari passu* in right of payment with all other present and future unsecured Indebtedness (actual or contingent) of the Company which is not expressed to be subordinate or junior in rank to any other unsecured Indebtedness of the Company.

Section 9.7. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company, or such Subsidiary, as the case may be. The Company will keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company has devised a system of internal accounting controls sufficient to provide reasonable assurances that its books, records and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 10. NEGATIVE COVENANTS.

From the date of this Agreement until the Second Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 10.1. Leverage Ratio. The Company will maintain a ratio of Consolidated Indebtedness to Consolidated Capital as of the last day of each March, June, September and December of not greater than 0.70 to 1.00.

Section 10.2. Limitation on Secured Debt. The Company shall not create or suffer to be created or to exist or permit any of its Subsidiaries to 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 by the Company or its Subsidiaries to secure any Indebtedness for borrowed money (*"Secured Debt"*), without providing that the Notes will be similarly secured. This restriction does not prevent the creation or existence of:

(a) 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;

(b) financing of the Company's accounts receivable for electric service;

(c) any extensions, renewals or replacements (or successive extensions, renewals or replacements), in whole or in part, of Liens permitted by the foregoing clauses; and

(d) 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; *provided* that, notwithstanding the foregoing, in the event that at any time the Company provides a Lien to or for the benefit of the lenders under a Credit Facility or an agent on their behalf, then the Company will grant to and for the benefit of the holders of the Notes a similar first priority Lien (subject only to Liens otherwise permitted by this **Section 10.2**, and ranking *pari passu* with the Lien provided to or for the benefit of the lenders and/or the agent, as the case may be, under such Credit Facility), over the same assets, property and undertaking of the Company as those encumbered in respect of such Credit Facility, in form and substance satisfactory to the Required Holders with such security to be the subject of an intercreditor agreement among the lenders and/or the agent, as the case may be, under such Credit Facility or the agent on their behalf, as the case may be, and the holders of Notes, which shall be satisfactory in form and substance to the Required Holders.

"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, energy trading contracts, regulatory assets, deferred charges 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.

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

Section 10.3. Mergers, Consolidations, Etc. The Company will not, and will not permit any Subsidiary to, consolidate with or be a party to a merger with any other Person, or sell, lease or otherwise dispose of all or substantially all of its assets; *provided* that:

(a) any Subsidiary may merge or consolidate with or into the Company or any Wholly-owned Subsidiary so long as in (i) any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation and (ii) in any merger or consolidation involving a Wholly-owned Subsidiary (and not the Company), the Wholly-owned Subsidiary shall be the surviving or continuing corporation or limited liability company;

(b) the Company may consolidate or merge with or into any other corporation or limited liability company if (i) the corporation or limited liability company which results from such consolidation or merger (the *"Surviving Person"*) is organized under the laws of any state of the United States or the District of Columbia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observation of all of the covenants in the Notes and this Agreement to be performed or observed by the Company are expressly assumed in writing by the Surviving Person pursuant to an agreement satisfactory to the Required Holders and the Surviving Person shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the Surviving Person enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, and (iii) at the time of such consolidation or merger and immediately after giving effect thereto, no Default or Event of Default would exist;

(c) the Company may sell or otherwise dispose of all or substantially all of its assets to any Person for consideration which represents the fair market value of such assets (as determined in good faith by the Board of Directors of the Company) at the time of such sale or other disposition if (i) the acquiring Person (the *"Acquiring Person"*) is a corporation or limited liability company organized under the laws of any state of the United States or the District of Columbia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants in the Notes and in this Agreement to be performed or observed by the Company are expressly assumed in writing by the Acquiring Person pursuant to an agreement satisfactory to the Required Holders and the Acquiring Person shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of

assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such Acquiring Person enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, and (iii) at the time of such sale or disposition and immediately after giving effect thereto, no Default or Event of Default would exist.

Section 10.4. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business.

Section 10.5. Line of Business. The Company will not and will not permit any Subsidiary to engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company is engaged on the date of this Agreement as described in the Memorandum.

Section 10.6. Terrorism Sanctions Regulations. The Company will not and will not permit any Controlled Entity (a) to become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or any Person that is the target of sanctions imposed by the United Nations or by the European Union, or (b) directly or indirectly to have any investment in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any Purchaser or holder to be in violation of any law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions, or (c) to engage, nor shall any Affiliate of either engage, in any activity that could subject such Person or any Purchaser or holder to sanctions under CISADA or any similar law or regulation with respect to Iran or any other country that is subject to U.S. Economic Sanctions.

Section 11. EVENTS OF DEFAULT.

An *"Event of Default"* shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in **Section 7.1(d)** or **Sections 10.1** through **10.3**; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in **Sections 11(a)**, **(b)** and **(c)**) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this **Section 11(d)**); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) any event shall occur or condition shall exist under any agreement or instrument relating to Indebtedness of the Company or any Subsidiary (but excluding Indebtedness outstanding hereunder) outstanding in a principal or notional amount of at least $50,000,000 in the aggregate if the effect of such event or condition is to accelerate or require early termination of the maturity or tenor of such Indebtedness, or any such Indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), terminated, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity or the original tenor thereof; or

(g) the Company or any Significant Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) any judgment or order for the payment of money in excess of $50,000,000 to the extent not paid or insured shall be rendered against the Company or any Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon

such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(j) if (i) any Plan which is a pension plan within the meaning of section 3(2) of ERISA shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed an amount that would reasonably be expected to have a Material Adverse Effect, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability with respect to any Plan pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in **Section 11(j)**, the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA.

Section 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in **Section 11(g)** or **(h)** (other than an Event of Default described in clause (i) of **Section 11(g)** or described in clause (vi) of **Section 11(g)** by virtue of the fact that such clause encompasses clause (i) of **Section 11(g)**) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 50% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in **Section 11(a)** or **(b)** has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this **Section 12.1**, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (i) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the applicable Default Rate) and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for), and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under **Section 12.1**, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to **Section 12.1(b)** or **(c)**, the holders of not less than 51% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the applicable Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to **Section 17**, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this **Section 12.3** will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under **Section 15**, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this **Section 12**, including, without limitation, reasonable attorneys' fees, expenses and disbursements of one special counsel for all holders of the Notes.

Section 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person(s) in whose name any Note(s) shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in **Section 18(iii)**) for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, of the same series and in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of **Exhibit 1-A** or **Exhibit 1-B**, as applicable. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000; *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes of a series, one Note of such series may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in **Section 6.2**.

Section 13.3. Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in **Section 18(iii)**) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (*provided* that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least

$50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

Section 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to **Section 14.2**, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Citibank N.A. in such jurisdiction. The Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in **Section 14.1** or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in **Schedule A**, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to **Section 14.1**. The Company will make such payments in immediately available funds, no later than 11:00 a.m. New York time on the date due. If for any reason whatsoever the Company does not make any such payment by such 11:00 a.m. transmittal time, such payment shall be deemed to have been made on the next following Business Day and such payment shall bear interest at the Default Rate set forth in the Note. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes of the same series pursuant to **Section 13.2**. The Company will afford the benefits of this **Section 14.2** to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this **Section 14.2**.

Section 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable

attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. In the event that any such invoice is not paid within 30 Business Days after the Company's receipt thereof, interest on the amount of such invoice shall be due and payable at the Default Rate commencing with the 31st Business Day after the Company's receipt thereof until such invoice has been paid. The Company will pay, and will save each Purchaser and each other holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes) and (ii) any and all wire transfer fees that any bank deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note.

Section 15.2. Survival. The obligations of the Company under this **Section 15** will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

Section 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

(a) no amendment or waiver of any of **Sections 1, 2, 3, 4, 5, 6** or **21** hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Note at the time outstanding, (i) subject to **Section 12** relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (x) interest on the Notes or (y) the Make Whole Amount (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver or the principal amount of a Note that the Purchasers are to purchase pursuant to **Section 2** upon the satisfaction of the conditions to a Closing that appear in **Section 4**; or (iii) amend any of **Sections 8** (except as set forth in the second sentence of **Section 8.2** and **11(a), 11(b), 12, 17** or **20**.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation*. The Company will provide each Purchaser and holder of the Notes (irrespective of the amount or series of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such Purchaser and such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this **Section 17** to each Purchaser and each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Purchasers or holders of Notes.

(b) *Payment*. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any Purchaser or holder of any series of Notes as consideration for or as an inducement to the entering into by such Purchaser or holder of Notes of any waiver or amendment of any of the terms and provisions hereof or of any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each Purchaser and holder of each series of Notes then outstanding even if such Purchaser or holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer*. Any consent made pursuant to this **Section 17.2** by the holder of any Note of any series that has transferred or has agreed to transfer such Note to the Company or any Affiliate of the Company and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such transferring holder.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this **Section 17** applies equally to all Purchasers and holders of each series of Notes and is binding upon them and upon each future holder of any Note of any series and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any Purchaser or holder of any Note of any series nor any delay in exercising any rights hereunder or under any Note of any series shall operate as a waiver of any rights of any Purchaser or holder of such Note.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

Section 18. NOTICES.

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in **Schedule A**, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Treasurer, with a copy to the attention of the General Counsel at the same address as above and Facsimile No.: 614-716-1687, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this **Section 18** will be deemed given only when actually received.

Section 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital or other

similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This **Section 19** shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

Section 20. CONFIDENTIAL INFORMATION.

For the purposes of this **Section 20**, "*Confidential Information*" means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary; *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under **Section 7.1** that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser; *provided* that such Purchaser may deliver or disclose Confidential Information to (i) its directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this **Section 20**, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this **Section 20**), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this **Section 20**), (vi) any federal, state or provincial regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this **Section 20** as though it were a party to this Agreement.

On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this **Section 20**.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

Section 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in **Section 6**. Upon receipt of such notice, any reference to such Purchaser in this Agreement (other than in this **Section 21**) shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this **Section 21**) shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

Section 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in **Section 8.5** that the notice of any prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 22.3. Accounting Terms. (a) All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Indebtedness using fair value (as permitted by Accounting Standard Codification Topic No. 825-10-25 – Fair Value Option or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

(b) Notwithstanding the foregoing, if the Company notifies the holders of Notes that, in the Company's reasonable opinion, or if the Required Holders notify the Company that, in the Required Holders' reasonable opinion, as a result of a change in GAAP after the date of this Agreement, any covenant contained in **Section 10.1** through **10.6**, or any of the defined terms used therein no longer apply as intended such that such covenants are materially more or less restrictive to the Company than as at the date of this Agreement, the Company shall negotiate in good faith with the holders of Notes to make any necessary adjustments to such covenant or defined term to provide the holders of the Notes with substantially the same protection as such covenant provided prior to the relevant change in GAAP. Until the Company and the Required Holders so agree to reset, amend or establish alternative covenants or defined terms, (i) the covenants contained in **Section 10.1** through **10.6**, together with the relevant defined terms, shall continue to apply and compliance therewith shall be determined on the basis of GAAP in effect at the date of this Agreement and (ii) each set of financial statements delivered to holders of Notes pursuant to **Section 7.1(a)** or **(b)** during such time shall include detailed reconciliations reasonably satisfactory to the Required Holders as to the effect of such change in GAAP.

Section 22.4. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 22.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one

instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in **Section 22.8(a)** by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in **Section 18** or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this **Section 22.8** shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

KENTUCKY POWER COMPANY

By _____
Name: Julia A. Sloat
Title: Treasurer

This Agreement is hereby accepted and agreed to as of the date thereof.

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

By: Joseph R Cantey

Name: Joseph R. Cantey Jr.
Title: Senior Director

This Agreement is hereby accepted and agreed to as of the date thereof.

CONNECTICUT GENERAL LIFE INSURANCE COMPANY
By: Cigna Investments, Inc. (authorized agent)

By: _____
Name: Robert W. Eccles
Title: Sr. Managing Director

CIGNA LIFE INSURANCE COMPANY OF NEW YORK
By: Cigna Investments, Inc. (authorized agent)

By: _____
Name: Robert W. Eccles
Title: Sr. Managing Director

LIFE INSURANCE COMPANY OF NORTH AMERICA
By: Cigna Investments, Inc. (authorized agent)

By: _____
Name: Robert W. Eccles
Title: Sr. Managing Director

CIGNA HEALTH AND LIFE INSURANCE COMPANY
By: Cigna Investments, Inc. (authorized agent)

By: _____
Name: Robert W. Eccles
Title: Sr. Managing Director

This Agreement is hereby accepted and agreed to as of the date thereof.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By: _____
Name: Elisabeth Perenick
Title: Managing Director

BANNER LIFE INSURANCE COMPANY
By: Babson Capital Management LLC as Investment Adviser

By: _____
Name: Elisabeth Perenick
Title: Managing Director

This Agreement is hereby accepted and agreed to as of the date thereof.

PACIFIC LIFE INSURANCE COMPANY

By: Diane W. Dales
Name: Diane W. Dales
Title: Assistant Vice President

By: Cathy L Schwartz
Name: Cathy L Schwartz
Title: Assistant Secretary

This Agreement is hereby accepted and agreed to as of the date thereof.

STATE FARM LIFE INSURANCE COMPANY

By: _____
Jeffrey Attwood
Investment Officer

By: _____
Shane T. Young
Assistant Secretary

STATE FARM LIFE AND ACCIDENT ASSURANCE COMPANY

By: _____
Jeffrey Attwood
Investment Officer

By: _____
Shane T. Young
Assistant Secretary

This Agreement is hereby accepted and agreed to as of the date thereof.

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

By: _____
Name: Barry Scheinholtz
Title: Senior Director

THE GUARDIAN INSURANCE & ANNUITY COMPANY, INC.

By: _____
Name: Barry Scheinholtz
Title: Senior Director

This Agreement is hereby accepted and agreed
to as of the date thereof.

AMERITAS LIFE INSURANCE CORP.
AMERITAS LIFE INSURANCE CORP. OF NEW YORK

By: Ameritas Investment Partners Inc., as Agent

By: _____
Name: James Mikus
Title: President and CEO

This Agreement is hereby accepted and agreed to as of the date thereof.

PHOENIX LIFE INSURANCE COMPANY

By: _____
Name: Paul M. Chute
Title: Senior Managing Director, Private Placements

PHL VARIABLE INSURANCE COMPANY

By: _____
Name: Paul M. Chute
Title: Its Duly Authorized Officer

This Agreement is hereby accepted and agreed
to as of the date thereof.

COUNTRY LIFE INSURANCE COMPANY
COUNTRY MUTUAL INSURANCE COMPANY

By: _____
Name: John Jacobs
Title: Director – Fixed Income

This Agreement is hereby accepted and agreed to as of the date thereof.

SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY

By: _____
Name: David Divine
Title: Portfolio Manager

This Agreement is hereby accepted and agreed to as of the date thereof.

ASSURITY LIFE INSURANCE COMPANY

By: Victor Weber

Name: Victor Weber
Title: Senior Director - Investments

This Agreement is hereby accepted and agreed to as of the date thereof.

UNITED FARM FAMILY LIFE INSURANCE COMPANY

By: Lee E. Livermore
Name: LEE LIVERMORE
Title: EXECUTIVE DIRECTOR, INVESTMENTS

SCHEDULE A

INFORMATION RELATING TO SERIES A PURCHASERS

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
AMERITAS LIFE INSURANCE CORP. (I/N/O CUDD & CO.) 390 North Cotner Blvd. Lincoln, NE 68505	$9,000,000

Payments

(1) All payments by wire transfer of immediately available funds to:

JPMorgan Chase Bank
ABA #021-000-021
DDA Clearing Account: 9009002859
Further Credit - Custody Fund P72220 for Ameritas Life Insurance Corp.
Reference: CUSIP; Issue name and source/application of funds (P&I, etc.)

Notices

(2) All notices of payments and written confirmations of such wire transfers **sent** to:

The Union Central Life Insurance Company
1876 Waycross Rd
Cincinnati, OH 45240
ATTN: Patty Dearing
Fax #: (513) 595-2926

(3) All other communications **sent** to:

Ameritas Life Insurance Corp.
Ameritas Investment Partners
ATTN: Private Placements
390 North Cotner Blvd.
Lincoln, NE 68505

Contacts: Mike Gatliff
Tel: 402-467-7469
Fax: 402-467-6980

Email: mgatliff@ameritas.com

(4) Name of Nominee in which Note is to be issued: CUDD & CO.

(5) Taxpayer I.D. Number: 47-0098400 (Ameritas Life)
13-6022143 (CUDD & CO.)

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
AMERITAS LIFE INSURANCE CORP. OF NEW YORK (I/N/O CUDD & CO.) Ameritas Investment Partners, Inc. 390 North Cotner Blvd. Lincoln, NE 68505	$1,000,000

Payments

(1) All payments by wire transfer of immediately available funds to:

JPMorgan Chase Bank
ABA #021-000-021
DDA Clearing Account: 9009002859
Further Credit - Custody Fund P72220 for Ameritas Life Insurance Corp. of New York
Reference: CUSIP; Issue name and source/application of funds (P&I, etc.)

Notices

(2) All notices of payments and written confirmations of such wire transfers to:

The Union Central Life Insurance Company
1876 Waycross Rd
Cincinnati, OH 45240
ATTN: Patty Dearing
Fax #: (513) 595-2926

(3) All other communications **sent** to:

Ameritas Life Insurance Corp. of New York
Ameritas Investment Partners
ATTN: Private Placements
390 North Cotner Blvd.
Lincoln, NE 68505

Contacts: Mike Gatliff
Tel: 402-467-7469
Fax: 402-467-6980
Email: mgatliff@ameritas.com

SCHEDULE A

(4) Name of Nominee in which Note is to be issued: CUDD & CO.

(5) Taxpayer I.D. Number: 13-3758127 (Ameritas Life Is. Corp. of NY)
13-6022143 (CUDD & CO.)

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY 1401 Livingston Lane Jackson, MS 39213 Attn: Investment Department	$5,000,000

Payments

(1) All payments of federal wire transfer of immediately available funds should identify the security by its name or PPN and include the principal and interest breakdown. (If the wire is not a principal and/or interest payment, indicate the type of payment.) The wire should be sent in the format as follows:

State Street Bank and Trust Company
Boston, MA 02101
ABA #011000028
For further credit to: Southern Farm Bureau Life Insurance Company,
Account #59848127
Reference #EQ83

Notices

(2) All notices of scheduled payments and written confirmations of such wire transfers should be sent to:

Southern Farm Bureau Life Insurance Company
1401 Livingston Lane
Jackson, MS 39213
Attn: Investment Department

(3) All other communications, including Waivers, Amendments, Consents and financial information should be sent to:

Investment Department
Southern Farm Bureau Life Insurance Company
P. O. Box 78
Jackson, MS 39205

or by overnight delivery to:

1401 Livingston Lane
Jackson, MS 39213

Contact Persons:

David Divine
Telephone (601) 981-5332 extension 1010
ddivine@sfbli.com

Zach Farmer
Telephone (601) 981-5332 extension 1486
zfarmer@sfbli.com

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 64-0283583

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
PACIFIC LIFE INSURANCE COMPANY 700 Newport Center Drive, 3rd Floor Newport Beach, CA 92660- 6397 Attn: IM-Credit Analysis	$5,000,000 $5,000,000 $5,000,000
Payments	$5,000,000
(1) **For Payment of Principal & Interest:** Mellon Trust of New England ABA# 011001234 DDA 0000125261 Attn: MBS Income CC: 1253 A/C Name: Pacific Life General Account/PLCF18101302 Regarding: *Security Description & PPN*	$3,000,000

Notices

(2) **All notices of payments and written confirmations of such wire transfers to:**

Mellon Trust
Attn: Pacific Life Accounting Team
One Mellon Bank Center
Room 0930
Pittsburgh, PA 15259

And

Pacific Life Insurance Company
Attn: IM – Cash Team
700 Newport Center Drive
Newport Beach, CA 92660-6397
FAX: 949-718-5845

(3) **All other communications shall be addressed to:**

Pacific Life Insurance Company
Attn: IM – Credit Analysis

SCHEDULE A

700 Newport Center Drive
Newport Beach, CA 92660-6397
PrivatePlacementCompliance@PacificLife.com

(4) Name of Nominee in which Notes are to be issued: Mac & Co.

(5) Taxpayer I.D. Number: 95-1079000

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
PHOENIX LIFE INSURANCE COMPANY One American Row Hartford, CT 06102 Private Placement Department H-2W	$2,000,000

Payments

(1) **For payment:**

JP Morgan Chase
New York, NY
ABA 021 000 021
Account Name: Income Processing
Account Number 900 9000 200
Reference: Phoenix Life Insurance, G05123, Kentucky Power Company

Notices

(2) **All notices and communications, including notices with respect to payments should be addressed to:**

Phoenix Life Insurance Company
One American Row
Private Placement Department H-2W
Hartford, CT 06102

(3) **All legal notices should be addressed to:**

Phoenix Life Insurance Company
One American Row
Hartford, CT 06102
Attention: Brad Buck

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 06-0493340

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
PHOENIX LIFE INSURANCE COMPANY One American Row Hartford, CT 06102 Private Placement Department H-2W	$1,000,000

Payments

(1) **For payment:**

JP Morgan Chase
New York, NY
ABA 021 000 021
Account Name: Income Processing
Account Number 900 9000 200
Reference: Phoenix Life Insurance, G05689, Kentucky Power Company

Notices

(2) **All notices and communications, including notices with respect to payments should be addressed to:**

Phoenix Life Insurance Company
One American Row
Private Placement Department H-2W
Hartford, CT 06102

(3) **All legal notices should be addressed to:**

Phoenix Life Insurance Company
One American Row
Hartford, CT 06102
Attention: Brad Buck

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 06-0493340

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
PHL VARIABLE INSURANCE COMPANY c/o Phoenix Life Insurance Company One American Row Hartford, CT 06102 Private Placement Department H-2W	$5,000,000

Payments

(1) **For payment:**

JP Morgan Chase
New York, NY
ABA 021 000 021
Account Name: Income Processing
Account Number 900 900 200
Reference: Phoenix Variable, G11923, Kentucky Power Company

Notices

(2) **All notices and communications, including notices with respect to payments should be addressed to:**

Phoenix Life Insurance Company
One American Row
Private Placement Department H-2W
Hartford, CT 06102

(3) **All legal notices should be addressed to:**

Phoenix Life Insurance Company
One American Row
Hartford, CT 06102
Attention: Brad Buck

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 06-1045829

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
PHL VARIABLE INSURANCE COMPANY c/o Phoenix Life Insurance Company One American Row Hartford, CT 06102 Private Placement Department H-2W	$2,000,000

Payments

(1) **For payment:**

JP Morgan Chase
New York, NY
ABA 021 000 021
Account Name: Income Processing
Account Number 900 900 200
Reference: Phoenix Variable, G09389, Kentucky Power Company

Notices

(2) **All notices and communications, including notices with respect to payments should be addressed to:**

Phoenix Life Insurance Company
One American Row
Private Placement Department H-2W
Hartford, CT 06102

(3) **All legal notices should be addressed to:**

Phoenix Life Insurance Company
One American Row
Hartford, CT 06102
Attention: Brad Buck

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 06-1045829

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
STATE FARM LIFE INSURANCE COMPANY Investment Dept. E-8 One State Farm Plaza Bloomington, IL 61710	$10,000,000

Payments

(1) **Wire Transfer Instructions:**

JPMorgan Chase
ABA # 021000021
Attn: SSG Private Income Processing
A/C# 9009000200

For further credit to:	State Farm Life Insurance Company Custody Account # G06893
RE:	Kentucky Power Company, 4.18% Senior Notes due September 30, 2026 PPN #: _____ Maturity Date: September 30, 2026

Notices

(2) **Send notices, financial statements, officer's certificates and other correspondence to:**

State Farm Life Insurance Company
Investment Dept. E-8
One State Farm Plaza
Bloomington, IL 61710

If by E-Mail: privateplacements@statefarm.com

(3) **Send confirms to:**

State Farm Life Insurance Company
Investment Accounting Dept. D-3
One State Farm Plaza
Bloomington, IL 61710

(4) Name of Nominee in which Note is to be issued: None.

SCHEDULE A

(5) Taxpayer I.D. Number: 37-0533090

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
STATE FARM LIFE AND ACCIDENT ASSURANCE COMPANY Investment Dept. E-8 One State Farm Plaza Bloomington, IL 61710	$1,000,000

Payments

(1) **Wire Transfer Instructions:**

JPMorgan Chase
ABA # 021000021
Attn: SSG Private Income Processing
A/C# 9009000200
For further credit to: State Farm Life and Accident Assurance Company
Custody Account # G06895
RE: Kentucky Power Company, 4.18% Senior Notes due September 30, 2026
PPN #: _____
Maturity Date: September 30, 2026

Notices

(2) **Send notices, financial statements, officer's certificates and other correspondence to:**

(3)

State Farm Life and Accident Assurance Company
Investment Dept. E-8
One State Farm Plaza
Bloomington, IL 61710

If by E-Mail: privateplacements@statefarm.com

(4) **Send confirms to:**

State Farm Life and Accident Assurance Company
Investment Accounting Dept. D-3
One State Farm Plaza
Bloomington, IL 61710

(5) Name of Nominee in which Note is to be issued: None.

SCHEDULE A

(6) Taxpayer I.D. Number: 37-0805091

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
UNITED FARM FAMILY LIFE INSURANCE COMPANY Attn: Investment Accounting Department 225 S. East Street Indianapolis, IN 46202	$2,000,000

Payments

(1) All payments to be by wire transfer of immediately available funds to:

Bank: Northern Trust Company
ABA Number: 071000152
Wire Account Number: 5186061000
Further Credit to: 26-30867
Account Name: UFF Life Insurance Company

With sufficient information to identify the source of such funds, including the issuer name, the PPN of the issue, interest rate, payment due date, maturity date, interest amount, principal and premium amount.

Notices

(2) Send notices to:

United Farm Family Life Insurance Company
Attn: Investment Accounting Department
225 S. East Street
Indianapolis, IN 46202

(3) Name of Nominee in which Note is to be issued: None.

(4) Taxpayer I.D. Number: 35-1097117

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
CONNECTICUT GENERAL LIFE INSURANCE COMPANY (I/N/O CIG. & CO.) c/o Cigna Investments, Inc. Attention: Fixed Income Securities Wilde Building, A5PRI 900 Cottage Grove Rd Bloomfield, Connecticut 06002	$2,000,000 $1,000,000 $3,000,000 $2,000,000 $1,000,000 $1,000,000 $2,000,000 $1,000,000 $7,000,000

Payments

(1) Payment on Account of Instruments By Federal Funds Wire Transfer (without deduction for wiring fees) to:

J.P. Morgan Chase Bank
BNF=CIGNA Private Placements/AC=9009001802
ABA# 021000021

With accompanying information:

OBI=[name of company; description of security; interest rate, maturity date; PPN/CUSIP]

Notices

(2) Address for Notices Related to Payments:

CIG & Co.
c/o Cigna Investments, Inc.
Attention: Fixed Income Securities
Wilde Building, A5PRI
900 Cottage Grove Rd
Bloomfield, Connecticut 06002
E-Mail: CIMFixedIncomeSecurities@Cigna.com

(3) Address for All Other Notices:

CIG & Co.
c/o Cigna Investments, Inc.
Attention: Fixed Income Securities
Wilde Building, A5PRI

SCHEDULE A

900 Cottage Grove Rd
Bloomfield, Connecticut 06002
E-Mail: CIMFixedIncomeSecurities@Cigna.com

(4) Name of Nominee in which Notes are to be issued: CIG & Co.

(5) Taxpayer I.D. Number: 13-3574027 (CIG & Co.)

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
CIGNA LIFE INSURANCE COMPANY OF NEW YORK (I/N/O CIG. & CO.) c/o Cigna Investments, Inc. Attention: Fixed Income Securities Wilde Building, A5PRI 900 Cottage Grove Rd Bloomfield, Connecticut 06002	$1,000,000

Payments

(1) Payment on Account of Instruments By Federal Funds Wire Transfer (without deduction for wiring fees) to:

J.P. Morgan Chase Bank
BNF=CIGNA Private Placements/AC=9009001802
ABA# 021000021

With accompanying information:

OBI=[name of company; description of security; interest rate, maturity date; PPN/CUSIP]

Notices

(2) Address for Notices Related to Payments:

CIG & Co.
c/o Cigna Investments, Inc.
Attention: Fixed Income Securities
Wilde Building, A5PRI
900 Cottage Grove Rd
Bloomfield, Connecticut 06002
E-Mail: CIMFixedIncomeSecurities@Cigna.com

(3) Address for All Other Notices:

CIG & Co.
c/o Cigna Investments, Inc.
Attention: Fixed Income Securities
Wilde Building, A5PRI
900 Cottage Grove Rd

Bloomfield, Connecticut 06002
E-Mail: CIMFixedIncomeSecurities@Cigna.com

(4) Name of Nominee in which Note is to be issued: CIG & Co.

(5) Taxpayer I.D. Number: 13-3574027 (CIG & Co.)

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
LIFE INSURANCE COMPANY OF NORTH AMERICA (I/N/O CIG. & CO.) c/o Cigna Investments, Inc. Attention: Fixed Income Securities Wilde Building, A5PRI 900 Cottage Grove Rd Bloomfield, Connecticut 06002	$7,000,000

Payments

(1) Payment on Account of Instruments By Federal Funds Wire Transfer (without deduction for wiring fees) to:

J.P. Morgan Chase Bank
BNF=CIGNA Private Placements/AC=9009001802
ABA# 021000021

With accompanying information:

OBI=[name of company; description of security; interest rate, maturity date; PPN/CUSIP]

Notices

(2) Address for Notices Related to Payments:

CIG & Co.
c/o Cigna Investments, Inc.
Attention: Fixed Income Securities
Wilde Building, A5PRI
900 Cottage Grove Rd
Bloomfield, Connecticut 06002
E-Mail: CIMFixedIncomeSecurities@Cigna.com

(3) Address for All Other Notices:

CIG & Co.
c/o Cigna Investments, Inc.
Attention: Fixed Income Securities
Wilde Building, A5PRI
900 Cottage Grove Rd

Bloomfield, Connecticut 06002
E-Mail: CIMFixedIncomeSecurities@Cigna.com

(4) Name of Nominee in which Note is to be issued: CIG & Co.

(5) Taxpayer I.D. Number: 13-3574027 (CIG & Co.)

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
CIGNA HEALTH AND LIFE INSURANCE COMPANY (I/N/O CIG. & CO.) c/o Cigna Investments, Inc. Attention: Fixed Income Securities Wilde Building, A5PRI 900 Cottage Grove Rd Bloomfield, Connecticut 06002	$7,000,000

Payments

(1) Payment on Account of Instruments By Federal Funds Wire Transfer (without deduction for wiring fees) to:

J.P. Morgan Chase Bank
BNF=CIGNA Private Placements/AC=9009001802
ABA# 021000021

With accompanying information:

OBI=[name of company; description of security; interest rate, maturity date; PPN/CUSIP]

Notices

(2) Address for Notices Related to Payments:

CIG & Co.
c/o Cigna Investments, Inc.
Attention: Fixed Income Securities
Wilde Building, A5PRI
900 Cottage Grove Rd
Bloomfield, Connecticut 06002
E-Mail: CIMFixedIncomeSecurities@Cigna.com

(3) Address for All Other Notices:

CIG & Co.
c/o Cigna Investments, Inc.
Attention: Fixed Income Securities
Wilde Building, A5PRI
900 Cottage Grove Rd

Bloomfield, Connecticut 06002
E-Mail: CIMFixedIncomeSecurities@Cigna.com

(4) Name of Nominee in which Note is to be issued: CIG & Co.

(5) Taxpayer I.D. Number: 13-3574027 (CIG & Co.)

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA 7 Hanover Square New York, NY 10004-2616 Attn: Barry Scheinholtz Investment Department 9-A	$13,000,000

Payments

(1) Payment by wire to:

JP Morgan Chase
FED ABA #021000021
Chase/NYC/CTR/BNF
A/C 900-9-000200
Reference A/C #G05978, Guardian Life, CUSIP # _____, Kentucky Power Company

Notices

(2) Address for all communications and notices:

The Guardian Life Insurance Company of America
7 Hanover Square
New York, NY 10004-2616
Attn: Barry Scheinholtz
Investment Department 9-A
FAX # (212) 919-2658
Email address: bscheinholtz@glic.com

(3) Name of Nominee in which Note is to be issued: None.

(4) Taxpayer I.D. Number: 13-5123390

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
THE GUARDIAN INSURANCE & ANNUITY COMPANY, INC. c/o The Guardian Life Insurance Company of America 7 Hanover Square New York, NY 10004-2616 Attn: Barry Scheinholtz Investment Department 9-A	$2,000,000

Payments

(1) Payments by wire to:

JP Morgan Chase
FED ABA #021000021
Chase/NYC/CTR/BNF
A/C 900-9-000200
Reference A/C # G01713, GIAC Fixed Payout, CUSIP # _____, Kentucky Power Company

Notices

(2) Address for all communications and notices:

The Guardian Insurance & Annuity Company, Inc.
c/o The Guardian Life Insurance Company of America
7 Hanover Square
New York, NY 10004-2616
Attn: Barry Scheinholtz
Investment Department 9-A
FAX # (212) 919-2658
Email address: bscheinholtz@glic.com

(3) Name of Nominee in which Note is to be issued: None.

(4) Taxpayer I.D. Number: 13-2656036

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
COUNTRY LIFE INSURANCE COMPANY Attention: Investments 1705 N Towanda Avenue Bloomington, IL 61702	$4,000,000

Payments

(1) Payment on Account of Note by Federal Funds Wire Transfer:

Northern Trust Chgo/Trust
ABA Number 071000152
Wire Account Number 5186041000
SWIFT BIC: CNORUS44
For Further Credit to: **26-02712**
Account Name: **Country Life Insurance Company**
Representing P & I on (list security) [BANK]

With accompanying information:

Name of Company:
Description of Security:
PPN:
Due date and application (as among principal, premium and interest) of the payment being made:

Notices

(2) Address/ Fax for Notices Related to Payments:

Country Life Insurance Company
Attention: Investment Accounting
1705 N Towanda Avenue
Bloomington, IL 61702
Tel: (309) 821-6348
Fax: (309) 821-2800

(3) Address/ Fax for All Other Notices:

Country Life Insurance Company
Attention: Investments

1705 N Towanda Avenue
Bloomington, IL 61702
Tel: (309) 821-6260
Fax: (309) 821-6301
PrivatePlacements@countryfinancial.com

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 37-0808781

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
COUNTRY MUTUAL INSURANCE COMPANY Attention: Investments 1705 N Towanda Avenue Bloomington, IL 61702	$1,000,000

Payments

(1) Payment on Account of Note by Federal Funds Wire Transfer:

Northern Trust Chgo/Trust
ABA Number 071000152
Wire Account Number 5186041000
SWIFT BIC: CNORUS44
For Further Credit to: **26-02698**
Account Name: **Country Mutual Insurance Company**
Representing P & I on (list security) [BANK]

With accompanying information :

Name of Company:
Description of Security:
PPN:
Due date and application (as among principal, premium and interest) of the payment being made:

Notices

(2) Address/ Fax for Notices Related to Payments:

Country Mutual Insurance Company
Attention: Investment Accounting
1705 N Towanda Avenue
Bloomington, IL 61702
Tel: (309) 821-6348
Fax: (309) 821-2800

(3) Address/ Fax for All Other Notices:

Country Mutual Insurance Company
Attention: Investments

1705 N Towanda Avenue
Bloomington, IL 61702
Tel: (309) 821-6260
Fax: (309) 821-6301
PrivatePlacements@countryfinancial.com

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 37-0807507

SCHEDULE A

NAME AND ADDRESS OF SERIES A PURCHASER	PRINCIPAL AMOUNT OF SERIES A NOTES TO BE PURCHASED
ASSURITY LIFE INSURANCE COMPANY 2000 Q Street Lincoln, NE 68503	$4,000,000

Payments

(1) All payments on or in respect of the Notes shall be made by wire transfer of immediately available funds at the opening of business on the due date to:

US BANK NATIONAL ASSOCIATION
13th & M Streets
Lincoln, NE 68508
ABA No. 104000029

Account of : Assurity Life Insurance Company
General Fund Account: 1-494-0092-9092

Each such wire transfer shall set forth the name of the issuer, the full title of the Notes (including the rate and final redemption to maturity date) and application of such funds among principal, premium and interest, if applicable.

Notices

(2) All Notices of Payment and written confirmations of such wire transfer should be sent to:

Assurity Life Insurance Company
2000 Q Street
Lincoln, NE 68503
Attention: Investment Division
Tel: (402) 437-3682
Fax: (402) 458-2170

(3) All other communications should be sent to:

Assurity Life Insurance Company
2000 Q Street
P.O. Box 82533
Lincoln, NE 68501-2533

(4) Contact:

Victor Weber
Senior Director – Investments
Telephone: 402/ 437-3682
FAX: 402/ 458-2170
E-mail: vweber@assurity.com

(5) Name of Nominee in which Note is to be issued: None.

(6) Taxpayer I.D. Number: 38-1843471

SCHEDULE A

INFORMATION RELATING TO SERIES B PURCHASERS

NAME AND ADDRESS OF SERIES B PURCHASER	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY c/o Babson Capital Management LLC 1500 Main Street – Suite 2200 PO Box 15189 Springfield, MA 01115-5189	$ 30,000,000.00

Payments

(1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as **[insert name of issuer and description of Note]** interest and principal), to:

MassMutual Co-Owned Account
Citibank
New York, New York
ABA # 021000089
Acct # 30510685
RE: Description of security, cusip, principal and interest split

With advice of payment to the Treasury Operations Liquidity Management Department at Massachusetts Mutual Life Insurance Company at mmincometeam@massmutual.com or (413) 226-4295 (facsimile).

Notices

(2) **Send Communications and Notices to:**

Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

(3) **Electronic Delivery of Financials and other information to:**

Massachusetts Mutual Life Insurance Company

SCHEDULE A

c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

With notification to:
1. **privateplacements@babsoncapital.com**
2. **rrichards@babsoncapital.com**

(4) **Send Notices on Payments to:**

Massachusetts Mutual Life Insurance Company
Treasury Operations Liquidity Management
1295 State Street
Springfield, MA 01111
Attn: Janelle Tarantino

With a copy to:
Massachusetts Mutual Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115

(5) Name of Nominee in which Note is to be issued: None.

(6) Taxpayer I.D. Number: 04-1590850 (MassMutual)

SCHEDULE A

INFORMATION RELATING TO SERIES B PURCHASERS

NAME AND ADDRESS OF SERIES B PURCHASER	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
BANNER LIFE INSURANCE COMPANY (I/N/O HARE & CO. LLC) c/o Babson Capital Management LLC 1500 Main Street – Suite 2200 PO Box 15189 Springfield, MA 01115-5189	$ 1,000,000.00

Payments

(1) All payments on account of the Note shall be made by crediting in the form of bank wire transfer of Federal or other immediately available funds, (identifying each payment as **[insert name of issuer and description of Note]** interest and principal), to:

BANNER LIFE INSURANCE COMPANY
The Bank of New York/Mellon
New York, New York
ABA # 021000018
Acct Name: Banner Life Insurance Company
Acct # GLA 111566
Attention: P&I Department
RE: Description of security, cusip, principal and interest split

Notices

(2) **Send Communications and Notices, including notices on payments, to:**

Banner Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200
PO Box 15189
Springfield, MA 01115-5189

(3) **Electronic Delivery of Financials and other information to:**

Banner Life Insurance Company
c/o Babson Capital Management LLC
1500 Main Street – Suite 2200

SCHEDULE A

PO Box 15189
Springfield, MA 01115-5189

With notification to:

1. **privateplacements@babsoncapital.com**
2. **rrichards@babsoncapital.com**

(4) Name of Nominee in which Note is to be issued: Hare & Co. LLC

(5) Taxpayer I.D. Number: 52-1236145 (Banner Life)

SCHEDULE A

NAME AND ADDRESS OF SERIES B PURCHASER	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA 8500 Andrew Carnegie Boulevard Charlotte, North Carolina 28262	$ 40,000,000.00

Payments

(1) All payments on or in respect of the Series B Notes shall be made in immediately available funds on the due date by electronic funds transfer, through the Automated Clearing House System, to:

JP Morgan Chase Bank, N.A.
ABA 021-000-021
Account Number 900-9-000200
Account Name: TIAA
For Further Credit to the Account Number: G07040
Reference: PPN: 491386 D@4/ Kentucky Power Company
Maturity Date: December 30, 2026/Interest Rate: 4.33%/P&I Breakdown

Notices

(2) All notices with respect to payments and prepayments of the Series B Notes shall be sent to:

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017
Attention: Securities Accounting Division
Phone: (212) 916-5504
Email: jpiperato@tiaa-cref.org or mwolfe@tiaa-cref.org

With a copy to:

JPMorgan Chase Bank, N.A.
P.O. Box 35308
Newark, New Jersey 07101

And to:

Teachers Insurance and Annuity Association of America
8500 Andrew Carnegie Boulevard
Charlotte, North Carolina 28262
Attention: Global Private Markets

SCHEDULE A

Telephone: (704) 988-4349 (Ho Young Lee)
(704) 988-1000 (General Number)
Facsimile: (704) 988-4916
Email: hlee@tiaa-cref.org

Contemporaneous written confirmation of any electronic funds transfer shall be sent to the above addresses setting forth (1) the full name, private placement number, interest rate and maturity date of the Series B Notes, (2) allocation of payment between principal, interest, Make-Whole Amount, other premium or any special payment and (3) the name and address of the bank from which such electronic funds transfer was sent.

(3) All other notices and communications shall be delivered or mailed to:

Teachers Insurance and Annuity Association of America
8500 Andrew Carnegie Boulevard
Charlotte, North Carolina 28262
Attention: Global Private Markets
Telephone: (704) 988-4349 (Ho Young Lee)
(704) 988-1000 (General Number)
Facsimile: (704) 988-4916
Email: hlee@tiaa-cref.org

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 13-1624203

SCHEDULE A

NAME AND ADDRESS OF SERIES B PURCHASER	PRINCIPAL AMOUNT OF SERIES B NOTES TO BE PURCHASED
STATE FARM LIFE INSURANCE COMPANY Investment Accounting Dept. D-3 One State Farm Plaza Bloomington, IL 61710	$9,000,000

Payments

(1) **Wire Transfer Instructions:**

JPMorgan Chase
ABA # 021000021
Attn: SSG Private Income Processing
A/C# 9009000200
For further credit to: State Farm Life Insurance Company
Custody Account # G06893
RE: Kentucky Power Company, 4.33% Senior Notes
due December 30, 2026
PPN #: _____
Maturity Date: December 30, 2026

Notices

(2) **Send notices, financial statements, officer's certificates and other correspondence to:**

State Farm Life Insurance Company
Investment Dept. E-8
One State Farm Plaza
Bloomington, IL 61710

If by E-Mail: privateplacements@statefarm.com

(3) **Send confirms to:**

State Farm Life Insurance Company
Investment Accounting Dept. D-3
One State Farm Plaza
Bloomington, IL 61710

SCHEDULE A

(4) Name of Nominee in which Note is to be issued: None.

(5) Taxpayer I.D. Number: 37-0533090

SCHEDULE A

SCHEDULE B

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"*Acquiring Person*" is defined in **Section 10.3(c).**

"*AEP*" means American Electric Power Company, Inc., a New York corporation.

"*Affiliate*" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Person of which the Company beneficially owns or holds, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "*Affiliate*" is a reference to an Affiliate of the Company.

"*Agreement*" means this Agreement, including all Schedules and Exhibits attached to this Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

"*Anti-Corruption Laws*" is defined in **Section 5.16(d)(1)**.

"*Anti-Money Laundering Laws*" is defined in **Section 5.16(c)**.

"*Blocked Person*" is defined in **Section 5.16(a)**.

"*Business Day*" means (a) for the purposes of **Section 8.7** only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Columbus, Ohio are required or authorized to be closed.

"*Capital Lease*" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"*Change in Control*" is defined in **Section 8.3(g)**.

"*Change in Control Prepayment Event*" is defined in **Section 8.3(g)**.

"*CISADA*" is defined in **Section 5.16(a)**.

"*Closing*" is defined in **Section 3**.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"*Company*" means Kentucky Power Company, a Kentucky corporation, and any successor that becomes such in the manner prescribed in **Section 10.3**.

"*Confidential Information*" is defined in **Section 20**.

"*Consolidated Capital*" means the sum of (a) Consolidated Indebtedness and (b) the consolidated equity of all classes of stock (whether common, preferred, mandatorily convertible preferred or preference) of the Company, in each case determined in accordance with GAAP, but including Equity-Preferred Securities issued by the Company and its Subsidiaries.

"*Consolidated Indebtedness*" means the total principal amount of all Indebtedness described in clauses (a) through (e) of the definition of Indebtedness and Guaranties of such Indebtedness of the Company and its Subsidiaries, excluding, however, (a) Stranded Cost Recovery Bonds, (b) Equity-Preferred Securities not to exceed 10% of Consolidated Capital (calculated for purposes of this clause without reference to any Equity-Preferred Securities), and (c) any Indebtedness of the Company to any Subsidiary of the Company and any Indebtedness of such Subsidiary of the Company to the Company.

"*Control Event*" is defined in **Section 8.3(g)**.

"*Controlled Entity*" means (i) any of the Subsidiaries of the Company and any of their or the Company's respective Controlled Affiliates and (ii) if the Company has a parent company, such parent company and its Controlled Affiliates. As used in this definition, "*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Corporate Credit Rating*" is defined in **Section 8.3(g)**.

"*Credit Facility*" means any credit, revolving loan, note or other like agreement between the Company and one or more lenders or purchasers with the commitment from such lenders or purchasers to extend credit thereunder to the Company not being less than $50,000,000.

"*Default*" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"*Default Rate*" means with respect to a series of Notes, that rate of interest per annum that is the greater of (i) 1% above the rate of interest stated in clause (a) of the first paragraph of the Notes of such series or (ii) 1% over the rate of interest publicly announced by Citibank N.A. in New York, New York as its "base" or "prime" rate.

"*Disclosure Documents*" is defined in **Section 5.3**.

"*Electronic Delivery*" is defined in **Section 7.4**.

"*Environmental Laws*" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"*Equity-Preferred Securities*" shall mean (a) debt or preferred securities that are mandatorily convertible or mandatorily exchangeable into common shares of the Company and (b) any other securities, however denominated, including but not limited to trust originated preferred securities, (i) issued by the Company or any of its consolidated Subsidiaries, (ii) that are not subject to mandatory redemption or the underlying securities, if any, of which are not subject to mandatory redemption, (iii) that are perpetual or mature no less than 30 years from the date of issuance, (iv) the indebtedness issued in connection with which, including any guaranty, is subordinate in right of payment to the unsecured and unsubordinated indebtedness of the issuer of such indebtedness or guaranty, and (v) the terms of which permit the deferral of the payment of interest or distributions thereon to a date occurring after the maturity date of the Notes.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code or under other applicable law.

"*Event of Default*" is defined in **Section 11**.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*First Closing*" is defined in Section 3.

"*GAAP*" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"*Governmental Official*" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

"*Guaranty*" of any Person means any obligation, contingent or otherwise, of such Person (a) to pay any Indebtedness of any other Person or (b) incurred in connection with the issuance by a third person of a Guaranty of Indebtedness of any other Person (whether such obligation arises by agreement to reimburse or indemnify such third Person or otherwise).

"*Hazardous Materials*" means any and all pollutants, toxic or hazardous wastes or any other substances, including all substances listed in or regulated in any Environmental Law that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, regulated, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"*holder*" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to **Section 13.1**, *provided, however*, that if such Person is a nominee, then for the purposes of **Sections 7, 12, 17.2** and **18** and any related definitions in this **Schedule B**, "*holder*" shall mean the beneficial owner of such Note whose name and address appears in such register.

"*Indebtedness*" with respect to any Person means, at any time, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person as lessee under leases that have been, in accordance with GAAP, recorded as Capital Leases, (e) all obligations of such Person in respect of reimbursement agreements with respect to acceptances, letters of credit (other than trade letters of credit) or similar extensions of credit, (f) all Guaranties, (g) all reasonably quantifiable obligations under indemnities or under support or capital contribution agreements, and other reasonably quantifiable obligations (contingent or otherwise) to purchase or otherwise to assure a creditor against loss in respect of, or to assure an obligee against loss in respect of, all Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to

supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss.

"*Institutional Investor*" means (a) any purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"*Investment Grade*" is defined in **Section 8.3(g)**.

"*Liens*" is defined in **Section 10.2**.

"*Make-Whole Amount*" is defined in **Section 8.7**.

"*Margin Stock*" shall have the meaning specified Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221).

"*Material*" means material in relation to the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

"*Material Adverse Effect*" means a material adverse effect on (a) the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"*Memorandum*" is defined in **Section 5.3**.

"*Multiemployer Plan*" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"*NAIC*" means the National Association of Insurance Commissioners or any successor thereto.

"*Negative Rating Event*" is defined in Section 8.3(g).

"*Net Tangible Assets*" is defined in **Section 10.2**.

"*Notes*" is defined in **Section 1**.

"*OFAC*" is defined in **Section 5.16(a)**.

"*OFAC Listed Person*" is defined in **Section 5.16(a)**.

"*OFAC Sanctions Program*" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx.

"*Officer's Certificate*" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"*PBGC*" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"*Person*" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

"*Plan*" means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"*property*" or "*properties*" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"*Proposed Prepayment Date*" is defined in **Section 8.3(c)**.

"*PTE*" is defined in **Section 6.2(a)**.

"*Purchaser*" or "*Purchasers*" means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser's successors and assigns (so long as any such assignment complies with Section 13.2); *provided*, *however*, that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 shall cease to be included within the meaning of "Purchaser" of such Note for the purposes of this Agreement upon a transfer.

"*QPAM Exemption*" is defined in **Section 6.2(d)**.

"*Qualified Institutional Buyer*" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"*Rated Securities*" is defined in **Section 8.3(g)**.

"*Rating Agency*" is defined in **Section 8.3(g)**.

"*Rating Downgrade*" is defined in **Section 8.3(g)**.

"*Related Fund*" means, with respect to any holder of any Note, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"*Required Holders*" means, (a) prior to the Second Closing, the Purchasers and (b) at any time after the Second Closing, the holders of at least 51% in principal amount of the Notes (exclusive of Notes then owned by the Company or any of its Affiliates).

"*Responsible Officer*" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"*SEC*" means the Securities and Exchange Commission of the United States, or any successor thereto.

"*Second Closing*" is defined in Section 3.

"*Secured Debt*" is defined in **Section 10.2**.

"*Securities*" or "*Security*" shall have the same meaning as in Section 2(1) of the Securities Act.

"*Securities Act*" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*Senior Financial Officer*" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"*Series A Notes*" is defined in **Section 1**.

"*Series B Notes*" is defined in **Section 1**.

"*Significant Subsidiary*" means, at any time, any Subsidiary of the Company that constitutes at such time a "significant subsidiary" of AEP, as such term is defined in Regulation S-X of the SEC as in effect on the date hereof (17 C.F.R. Part 210); *provided, however,* that "total assets" as used in Regulation S-X shall not include securitization transition assets on the balance sheet of any Subsidiary resulting from the issuance of transition bonds or other asset backed securities of a similar nature.

"*Stranded Cost Recovery Bonds*" means securities, however denominated, that are issued by the Company or any Subsidiary of the Company that are (a) non-recourse to the Company and its Significant Subsidiaries (other than for failure to collect and pay over the charges referred to in clause (b) below) and (b) payable solely from transition or similar charges authorized by law (including, without limitation, any "financing order", as such term is defined in the Texas Utilities Code) to be invoiced to customers of any Subsidiary of the Company or to retail electric providers.

"*Subsidiary*" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"*Surviving Person*" is defined in **Section 10.3(b)**.

"*SVO*" means the Securities Valuation Office of the NAIC or any successor to such Office.

"*U.S. Economic Sanctions*" is defined in **Section 5.16(a)**.

"*USA Patriot Act*" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*Voting Stock*" means Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect the corporate directors (or Persons performing similar functions).

"*Wholly-owned Subsidiary*" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-owned Subsidiaries at such time.

SCHEDULE 5.3

DISCLOSURE MATERIALS

Kentucky Power Company 2011 Annual Report

Kentucky Power Company 2012 Annual Report

Kentucky Power Company 2013 Annual Report

Kentucky Power Company 2014 First Quarter Report

SCHEDULE 5.4

DIRECTORS AND SENIOR OFFICERS OF THE COMPANY

Directors:

Name:

Akins, Nicholas K.
Barton, Lisa M.
Feinberg, David M.
Hillebrand, Lana L
McCullough, Mark C.
Powers, Robert P.
Tierney, Brian X.
Welch, Dennis E.

Officers:

Name	Title
Nicholas K. Akins	Chairman of the Board & Chief Executive Officer
Gregory G. Pauley	President & Chief Operating Officer
Lisa M. Barton	Vice President
Bruce Evans	Vice President
Ronald K. Ford	Vice President-Regulatory & Finance
Lana L. Hillebrand	Vice President
Timothy K. Light	Vice President
Mark C. McCullough	Vice President
Robert P. Powers	Vice President
Mark A. Pyle	Vice President-Tax

Julio C. Reyes	Vice President-External Affairs
Scott N. Smith	Vice President
Brian X. Tierney	Vice President & Chief Financial Officer
Dennis E. Welch	Vice President
Joseph M. Buonaiuto	Controller & Chief Accounting Officer
David M. Feinberg	Secretary
Julia A. Sloat	Treasurer
F. Scott Travis	Assistant Controller
Julie Williams	Assistant Controller
Thomas G. Berkemeyer	Assistant Secretary
Jeffrey D. Cross	Assistant Secretary
Renee V. Hawkins	Assistant Treasurer

SCHEDULE 5.5

FINANCIAL STATEMENTS

Statements of Income for the Years Ended December 31, 2013, 2012 and 2011

Statements of Changes in Common Shareholder's Equity and Comprehensive Income (Loss) for the Years Ended December 31, 2013, 2012 and 2011

Balance Sheets December 31, 2013, 2012 and 2011

Statements of Cash Flows for the Years Ended December 31, 2013, 2012 and 2011

Unaudited Statements of Income for the Three Months Ended March 31, 2014 and 2013

Unaudited Statements of Changes in Common Shareholder's Equity and Comprehensive Income (Loss) for the Three Months Ended March 31, 2014 and 2013

Unaudited Balance Sheets March 31, 2014 and 2013

Unaudited Statements of Cash Flows for the Three Months Ended March 31, 2014 and 2013

Schedule 5.12(b)

Funding Target Attainment

For each of the Plans which is a pension plan within the meaning of Section 3(2) of ERISA (other than Multiemployer Plans) that is subject to the funding requirements of Section 302 of ERISA or Section 412 of the Code, the funding target attainment percentage as of January 1, 2013, determined on the basis of the actuarial assumptions specified for funding purposes in such Plan's actuarial valuation report for the plan year beginning January 1, 2013, is:

- For the American Electric Power System Retirement Plan: 100.16%

Schedule 5.12(d)

2013 Accumulated Post Retirement Benefit Obligation

There is no unfunded accumulated post-retirement benefit obligation (APBO) of the Company as determined as of December 31, 2013, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60 for retiree medical and life insurance plans, without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code, as there is a net surplus position.

SCHEDULE 5.15

EXISTING INDEBTEDNESS

The following details long-term debt outstanding at July 10, 2014:

TYPE OF DEBT	MATURITY	INTEREST RATES AT JULY 10, 2014	BALANCE AT JULY 10, 2014 (a)
Senior Unsecured Notes, Series D	2032	5.625%	$75,000
Senior Unsecured Notes, Series E	2017	6.000%	$325,000
Senior Unsecured Notes, Series A	2021	7.250%	$40,000
Senior Unsecured Notes, Series B	2029	8.030%	$30,000
Senior Unsecured Notes, Series C	2039	8.130%	$60,000
Term Loan Debt	2015	Floating	200,000
Unamortized Premium (Discount) as of May 31, 2014			($541,856)
Total Non-Affiliated Debt			$729,458
Intercompany Notes	2015	5.250%	$20,000
Total Long-term Debt			$749,458
Less: Long-term Debt Due Within One Year			($200,000)
Long-term Debt			$549,548

(a) Balance at July 10, 2014 in thousands

Short-term debt as of June 30, 2013 was $0.

EXHIBIT 1-A

FORM OF SERIES A NOTE

This Note has not been registered under the Securities Act of 1933, as amended, and may not be transferred, sold or otherwise disposed of except while registration under said Act is in effect or pursuant to an exemption from registration under said Act or if said Act does not apply.

KENTUCKY POWER COMPANY

4.18% Senior Note, Series A, due September 30, 2026

No. _____ [Date]
$_____ PPN 491386 D*6

FOR VALUE RECEIVED, the undersigned, KENTUCKY POWER COMPANY (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Kentucky, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on September 30, 2026, with interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance hereof at the rate of (a) 4.18% per annum from the date hereof, payable semiannually, on the 30th day of March and September in each year, commencing with the March 30 or September 30 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.18% or (ii) 1% over the rate of interest publicly announced by Citibank N.A. from time to time in New York, New York as its "base" or "prime" rate payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Citibank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the *"Notes"*), issued pursuant to the Note Purchase Agreement, dated as of July 10, 2014 (as from time to time amended, the *"Note Purchase Agreement"*), among the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney

duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit application of the laws of a jurisdiction other than such State.

KENTUCKY POWER COMPANY

By _____
Title:

EXHIBIT 1-B

FORM OF SERIES B NOTE

This Note has not been registered under the Securities Act of 1933, as amended, and may not be transferred, sold or otherwise disposed of except while registration under said Act is in effect or pursuant to an exemption from registration under said Act or if said Act does not apply.

KENTUCKY POWER COMPANY

4.33% Senior Note, Series B, due December 30, 2026

No. [_____] [Date]
$[_____] PPN 491386 D@4

FOR VALUE RECEIVED, the undersigned, KENTUCKY POWER COMPANY (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Kentucky, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on December 30, 2026, with interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance hereof at the rate of (a) 4.33% per annum from the date hereof, payable semiannually, on the 30th day of June and December in each year, commencing with the June 30 or December 30 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.33% or (ii) 1% over the rate of interest publicly announced by Citibank N.A. from time to time in New York, New York as its "base" or "prime" rate payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Citibank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the *"Notes"*) issued pursuant to the Note Purchase Agreement, dated as of July 10, 2014 (as from time to time amended, the *"Note Purchase Agreement"*), among the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written

instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit application of the laws of a jurisdiction other than such State.

KENTUCKY POWER COMPANY

By _____
Title

EXHIBIT 4.4(a)

FORM OF OPINION OF COUNSEL TO THE COMPANY

To the Parties listed
On the Attached Schedule

_____, 2014

Re: Kentucky Power Company

Ladies and Gentlemen:

I am Deputy General Counsel in the Legal Department of American Electric Power Service Corporation, a New York corporation ("AEPSC") and subsidiary of American Electric Power Company, Inc. ("AEP") and an affiliate of Kentucky Power Company, a Kentucky corporation ("KPC"), and have acted as counsel to KPC, in connection with (i) the execution and delivery of the Note Purchase Agreement, dated as of July 10, 2014 (the "Note Purchase Agreement") among KPC and you, as purchasers (each, a "Purchaser" and, collectively, the "Purchasers"); and (ii) the execution and delivery by KPC of (a) $120,000,000 aggregate principal amount of the Company's 4.18% Senior Notes, Series A, due September 30, 2026, and (b) $80,000,000 aggregate principal amount of the Company's 4.33% Senior Notes, Series B, due December 30, 2026 (collectively, the "Notes", and together with the Note Purchase Agreement, the "Operative Agreements"). Capitalized terms not otherwise defined herein shall have the meanings specified in Schedule B to the Note Purchase Agreement.

I, or attorneys over whom I exercise supervision, have examined executed counterparts of the Operative Agreements, Certificate of KeyBanc Capital Markets Inc. and RBS Securities Inc., dated the date hereof (the "Certificate"), delivered in connection with the Operative Agreements certifying that the Notes have been offered only to a limited number of institutional investors, and have also examined originals or copies of such agreements and other instruments and records, certificates of public officials and of officers of the KPC and such other documents and instruments as I have deemed relevant and necessary as a basis for the opinions expressed below. In making such examination, I, or attorneys over whom I exercise supervision, have assumed without investigation, the legal capacity of all natural persons, the genuineness of signatures (other than signatures on behalf of KPC), the authenticity, accuracy, and completeness of all documents submitted to me as originals and the conformity to original documents of all documents submitted to me as certified, photostatic or facsimile copies. I, or attorneys over whom I exercise supervision, have further assumed that each document furnished by a Governmental Authority is accurate, complete and authentic and all official records are accurate and complete.

In connection with the opinions rendered herein, I have relied (where such reliance is reasonable but without independent inquiry) upon the representations of the parties made in the Operative

Agreements, and upon certificates of KPC or of its officers, and on certificates of public officials.
I have assumed, with your permission and without investigation, the due execution and delivery of the Note Purchase Agreement by each party thereto (other than KPC).

Based on the foregoing and having due regard for such legal considerations as I deem relevant, and subject to the further qualifications, limitations, exceptions and assumptions hereinafter set forth, I am of the opinion that:

1. KPC is a corporation duly organized, legally existing and in good standing under the laws of the Commonwealth of Kentucky, and KPC has full right, power and authority to enter into and perform the Operative Agreements. KPC is duly authorized to conduct its business in each jurisdiction in which it operates and is duly qualified and is in good standing as a foreign corporation in each jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary except where the failure to be so qualified will not have a material adverse effect on the business, properties or condition (financial or otherwise) of KPC.

2. The Operative Agreements have been duly authorized, executed and delivered by KPC and constitute legal, valid and binding obligations, contracts and agreements of KPC enforceable in accordance with their terms.

3. No approval, consent or authorization on the part of any regulatory body, Federal, state or local, is necessary as a condition to the lawful execution and delivery by KPC of the Operative Agreements, except for authorizations or approvals (i) as have already been obtained by KPC, are in full force and effect, have not been revoked or amended, are not the subject of any pending or, to the best of my knowledge, threatened attack on appeal or by direct proceedings or otherwise, (ii) as may be required under state securities or Blue Sky laws in connection with the purchase of the Notes by the Purchasers and (iii) as are not required to be made until after closing of the purchase and sale of the Notes.

4. The execution, delivery and performance by KPC of the Operative Agreements will not violate any provisions of any Kentucky or Federal statutes, laws, rules or regulations or any order or decree of any court or governmental authority or agency and will not conflict with nor result in any breach of any of the provisions of, or constitute a default under, or result in the creation of any lien upon any property of KPC under the provisions of any agreement, charter, instrument, by-law or other instrument to which KPC is a party or by which it may be bound.

5. (i) Assuming (a) the accuracy of the representations of the Purchasers set forth in Section 6 of the Note Purchase Agreement and (b) the accuracy of the representations made in the Certificate, the offer, sale and delivery of the Notes to the Purchasers in the manner contemplated by the Note Purchase Agreement constitute exempted transactions under the registration provisions of the Securities Act of 1933 and do not require any registration thereof under the Securities Act of 1933 (it being understood that I express no opinion as to any subsequent resale of any Notes).

6. KPC is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended.

7. The issuance of the Notes and the use of the proceeds of the sale of the Notes in accordance with the provisions of and contemplated by the Note Purchase Agreement do not violate or conflict with Regulation T, U or X of the Board of Governors of the Federal Reserve System.

8. Except as disclosed in the Annual Report for the year ended December 31, 2013 and the Quarterly Report dated March 31, 2014, there are no proceedings pending or, to my knowledge after due inquiry, threatened, against or affecting KPC in any court or before any governmental authority or arbitration board or tribunal which if adversely determined would individually or in the aggregate materially and adversely affect the business or properties of KPC or the ability of KPC to perform its obligations under the Operative Agreements.

9. In any action or proceeding arising out of or relating to the Notes and the Note Purchase Agreement in any court of the Commonwealth of Kentucky or in any Federal court sitting in the Commonwealth of Kentucky, such court would recognize and give effect to the provisions thereof wherein the parties thereto agree that the Notes and the Note Purchase Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. However, if a court of the Commonwealth of Kentucky or a Federal court sitting in the Commonwealth of Kentucky were to hold that the Notes and the Note Purchase Agreement are governed by, and to be construed in accordance with, the laws of the State of Texas, the Notes and the Note Purchase Agreement would be, under the Commonwealth of Kentucky, the legal, valid and binding obligation of KPC, enforceable against KPC in accordance with their terms, subject to (i) applicable bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, voidable preference, moratorium, receivership, conservatorship, arrangement, or similar laws, and related regulations and judicial doctrines, from time to time in effect affecting creditors' rights and remedies generally, and (ii) general principles of equity (including, without limitation, standards of materiality, good faith, fair dealing, and reasonableness, equitable defenses, the exercise of judicial discretion, and limits on the availability of equitable remedies), whether such principles are considered in a proceeding at law or in equity.

The opinions expressed in paragraph 2 above are subject to the qualification that the enforceability of the obligations are subject to (i) applicable bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, voidable preference, moratorium, receivership, conservatorship, arrangement, or similar laws, and related regulations and judicial doctrines, from time to time in effect affecting creditors' rights and remedies generally, and (ii) general principles of equity (including, without limitation, standards of materiality, good faith, fair dealing, and reasonableness, equitable defenses, the exercise of judicial discretion, and limits on the availability of equitable remedies), whether such principles are considered in a proceeding at law or in equity. In addition, in connection with my enforceability opinions set forth in paragraph 2 above, I express no opinion with respect to provisions of the Operative Agreements purporting to waive or not give effect to legal defenses that cannot be waived under applicable

law or other rights or benefits that cannot be waived under applicable law. Further, I am a member of the Bar of the States of New York and Ohio and do not purport to be expert on the laws of any jurisdiction other than the laws of the States of New York and Ohio and the Federal laws of the United States of America, and for purposes of paragraphs 1, 2, 3, 4 and 9 of this opinion only, Kentucky. I express no opinion as to any laws of any jurisdiction other than the laws of the States of New York and Ohio and the Federal law of the United States of America, and for purposes of paragraphs 1, 2, 3, 4 and 9 of this opinion only, Kentucky.

In rendering the foregoing opinion in paragraph 5 hereof, I have relied, insofar as securities matters are concerned, in part, on the Certificate executed and delivered by KeyBanc Capital Markets Inc. and RBS Securities Inc. (the only persons authorized or employed by KPC as agent, broker, dealer or otherwise in connection with the offering or sale of the Notes or any similar Security) and delivered to KPC.

In addition, I express no opinion as to the enforceability of indemnification agreements provided in the Operative Agreements, to the extent such enforceability may be barred or limited by considerations of public policy.

This opinion is rendered solely for your benefit in connection with the above-described transaction and may not be used, circulated, quoted, relied upon or otherwise referred to by any other person (except that any permitted subsequent holders of the Notes may rely hereon) for any other purpose without my prior written consent; provided that, Winston & Strawn LLP, special counsel for the Purchasers, may rely on the opinions expressed in this opinion letter in connection with the opinion to be furnished by them in connection with the above-described transactions; and provided further, that any of the Purchasers and any permitted subsequent holders of the Notes may furnish a copy hereof (but no such person shall be entitled to rely thereon) (i) to its independent auditors and attorneys, (ii) to any state or federal authority or independent banking, insurance board (including the NAIC) or body having regulatory jurisdiction over it, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action to which it is a party arising out of or in respect of any Note or the Note Purchase Agreement and (v) any potential transferee of the Notes. I undertake no responsibility to update or supplement this opinion in response to changes in law or future events or circumstances.

Very truly yours,

Jeffrey D. Cross
Counsel for Kentucky Power Company

EXHIBIT 4.4(a)
(to Note Purchase Agreement)

EXHIBIT 4.4(b)

FORM OF OPINION OF SPECIAL COUNSEL TO THE PURCHASERS

_____, 2014

To the Purchasers listed on Schedule I
attached hereto

Re: Kentucky Power Company
$120,000,000 4.18% Senior Notes, Series A, due September 30, 2026
$80,000,000 4.33% Senior Notes, Series B, due December 30, 2026

Ladies and Gentlemen:

We have acted as your special counsel in connection with (i) the issuance by Kentucky Power Company, a corporation formed under the laws of the State of Kentucky (the "Issuer"), of its Series A and Series B Senior Notes, in an aggregate principal amount of $200,000,000 (collectively, the "Notes"), and (ii) the purchase by you pursuant to the Note Purchase Agreement among the Purchasers named therein and the Issuer, to be dated as of the date hereof (the "Note Purchase Agreement") of Notes in the principal amounts set forth in Schedule A to the Note Purchase Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note Purchase Agreement. This opinion letter is delivered to you pursuant to the provisions of Section 4.4(b) of the Note Purchase Agreement.

In rendering the opinions set forth herein, we have examined:

(i) the Note Purchase Agreement;

(ii) the Notes (the items identified in clauses (i) and (ii) are collectively hereinafter referred to as the "Transaction Documents"); and such other agreements, instruments and documents, and such questions of law as we have deemed necessary or appropriate to enable us to render the opinions expressed below.

Additionally, we have examined originals or copies, certified to our satisfaction, of such certificates of public officials and officers of the Issuer, and we have made such inquiries of officers of the Issuer as we have deemed relevant or necessary, as the basis for the opinions set forth herein. As to questions of fact material to such opinions we have, when relevant facts were

not independently established, relied upon the representations made in the Transaction Documents and upon certifications made by officers and other representatives of the Issuer.

In rendering the opinions expressed below, we have, with your consent, assumed (i) that the Transaction Documents have been duly authorized, executed and delivered by each party thereto, (ii) that the consummation of the transactions contemplated in the Transaction Documents has been duly authorized by the Issuer, (iii) the legal capacity of all natural persons executing documents, (iv) that the signatures of persons signing all documents in connection with which this opinion letter is rendered are genuine, (v) all documents submitted to us as originals or duplicate originals are authentic and (vi) all documents submitted to us as copies, whether certified or not, conform to authentic original documents. Additionally, we have, with your consent, assumed and relied upon, the following:

(a) the accuracy and completeness of all certificates and other statements, documents, records, financial statements and papers reviewed by us, and the accuracy and completeness of all representations, warranties, schedules and exhibits contained in the Transaction Documents, with respect to the factual matters set forth therein;

(b) all parties to the documents reviewed by us are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation or formation and under the laws of all jurisdictions where they are conducting their businesses or otherwise required to be so qualified, and have full power and authority to execute, deliver and perform under such documents and all such documents have been duly authorized, executed and delivered by such parties; and

(c) because a claimant bears the burden of proof required to support its claims, the Purchasers will undertake the effort and expense necessary to fully present their claims in the prosecution of any right or remedy accorded the Purchasers under the Transaction Documents.

Based upon the foregoing and subject to the qualifications, limitations and comments stated herein, we are of the opinion that:

1. The Transaction Documents constitute the valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

2. It was not necessary in connection with the offering, issuance, sale and delivery of the Notes, under the circumstances contemplated by the Note Purchase Agreement, to register said Notes under the Securities Act of 1933, as amended, or to qualify an indenture in respect of said Notes under the Trust Indenture Act of 1939, as amended.

3. Neither the execution or delivery by the Issuer of the Transaction Documents nor the performance by the Issuer of its obligations thereunder requires the consent or approval of, or any filing or registration with, any governmental body, agency or authority of the State of New York or the United States of America other than any consents, approvals or filings required in connection with the exercise by any Purchaser of certain remedies under the Transaction Documents to the extent required pursuant to the terms thereof.

4. The opinion letter dated today of internal counsel to American Electric Power Service Corporation, an affiliate of the Issuer and delivered to you pursuant to Section 4.4(a) of the Note Purchase Agreement is satisfactory to us in form and scope with respect to the matters covered thereby and in our opinion you are justified in relying thereon.

The opinions as expressed herein are subject to the following qualifications, limitations and comments:

(a) the enforceability of the Transaction Documents is and the obligations of the Issuer under the Transaction Documents and the availability of certain rights and remedial provisions provided for in the Transaction Documents are subject to (1) judicial action giving effect to foreign governmental actions or foreign laws, in either case, affecting creditors' rights, (2) the effect of bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, arrangement, liquidation, conservatorship, and moratorium laws, (3) limitations imposed by other laws and judicial decisions relating to or affecting the rights of creditors or secured creditors generally, and (4) general principles of equity (regardless of whether enforcement is considered in proceedings at law or in equity), upon the availability of injunctive relief or other equitable remedies, including, without limitation, where (A) the breach of such covenants or provisions imposes restrictions or burdens upon a debtor and it cannot be demonstrated that the enforcement of such remedies, restrictions or burdens is reasonably necessary for the protection of a creditor; (B) a creditor's enforcement of such remedies, covenants or provisions under the circumstances, or the manner of such enforcement, would violate such creditor's implied covenant of good faith and fair dealing, or would be commercially unreasonable; or (C) a court having jurisdiction finds that such remedies, covenants or provisions were, at the time made, or are in application, unconscionable as a matter of law or contrary to public policy;

(b) as to our opinions set forth in paragraph 1 hereof, we express no opinion as to the enforceability of cumulative remedies to the extent such cumulative remedies purport to or would have the effect of compensating the party entitled to the benefits thereof in amounts in excess of the actual loss suffered by such party;

(c) we express no opinion as to the validity, binding effect or enforceability of any indemnification provisions of the Transaction Documents to the extent such obligations are contrary to applicable law or public policy or require an indemnification of a party for its own actions or inactions, to the extent such action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct;

(d) requirements in the Transaction Documents specifying that provisions thereof may only be waived in writing may not be valid, binding or enforceable to the extent that an oral agreement or an implied agreement by trade practice or course of conduct has been created modifying any provision of such documents;

(e) we express no opinion with respect to the validity, binding effect or enforceability of any purported waiver, release or disclaimer under any of the Transaction Documents relating to statutory or equitable rights and defenses of the parties which are not subject to waiver, release or disclaimer;

(f) we express no opinion with respect to the applicability or effect of federal or state anti-trust, tax, and except as to matters covered in paragraph 2, securities or "blue sky" laws with respect to the transactions contemplated by the Transaction Documents;

(g) we express no opinion regarding the severability of any provision contained in the Transaction Documents;

(h) we express no opinion with respect to the validity, binding effect or enforceability of any provision of the Transaction Documents (i) purporting to establish consent to jurisdiction, insofar as it purports to confer subject matter jurisdiction on a United States District Court to adjudicate any controversy relating to such Transaction Documents in any circumstance in which such court would not have subject matter jurisdiction, (ii) the waiver of inconvenient forum with respect to proceedings in such United States District Court or (iii) the waiver of the right to jury trial;

(i) in rendering the opinions expressed in paragraph 2 hereof, we have assumed the accuracy of the representations and warranties of the Purchasers in the Note Purchase Agreement and representations by Keybanc Capital Markets Inc.. and RBS Securities Inc.. as to, *inter alia*, the number of offerees of the Notes. Further, we have assumed that no form of general solicitation or general advertising was used or will be used in connection with the offering of the Notes;

(j) our opinion with respect to the enforceability of the choice of law provisions of the Transaction Documents in paragraph 1 above is rendered in reliance on Section 5-1401 of the New York General Obligations Law and is subject to the qualifications that such enforceability (i) may be limited by public policy considerations of any jurisdiction, other than the State of New York, in which enforcement of such provisions, or of a judgment upon an agreement containing such provisions, is sought and (ii) does not apply to the extent provided in Section 1-105(2) of the Uniform Commercial Code as in effect in New York. Accordingly, we express no opinion as to the effect of the law of any jurisdiction (other than the State of New York) as to the choice of law in the Transaction Documents (including, without limitation, whether any court outside the State of New York would honor the choice of New York law as the governing law of the Transaction Documents);

(k) we express no opinion as to the effect of the law of any jurisdiction (other than New York) wherein any party seeking enforcement of any Transaction Document may be located or wherein the enforcement of any Transaction Document may be sought that limits the rates of interest legally chargeable or collectable; and

(m) we express no opinion with respect to the enforceability of any indemnity against loss in converting into a specified currency the proceeds or amount of a court judgment in another currency.

The opinions expressed herein are based upon and are limited to the laws of the State of New York and the laws of the United States of America and we express no opinion with respect to the laws of any other state, jurisdiction or political subdivision. The opinions expressed herein

based on the laws of the State of New York and the United States of America are limited to the laws generally applicable in transactions of the type covered by the Transaction Documents.

Our opinions set forth in this letter are based upon the facts in existence and laws in effect on the date hereof and we expressly disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof.

This opinion letter is rendered only to the Purchasers and is solely for their benefit in connection with the execution and delivery of the Notes and for the benefit of any institutional investor transferee of the Notes; *provided* that any such transfer of the Notes is made and consented to in accordance with the express provisions of Section 13.2 of the Note Purchase Agreement, on the condition and understanding that (i) this opinion letter speaks only as of the date hereof, (ii) we have no responsibility or obligation to update this letter, to consider its applicability or correctness to other than its addressees, or to take into account changes in law, facts or any other developments of which we may later become aware, and (iii) any such reliance by a future transferee must be actual and reasonable under the circumstances existing at the time of transfer, including any changes in law, facts or any other developments known to or reasonably knowable by the transferee at such time. This opinion letter may not be relied upon in any manner by any other person and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent, except that the Purchasers (i) may deliver a copy of this opinion letter to such institutional investor transferee and (ii) may furnish a copy of this opinion letter to the National Association of Insurance Commissioners, applicable regulatory authorities or as may otherwise be required by law, court order or subpoena.

Very truly yours,

Schedule I

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA
CONNECTICUT GENERAL LIFE INSURANCE COMPANY
CIGNA LIFE INSURANCE COMPANY OF NEW YORK
LIFE INSURANCE COMPANY OF NORTH AMERICA
CIGNA HEALTH AND LIFE INSURANCE COMPANY
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
BANNER LIFE INSURANCE COMPANY
PACIFIC LIFE INSURANCE COMPANY
STATE FARM LIFE INSURANCE COMPANY
STATE FARM LIFE AND ACCIDENT ASSURANCE COMPANY
THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA
THE GUARDIAN INSURANCE & ANNUITY COMPANY, INC.
AMERITAS LIFE INSURANCE CORP.
AMERITAS LIFE INSURANCE CORP. OF NEW YORK
PHOENIX LIFE INSURANCE COMPANY
PHL VARIABLE INSURANCE COMPANY
COUNTRY LIFE INSURANCE COMPANY
COUNTRY MUTUAL INSURANCE COMPANY
SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY
ASSURITY LIFE INSURANCE COMPANY
UNITED FARM FAMILY LIFE INSURANCE COMPANY

U.S. $75,000,000

CREDIT AGREEMENT

Dated as of November 5, 2014

Among

KENTUCKY POWER COMPANY
as the Borrower

THE LENDERS NAMED HEREIN
as Initial Lenders

and

FIFTH THIRD BANK
as Administrative Agent

FIFTH THIRD BANK AND COMMUNITY TRUST BANK, INC.,
as Joint Lead Arrangers

COMMUNITY TRUST BANK, INC.
as Syndication Agent

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CREDIT AGREEMENT

CREDIT AGREEMENT, dated as of November 5, 2014 (this "***Agreement***"), among KENTUCKY POWER COMPANY, a Kentucky corporation (the "***Borrower***"), the banks, financial institutions and other institutional lenders listed on the signatures pages hereof (the "***Initial Lenders***"), and FIFTH THIRD BANK, an Ohio banking corporation ("***Fifth Third***"), as administrative agent (in such capacity, and together with its successors appointed pursuant to the terms of this Agreement, the "***Administrative Agent***") for the Lenders (as hereinafter defined).

PRELIMINARY STATEMENT:

The Borrower has requested that the Lenders, on the terms and conditions set forth herein, provide the Borrower a $75,000,000 four-year multiple-draw term loan credit facility to be used for general corporate purposes. The Lenders have indicated their willingness to provide such a facility on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01 Certain Defined Terms.

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"***Administrative Agent***" has the meaning specified in the recital of parties to this Agreement.

"***Administrative Questionnaire***" means an administrative questionnaire in a form supplied by the Administrative Agent.

"***Advance***" means an advance by a Lender to a Borrower as part of a Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance.

"***AEP***" means American Electric Power Company, Inc., a New York corporation.

"*Affiliate*" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"***Agent Parties***" has the meaning specified in Section 8.02(c).

"***Agent's Account***" means the account of the Administrative Agent designated from time to time by the Administrative Agent in a written notice to the Lenders and the Borrower.

"***Anti-Corruption Laws***" means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery, money laundering or corruption.

"***Applicable Law***" means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of Governmental Authorities, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity or admiralty) and arbitrators.

"***Applicable Lending Office***" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"***Applicable Margin***" means, the applicable percentage per annum set forth below determined by reference to the Borrower's S&P Rating or Moody's Rating, as applicable, as of any date of announcement by S&P or Moody's, as the case may be, of any change in the S&P Rating or the Moody's Rating (for the avoidance of doubt, the Applicable Margin shall be set at Level III as of the Closing Date):

Applicable Margin				
Level	Credit Rating	Eurodollar Rate Advance	Base Rate Advance	Non-Use Fee
I	S&P Rating A- or higher or Moody's Rating A3 or higher	1.250%	0.250%	0.125%
II	S&P Rating BBB+ or Moody's Rating Baa1	1.375%	0.375%	0.150%
III	S&P Rating BBB or Moody's Rating Baa2	1.500%	0.500%	0.200%
IV	S&P Rating BBB- or Moody's Rating Baa3	1.750%	0.750%	0.250%

V	S&P Rating BB+ or lower or Moody's Rating Ba1 or lower, or no S&P Rating or Moody's Rating	2.250%	1.250%	0.300%

provided, that if the applicable S&P Rating and Moody's Rating are not the same level, then the higher of such two ratings shall control, unless (i) the ratings differ by more than one level, in which case the rating one level below the higher of the two ratings shall control, or (ii) either rating is below BBB- or Baa3 (as applicable), in which case, the lower of the two ratings shall control; *provided further* that the Applicable Margins set forth above shall be increased upon the occurrence and during the continuance of any Event of Default by 2.00% per annum.

"***Approved Fund***" means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"***Arranger***" means each of Fifth Third Bank and Community Trust in their respective capacities as joint lead arrangers and joint bookrunners of the Facility.

"***Assignment and Assumption***" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 8.07(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit B hereto or any other form approved by the Administrative Agent.

"***Bankruptcy Event***" means, with respect to any Person, such Person becomes the subject of a proceeding under any Debtor Relief Law, or has had a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets (including the Federal Deposit Insurance Corporation or any other Governmental Authority acting in a similar capacity) appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment; *provided* that, a Bankruptcy Event shall not result solely by virtue of any ownership interest, or acquisition of any equity interest, in such Person by a Governmental Authority so long as such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority) to reject, repudiate, disavow or disaffirm obligations under any agreement in which it commits to extend credit.

"***Base Rate***" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the highest of the following rates then in effect:

(i) the rate of interest established by the Administrative Agent from time to time as the Administrative Agent's prime rate (the "***Prime Rate***");

(ii) 1/2 of 1% per annum above the Federal Funds Rate; and

(iii) the rate of interest payable under Section 2.07 for a Eurodollar Rate Advance (including any amounts payable under Section 2.07(c)) for an Interest Period of one month *plus* 1%.

"***Base Rate Advance***" means an Advance that bears interest as provided in Section 2.07(a).

"***Big Sandy Unit 2 Retirement Transaction***" means the retirement of Unit 2 of the Big Sandy Generating Station and the subsequent sale, lease, transfer or other disposition of the assets thereof.

"***Borrower***" has the meaning specified in the recital of parties to this Agreement.

"***Borrowing***" means a borrowing by the Borrower consisting of simultaneous Advances of the same Type, having the same Interest Period and ratably made, Converted or Continued on the same day by each of the Lenders pursuant to Section 2.02. All Advances to the Borrower of the same Type, having the same Interest Period and made, Converted or Continued on the same day shall be deemed a single Borrowing hereunder until repaid, Converted or Continued.

"***Borrowing Date***" means the date of any Borrowing.

"***Business Day***" means a day of the year on which banks are not required or authorized by law to close in Cincinnati, Ohio and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are also carried out in the London interbank market.

"***Change in Law***" means the occurrence, after the date of this Agreement, of any of the following: (i) the adoption or taking effect of any law, rule, regulation or treaty, (ii) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, implemented, adopted or issued.

"***Charges***" has the meaning specified in Section 8.18.

"***Closing Date***" means November 5, 2014.

"***Commitment***" means, for each Lender at any time on any day, the obligation of such Lender to make Advances to the Borrower in an aggregate amount no greater than the amount set forth on Schedule I hereto or, if such Lender has entered into any Assignment and Assumption, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), in each such case as such amount may be reduced from time to time pursuant to Section 2.04 or increased pursuant to Section 2.16. The initial amount of each Lender's Commitment is set forth on Schedule I hereto, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

"***Commitment Letter***" means the Commitment Letter, dated as of October 20, 2014, among the Borrower, Fifth Third (in its capacity as a Lender, the Administrative Agent and an Arranger) and Community Trust (in its capacity as a Lender and an Arranger).

"***Commitment Percentage***" means, as to any Lender as of any date of determination, the percentage describing such Lender's pro rata share of the Commitments set forth in the Register from time to time; *provided* that in the case of Section 8.16 when a Defaulting Lender shall exist, "***Commitment Percentage***" means the percentage of the total Commitments (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment.

"***Commitments***" means, at any time on any day, the aggregate amount for all Lenders of each Lender's Commitment then in effect hereunder. The initial amount of the Commitments is $75,000,000.

"***Communications***" has the meaning specified in Section 8.02(b).

"***Community Trust***" means Community Trust Bank, Inc.

"***Confidential Information***" means all information relating the Borrower or any of its Subsidiaries or their businesses that the Borrower furnishes to the Administrative Agent, any Arranger or any Lender in a writing clearly identified at the time of delivery as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Administrative Agent, such Arranger or such Lender from a source other than the Borrower.

"***Confirmation of Facility Increase***" has the meaning specified in Section 2.16.

"***Connection Income Taxes***" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"***Consolidated Capital***" means the sum of (i) Consolidated Debt of the Borrower and (ii) the consolidated equity of all classes of stock (whether common, preferred, mandatorily convertible preferred or preference) of the Borrower, in each case determined in accordance with GAAP, but including Equity-Preferred Securities issued by the Borrower and its Consolidated Subsidiaries and excluding the funded pension and other postretirement benefit plans, net of tax, components of accumulated other comprehensive income (loss).

"***Consolidated Debt***" of the Borrower means the total principal amount of all Debt described in clauses (i) through (v) of the definition of Debt and Guaranties of such Debt of the Borrower and its Consolidated Subsidiaries, excluding, however, (i) Debt of AEP Credit, Inc. that is non-recourse to the Borrower and its Consolidated Subsidiaries in respect of the sale of accounts receivable by the Borrower or its Consolidated Subsidiaries, (ii) Stranded Cost Recovery Bonds, and (iii) Equity-Preferred Securities not to exceed 10% of Consolidated Capital (calculated for purposes of this clause without reference to any Equity-Preferred Securities); *provided* that Guaranties of Debt included in the total principal amount of Consolidated Debt shall not be added to such total principal amount.

"***Consolidated Subsidiary***" means, with respect to any Person at any time, any Subsidiary or other Person the accounts of which would be consolidated with those of such first Person in its consolidated financial statements in accordance with generally accepted accounting principles.

"***Consolidated Tangible Net Assets***" means, on any date of determination and with respect to any Person at any time, the total of all assets (including revaluations thereof as a result of commercial appraisals, price level restatement or otherwise) appearing on the consolidated balance sheet of such Person and its Consolidated Subsidiaries most recently delivered to the Lenders pursuant to Section 5.01(i) as of such date of determination, 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 consolidated current liabilities of such Person and its Consolidated Subsidiaries appearing on such balance sheet.

"***Continue***", "***Continuation***" and "***Continued***" each refers to a continuation of Eurodollar Rate Advances as Eurodollar Rate Advances with a new Interest Period pursuant to Section 2.08.

"***Convert***", "***Conversion***" and "***Converted***" each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.08 or 2.11.

"***Credit Party***" means the Administrative Agent or any Lender.

"***Debt***" of any Person means, without duplication, (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person's business), (iii) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (iv) all obligations of such Person as lessee under leases that have been, in accordance with GAAP, recorded as capital leases, including, without limitation, the leases described in clause (iv) of Section 5.02(c), (v) all obligations of such Person in respect of reimbursement agreements with respect to acceptances, letters of credit (other than trade letters of credit) or similar extensions of credit, (vi) all Guaranties and (vii) all reasonably quantifiable obligations under indemnities or under support or capital contribution agreements, and other reasonably quantifiable obligations (contingent or otherwise) to purchase or otherwise to assure a creditor against loss in respect of, or to assure an obligee against loss in respect of, all Debt of others referred to in clauses (i) through (vi) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (A) to pay or purchase such Debt or to advance or supply funds for the payment or

purchase of such Debt, (B) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (C) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (D) otherwise to assure a creditor against loss.

"***Debtor Relief Laws***" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"***Default***" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"***Defaulting Lender***" means, subject to Section 8.16(b), any Lender that (i) has failed to (A) fund all or any portion of its Advances within two Business Days of the date such Advances were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable Default, shall be specifically identified in such writing) has not been satisfied, or (B) pay to any Credit Party any other amount required to be paid by it hereunder within two Business Days of the date when due, (ii) has notified the Borrower or any Credit Party in writing that it does not intend to comply with its funding obligations hereunder or generally under other agreements in which it commits to extend credit, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund an Advance hereunder and states that such position is based on such Lender's good faith determination that a condition precedent to funding (which condition precedent, together with any applicable Default, shall be specifically identified in such writing or public statement) cannot be satisfied), (iii) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (*provided* that, such Lender shall cease to be a Defaulting Lender pursuant to this clause (iii) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (iv) has become the subject of a Bankruptcy Event. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (i) through (iv) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 8.16(b)) upon delivery of written notice of such determination to the Borrower and each Lender.

"***Disclosure Documents***" means (i) the Borrower's Annual Report for the fiscal year ended December 31, 2013, (ii) the Borrower's First Quarter Report for the period ended March 31, 2014, (iii) the Borrower's Second Quarter Report for the period ended June 30, 2014 and (iv) the Borrower's Third Quarter Report for the period ended September 30, 2014.

"***Dollars***" and the symbol "***$***" mean lawful currency of the United States of America.

"***Domestic Lending Office***" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" on such Lender's Administrative Questionnaire or in the Assignment and Assumption pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify in writing to the Borrower and the Administrative Agent.

"***Draw Period***" has the meaning specified in Section 2.01(a).

"***Eligible Assignee***" means any Person that meets the requirements to be an assignee under Section 8.07(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 8.07(b)(iii)).

"***Environmental Action***" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (i) by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (ii) by any Governmental Authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"***Environmental Law***" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"***Environmental Permit***" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"***Equity-Preferred Securities***" means (i) debt or preferred securities that are mandatorily convertible or mandatorily exchangeable into common shares of the Borrower and (ii) any other securities, however denominated, including but not limited to hybrid capital and trust originated preferred securities, (A) issued by the Borrower or any Consolidated Subsidiary of the Borrower, (B) that are not subject to mandatory redemption or the underlying securities, if any, of which are not subject to mandatory redemption, (C) that are perpetual or mature no less than 30 years from the date of issuance, (D) the indebtedness issued in connection with which, including any guaranty, is subordinate in right of payment to the unsecured and unsubordinated indebtedness of the issuer of such indebtedness or guaranty, and (E) the terms of which permit the deferral of the payment of interest or distributions thereon to a date occurring after the Termination Date.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"***ERISA Affiliate***" means, with respect to any Person, each trade or business (whether or not incorporated) that is considered to be a single employer with such entity within the meaning of Section 414(b), (c), (m) or (o) of the Internal Revenue Code.

"***ERISA Event***" means (i) the termination of or withdrawal from any Plan by the Borrower or any of its ERISA Affiliates, (ii) the failure by the Borrower or any of its ERISA Affiliates to comply with ERISA or the related provisions of the Internal Revenue Code with respect to any Plan or (iii) the failure by the Borrower or any of its Subsidiaries to comply with Applicable Law with respect to any Foreign Plan.

"***Eurocurrency Liabilities***" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"***Eurodollar Lending Office***" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" on such Lender's Administrative Questionnaire or in the Assignment and Assumption pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify in writing to the Borrower and the Administrative Agent.

"***Eurodollar Rate***" means, for each day during any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, (a) the LIBOR Index Rate for such Interest Period, if such rate is available, and (b) if the LIBOR Index Rate cannot be determined, the arithmetic average of the rates of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) at which deposits in Dollars in immediately available funds are offered to the Administrative Agent at 11:00 a.m. (London, England time) 2 Business Days before the beginning of such Interest Period by 3 or more major banks in the interbank eurodollar market selected by the Administrative Agent (in consultation with the Borrower, which may be by telephone or e-mail) for delivery on the first day of and for a period equal to such Interest Period and in an amount equal or comparable to the principal amount of the Eurodollar Rate Advance scheduled to be made by the Administrative Agent as part of such Borrowing.

"***Eurodollar Rate Advance***" means an Advance that bears interest as provided in Section 2.07(b).

"***Eurodollar Rate Reserve Percentage***" of any Lender for any Interest Period for each Eurodollar Rate Advance means the reserve percentage applicable to such Lender during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) then applicable to such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"***Events of Default***" has the meaning specified in Section 6.01.

"***Exchange Act***" has the meaning specified in Section 6.01(f).

"***Excluded Taxes***" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes or branch profits Taxes, in each case, (A) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in an Advance or Commitment pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Advance or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.14(b)) or (B) such Lender changes its Applicable Lending Office, except in each case to the extent that, pursuant to Section 2.13, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Applicable Lending Office, (iii) Taxes attributable to such Recipient's failure to comply with Section 2.13(g) and (iv) any U.S. federal withholding Taxes imposed under FATCA.

"***Facility***" means the aggregate commitment of the Lenders to make Advances to the Borrower hereunder up to a maximum of Seventy Five Million Dollars ($75,000,000), as such aggregate commitment may be reduced from time to time pursuant to Section 2.04 or increased pursuant to Section 2.16.

"***FATCA***" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code.

"***Federal Funds Rate***" means, for any period, a fluctuating interest rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"***Fee Letter***" means the Fee Letter, dated as of October 20, 2014, among the Borrower, Fifth Third and Community Trust.

"***Fifth Third***" has the meaning specified in the recital of parties to this Agreement.

"***Foreign Lender***" means a Lender that is not a U.S. Person.

"***Foreign Plan***" has the meaning specified in Section 4.01(i).

"***Fund***" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

"***GAAP***" has the meaning specified in Section 1.03.

"***generally accepted accounting principles***" means generally accepted accounting principles in effect from time to time.

"***Governmental Approval***" means any authorization, consent, approval, license or exemption of, registration or filing with, or report or notice to, any Governmental Authority.

"***Governmental Authority***" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"***Guaranty***" of any Person means any obligation, contingent or otherwise, of such Person (i) to pay any Debt of any other Person or (ii) incurred in connection with the issuance by a third person of a Guaranty of Debt of any other Person (whether such obligation arises by agreement to reimburse or indemnify such third Person or otherwise).

"***Hazardous Materials***" means (i) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (ii) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"***Indemnified Party***" has the meaning specified in Section 8.04(b).

"***Indemnified Taxes***" means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (ii) to the extent not otherwise described in clause (i), Other Taxes.

"***Information Memorandum***" means the Confidential Information Memorandum, dated October 2014, relating to the Borrower and the Facility.

"***Initial Lenders***" has the meaning specified in the recital of parties to this Agreement.

"***Interest Period***" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect in the applicable Notice of Borrowing or the notice of Conversion or Continuation provided in accordance with Section 2.08(d); *provided*, *however*, that:

(i) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, *provided*, *however*, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(ii) if there is no numerically corresponding day in the month in which an Interest Period is to end or if an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

For purposes hereof, the date of any Eurodollar Rate Advance initially shall be the date on which such Advance is made and thereafter shall be the effective date of the most recent Conversion or Continuation of such Borrowing.

"***Internal Revenue Code***" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"***IRS***" means the United States Internal Revenue Service.

"***Lender Commitment Increase Agreement***" has the meaning specified in Section 2.16.

"***Lender Joinder Agreement***" has the meaning specified in Section 2.16.

"***Lenders***" means the Initial Lenders and each other Person that shall become a party hereto pursuant to Section 8.07 or Section 2.16, in each case other than any such Person that shall have ceased to be a party hereto pursuant to Section 8.07 or Section 2.16.

"***LIBOR Index Rate***" means, for an Interest Period for any Borrowing of Eurodollar Rate Advances, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) for deposits in Dollars for a period equal to such Interest Period, which appears on (a) the Reuters Screen LIBOR01 Page (or on such other substitute Reuters page that displays rates for deposits in Dollars are offered by leading banks in the London interbank deposit market) (the "***Reuters Screen Rate***") or (b) solely in the event that the Reuters Screen Rate is unavailable, on Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates for deposits in Dollars are offered by leading banks in the London interbank deposit market), in each case as of 11:00 a.m. (London, England time) on the day two Business Days before the commencement of such Interest Period.

"***Lien***" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"***Loan Documents***" means, collectively, (i) the Commitment Letter, (ii) the Fee Letter, (iii) this Agreement, (iv) any promissory note issued pursuant to Section 2.06(d), and (v) any

Lender Joinder Agreement, in each case, as amended, supplemented or modified from time to time.

"***Margin Regulations***" means Regulations T, U and X of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"***Margin Stock***" has the meaning specified in the Margin Regulations.

"***Material Adverse Change***" means any material adverse change (i) in the business, condition (financial or otherwise) or operations of the Borrower and its Subsidiaries, taken as a whole, or (ii) that is reasonably likely to affect the legality, validity or enforceability of this Agreement or any other Loan Document against the Borrower or the ability of the Borrower to perform its obligations under this Agreement or any other Loan Document.

"***Material Adverse Effect***" means a material adverse effect (i) on the business, condition (financial or otherwise) or operations of the Borrower and its Subsidiaries, taken as a whole, or (ii) that is reasonably likely to affect the legality, validity or enforceability of this Agreement or any other Loan Document against the Borrower or the ability of the Borrower to perform its obligations under this Agreement or any other Loan Document.

"***Maximum Rate***" has the meaning specified in Section 8.18.

"***Moody's***" means Moody's Investors Service, Inc.

"***Moody's Rating***" means, on any date of determination, the debt rating most recently announced by Moody's with respect to the long-term senior unsecured debt issued by the Borrower.

"***Multiemployer Plan***" has the meaning specified in Section 4.01(i).

"***Non-Consenting Lender***" means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all Lenders in accordance with the terms of Section 8.01 and (ii) has been approved by the Required Lenders.

"***Non-Defaulting Lender***" means, at any time, each Lender that is not a Defaulting Lender at such time.

"***Non-Use Fee***" has the meaning specified in Section 2.03(a).

"***Notice of Borrowing***" has the meaning specified in Section 2.02(a).

"***Other Connection Taxes***" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Advance, Commitment or Loan Document).

"***Other Taxes***" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.14(b)).

"***Parent***" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"***Participant***" has the meaning specified in Section 8.07(d).

"***Participant Register***" has the meaning specified in Section 8.07(d).

"***Patriot Act***" has the meaning specified in Section 8.14.

"***Permitted Liens***" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (i) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(g) hereof; (ii) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens, and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings; (iii) Liens incurred or deposits made to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; (iv) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes; (v) any judgment Lien, unless an Event of Default under Section 6.01(g) shall have occurred and be continuing; (vi) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into the Borrower or any Significant Subsidiary and not created in contemplation of such event; (vii) deposits made in the ordinary course of business to secure the performance of bids, trade contracts (other than for Debt), operating leases and surety bonds; (viii) Liens upon or in any real property or equipment acquired, constructed, improved or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of such property or equipment, or Liens existing on such property or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property); (ix) extensions, renewals or replacements of any Lien described in clause (iii), (vi), (vii) or (viii) for the same or a lesser amount, *provided*, *however*, that no such Lien shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced; and (x) any other Lien not covered by the foregoing exceptions as long as immediately after the creation of such Lien the aggregate principal amount of Debt secured by all Liens created or assumed under this clause (x) does not exceed 10% of Consolidated Tangible Net Assets of the Borrower.

"***Person***" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"***Plan***" has the meaning specified in Section 4.01(i).

"***Platform***" has the meaning specified in Section 8.02(b).

"***Recipient***" means (a) the Administrative Agent and (b) any Lender, as applicable.

"***Register***" has the meaning specified in Section 8.07(c).

"***Regulation AB***" means rules promulgated by the SEC found at C.F.R. 229.1100 et seq.

"***Related Parties***" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"***Request for Facility Increase***" has the meaning specified in Section 2.16.

"***Required Lenders***" means at any time Lenders having Advances and Commitments representing more than 50% of the sum of the then aggregate unpaid principal amount of the Advances owing to Lenders and Commitments in effect at such time. Subject to Section 8.01, the unpaid principal amount of the Advances owing to any Defaulting Lender and the Commitments of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"***Restructuring Law***" means any law applicable to the Borrower or any Subsidiary of the Borrower governing the deregulation or restructuring of the electric power industry.

"***RTO Transaction***" means the transfer of transmission facilities to a regional transmission organization or equivalent organization as approved or ordered by the Federal Energy Regulatory Commission or the Kentucky Public Service Commission.

"***S&P***" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc.

"***S&P Rating***" means, on any date of determination, the rating most recently announced by S&P with respect to the long-term senior unsecured debt issued by the Borrower; *provided* that if no rating with respect to the long-term senior unsecured debt issued by the Borrower is available from S&P on such date, the S&P Rating shall be the Borrower's corporate credit rating most recently announced by S&P.

"***Sanctioned Country***" means, at any time of determination, a country or territory which is the subject or target of any Sanctions.

"***Sanctioned Person***" means, at any time of determination, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control

of the U.S. Department of the Treasury, the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by or acting on behalf of any such Person described in the preceding clause (a) or (b). For purposes of the foregoing, ownership or control of a Person shall be deemed to include where a Sanctioned Person (i) owns or has power to vote 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of the Person or other individuals performing similar functions for the Person, or (ii) has the power to direct or cause the direction of the management and policies of the Person, whether by ownership of equity interests, contracts or otherwise.

"***Sanctions***" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or by the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any EU member state, or Her Majesty's Treasury of the United Kingdom.

"***SEC***" means the United States Securities and Exchange Commission.

"***Significant Subsidiary***" means, at any time, any Subsidiary of the Borrower that constituted a "significant subsidiary" of the Borrower (as such term is defined in Regulation S-X of the SEC as in effect on the date hereof (17 C.F.R. Part 210)) as of the last day of the most recent fiscal year for which financial statements have been delivered pursuant to Section 5.01(i)(ii) (or, prior to the first delivery of any such financial statements, as of September 30, 2014); *provided*, *however*, that "total assets" as used in Regulation S-X shall not include securitization transition assets, phase-in cost assets or similar assets on the balance sheet of any Subsidiary resulting from the issuance of transition bonds or other asset-backed securities of a similar nature.

"***Stranded Cost Recovery Bonds***" means securities, however denominated, that are issued by the Borrower or any Consolidated Subsidiary of the Borrower under Regulation AB that are (i) non-recourse to the Borrower and its Consolidated Subsidiaries (other than for failure to collect and pay over the charges referred to in clause (ii) below) and (ii) payable solely from transition or similar charges authorized by the Kentucky Public Service Commission and to be invoiced to customers of the Borrower or any Subsidiary of the Borrower or to retail electric providers.

"***Subsidiary***" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (i) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (ii) the interest in the capital or profits of such limited liability company, partnership or joint venture or (iii) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"***Taxes***" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"***Termination Date***" means the earlier to occur of (i) November 5, 2018, (ii) the date of termination in whole of the Commitments available to the Borrower pursuant to Section 2.04; *provided* that, concurrently with such termination, the Borrower has repaid or prepaid all Advances outstanding under the Facility, including any accrued and unpaid interest thereon, and paid all other amounts owed under the Loan Documents and (iii) the date of termination in whole of the Commitments available to the Borrower pursuant to Section 6.01.

"***Type***" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"***U.S. Person***" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Internal Revenue Code.

"***U.S. Tax Compliance Certificate***" has the meaning assigned to such term in Section 2.13(g)(ii)(B)(3).

"***Voting Stock***" means capital stock issued by a corporation, the membership interests in a limited liability company or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors or managers (or Persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"***Withholding Agent***" means the Borrower and the Administrative Agent.

SECTION 1.02 Computation of Time Periods.

In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03 Accounting Terms.

All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(f) ("***GAAP***").

SECTION 1.04 Other Interpretive Provisions.

As used herein, except as otherwise specified herein, (i) references to any Person include its successors and assigns and, in the case of any Governmental Authority, any Person succeeding to its functions and capacities; (ii) references to any Applicable Law include amendments, supplements and successors thereto; (iii) references to specific sections, articles, annexes, schedules and exhibits are to this Agreement; (iv) words importing any gender include the other gender; (v) the singular includes the plural and the plural includes the singular; (vi) the

words "including", "include" and "includes" shall be deemed to be followed by the words "without limitation"; (vii) captions and headings are for ease of reference only and shall not affect the construction hereof; and (viii) references to any time of day shall be to Cincinnati, Ohio time unless otherwise specified.

ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01 The Advances.

(a) At any time on or after the Closing Date but no later than the date that is 18 months after the Closing Date (such period, the "***Draw Period***") and no more frequently than five (5) times during the Draw Period, each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower on any Business Day during the Draw Period in an aggregate outstanding amount not to exceed at any time such Lender's Commitment at such time. Within the limits of each Lender's Commitment and as hereinabove and hereinafter provided, the Borrower may request Borrowings hereunder, and repay or prepay Advances pursuant to Section 2.09; *provided however,* that Advances may not be repaid or prepaid during the Draw Period. Amounts repaid or prepaid in respect of Advances may not be reborrowed.

(b) Notwithstanding anything to the contrary in Section 2.01(a), Advances made in connection with an increase in the Facility in accordance with Section 2.16 may be made within the time periods provided therein, regardless of whether such date is during the Draw Period.

SECTION 2.02 Making the Advances.

(a) Each Borrowing shall be in an amount not less than $5,000,000 (or, if less, the Commitments at such time) or an integral multiple of $1,000,000 in excess thereof and shall consist of Eurodollar Rate Advances made on the same day by the Lenders ratably according to their respective Commitment Percentages; *provided* that, if a Eurodollar Rate Advance is unavailable under Section 2.08 or 2.11, such Borrowing shall consist of Base Rate Advances. Each Borrowing shall be made on notice, given not later than 11:00 A.M. on the third Business Day (or, only in the case a Eurodollar Rate Advance is unavailable under Section 2.08 or 2.11, in the case of a Borrowing consisting of Base Rate Advances, not later than 9:30 A.M. on the date of the proposed Borrowing) prior to the date of the proposed Borrowing by the Borrower to the Administrative Agent, which shall give to each Lender prompt written notice. Each such notice of a Borrowing under this Section 2.02 (a "***Notice of Borrowing***") shall be in writing or may be delivered by telephone, if confirmed immediately in writing or fax in substantially the form of Exhibit A hereto, specifying therein the requested (i) Borrowing Date for such Borrowing, which shall be a Business Day, (ii) aggregate amount of such Borrowing, (iii) the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period", and (iv) the location and number of the account of the Borrower to which the funds are to be disbursed. Each Lender shall, before 12:00 Noon on the applicable Borrowing Date, make available for the account of its Applicable Lending Office to the Administrative Agent at the Agent's Account, in same day funds, such Lender's ratable portion of the

Borrowing to be made on such Borrowing Date. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Section 3.02, the Administrative Agent will promptly make such funds available to the Borrower in such manner as the Borrower shall have specified in the applicable Notice of Borrowing and as shall be reasonably acceptable to the Administrative Agent.

(b) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing for such Borrowing the applicable conditions set forth in Section 3.02, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(c) Unless the Administrative Agent shall have received notice in writing from a Lender prior to any Borrowing Date or, in the case of a Base Rate Advance, prior to the time of Borrowing, that such Lender will not make available to the Administrative Agent such Lender's Advance as part of the Borrowing to be made on such Borrowing Date, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on such Borrowing Date in accordance with subsection (a) of this Section 2.02, and the Administrative Agent may (but it shall not be required to), in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such Advance available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount, together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(d) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03 Fees.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a fee (the "***Non-Use Fee***") as set forth in the definition of Applicable Margin per annum multiplied by the daily amount of such Lender's Commitment from (i) the date hereof, in the case of each Initial Lender, and (ii) from the effective date specified in the Assignment and Assumption or Lender Joinder Agreement pursuant to which it became a Lender, in the case of each other Lender, payable quarterly in arrears on the last day of each March, June, September

and December, commencing December 31, 2014 and ending on the Termination Date. For the avoidance of doubt, for purposes of this Section 2.03(a), upon the conclusion of the Draw Period, each Lender's Commitment shall automatically terminate and reduce to zero, subject to any increase in the Commitments under the Facility after the Draw Period in accordance with Section 2.16.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender, without duplication with the other fee or fees specified in the Fee Letter, an up-front fee equal to 0.25% of the final allocated amount of such Lender, payable on the Closing Date.

(c) The Borrower shall pay to the Administrative Agent such fees as may from time to time be agreed between the Borrower and the Administrative Agent, including pursuant to the Fee Letter.

SECTION 2.04 Termination or Reduction of the Commitments.

(a) The Borrower shall have the right, upon at least three Business Days' notice to the Administrative Agent, to terminate in whole or reduce ratably in part the Commitments, *provided* that (i) each partial reduction shall be in a minimum amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and (ii) no such termination or reduction shall occur during the Draw Period.

(b) Notwithstanding the limitations in Section 2.04(a), the Borrower may terminate the Commitment of any Lender that is a Defaulting Lender in accordance with Section 8.16(a)(iv).

(c) The Commitment of each Lender shall terminate (i) upon the funding of each Advance, in each case only to the extent funded by such Lender and (ii) if not previously terminated, on the Termination Date.

(d) Once terminated, neither a Commitment nor any portion thereof may be reinstated.

SECTION 2.05 Repayment of Advances.

The Borrower shall repay to the Administrative Agent for the account of each Lender on the Termination Date the aggregate principal amount of all Advances made by such Lender to the Borrower then outstanding.

SECTION 2.06 Evidence of Indebtedness.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness to such Lender resulting from each Advance made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(b) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Advance made hereunder, the Type of each Advance made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries made in the accounts maintained pursuant to subsections (a) and (b) of this Section 2.06 shall, to the extent permitted by Applicable Law, be prima facie evidence of the existence and amounts of the obligations therein recorded; *provided*, *however*, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrower to repay the Advances and interest thereon in accordance with the terms of this Agreement.

(d) Any Lender may request that any Advances made by it be evidenced by one or more promissory notes. In such event, the Borrower shall prepare, execute and deliver to such Lender one or more promissory notes payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Advances evidenced by such promissory notes and interest thereon shall at all times (including after assignment pursuant to Section 8.07) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.07 Interest on Advances.

The Borrower shall pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(a) ***Base Rate Advances***. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate plus (y) the Applicable Margin for Base Rate Advances in effect from time to time, payable in arrears (i) quarterly on the last day of each March, June, September and December during such periods, (ii) on the date such Base Rate Advance shall be Converted or paid in full and (iii) on the Termination Date.

(b) ***Eurodollar Rate Advances***. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin for Eurodollar Rate Advances in effect from time to time, payable in arrears on (i) the last day of each such Interest Period applicable to the Borrowing of which such Advance is a part and, in the case of a Eurodollar Rate Advance with an Interest Period of more than three months' duration, such day or days prior to the last day of such Interest Period as shall occur at intervals of three months' duration after the first day of such Interest Period and (ii) and on the Termination Date; *provided* that in the event of any Conversion or Continuation of a Eurodollar Rate Advance prior to the end of the current Interest Period therefor, accrued interest on such Advance shall be payable on the effective date of such Conversion or Continuation.

(c) ***Additional Interest on Eurodollar Rate Advances***. The Borrower shall pay to each Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Advance until such principal amount is paid in full, at an interest rate *per annum* equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% *minus* the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and notified to the Borrower through the Administrative Agent.

SECTION 2.08 Interest Rate Determination.

(a) The Administrative Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.07(a) or (b).

(b) If, with respect to any Eurodollar Rate Advances, (i) the Required Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, or (ii) a Eurodollar Rate cannot be determined or is otherwise unavailable, the Administrative Agent shall forthwith so notify the Borrower and the Lenders, whereupon (A) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (B) the obligation of the Lenders to make Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurodollar Rate Advance comprising the same Borrowing will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) no outstanding Borrowing may be Converted to or Continued as a Eurodollar Rate Advance.

(d) The Borrower may on any Business Day, upon written notice given to the Agent not later than 11:00 a.m. on the third Business Day prior to the date of the proposed Conversion or Continuation and subject to the provisions of Section 2.08(c), Convert all Advances of one Type comprising the same Borrowing hereunder into Advances of the other Type or Continue all Eurodollar Rate Advances comprising the same Borrowing hereunder for a new Interest Period; *provided*, *however*, that any Conversion of Eurodollar Rate Advances into Base Rate Advances and any Continuation of Eurodollar Rate Advances for a new Interest Period shall be made only (x) on the last day of an Interest Period for such Eurodollar Rate Advances or (y) on any day other than the last day of an Interest Period for such Eurodollar Rate Advances so long as the Borrower pays the amounts payable pursuant to Section 8.04(c), any Conversion of Base Rate Advances into Eurodollar Rate Advances or Continuation of Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section

2.02(a). Each such notice of a Conversion or Continuation shall, within the restrictions specified above, specify (i) the date of such Conversion or Continuation, (ii) the Advances to be Converted or Continued, and (iii) if such Conversion is into Eurodollar Rate Advances or if such notice is of a Continuation of Eurodollar Rate Advances, the duration of the initial (or Continued) Interest Period for each such Eurodollar Rate Advance.

(e) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to Convert to or Continue, any Borrowing of Eurodollar Rate Advances if the Interest Period requested with respect thereto would end after the Termination Date.

SECTION 2.09 Optional Prepayments of Advances.

The Borrower may, upon at least three Business Days' notice, in the case of Eurodollar Rate Advances, and upon notice not later than 11:00 A.M. on the date of prepayment, in the case of Base Rate Advances, to the Administrative Agent stating the proposed date and aggregate principal amount of the prepayment, and, if such notice is given, the Borrower shall prepay the outstanding principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; *provided*, *however*, that (x) each partial prepayment shall be in a minimum amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof, (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c) and (z) no such prepayment shall be allowed during the Draw Period.

SECTION 2.10 Increased Costs.

(a) ***Increased Costs Generally***. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Eurodollar Rate Reserve Percentage);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Advances made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Advance or of maintaining its obligation to make any such Advance, or to increase the cost to such Lender or such other Recipient to reduce the amount of any sum received or receivable by such Lender or other

Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or other Recipient, the Borrower will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) ***Capital Requirements***. If any Lender determines that any Change in Law affecting such Lender or any Applicable Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Advances made by such Lender, to a level below that which such Lender or such Lender's or holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy or liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) ***Certificates for Reimbursement***. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender, as the case may be, the amount shown as due on any such certificate within ten days after receipt thereof.

(d) ***Delay in Requests***. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; *provided* that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 2.11 Illegality.

If due to any Change in Law it shall become unlawful or impossible for any Credit Party (or its Eurodollar Lending Office) to make, maintain or fund its Eurodollar Rate Advances, and such Credit Party shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Credit Parties and the Borrower, whereupon, until such Credit Party notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Credit Party to make Eurodollar Rate Advances, to Convert outstanding Advances into Eurodollar Rate Advances or to Continue outstanding Advances as Eurodollar Rate Advances, shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section 2.11, such Credit Party shall use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions applicable to such Credit Party) to designate a different Eurodollar Lending Office if such designation would avoid the need for giving such notice and would not, in the judgment of such

Credit Party, be otherwise disadvantageous to such Credit Party. If such notice is given, each Eurodollar Rate Advance of such Credit Party then outstanding shall be Converted to a Base Rate Advance either (i) on the last day of the then current Interest Period applicable to such Eurodollar Rate Advance if such Credit Party may lawfully continue to maintain and fund such Advance to such day or (ii) immediately if such Credit Party shall determine that it may not lawfully continue to maintain and fund such Advance to such day.

SECTION 2.12 Payments and Computations.

(a) The Borrower shall make each payment to be made by it hereunder not later than 1:00 P.M. on the day when due in Dollars to the Administrative Agent at the Agent's Account in same day funds without condition or deduction for any counterclaim, defense, recoupment or setoff. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or the Non-Use Fee ratably (other than amounts payable pursuant to Section 2.02(b), 2.07(c), 2.10, 2.13, 8.04(c) or 8.16) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 8.07(c), from and after the effective date specified in such Assignment and Assumption, the Administrative Agent shall make all payments hereunder in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) The Borrower hereby authorizes each Lender, if and to the extent payment owed to such Lender is not made when due hereunder, after any applicable grace period, to charge from time to time against any or all of the Borrower's accounts with such Lender any amount so due.

(c) All computations of interest and the Non-Use Fee shall be made by the Administrative Agent on the basis of a year of 360 days, except that interest computed by reference to the Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or the Non-Use Fee is payable. Each determination by the Administrative Agent of an interest rate or the Non-Use Fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(d) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or the Non-Use Fee, as the case may be; *provided*, *however*, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to a Lender hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date, and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.13 Taxes.

(a) ***Defined Terms***. For purposes of this Section 2.13, the term "Applicable Law" includes FATCA.

(b) ***Payments Free of Taxes***. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) ***Payment of Other Taxes by the Borrower***. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) ***Indemnification by the Borrower***. The Borrower shall indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section), payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) ***Indemnification by the Lenders***. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes

attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 8.07(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this subsection (e).

(f) ***Evidence of Payments***. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 2.13, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) ***Status of Lenders***. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.13(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit B-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code (a "***U.S. Tax Compliance Certificate***") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-2 or Exhibit B-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that, if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative

Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(E) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) ***Treatment of Certain Refunds***. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.13 (including by the payment of additional amounts pursuant to this Section 2.13), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this subsection (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this subsection (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to

require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) ***Survival***. Each party's obligations under this Section 2.13 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 2.14 Mitigation Obligations; Replacement of Lenders.

(a) ***Designation of a Different Applicable Lending Office***. If any Lender delivers a notice pursuant to Section 2.11, requests compensation under Section 2.10, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.13, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different Applicable Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.10 or 2.13, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) ***Replacement of Lenders***. If any Lender delivers a notice pursuant to Section 2.11, requests compensation under Section 2.10, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.13 and, in each case, such Lender has declined or is unable to designate a different Applicable Lending Office in accordance with Section 2.14(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 8.07), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.10 or Section 2.13) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if such Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 8.07(b)(iv);

(ii) such Lender shall have received payment of an amount equal to the outstanding principal amounts of its Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 8.04(c)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.10 or payments required to be made pursuant to Section 2.13, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) no Default shall have occurred and be continuing;

(v) such assignment does not conflict with Applicable Law; and

(vi) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.15 Sharing of Payments, Etc.

(a) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.02(b), 2.07(c), 2.10, 2.13, 8.04(c) or 8.16 or in respect of Eurodollar Rate Advances converted into Base Rate Advances pursuant to Section 2.11) by the Borrower in excess of its ratable share of payments on account of the Advances to the Borrower obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in such Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; *provided*, *however*, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.14 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

(b) If any Lender shall fail to make any payment required to be made by it hereunder to or for the account of the Administrative Agent, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent to satisfy such Lender's obligations in respect of such payment until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.16 Option to Increase Facility.

Upon the written request of the Borrower delivered to the Administrative Agent on or before November 5, 2016, which request from the Borrower can only be made not more than twice during the period from the date hereof through November 5, 2016 (each such request in the form of Exhibit C hereto, a "***Request for Facility Increase***"), the Administrative Agent shall request that Lenders increase their Commitment under the Facility; *provided*, that (u) in connection with such request, the Borrower may, at its sole expense and effort, seek to obtain new Commitments from any Person that is not a Lender at such time if such Person is an Eligible Assignee, (v) if the effective date of the proposed increase in Commitments is not during the Draw Period, such increase in Commitments shall be accompanied by a concurrent Advance of the entirety of the increased Commitments on such effective date, (w) no Lender shall be obligated to increase its Commitment without its prior written consent, (x) any such requested increase must be in a minimum additional aggregate amount of $5,000,000, and integral multiples of $1,000,000 in excess thereof, (y) after giving effect to the increase in Commitments, the sum of (i) the aggregate principal amount of all Advances (disregarding any repayments or prepayments of Advances occurring on or prior to the date of such increase) *plus* (ii) the Commitments in effect at such time shall not exceed $100,000,000 and (z) at the time of and after giving effect to the increase in Commitments and the concurrent funding of Advances, if any, the representations and warranties of the Borrower set forth herein are true and correct and no Default or Event of Default has occurred and is continuing. In the event that the Administrative Agent does not receive any commitments from the existing Lenders and/or new Lenders to cover such requested increase within 60 days of receipt of any Request for Facility Increase, such Request for Facility Increase shall be deemed to have been withdrawn by the Borrower on such 60th day. So long as no Event of Default has occurred and is continuing and the Request for Facility Increase has not been withdrawn, any such increase shall be effective upon: (i) written notification from the Administrative Agent to the Borrower and the Lenders (each such notification in the form of Exhibit D hereto, (a "***Confirmation of Facility Increase***") confirming the total amount of the increased Facility, describing each Lender or new Lender that has agreed to participate in such increase and each Lender's Commitment after giving effect to such increase; (ii) the execution and delivery by each such Lender of a Lender Commitment Increase Agreement, in the form of Exhibit E hereto (a "***Lender Commitment Increase Agreement***"), or a Lender Joinder Agreement, in the form of Exhibit F hereto (a "***Lender Joinder Agreement***"), as applicable (*provided* that any new Lender making a commitment pursuant to a Lender Joinder Agreement shall make a commitment of at least $5,000,000), and (iii) delivery by Borrower to the appropriate Lender of replacement or new notes, as applicable, to reflect such increase. Upon the effectiveness of a Commitment of any new Lender, such new Lender (I) shall be deemed to be a "Lender" hereunder, and henceforth shall be entitled to all the rights of, and benefits accruing to, Lenders hereunder and (II) shall be bound by all agreements, acknowledgements and other obligations of Lenders hereunder and under the other Loan Documents.

ARTICLE III
CONDITIONS PRECEDENT

SECTION 3.01 Conditions Precedent to Effectiveness of this Agreement and Initial Advances.

The effectiveness of this Agreement and the obligation of each Lender to make the initial Advance to be made by it hereunder shall be subject to the satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received on or before the date of such effectiveness the following, each dated such day, in form and substance reasonably satisfactory to the Administrative Agent in sufficient copies for each Lender:

(i) Certified copies of the resolutions of the board of directors of the Borrower approving this Agreement, and of all documents evidencing other necessary corporate action and Governmental Approvals, if any, with respect to this Agreement;

(ii) A certificate of the Secretary or Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the other documents to be delivered by the Borrower hereunder;

(iii) A favorable opinion of counsel for the Borrower (which may be an attorney of American Electric Power Service Corporation), as to such other matters as any Lender through the Administrative Agent may reasonably request; and

(b) On such date, the following statements shall be true and the Administrative Agent shall have received a certificate signed by a duly authorized officer of the Borrower, dated such date, certifying to the Administrative Agent and each Lender that:

(i) The representations and warranties of the Borrower contained in Section 4.01 are true and correct in all material respects on and as of such date, as though made on and as of such date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(c) The Borrower shall have paid all accrued fees and expenses of the Administrative Agent, the Arrangers and the Lenders then due and payable in accordance with the terms of the Loan Documents (including all fees as provided in the Fee Letter and all the fees and expenses of counsel to the Administrative Agent to the extent then due and payable).

(d) The Administrative Agent, on behalf of each Lender, shall have received copies of all the Disclosure Documents and the Information Memorandum.

(e) The Administrative Agent shall have received counterparts of this Agreement, executed and delivered by the Borrower and the Lenders.

(f) The Administrative Agent shall have received all promissory notes (if any) requested by any Lender pursuant to Section 2.06(d), duly completed and executed by the Borrower and payable to any such Lender.

(g) The Administrative Agent shall have received all documentation and information required by regulatory authorities under applicable "know your customer" and anti-

money laundering rules and regulations, including, without limitation, the Patriot Act, to the extent such documentation or information is requested by the Administrative Agent on behalf of the Lenders prior to the date hereof.

(h) The Administrative Agent shall have received copies or other evidence of such orders, filings, and other Governmental Approvals of any Governmental Authority that may be applicable to the transactions contemplated by this Agreement including those described in Section 4.01(d), and such other approvals, opinions or documents as may reasonably be requested by the Administrative Agent or by any Lender through the Administrative Agent.

(i) The Administrative Agent shall have received the Notice of Borrowing for any Advance to be made on the Closing Date, if any.

SECTION 3.02 Conditions Precedent to each Advance.

The obligation of each Lender to make each Advance to be made by it hereunder (other than in connection with any Borrowing that would not increase the aggregate principal amount of Advances outstanding immediately prior to the making of such Borrowing) shall be subject to the satisfaction of the conditions precedent set forth in Section 3.01 and on the date of such Borrowing:

(a) The following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of any Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true):

(i) The representations and warranties of the Borrower contained in Section 4.01 (other than the representation and warranty in Section 4.01(e) and the representation and warranty set forth in the last sentence of Section 4.01(f)) are true and correct in all material respects on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(ii) No event has occurred and is continuing or would result from such Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

(b) The Administrative Agent shall have received copies or other evidence of such other approvals and such other opinions or documents as may be reasonably requested by the Administrative Agent or by any Lender through the Administrative Agent.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

SECTION 4.01 Representations and Warranties of the Borrower.

The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, and each Significant Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or otherwise organized.

(b) The execution, delivery and performance by the Borrower of each Loan Document, and the consummation of the transactions contemplated hereby, are within the Borrower's corporate powers, have been duly authorized by all necessary action, and do not contravene (i) the Borrower's certificate of incorporation or by-laws, (ii) law binding or affecting the Borrower or (iii) any contractual restriction binding on or affecting the Borrower or any of its properties.

(c) Each Loan Document has been duly executed and delivered by the Borrower. Each Loan Document is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights in general, and except as the availability of the remedy of specific performance is subject to general principles of equity (regardless of whether such remedy is sought in a proceeding in equity or at law) and subject to requirements of reasonableness, good faith and fair dealing.

(d) No Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority or other third party, or otherwise specified pursuant to any Applicable Law, is required for the due execution, delivery and performance by the Borrower of any Loan Document, except for the authorization of the Federal Energy Regulatory Commission and the Kentucky Public Service Commission, each of which authorization has been duly obtained and is in full force and effect as of the date hereof.

(e) There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Significant Subsidiaries before any Governmental Authority or arbitrator that is reasonably likely to have a Material Adverse Effect, except as may be disclosed in the Disclosure Documents.

(f) The consolidated balance sheets of the Borrower and its Consolidated Subsidiaries as at December 31, 2013, March 31, 2014, June 30, 2014 and September 30, 2014, and the related consolidated statements of income, changes in shareholder's equity and comprehensive income (loss) and cash flows of the Borrower and its Consolidated Subsidiaries for the fiscal periods then ended, accompanied by (in the case of such financial statements for the fiscal year ended December 31, 2013) an opinion of Deloitte & Touche LLP, an independent registered public accounting firm, copies of each of which have been furnished to each Lender, fairly present (subject, in the case of such financial statements for the fiscal quarters ended March 31, 2014, June 30, 2014 and September 30, 2014 to year-end adjustments) the consolidated financial condition of the Borrower and its Consolidated Subsidiaries as at such dates and the consolidated results of the operations of the Borrower and its Consolidated Subsidiaries for the periods ended on such dates, all in accordance with generally accepted

accounting principles consistently applied. Since December 31, 2013, there has been no Material Adverse Change.

(g) No written statement, information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the syndication or negotiation of this Agreement or included herein or delivered pursuant hereto contained, contains, or will contain any material misstatement of fact or intentionally omitted, omits, or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are, or will be made, not misleading.

(h) Except as may be disclosed in the Disclosure Documents, the Borrower and each Significant Subsidiary is in material compliance with all laws (including ERISA and Environmental Laws) rules, regulations and orders of any Governmental Authority applicable to it.

(i) No failure to satisfy the minimum funding standard applicable to a Plan for a plan year (as described in Section 302 of ERISA and Section 412 of the Internal Revenue Code) that could reasonably be expected to have a Material Adverse Effect, whether or not waived, has occurred with respect to any Plan. The Borrower has not incurred, and does not presently expect to incur, any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan that could reasonably be expected to have a Material Adverse Effect. The Borrower and each of its ERISA Affiliates have complied in all material respects with ERISA and the Internal Revenue Code. The Borrower and each of its Subsidiaries have complied in all material respects with foreign law applicable to its Foreign Plans, if any. As used herein, the term "***Plan***" means an "employee pension benefit plan" (as defined in Section 3 of ERISA) which is and has been established or maintained, or to which contributions are or have been made or should be made according to the terms of the plan, by the Borrower or any of its ERISA Affiliates. The term "***Multiemployer Plan***" means any Plan which is a "multiemployer plan" (as such term is defined in Section 4001(a)(3) of ERISA). The term "***Foreign Plan***" means any pension, profit-sharing, deferred compensation, or other employee benefit plan, program or arrangement maintained by any Subsidiary which, under applicable local foreign law, is required to be funded through a trust or other funding vehicle.

(j) The Borrower and its Subsidiaries have filed or caused to be filed all material Federal, state and local tax returns that are required to be filed by them, and have paid or caused to be paid all material taxes shown to be due and payable on such returns or on any assessments received by them (to the extent that such taxes and assessments have become due and payable) other than those taxes contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting principles.

(k) The Borrower is not engaged in the business of extending credit for the purpose of buying or carrying Margin Stock, and no proceeds of any Advance will be used to buy or carry any Margin Stock or to extend credit to others for the purpose of buying or carrying any Margin Stock. Not more than 25% of the assets of the Borrower and the Significant Subsidiaries that are subject to the restrictions of Section 5.02(a), (c) or (d) constitute Margin Stock.

(l) Neither the Borrower nor any Significant Subsidiary is an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended (the "***Act***"). Neither the making of any Borrowing, the application of the proceeds or repayment thereof by the Borrower nor the consummation of the other transactions contemplated hereby will violate any provision of the Act or any rule, regulation or order of the SEC thereunder.

(m) All Significant Subsidiaries as of the date hereof are listed on Schedule 4.01(m) hereto.

(n) The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective directors and officers and, to the knowledge of the Borrower, its employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (i) the Borrower, any Subsidiary or any of their respective directors or officers, or (ii) to the knowledge of the Borrower, any employee or agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or use of proceeds thereof or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE V
COVENANTS OF THE BORROWER

SECTION 5.01 Affirmative Covenants.

So long as any Advance or any other amount payable hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(a) ***Preservation of Existence, Etc.*** Preserve and maintain, and cause each Significant Subsidiary to preserve and maintain, its corporate, partnership or limited liability company (as the case may be) existence and all material rights (charter and statutory) and franchises; *provided*, *however*, that the Borrower and any Significant Subsidiary may consummate any merger or consolidation permitted under Section 5.02(a); and *provided further* that neither the Borrower nor any Significant Subsidiary shall be required to preserve any right or franchise if (i) the board of directors of the Borrower or such Significant Subsidiary, as the case may be, shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Significant Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower or such Significant Subsidiary, as the case may be, or to the Lenders; (ii) required in connection with or pursuant to any Restructuring Law; or (iii) required in connection with the RTO Transaction; and *provided further*, that no Significant Subsidiary shall be required to preserve and maintain its corporate, partnership or limited liability company (as the case may be) existence if (x) the loss thereof is not disadvantageous in any material respect to the Borrower or to the Lenders or (y) required in

connection with or pursuant to any Restructuring Law or (z) required in connection with the RTO Transaction.

(b) ***Compliance with Laws, Etc***. Comply, and cause each Significant Subsidiary to comply, in all material respects, with Applicable Law, with such compliance to include, without limitation, compliance with ERISA and Environmental Laws.

(c) ***Performance and Compliance with Other Agreements***. Perform and comply, and cause each Significant Subsidiary to perform and comply, with the provisions of each indenture, credit agreement, contract or other agreement by which it is bound, the non-performance or non-compliance with which would result in a Material Adverse Change.

(d) ***Inspection Rights***. At any reasonable time and from time to time, permit the Administrative Agent or any Lender or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any Significant Subsidiary and to discuss the affairs, finances and accounts of the Borrower and any Significant Subsidiary with any of their officers or directors and with their independent certified public accountants.

(e) ***Maintenance of Properties, Etc***. Maintain and preserve, and cause each Significant Subsidiary to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted and except as required in connection with or pursuant to any Restructuring Law or in connection with an RTO Transaction.

(f) ***Maintenance of Insurance***. Maintain, and cause each Significant Subsidiary to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties; *provided*, *however*, that the Borrower and each Significant Subsidiary may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties and to the extent consistent with prudent business practice.

(g) ***Payment of Taxes, Etc***. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; *provided*, *however*, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which adequate reserves are being maintained in accordance with generally accepted accounting principles, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(h) ***Keeping of Books***. Keep, and cause each Significant Subsidiary to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Significant Subsidiary in accordance with generally accepted accounting principles.

(i) ***Reporting Requirements***. Furnish to the Administrative Agent, on behalf of each Lender:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a copy of the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such quarter and consolidated statements of income, changes in shareholder's equity and comprehensive income (loss) and cash flows of the Borrower and its Consolidated Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer, chief accounting officer, treasurer or assistant treasurer of the Borrower as having been prepared in accordance with generally accepted accounting principles and a certificate of the chief financial officer, chief accounting officer, treasurer or assistant treasurer of the Borrower certifying (A) that such financial statements fairly present (subject to year-end adjustments) the consolidated financial condition of the Borrower and its Consolidated Subsidiaries as at such date and the consolidated results of the operations of the Borrower and its Consolidated Subsidiaries for the periods ended on such date, all in accordance with generally accepted accounting principles consistently applied, (B) compliance with the terms of this Agreement, and (C) setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, *provided* that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP in effect on the date hereof;

(ii) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Consolidated Subsidiaries containing a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and consolidated statements of income, changes in shareholder's equity and comprehensive income (loss) and cash flows of the Borrower and its Consolidated Subsidiaries for such fiscal year, in each case accompanied by an opinion by Deloitte & Touche LLP (or another independent registered public accounting firm acceptable to the Required Lenders) to the effect that such financial statements fairly present the consolidated financial condition of the Borrower and its Consolidated Subsidiaries as at such date and the consolidated results of the operations of the Borrower and its Consolidated Subsidiaries for the periods ended on such date, all in accordance with generally accepted accounting principles consistently applied, and consolidating statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, and a certificate of the chief financial officer, chief accounting officer, treasurer or assistant treasurer of the Borrower certifying (A) as to compliance with the terms of this Agreement, (B) that there have been no Subsidiaries that have become Significant Subsidiaries at any time during such period, or any Subsidiaries that have ceased to be Significant Subsidiaries at any time during such period, in each case except as expressly identified in such certificate, and (C) setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, *provided* that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary

for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP in effect on the date hereof;

(iii) as soon as possible and in any event within five days after the chief financial officer or treasurer of the Borrower obtains knowledge of the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer or treasurer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the commencement thereof, notice of all actions and proceedings before any Governmental Authority or arbitrator affecting the Borrower or any Significant Subsidiary of the type described in Section 4.01(e); and

(v) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding the foregoing, the information required to be delivered pursuant to clauses (i) and (ii) shall be deemed to have been delivered if such information shall be available on the website of AEP at http://www.aep.com or any successor website; *provided* that the compliance certificates required under clauses (i) and (ii) shall be delivered in the manner specified in Section 8.02(b).

SECTION 5.02 Negative Covenants.

So long as any Advance or any other amount payable hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower agrees that it will not:

(a) ***Mergers, Etc***. Merge or consolidate with or into any Person, or permit any Significant Subsidiary to do so, except that (i) any Subsidiary may merge or consolidate with or into any other Subsidiary of the Borrower, (ii) any Subsidiary may merge into the Borrower, (iii) any Significant Subsidiary may merge with or into any other Person so long as such Significant Subsidiary continues to be a Significant Subsidiary of the Borrower and (iv) the Borrower may merge with any other Person so long as the successor entity (A) is the Borrower and (B) has (x) a long-term senior unsecured debt rating issued (and confirmed after giving effect to such merger) by S&P of at least BBB- (*provided* that if no long-term senior unsecured debt rating is available from S&P at such time, the rating required by this clause (x) shall by the successor entity's corporate credit rating issued by S&P) or (y) a long-term senior unsecured debt rating issued (and confirmed after giving effect to such merger) by Moody's of at least Baa3 (or, in the case of (x) and (y), if no such ratings have been issued, commercial paper ratings issued (and confirmed after giving effect to such merger) by S&P and Moody's of at least A-3 and P-3, respectively), *provided*, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(b) ***Stock of Significant Subsidiaries***. Sell, lease, transfer or otherwise dispose of, other than (i) in connection with an RTO Transaction, but only if no Default or Event of Default has occurred and is continuing or would result from such RTO Transaction, or (ii) pursuant to the requirements of any Restructuring Law, equity interests in any Significant

Subsidiary of the Borrower if such Significant Subsidiary would cease to be a Subsidiary as a result of such sale, lease, transfer or disposition.

(c) ***Sales, Etc. of Assets***. Sell, lease, transfer or otherwise dispose of, or permit any Significant Subsidiary to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets, except (i) sales in the ordinary course of its business, (ii) sales, leases, transfers or dispositions of assets to any Person that is not a wholly-owned Subsidiary of the Borrower that in the aggregate do not exceed 20% of the Consolidated Tangible Net Assets of the Borrower and its Subsidiaries, whether in one transaction or a series of transactions, (iii) other sales, leases, transfers and dispositions made in connection with an RTO Transaction or pursuant to the requirements of any Restructuring Law or to a wholly owned Subsidiary of the Borrower, (iv) sales of pollution control assets to a state or local government or any political subdivision or agency thereof in connection with any transaction with such Person pursuant to which such Person sells or otherwise transfers such pollution control assets back to the Borrower or a Subsidiary under an installment sale, loan or similar agreement, in each case in connection with the issuance of pollution control or similar bonds or (v) the Big Sandy Unit 2 Retirement Transaction.

(d) ***Liens, Etc***. Create or suffer to exist, or permit any Significant Subsidiary to create or suffer to exist, any Lien on or with respect to any of its properties, including, without limitation, on or with respect to equity interests in any Subsidiary of the Borrower, whether now owned or hereafter acquired, or assign, or permit any Significant Subsidiary to assign, any right to receive income (other than in connection with Stranded Cost Recovery Bonds and the sale of accounts receivable by the Borrower), other than (i) Permitted Liens, (ii) the Liens existing on the date hereof, (iii) Liens securing first mortgage bonds issued by the Borrower or any Subsidiary of the Borrower the rates or charges of which are regulated by the Federal Energy Regulatory Commission or any state governmental authority, *provided* that the aggregate principal amount of such first mortgage bonds of the Borrower or any such Subsidiary do not exceed 66 2/3% of the net value of plant, property and equipment of the Borrower or such Subsidiary, as applicable, and (iv) the replacement, extension or renewal of any Lien permitted by clauses (ii) and (iii) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(e) ***Restrictive Agreements***. Enter into, or permit any Significant Subsidiary to enter into (except in connection with or pursuant to any Restructuring Law), any agreement after the date hereof, or amend, supplement or otherwise modify any agreement existing on the date hereof, that imposes any restriction on the ability of any Significant Subsidiary to make payments, directly or indirectly, to its shareholders by way of dividends, advances, repayment of loans or intercompany charges, expenses and accruals or other returns on investments that is more restrictive than any such restriction applicable to such Significant Subsidiary on the date hereof; *provided*, *however*, that any Significant Subsidiary may agree to a financial covenant limiting its ratio of Consolidated Debt to Consolidated Capital to no more than 0.675 to 1.000.

(f) ***ERISA***. (i) Terminate or withdraw from, or permit any of its ERISA Affiliates to terminate or withdraw from, any Plan with respect to which the Borrower or any of its ERISA Affiliates may have any liability by reason of such termination or withdrawal, if such

termination or withdrawal could have a Material Adverse Effect, (ii) incur a full or partial withdrawal, or permit any ERISA Affiliate to incur a full or partial withdrawal, from any Multiemployer Plan with respect to which the Borrower or any of its ERISA Affiliates may have any liability by reason of such withdrawal, if such withdrawal could have a Material Adverse Effect, (iii) otherwise fail, or permit any of its ERISA Affiliates to fail, to comply in all material respects with ERISA or the related provisions of the Internal Revenue Code if such noncompliances, singly or in the aggregate, could have a Material Adverse Effect, or (iv) fail, or permit any of its Subsidiaries to fail, to comply with Applicable Law with respect to any Foreign Plan if such noncompliances, singly or in the aggregate, could have a Material Adverse Effect.

(g) ***Use of Proceeds***. Use the proceeds of any Borrowing to buy or carry Margin Stock.

(h) ***Anti-Corruption Laws and Sanctions***. Request any Borrowing, or use or permit any of its Subsidiaries or its or their respective directors, officers, employees and agents to use the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 5.03 Financial Covenant.

So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will maintain a ratio of Consolidated Debt to Consolidated Capital, as of the last day of each March, June, September and December, of not greater than 0.675 to 1.000.

ARTICLE VI
EVENTS OF DEFAULT

SECTION 6.01 Events of Default.

If any of the following events ("***Events of Default***") shall occur and be continuing:

(a) The Borrower (i) shall fail to pay any principal of any Advance when the same becomes due and payable, or (ii) shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement within five days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(a), 5.01(i)(iii) or 5.02 (other than (x) Section 5.02(f) and (y) except for a material breach thereof, 5.02(h)), or (ii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement or any other Loan

Document if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(d) Any event shall occur or condition shall exist under any agreement or instrument relating to Debt of the Borrower (but excluding Debt outstanding hereunder) or any Significant Subsidiary outstanding in a principal or notional amount of at least $50,000,000 in the aggregate if the effect of such event or condition is to accelerate or require early termination of the maturity or tenor of such Debt, or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), terminated, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity or the original tenor thereof; or

(e) The Borrower or any Significant Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any Significant Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any Significant Subsidiary shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) (i) Any entity, person (within the meaning of Section 14(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) that as of the date hereof was beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of less than 30% of the Voting Stock of AEP shall acquire a beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act), directly or indirectly, of Voting Stock of AEP (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of AEP; (ii) during any period of up to 24 consecutive months, commencing after the date hereof, individuals who at the beginning of such 24-month period were directors of AEP shall cease for any reason to constitute a majority of the board of directors of AEP, *provided* that any person becoming a director subsequent to the date hereof, whose election, or nomination for election by AEP's shareholders, was approved by a vote of at least a majority of the directors of the board of directors of AEP as comprised as of the date hereof (other than the election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of AEP) shall be, for purposes of this provision, considered as though such person were a member of the board as of the date hereof; or (iii) AEP shall fail to own directly or indirectly 100% of the Voting Stock of the Borrower; or

(g) Any judgment or order for the payment of money in excess of $50,000,000 in the case of the Borrower or any Significant Subsidiary to the extent not paid or insured shall be rendered against the Borrower or any Significant Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) (i) The termination of or withdrawal from the United Mine Workers' of America 1974 Pension Trust by the Borrower or any of its ERISA Affiliates shall have occurred and the liability of the Borrower and its ERISA Affiliates related to such termination or withdrawal exceeds $75,000,000 in the aggregate; or (ii) any other ERISA Event shall have occurred and the liability of the Borrower and its ERISA Affiliates related to such ERISA Event exceeds $50,000,000;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the outstanding Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the outstanding Advances, all such interest and all such amounts shall become and be forthwith due and payable by the Borrower, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; *provided*, *however*, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the outstanding Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII
THE ADMINISTRATIVE AGENT

SECTION 7.01 Appointment and Authorization.

Each Lender hereby irrevocably appoints the entity named as the Administrative Agent in the heading of this Agreement and its successors to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to enter into each of the Loan Documents to which it is a party (other than this Agreement) on its behalf and to take such actions as the Administrative Agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Administrative Agent by the terms thereof, together with all such powers as are reasonably incidental thereto. Subject to the terms of Section 8.01 and to the terms of the other Loan Documents, the Administrative Agent is authorized and empowered to amend, modify, or waive any provisions of this Agreement or the other Loan Documents on behalf of Lenders. The provisions of this Article 7 are solely for the benefit of the Administrative Agent and Lenders and Borrower shall not have any rights as a third- party beneficiary of any of the provisions hereof. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with

reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Facility as well as activities as the Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 7.02 Administrative Agent and Affiliates.

The Person serving as the Administrative Agent shall have the same rights and powers under the Loan Documents in its capacity as a Lender as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, invest in and own securities of, act as financial advisor or in any other advisory capacity for, and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate of the Borrower as if it were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 7.03 Action by Administrative Agent.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties shall be mechanical and administrative in nature. Nothing in this Agreement or any of the Loan Documents is intended to or shall be construed to impose upon the Administrative Agent any obligations in respect of this Agreement or any of the Loan Documents except as expressly set forth herein or therein. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); *provided* that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel,

may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any Subsidiary of the Borrower or any other Affiliate of the foregoing that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

SECTION 7.04 Consultation with Experts.

The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower or an Affiliate of the Borrower), independent accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

SECTION 7.05 Liability of Administrative Agent.

Neither the Administrative Agent nor any of its directors, officers, agents, employees or Affiliates shall be liable to any Lender for any action taken or not taken by it in connection with the Loan Documents (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 8.01 and Article VI or (ii) to the extent of its own gross negligence or willful misconduct in the discharge thereof (the absence of such gross negligence and willful misconduct to be presumed unless otherwise determined by a final non-appealable judgment of a court of competent jurisdiction). The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof (stating that it is a "notice of default") describing such Default is given to the Administrative Agent in writing by the Borrower or a Lender.

Neither the Administrative Agent nor any of its directors, officers, agents, employees or Affiliates shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith; (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein; (iv) the satisfaction of any condition specified in any Loan Document; (v) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document, any Lien purported to be created or perfected thereby or any other agreement, instrument, document or writing; (vi) the occurrence, existence or non-existence of any Default or Event of Default; or (vii) the financial condition of Borrower. The Administrative Agent shall be entitled to rely, and shall not incur any liability for relying, upon any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person (whether or not such Person in fact meets the

requirements set forth in the Loan Documents for being the signatory, sender or authenticator thereof). The Administrative Agent also shall be entitled to rely, and shall not incur any liability for relying, upon any statement made to it orally or by telephone and believed by it to be made by the proper Person (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the signatory, sender or authenticator thereof), and may act upon any such statement prior to receipt of written confirmation thereof. In determining compliance with any condition hereunder to the making of an Advance that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Advance.

SECTION 7.06 Indemnification.

To the extent that the Borrower fail to indefeasibly pay any amount required to be paid by them under Section 8.04(a) or Section 8.04(b) to the Administrative Agent (or any sub-agent thereof) or any of its Related Parties (and without limiting the Borrower's obligation to do so), each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or such sub-agent) in its capacity as such or against any of its Related Parties acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. For purposes of this Section, a Lender's "pro rata share" shall be determined based upon its share of the sum of the outstanding Advances and Commitments, in each case, at the time (or most recently outstanding and in effect). If any indemnity furnished to the Administrative Agent for any purpose shall, in the opinion of the Administrative Agent, be insufficient or become impaired, Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against even if so directed by Required Lenders until such additional indemnity is furnished.

SECTION 7.07 Right to Request and Act on Instructions.

Without limitation of the protections provided in Section 7.03, the Administrative Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Loan Documents the Administrative Agent is permitted or desires to take or to grant, and if such instructions are promptly requested, the Administrative Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from the Required Lenders or all or such other portion of the Lenders as shall be prescribed by this Agreement.

SECTION 7.08 Credit Decision.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender, or any of the Related Parties of any of

the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under or based on any Loan Document or any related agreement or any document furnished hereunder or thereunder.

Each Lender, by delivering its signature page to this Agreement, or delivering its signature page to an Assignment and Assumption, Lender Joinder Agreement or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Closing Date.

SECTION 7.09 Successor Administrative Agent.

Subject to the terms of this paragraph, the Administrative Agent may resign at any time from its capacity as such. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor Administrative Agent. Upon the acceptance of a successor's appointment as Administrative Agent hereunder and notice of such acceptance to the retiring Administrative Agent, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, the retiring Administrative Agent's resignation shall become immediately effective and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder and under the other Loan Documents (if such resignation was not already effective and such duties and obligations not already discharged, as provided below in this paragraph). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. Notwithstanding the foregoing, if no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders (but without any obligation) appoint a successor Administrative Agent. From and following the expiration of such thirty (30) day period, the Administrative Agent shall have the exclusive right, upon one (1) Business Days' notice to the Borrower and the Lenders, to make its resignation effective immediately. From and following the effectiveness of such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this paragraph. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article and Section 8.04, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its

sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

SECTION 7.10 Return of Payments.

If the Administrative Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by the Administrative Agent from Borrower and such related payment is not received by the Administrative Agent, then the Administrative Agent will be entitled to recover such amount from such Lender on demand without setoff, counterclaim or deduction of any kind, together with interest accruing on a daily basis at the Federal Funds Rate.

If the Administrative Agent determines at any time that any amount received by the Administrative Agent under this Agreement must be returned to the Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Loan Document, the Administrative Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to the Administrative Agent on demand any portion of such amount that Administrative Agent has distributed to such Lender, together with interest at such rate, if any, as the Administrative Agent is required to pay to the Borrower or such other Person, without setoff, counterclaim or deduction of any kind.

SECTION 7.11 Right to Perform, Preserve and Protect.

If the Borrower fails to perform any obligation hereunder or under any other Loan Document, the Administrative Agent itself may, but shall not be obligated to, cause such obligation to be performed at Borrower's expense. The Administrative Agent is further authorized by the Borrower and the Lenders to make expenditures from time to time which the Administrative Agent, in its reasonable business judgment, deems necessary or desirable to (i) preserve or protect the business conducted by the Borrower or any portion thereof and/or (ii) enhance the likelihood of, or maximize the amount of, repayment of the Advances. The Borrower hereby agrees to reimburse the Administrative Agent on demand for any and all costs, liabilities and obligations incurred by the Administrative Agent pursuant to this Section 7.11. Each Lender hereby agrees to indemnify the Administrative Agent upon demand for any and all costs, liabilities and obligations incurred by the Administrative Agent pursuant to this Section 7.11.

SECTION 7.12 Administrative Agent May File Proofs of Claim.

In case of the pendency of any proceeding with respect to the Borrower under any Debtor Relief Law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Advance shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Advances and all other obligations under any Loan

Document that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim under Sections 2.03, 2.07, 2.10, 2.13 and 8.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lender, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents (including under Section 8.04).

SECTION 7.13 Additional Titled Agents.

Notwithstanding anything herein to the contrary, neither any Arranger nor the Person named on the cover page of this Agreement as the Syndication Agent or any other bookrunner, arranger or to any titled agent named on the cover page of this Agreement, other than the Administrative Agent (collectively, the "***Additional Titled Agents***") shall have any duties or obligations under this Agreement or any other Loan Documents (except in its capacity, as applicable, as a Lender), but all such Persons shall have the benefit of the indemnities provided for hereunder. Without limiting the foregoing, no Additional Titled Agent shall have nor be deemed to have a fiduciary relationship with any Lender. At any time that any Lender serving as an Additional Titled Agent shall have transferred to any other Person (other than any Affiliates) all of its interests in the Advances and in the Commitment, such Lender shall be deemed to have concurrently resigned as such Additional Titled Agent.

ARTICLE VIII
MISCELLANEOUS

SECTION 8.01 Amendments, Etc.

Subject to Section 8.16(a)(i), no amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided*, *however*, that no amendment, waiver or consent shall (a) unless in writing and signed by all the Lenders (other than, in the case of the following clauses (i) through (iv), any Defaulting Lender), do any of the following: (i) amend Section 3.01 or 3.02 or waive any of the conditions specified therein, (ii) increase the aggregate amount of the Commitments (*provided* that, for the avoidance of doubt, no increase in the aggregate amount of the Commitments pursuant to Section 2.16 hereof shall require consent under this Section 8.01), (iii) change the definition of Required Lenders or the percentage of the Commitments or of the aggregate unpaid principal amount of the outstanding Borrowings, or the number or percentage

of the Lenders, that shall be required for the Lenders or any of them to take any action hereunder, or (iv) amend or waive this Section 8.01 or any provision of this Agreement that requires pro rata sharing of payments among the Lenders; or (b) unless in writing and signed by each Lender that is directly affected thereby, do any of the following: (1) increase the amount or extend the termination date of such Lender's Commitment, or subject such Lender to any additional obligations, (2) reduce the principal of, or interest on, or rate of interest applicable to, the outstanding Advances of such Lender or any fees or other amounts payable to such Lender hereunder, or (3) postpone any date fixed for any payment of principal of, or interest on, the outstanding Advances or any fees or other amounts payable to such Lender hereunder; and *provided further* that (x) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Administrative Agent under this Agreement, and (y) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent and the Required Lenders, amend or waive Section 8.16. Notwithstanding the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by the Borrower, the Required Lenders and the Administrative Agent if (i) by the terms of such agreement the Commitment of each Lender not consenting to the amendment provided for therein shall terminate (but such Lender shall continue to be entitled to the benefits of Sections 2.10, 2.13 and 8.04) upon the effectiveness of such amendment and (ii) at the time such amendment becomes effective, each Lender not consenting thereto receives payment in full of the principal outstanding amount of and interest accrued on each Advance made by it and outstanding and all other amounts owing to it or accrued for its account under this Agreement and is released from its obligations hereunder.

SECTION 8.02 Notices, Etc.

(a) The Borrower hereby agrees that any notice that is required to be delivered to it hereunder shall be delivered to the Borrower as set forth in this Section 8.02. All notices and other communications provided for hereunder shall be in writing (including fax) and mailed, faxed or delivered, if to the Borrower, C/O American Electric Power Co. Inc., 1 Riverside Plaza, Columbus, OH 43215, Attention: Treasurer (fax: 614-716-2807; telephone: 614-716-2885), with a copy to the General Counsel (fax: 614-716-1687; telephone: 614-716-2929) and to corporatefinance@aep.com; if to any Initial Lender, at its Domestic Lending Office specified in its Administrative Questionnaire; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Assumption or New Lender Joinder pursuant to which it became a Lender; if to the Administrative Agent, at its address at 38 Fountain Square Plaza, MD: 109047, Cincinnati, OH 45263, Attention: Judy Huls (fax: 513-534-0875; telephone: 513-534-4224; e-mail: judy.huls@53.com); or, as to the Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall be effective when delivered or received at the appropriate address or number to the attention of the appropriate individual or department, except that notices and communications to the Administrative Agent pursuant to Article II, III or VII shall not be effective until received by the Administrative Agent. Delivery by fax of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(b) The Borrower and the Lenders hereby agree that the Administrative Agent may make any information required to be delivered to the Administrative Agent on behalf of the Lenders (the "***Communications***") available to the Lenders by posting the Communications on Intralinks, SyndTrak or a substantially similar electronic transmission systems (the "***Platform***"). The Borrower and the Lenders hereby acknowledge that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution.

(c) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT, AND SHALL NOT BE DEEMED TO WARRANT, THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD-PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE, OR SHALL BE DEEMED TO BE MADE, BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES (COLLECTIVELY, "***AGENT PARTIES***") HAVE ANY LIABILITY TO THE BORROWER, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees (i) to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address.

Nothing herein shall prejudice the right of the Administrative Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

SECTION 8.03 No Waiver; Remedies.

No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right or power hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and not exclusive of any rights and remedies that are provided by law or that they would otherwise have.

SECTION 8.04 Costs and Expenses.

(a) The Borrower agrees to pay promptly upon demand all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement and the other documents to be delivered hereunder, including, without limitation, (i) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (ii) the reasonable fees and expenses of counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to their respective rights and responsibilities under this Agreement. The Borrower further agrees to pay promptly upon demand all costs and expenses of the Administrative Agent and the Lenders, if any (including, without limitation, counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Administrative Agent and the Lenders in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify and hold harmless each Lender and the Administrative Agent and each of their Related Parties (each, an "***Indemnified Party***") from and against any and all claims, damages, losses, liabilities and penalties, joint or several, to which any such Indemnified Party may become subject, in each case arising out of or in connection with or relating to (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances (ii) any error or omission in connection with posting of the data on the Platform or (iii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, and to reimburse any Indemnified Party for any and all reasonable expenses (including, without limitation, reasonable fees and expenses of counsel) as they are incurred in connection with the investigation of or preparation for or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party and whether or not such claim, action or proceeding is initiated or brought by or on behalf of the Borrower or any of its Affiliates and whether or not any of the transactions contemplated hereby are consummated or this Agreement is terminated, AND THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH INDEMNIFIED LIABILITIES ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY, OR ARE CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY

ANY INDEMNIFIED PERSON, except to the extent such claim, damage, loss, liability, penalty or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. To the fullest extent permitted by applicable law, the Borrower agrees not to assert, or permit any of their Affiliates or Related Parties to assert, and each hereby waives, any claim against any Indemnified Party on any theory of liability, for special, indirect, consequential (including lost profits) or punitive damages arising out of or otherwise relating to this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Borrowings.

(c) If any payment of principal of, or Conversion or Continuation of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.05, 2.08, 2.09 or 2.11, acceleration of the maturity of the outstanding Borrowings pursuant to Section 6.01, the assignment of any such Advance pursuant to Section 2.14(b) or for any other reason (in the case of any such payment, Conversion or Continuation), the Borrower shall, promptly upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment, Conversion or Continuation, including, without limitation, any loss (other than loss of Applicable Margin), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.10 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder.

(e) The Borrower agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Borrower or its security holders or creditors related to or arising out of or in connection with this Agreement, the Borrowings or the use or proposed use of the proceeds thereof, any of the transactions contemplated by any of the foregoing or in the loan documentation or the performance by an Indemnified Party of any of the foregoing (including the use by unintended recipients of any information or other materials distributed through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents) except to the extent that any loss, claim, damage, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

(f) In the event that an Indemnified Party is requested or required to appear as a witness in any action brought by or on behalf of or against the Borrower or any of its Affiliates in which such Indemnified Party is not named as a defendant, the Borrower agrees to reimburse

such Indemnified Party for all reasonable expenses incurred by it in connection with such Indemnified Party's appearing and preparing to appear as such a witness, including, without limitation, the fees and disbursements of its legal counsel.

SECTION 8.05 Right of Set-off.

Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the outstanding Borrowings due and payable pursuant to the provisions of Section 6.01, each Credit Party and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Credit Party or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement held by such Credit Party, whether or not such Credit Party shall have made any demand under this Agreement and although such obligations may be unmatured; *provided* that, in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 8.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations of the Borrower owing to such Defaulting Lender as to which it exercised such right of setoff. Each Credit Party agrees promptly to notify the Borrower after any such set-off and application, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Credit Party and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Credit Party and its Affiliates may have.

SECTION 8.06 Binding Effect.

This Agreement shall become effective upon satisfaction of the conditions precedent specified in Section 3.01 and thereafter shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and each Lender and their respective successors and assigns permitted hereby, except that the Borrower shall not have the right to assign any of its rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent and all of the Lenders (and any attempted assignment or transfer by the Borrower without such consent shall be null and void).

SECTION 8.07 Assignments and Participations.

(a) ***Successors and Assigns of Lenders Generally***. No Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing

in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) ***Assignments by Lenders***. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Advances at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) ***Minimum Amounts***.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Advances at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in subsection (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment and/or Advances of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if the "***Trade Date***" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $2,500,000 or an integral multiple of $500,000 in excess thereof, unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) ***Proportionate Amounts***. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Advances or the Commitment of such Lender being assigned.

(iii) ***Required Consents***. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) a Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; *provided* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten Business Days after having received notice thereof; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) ***Assignment and Assumption***. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 (to be paid by the assigning Lender, or, in the case of an assignment pursuant to Section 2.14(b), the Borrower); *provided* that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) ***No Assignment to Certain Persons***. No such assignment shall be made to (A) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) ***No Assignment to Natural Persons***. No such assignment shall be made to a natural Person.

(vii) ***Certain Additional Payments***. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Advances previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Advances and Commitments in accordance with its Commitment Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this subsection, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under

this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.10, 2.13 and 8.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; *provided*, that except to the extent otherwise expressly agreed in writing by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) ***Register***. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register in which it shall record the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Advances owing to, each Lender pursuant to the terms hereof from time to time (the "***Register***"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and, as to entries pertaining to it, any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) ***Participations***. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "***Participant***") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Advances owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 7.05 with respect to any payments made by such Lender to its Participant(s). Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clauses (b)(1), (b)(2) and (b)(3) of Section 8.01 that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.10, 2.13, 8.04(b) and 8.04(c) (subject to the requirements and limitations therein, including the requirements under Section 2.13(g) (it being understood that the documentation required under Section 2.13(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section; *provided* that such Participant (A) agrees to be subject to the provisions of Sections 2.14(b) and 2.15 as if it were an assignee under subsection (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.10 or 2.13,

with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.14(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.05 as though it were a Lender; *provided* that such Participant agrees to be subject to Section 2.15 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Commitments, Advances or other obligations under the Loan Documents (the "***Participant Register***"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Advances or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitments, Advances or other obligations are in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) ***Certain Pledges***. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central banking authority; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 8.08 Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Confidential Information, except that Confidential Information may be disclosed (a) to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any state, federal or foreign authority or examiner regulating banks, banking or other financial institutions and any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Law or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, (ii) any actual or prospective party (or its Related

Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder or (iii) any credit insurance provider relating to the Borrower and its obligations; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or this Agreement or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreement; (h) with the consent of the Borrower; or (i) to the extent such Confidential Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Administrative Agent or any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower. Any Person required to maintain the confidentiality of Confidential Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Confidential Information as such Person would accord to its own confidential information. It is agreed that, notwithstanding the restrictions of any prior confidentiality agreement binding on any Arranger or the Administrative Agent, such parties may disclose Confidential Information as provided in this Section 8.08.

SECTION 8.09 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 8.10 Severability; Survival; Entire Agreement.

(a) Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

(b) All covenants, agreements, representations and warranties made by the Borrower herein and in the other Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Advances, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Syndication Agent, any Arranger, any Lender or any Affiliate of any of the foregoing may have had notice or knowledge of any Default or incorrect representation or warranty at the time the Loan Document is executed and delivered or any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Advance or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.10, 2.13, 2.15(b) and 8.04 and Article VII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Advances, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

(c) The Loan Documents constitute the entire contract among the parties relative to the subject matter hereof. Any previous agreement, written or oral, among the parties with respect to the subject matter hereof is superseded by this Agreement, except (i) as expressly stated in any other Loan Document and (ii) for the Fee Letter.

SECTION 8.11 Execution in Counterparts.

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by fax or other electronic imaging shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.12 Jurisdiction, Etc.

(a) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK CITY, THE COUNTY OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT IN THE COURTS OF ANY JURISDICTION.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY NEW YORK STATE OR FEDERAL COURT REFERRED TO IN SECTION 8.12(a). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) THE BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON THE BORROWER BY CERTIFIED OR REGISTERED MAIL,

RETURN RECEIPT REQUESTED, ADDRESSED TO THE BORROWER AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 8.13 Waiver of Jury Trial.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH PARTY HERETO WARRANTS AND REPRESENTS THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

SECTION 8.14 USA Patriot Act.

Each of the Lenders and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law as of October 26, 2001)) (as amended, restated, modified or otherwise supplemented from time to time, the "***Patriot Act***"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Patriot Act.

SECTION 8.15 No Fiduciary Duty.

The Administrative Agent, each Arranger, each Lender and each of their respective Affiliates and each of their respective officers, directors, controlling persons, employees, agents and advisors (collectively, solely for purposes of this Section 8.15, the "***Lenders***") may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those the Borrower and its Affiliates, and none of the Lenders has any obligation to disclose any of such interests to the Borrower or any of their Affiliates. The Borrower agrees that nothing in the Loan Documents or otherwise in connection with all aspects of the transactions contemplated hereby or thereby and any communications in connection therewith, will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between the Lenders and the Borrower, its stockholders or its Affiliates. The Borrower acknowledges and agrees that (i) the transactions contemplated by the

Loan Documents are arm's-length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other, (ii) in connection therewith and with the process leading to such transaction each of the Lenders is acting solely as a principal and not the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other person, (iii) no Lender has assumed an advisory or fiduciary responsibility in favor of the Borrower with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether any Lender or any of its Affiliates has advised or is currently advising the Borrower on other matters) or any other obligation to the Borrower except the obligations expressly set forth in the Loan Documents and (iv) the Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate. The Borrower further acknowledges and agrees that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim, and hereby waives and releases any claim to the fullest extent permitted by law, that any Lender (x) has rendered advisory services of any nature or respect, (y) has committed a breach of agency, fiduciary or similar duty, or (z) owes a duty of agency, fiduciary or similar duty to the Borrower, in each case in connection with such transaction or the process leading thereto.

SECTION 8.16 Defaulting Lenders.

(a) ***Defaulting Lender Adjustments***. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

(i) ***Waivers and Amendments***. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and in Section 8.01.

(ii) ***Defaulting Lender Waterfall***. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VI or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 8.05 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrower may request (so long as no Default exists), to the funding of any Advance in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Advances under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent

jurisdiction; *provided* that, if (x) such payment is a payment of the principal amount of any Advances in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Advances were made at a time when the conditions set forth in Section 3.02 were satisfied or waived, such payment shall be applied solely to pay the Advances of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Advances of such Defaulting Lender until such time as all Advances are held by the Lenders pro rata in accordance with the Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 8.16(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) ***Certain Fees***. No Defaulting Lender shall be entitled to receive any Non-Use Fee pursuant to Section 2.03(a) for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(iv) ***Reduction of Commitments***. The Borrower may terminate the Commitment of any Lender that is a Defaulting Lender upon not less than three Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 8.16(a)(ii) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); *provided* that (i) no Event of Default shall have occurred and be continuing and (ii) such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent or any Lender may have against such Defaulting Lender.

(b) ***Defaulting Lender Cure***. If the Borrower and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Advances of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Advances to be held pro rata by the Lenders in accordance with the Commitments, whereupon such Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided*, *further*, that except to the extent otherwise expressly agreed in writing by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

SECTION 8.17 Interest Rate Limitation.

Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Advance, together with all fees, charges and other amounts which are treated as interest on such Advance under applicable law (collectively, the "***Charges***"), shall exceed the maximum lawful rate (the "***Maximum Rate***") which may be contracted for, charged, taken, received or reserved by the Lender making such Advance in accordance with applicable law, the rate of interest payable in respect of such Advance hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Advance but were not payable as a result of the operation of this Section 8.17 shall be cumulated and the interest and Charges payable to such Lender in respect of other Advances or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Applicable Margin to the date of repayment, shall have been received by such Lender.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

KENTUCKY POWER COMPANY

By _____
Name:
Title:

FIFTH THIRD BANK,
as Administrative Agent and as a Lender

By _____
Name:
Title:

COMMUNITY TRUST BANK, INC.,
as a Lender

By _____
Name:
Title:

BOND PURCHASE AND CONTINUING COVENANTS AGREEMENT

Between

KENTUCKY POWER COMPANY

and

KEY GOVERNMENT FINANCE, INC.

Relating to

$65,000,000
Solid Waste Disposal Facilities Revenue Refunding Bonds,
(Kentucky Power Company–Mitchell Project), Series 2014A

Dated as of June 1, 2017

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BOND PURCHASE AND CONTINUING COVENANTS AGREEMENT

This Bond Purchase and Continuing Covenants Agreement (this "***Lender Covenant Agreement***" or this "***Agreement***"), dated as of June 1, 2017, is made by and between KENTUCKY POWER COMPANY (the "***Borrower***"), and KEY GOVERNMENT FINANCE, INC.. (the "***Lender***").

RECITALS

A. The West Virginia Economic Development Authority (the "Issuer") and the Borrower entered into a Loan Agreement dated as of June 15, 2014 (the "***Loan Agreement***") pursuant to which the Issuer agreed to issue its State of West Virginia Solid Waste Disposal Facilities Revenue Refunding Bonds (Kentucky Power Company–Mitchell Project), Series 2014A (the "***Bonds***") to assist the Borrower in refinancing a portion of the cost of acquisition, construction and improvement of solid waste disposal facilities, or portions thereof, designed for the disposal of solid waste at the Mitchell Generating Station located near Moundsville, West Virginia (the "***Project***").

B. The Bonds were issued pursuant to the Indenture of Trust dated as of June 15, 2014 (the "***Indenture***") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "***Trustee***") and the proceeds of the Bonds were loaned to the Borrower pursuant to the Loan Agreement. All of the Issuer's rights under the Loan Agreement and under the related unsecured promissory note (the "***Note***") of the Borrower delivered to the Issuer were assigned to the Trustee pursuant to the Indenture as security for the payment of the principal of, premium, if any, and interest on the Bonds, except for certain rights to fees, notices and indemnification payments.

C. The Bonds are subject to mandatory tender on June 19, 2017 upon the change of the Interest Rate Determination Method to a Long-Term Rate.

D. The Lender has agreed to purchase the Bonds being tendered on June 19, 2017, and as a condition to such purchase, the Lender has required the execution and delivery of this Agreement by the Borrower.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises, the respective representations, covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. Certain terms used in this Agreement are defined in this Section or are defined in the Recitals above. Capitalized terms not otherwise defined herein shall have the meaning given such terms in the Loan Agreement or the Indenture.

"AEP" means American Electric Power Company, Inc.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or

indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Applicable Law" means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity or admiralty) and arbitrators.

"Arrangement Agent" means KeyBanc Capital Markets Inc.

"Beneficial Owner" means the Lender and each subsequent owner from time to time of the Bonds as set forth in Section 13.4 hereof.

"Bond Documents" means the Bonds, the Indenture, the Loan Agreement and the Note.

"Charter Documents" means, as to any Person (other than a natural person), the charter, certificate or articles of incorporation, by-laws, regulations, general or limited partnership agreement, certificate of limited partnership, certificate of formation, operating agreement, or other similar organizational or governing documents of such Person.

"Closing Date" means June 19, 2017, the mandatory tender date and the date of the delivery of the Bonds to the Lender.

"Consolidated Capital" means the sum of (i) Consolidated Debt of the Borrower and (ii) the consolidated equity of all classes of stock (whether common, preferred, mandatorily convertible preferred or preference) of the Borrower, in each case determined in accordance with GAAP, but including Equity-Preferred Securities issued by the Borrower and its Consolidated Subsidiaries and excluding the funded pension and other post retirement benefit plans, net of tax, components of accumulated other comprehensive income (loss).

"Consolidated Debt" of the Borrower means the total principal amount of all Indebtedness described in clauses (i) through (v) of the definition of Indebtedness and Guaranties of such Indebtedness of the Borrower and its Consolidated Subsidiaries, excluding, however, (i) Indebtedness of AEP Credit, Inc. that is non-recourse to the Borrower, (ii) Stranded Cost Recovery Bonds, and (iii) Equity-Preferred Securities not to exceed 10% of Consolidated Capital (calculated for purposes of this clause without reference to any Equity-Preferred Securities); provided that Guaranties of Indebtedness included in the total principal amount of Consolidated Debt shall not be added to such total principal amount.

"Consolidated Subsidiary" means, with respect to any Person at any time, any Subsidiary or other Person the accounts of which would be consolidated with those of such first Person in its consolidated financial statements in accordance with GAAP.

"Consolidated Tangible Net Assets" means, on any date of determination and with respect to any Person at any time, the total of all assets (including revaluations thereof as a result of commercial appraisals, price level restatement or otherwise) appearing on the consolidated balance sheet of such Person and its Consolidated Subsidiaries most recently delivered to the Lender pursuant to Section 9.1 as of such date of determination, 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 consolidated current liabilities of such Person and its Consolidated Subsidiaries appearing on such balance sheet.

"Default Rate" means the lesser of (a) the current applicable interest rate on the Bonds plus 3.00% and (b) the Maximum Rate.

"Disclosure Documents" means the Borrower's Annual Report for the fiscal year ended December 31, 2016 and the Borrower's Quarterly Report for the period ended March 31, 2017.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability, or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit, or Hazardous Materials or arising from alleged injury or threat of injury to health, safety, or the environment, including, without limitation, (i) by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (ii) by any Governmental Authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"Equity-Preferred Securities" means (i) debt or preferred securities that are mandatorily convertible or mandatorily exchangeable into common shares of the Borrower and (ii) any other securities, however denominated, including but not limited to hybrid capital and trust originated preferred securities, (A) issued by the Borrower or any Consolidated Subsidiary of the Borrower, (B) that are not subject to mandatory redemption or the underlying securities, if any, of which are not subject to mandatory redemption, (C) that are perpetual or mature no less than 30 years from the date of issuance, (D) the indebtedness issued in connection with which, including any guaranty, is subordinate in right of payment to the unsecured and unsubordinated indebtedness of the issuer of such indebtedness or guaranty, and (E) the terms of which permit the deferral of the payment of interest or distributions thereon.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"ERISA Affiliate" means, with respect to any Person, each trade or business (whether or not incorporated) that is considered to be a single employer with such entity within the meaning of Section 414(b), (c), (m) or (o) the Internal Revenue Code.

"ERISA Event" means (i) the termination of or withdrawal from any Plan by the Borrower or any of its ERISA Affiliates, (ii) the failure by the Borrower or any of its ERISA Affiliates to comply with ERISA or the related provisions of the Internal Revenue Code with respect to any Plan or (iii) the failure by the Borrower or any of its Subsidiaries to comply with Applicable Law with respect to any Foreign Plan.

"Event of Default" has the meaning specified in Section 12.1 of this Agreement.

"Fiscal Quarter" means any of the four consecutive three-month fiscal accounting periods collectively forming a Fiscal Year of the Borrower.

"Fiscal Year" means the regular annual accounting period for federal income tax purposes of the Borrower which is currently established as ending December 31.

"Foreign Plan" means any pension, profit-sharing, deferred compensation, or other employee benefit plan, program or arrangement maintained by any Subsidiary which, under applicable local foreign law, is required to be funded through a trust or other funding vehicle.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board, the American Institute of Certified Public Accountants and the Financial Accounting Standards Board or in such other statements by such other entity as may be in general use by significant segments of the accounting profession and which have been applied in the preparation of the financial statements referred to in this Agreement and otherwise consistently applied, subject to Section 12.

*"**Governmental Authority**"* means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guaranty" means, of any Person means any obligation, contingent or otherwise, of such Person (i) to pay any Indebtedness of any other Person or (ii) incurred in connection with the issuance by a third person of a Guaranty of Indebtedness of any other Person (whether such obligation arises by agreement to reimburse or indemnify such third Person or otherwise).

"Hazardous Materials" means (i) petroleum and petroleum products, byproducts, or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (ii) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as pollutant or contaminant under any Environmental Law.

"Indebtedness" means, of any Person means, without duplication, (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person's business), (iii) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (iv) all obligations of such Person as lessee under leases that have been, in accordance with GAAP, recorded as capital leases, including, without limitation, the leases described in clause (iv) of Section 5.02(c), (v) all obligations of such Person in respect of reimbursement agreements with respect to acceptances, letters of credit (other than trade letters of credit) or similar extensions of credit, (vi) all Guaranties and (vii) all reasonably quantifiable obligations under indemnities or under support or capital contribution agreements, and other reasonably quantifiable obligations (contingent or otherwise) to purchase or otherwise to assure a creditor against loss in respect of, or to assure an obligee against loss in respect of, all Indebtedness of others referred to in clauses (i) through (vi) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (A) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (B) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (C) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (D) otherwise to assure a creditor against loss.

"Law" means any law, treaty, regulation, statute or ordinance, common law, civil law, or any case precedent, ruling, requirement, directive or request having the force of law of any foreign or domestic governmental authority, agency or tribunal.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Margin Regulations" means Regulations T, U and X of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Margin Stock" has the meaning specified in the Margin Regulations.

"Material Adverse Change" means any material adverse change (i) in the business, condition (financial or otherwise) or operations of the Borrower and its Subsidiaries, taken as a whole, or (ii) that is reasonably likely to affect the legality, validity or enforceability of this Agreement against the Borrower or the ability of the Borrower to perform its obligations under the Transaction Documents.

"Material Adverse Effect" means a material adverse effect (i) on the business, condition (financial or otherwise) or operations of the Borrower and its Subsidiaries, taken as a whole, or (ii) that is reasonably likely to affect the legality, validity or enforceability of this Agreement against the Borrower or the ability of the Borrower to perform its obligations under the Transaction Documents.

"Maximum Rate" has the meaning provided therefor in the Indenture.

"Moody's" means Moody's Investors Service, Inc., and its successors and assigns.

"Multiemployer Plan" means any Plan which is a "multiemployer plan" (as such term is defined in at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA.

"Permitted Lien" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (i) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 9.7 hereof; (ii) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens, and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings; (iii) Liens incurred or deposits made to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; (iv) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes; (v) any judgment Lien, unless an Event of Default under Section 12.1 shall have occurred and be continuing; (vi) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into the Borrower or any Significant Subsidiary and not created in contemplation of such event; (vii) deposits made in the ordinary course of business to secure the performance of bids, trade contracts (other than for Indebtedness), operating leases and surety bonds; (viii) Liens upon or in any real property or equipment acquired, constructed, improved or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or equipment or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction or improvement of such property or equipment, or Liens existing on such property

or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property); (ix) extensions, renewals or replacements of any Lien described in clause (iii), (vi), (vii) or (viii) for the same or a lesser amount, provided, however, that no such Lien shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced; and (x) any other Lien not covered by the foregoing exceptions as long as immediately after the creation of such Lien the aggregate principal amount of Indebtedness secured by all Liens created or assumed under this clause (x) does not exceed 10% of Consolidated Tangible Net Assets of the Borrower

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"Plan" means an "employee pension benefit plan" (as defined in Section 3 of ERISA) which is and has been established or maintained, or to which contributions are or have been made or should be made according to the terms of the plan, by the Borrower or any of its ERISA Affiliates.

"Potential Default" means an event or condition which with the lapse of any applicable grace period or with the giving of notice or both would constitute, an Event of Default referred to in Section 12.1 of this Agreement and which has not been appropriately waived in writing in accordance with this Agreement or fully cured, prior to becoming an actual Event of Default.

"Rating" means the rating assigned by S&P, Moody's or Fitch to the Borrower based on the Borrower's senior, unsecured, non-credit-enhanced obligations.

"Responsible Officer" means, with respect to the Borrower any Vice President, the Secretary/Treasurer or any assistant secretary or assistant treasurer thereof.

"Restructuring Law" means Texas Senate Bill 7, as enacted by the Legislature of the State of Texas and signed into law on June 18, 1999, Ohio Senate Bill No. 3, as enacted by the General Assembly of the State of Ohio and signed into law on July 6, 1999, or any similar law applicable to the Borrower or any Subsidiary of the Borrower governing the deregulation or restructuring of the electric power industry.

"RTO Transaction" means the transfer of transmission facilities to a regional transmission organization or equivalent organization as approved or ordered by the Federal Energy Regulatory Commission.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

"SEC" means the Securities and Exchange Commission or any successor agency.

"Significant Subsidiary" means, at any time, any Subsidiary of the Borrower that constitutes at such time a "significant subsidiary" of the Borrower, as such term is defined in Regulation S-X of the SEC as in effect on the date hereof (17 C.F.R. Part 210); provided, however, that "total assets" as used in Regulation S-X shall not include securitization transition assets, phase-in cost assets or similar assets on the balance sheet of any Subsidiary resulting from the issuance of transition bonds or other asset backed securities of a similar nature.

"Stranded Cost Recovery Bonds" means securities, however denominated, that are issued by the Borrower or any Consolidated Subsidiary of the Borrower that are (i) non-recourse

to the Borrower and its Significant Subsidiaries (other than for failure to collect and pay over the charges referred to in clause (ii) below) and (ii) payable solely from transition or similar charges authorized by law (including, without limitation, any "financing order", as such term is defined in the Texas Utilities Code) to be invoiced to customers of any Subsidiary of the Borrower or to retail electric providers.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (i) the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (ii) the interest in the capital or profits of such limited liability company, partnership or joint venture or (iii) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Tax" means any levy, impost, deduction, charge or withholding, and all liabilities (including any interest, additions to tax or penalties) with respect thereto, imposed by any governmental authority upon a Person or upon its assets, revenues, income, capital or profits.

"Taxable Date" means the date as of which interest on the Bonds is first includable in the gross income of the holder (including, without limitation, any previous holder) thereof as determined pursuant to either (i) an opinion of Bond Counsel, or (ii) a final decree or judgment of any federal court or a final action by the Internal Revenue Service that is delivered to the Trustee and the Borrower.

"Taxable Rate" means the interest rate currently applicable on the Bonds at the time of computation divided by .65; provided that the Taxable Rate shall not exceed the Maximum Rate.

"Transaction Documents" means the Bond Documents and this Agreement.

"USA Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or Persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

Section 1.2 Accounting Terms. In this Agreement, for the purpose of computing periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding." All accounting and financial terms not specifically defined herein shall be construed in accordance with GAAP as in effect from time to time. In all cases, such accounting and financial terms shall be applied on a basis consistent with those applied in the preparation of audited consolidated financial statements of the Borrower for the Fiscal Year ending December 31, 2016.

Section 1.3 Rules of Construction. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context requires, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including," shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning as the word "shall." Unless the context otherwise requires, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such

agreement, instrument, or other document as from time to time amended, supplemented or otherwise modified (subject to any restriction on such amendments, supplements or modifications as may be set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof," and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not any particular provision hereof, and (d) all references to sections, Schedules and Exhibits shall be construed to refer to sections of, and Schedules and Exhibits to, this Agreement. The several captions to different Sections and the respective subsections thereof are inserted for convenience only and shall not be considered in interpreting the provisions of this Agreement.

ARTICLE II
EFFECTIVE DATE AND TERM

Section 2.1 Effective Date of this Agreement; Duration of Term. This Agreement shall become effective on the Closing Date and shall continue in full force and effect until the first date on which the Lender does not own any portion of the outstanding principal amount of the Bonds.

ARTICLE III
CONDITIONS TO PURCHASE OF BONDS
REPRESENTATIONS AND WARRANTIES OF LENDER
REPRESENTATIONS AND WARRANTIES OF ISSUER

Section 3.1 Agreement to Purchase; Conditions Precedent.

(a) *Agreement to Purchase*. The Lender agrees, upon the terms and subject to the conditions contained in this Agreement, to purchase the Bonds on the Closing Date at the aggregate purchase price of $65,000,000, representing the par amount of the Bonds. The Bonds as purchased by the Lender will bear interest at the Long-Term Interest Rate established pursuant to the Indenture during the Long-Term Interest Rate Period, with interest payable monthly in arrears in accordance with the Indenture. The Bonds will mature on April 1, 2036, will be subject to mandatory tender for purchase on June 19, 2020, and will be otherwise subject to mandatory tender for purchase, mandatory redemption and optional redemption prior to maturity as described in the Indenture.

(b) *Conditions Precedent*. The Lender shall have no obligation whatsoever to purchase the Bonds unless and until all of the terms and conditions set forth in this Agreement shall have been met and complied with in all respects or waived by the Lender as of the Closing Date, including the following conditions as of the Closing Date:

(i) *Transaction Documents*. The Transaction Documents shall have been duly executed and, where applicable, delivered to the Lender and the Lender shall have reviewed and approved the terms and conditions of such Documents.

(ii) *Bond Counsel Opinion*. The Lender shall have received an opinion of Squire Patton Boggs (US) LLP, Bond Counsel, addressed to the Lender and in form and substance reasonably satisfactory to the Lender and its counsel as to such matters as the Lender may reasonably request.

(iii) *Borrower's Counsel Opinion*. The Lender shall have received an opinion of Thomas G. Berkemeyer, Associate General Counsel, counsel to the Borrower, addressed to the Lender and in form and substance generally consistent with the forms customarily utilized by the Borrower in connection with tax-exempt bond financings.

(iv) *Other Documents*. The Lender shall have received such additional certificates, opinions or documents as Bond Counsel or counsel to Lender reasonably request to evidence the due satisfaction at or prior to the Closing Date of all conditions then to be satisfied in connection with the transactions contemplated hereby as the Lender or its counsel may reasonably request.

(v) *No Default; Representations*. There shall exist no Potential Default or Event of Default by the Borrower and all representations and warranties of the Borrower contained herein and in the other Documents shall be true and correct in all material respects.

(vi) *No Material Adverse Effect*. From the date of this Lender Covenant Agreement to the Closing Date, there shall have been no event that has had or could reasonably be expected to have a Material Adverse Effect.

Section 3.2 Representations and Warranties of Lender. The Lender represents and warrants to the Borrower and the Issuer that:

(a) It is (i) an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act") or (ii) a state or national Lender organized under the laws of the United States, and we have sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the economic risks and merits of the investment represented by the purchase of the Bonds;

(b) It has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds, and it has not relied upon any statement by you, your officers, directors, or employees, or your financial consultants or legal advisors in connection with such inquiry or analysis or in connection with the offer and sale of the Bonds;

(c) It has either been furnished with or has had access to all necessary information that it desires in order to enable it to make an informed investment decision concerning investment in the Bonds, and it has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the purpose for which the proceeds of the Bonds will be utilized, and the security therefor, so that it has been able to make an informed decision to purchase the Bonds;

(d) It is purchasing the Bonds for its account and intends to hold the Bonds for our own account for an indefinite period and not with a view to, and with no present intention of, selling, pledging, transferring, conveying, hypothecating, mortgaging, disposing, reoffering, distributing, or reselling the Bonds, or any part or interest thereof; however, it retains the right to control the disposition of property, which it holds for its own account; if it were to sell or transfer the Bonds in the future, it will do so only to a qualified institutional buyer within the meaning of Rule 144A under the Securities Act and in accordance with all applicable laws;

(e) It further acknowledges that it is responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to Federal and state securities and income tax laws, it may have with respect to subsequent purchasers of the Bonds if and when any such future disposition of the Bonds may occur;

(f) It understands that the Bonds (a) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state due to exemptions from registration provided for

therein, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service; (d) will not be readily marketable, (e) at the request of the Lender will not have CUSIP numbers and will not be book entry with DTC;

(g) It understands that neither the West Virginia Economic Development Authority nor the Borrower is required to make any continuing disclosure pursuant to Rule 15c2-12(b) of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934; and

(h) It understands and agrees that the foregoing representations and warranties may be relied upon by counsel in rendering any opinion on the exemption of the Bonds from the registration requirements of the Securities Act.

ARTICLE IV
AGREEMENTS WITH RESPECT TO PURCHASE OF BONDS

Section 4.1 Fees and Expenses.

(a) The Borrower agrees to pay to the Arrangement Agent on the Closing Date a placement and structuring fee of 22.5 basis points (0.225%) of the original principal amount of the Bonds.

(b) The Borrower shall pay all reasonable out-of-pocket costs and expenses incurred by the Lender in connection with the negotiation, preparation, execution and delivery of this Agreement and the Bond Documents (including, without limitation, the reasonable fees and expenses of outside legal counsel to the Lender), any amendment, waiver or consent relating hereto and thereto including, but not limited to, any such amendments, waivers or consents resulting from or related to any work-out, renegotiation or restructure relating to the performance by the Borrower of its obligations under this Agreement or the Bond Documents, and the enforcement of this Agreement or the Bond Documents (including, without limitation, in connection with any such enforcement, the reasonable fees and disbursements of outside counsel for the Lender) against the Borrower. The Borrower agrees to pay, upon notice from the Lender, all stamp, document, transfer, recording or filing taxes or fees and similar impositions now or in the future reasonably determined by the Lender to be payable in connection with this Agreement or the Bond Documents.

(c) The fees and expenses paid under this Section shall be non-refundable once paid.

Section 4.2 Payment for the Bonds. The Bonds have been issued under and are secured as provided in the Indenture, and the Bonds have the terms and be subject to redemption as set forth in the Indenture. Payment for the Bonds shall be made by wire transfer of immediately available funds to the Trustee for deposit in the Remarketing Proceeds Account established under the Indenture.

ARTICLE V
PAYMENT PROVISIONS

Section 5.1 Reimbursement and Other Payments. The Borrower hereby unconditionally promises to pay to the Lender, promptly following written demand therefor, any and all amounts due and payable by the Borrower to the Lender under the terms of this Agreement. In the event any payment required to be made by the Borrower in accordance with this Agreement is not paid within five (5) Business Days from the date on which the same is due and payable, such payment in default shall continue as an obligation of the Borrower, and such

payment in default and the entire unpaid balance of all amounts then accrued and payable hereunder shall bear interest, from the date on which the payment was due until such payment in default is paid in full, at the fluctuating rate which is at all times equal to the Maximum Rate.

Section 5.2 Increased Costs; Capital Adequacy.

(a) If at any time the Lender shall incur increased costs or reductions in the amounts received or receivable under the Transaction Documents with respect to its purchase of the Bonds (other than any increased cost or reduction in the amount received or receivable resulting from the imposition of or a change in the rate of taxes) because of any change since the date of this Agreement in any applicable Law, governmental rule, regulation, guideline, order or request (whether or not having the force of Law), or in the interpretation or administration thereof, including, notwithstanding the foregoing, (i) all requests, guidelines and directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act regardless of the date enacted, adopted or issued, (ii) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, in each case pursuant to Basel III, and (iii) the introduction of any new Law or governmental rule, regulation, guideline, order or request (such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves which may be included in the "London Interbank Offered Rate" pursuant to the definition below); then the Borrower shall pay to the Lender promptly upon written demand therefor, such additional amounts as may be required to compensate the Lender for such increased costs or reductions in amounts receivable hereunder.

(b) If, after the date of this Agreement, the Lender determines that (i) the introduction of any Law, rule or regulation, or any change therein, (ii) any change in the interpretation or administration of any Law, rule or regulation by any central bank or other governmental authority, or (iii) the making or issuance of any request, guideline or directive (whether or not having the force of Law) by any central bank or other governmental authority (in the case of each of clauses (b)(i), (b)(ii) and (b)(iii), including (1) all requests, guidelines and directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act regardless of the date enacted, adopted or issued, and (2) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Lender for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, in each case pursuant to Basel III), shall reduce the rate of return on the Lender's (or parent corporation's) capital or assets as a consequence of its commitments or obligations hereunder to the Borrower to a level below that which the Lender (or its parent corporation) could have achieved but for such introduction, change or issuance (taking into consideration such Lender's (or parent corporation's) policies with respect to capital adequacy), then, upon notice from the Lender, the Borrower shall pay to the Lender such additional amount or amounts (but without duplication of any amounts payable under Section 5.2(a)) as will compensate the Lender for such reduction.

Section 5.3 Computation; Interest Rate. All payments of interest and other charges under this Agreement shall be computed as provided in the Indenture. The Bonds shall bear interest at the Long-Term Interest Rate of two percent (2.00%) per annum.

Section 5.4 Optional Redemption of the Bonds. The Bonds shall not be subject to optional redemption during the applicable Long-Term Interest Rate Period in which the Bonds are held by the Lender.

Section 5.5 Payments Upon Occurrence of Taxable Date. In the event a Taxable Date occurs, in addition to the amounts required to be paid by the Issuer under the Indenture and the

Bonds, the Borrower hereby agrees to pay to each Beneficial Owner on demand therefor (1) an amount equal to the difference between (A) the amount of interest paid to such Beneficial Owner on the Bonds during the period (the ***"Taxable Period"***), in which interest on the Bonds is includable in the gross income of such Beneficial Owner beginning on the Taxable Date and (B) the amount of interest that would have been paid to the holder during such Taxable Period had the Bonds borne the Taxable Rate, and (2) an amount equal to any interest, penalties or charges owed by such Beneficial Owner as a result of interest on the Bonds becoming includable in the gross income of such Beneficial Owner, together with any and all attorneys' fees, court costs, or other out of pocket costs incurred by such Beneficial Owner in connection therewith.

Section 5.6 Change of Obligor. If in connection with an RTO Transaction, the Borrower is required to transfer the Indebtedness and obligations of the Borrower under the Transaction Documents to another Person, the Borrower shall give the Lender not less than sixty (60) days prior written notice thereof, and shall purchase the Bonds from the Lender not later than thirty (30) days prior to the date on which such transfer is to occur at the Purchase Price therefor unless the Lender agrees to waive such purchase on terms acceptable to the Lender and the Borrower.

ARTICLE VI
UNCONDITIONAL OBLIGATIONS

Section 6.1 Obligations Absolute. The obligations of the Borrower under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, including, without limitation, the following circumstances: (a) any invalidity or unenforceability of the Bonds, the other Bond Documents or any other agreement or instrument related thereto; (b) any amendment or waiver of, or any consent to departure from, the terms of the Bonds, the other Bond Documents or any other agreement or instrument related thereto; (c) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Issuer (or any person for whom the Issuer may be acting), the Lender or any other Person, whether in connection with this Agreement, the Bond Documents, the Project or any unrelated transaction; (d) any other circumstance, happening or omission whatsoever, whether or not similar to any of the foregoing.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

The Borrower makes the following representations and warranties as of the Closing Date to induce the Lender to enter into this Agreement and to purchase the Bonds:

Section 7.1 Loan Agreement. Each of the representations and warranties of the Borrower set forth in the Loan Agreement is true and correct as of the Closing Date (or, if any such representation or warranty was expressly stated to have been made as of a specific date, as of such specific date).

Section 7.2 Existence. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, and each Significant Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or otherwise organized.

Section 7.3 Authorization. The execution, delivery and performance by the Borrower of each Transaction Document, and the consummation of the transactions contemplated hereby, are within the Borrower's corporate powers, have been duly authorized by all necessary action, and do not contravene (i) the Borrower's certificate of incorporation or by-laws, (ii) law binding

or affecting the Borrower or (iii) any contractual restriction binding on or affecting the Borrower or any of its properties.

Section 7.4 Enforceability. Each Transaction Document has been duly executed and delivered by the Borrower. Each Transaction Document is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights in general, and except as the availability of the remedy of specific performance is subject to general principles of equity (regardless of whether such remedy is sought in a proceeding in equity or at law) and subject to requirements of reasonableness, good faith and fair dealing.

Section 7.5 Litigation; Proceedings. There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Significant Subsidiaries before any court, governmental agency or arbitrator that is reasonably likely to have a Material Adverse Effect, except as disclosed in the Disclosure Documents.

Section 7.6 Taxes. The Borrower and its Subsidiaries have filed or caused to be filed all material Federal, state and local tax returns that are required to be filed by them, and have paid or caused to be paid all material taxes shown to be due and payable on such returns or on any assessments received by them (to the extent that such taxes and assessments have become due and payable) other than those taxes contested in good faith and for which adequate reserves have been established in accordance with GAAP.

Section 7.7 Consents; Approvals. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of any Transaction Document.

Section 7.8 Lawful Operations. Except as disclosed in the Disclosure Documents, the Borrower and each Significant Subsidiary is in material compliance with all laws (including ERISA and Environmental Laws) rules, regulations and orders of any governmental authority applicable to it.

Section 7.9 ERISA. No failure to satisfy the minimum funding standard applicable to a Plan for a plan year (as described in Section 302 of ERISA and Section 412 of the Internal Revenue Code) that could reasonably be expected to have a Material Adverse Effect, whether or not waived, has occurred with respect to any Plan. The Borrower has not incurred, and does not presently expect to incur, any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan that could reasonably be expected to have a Material Adverse Effect. The Borrower and each of its ERISA Affiliates have complied in all material respects with ERISA and the Internal Revenue Code. The Borrower and each of its Subsidiaries have complied in all material respects with foreign law applicable to its Foreign Plans, if any.

Section 7.10 Financial Statements. The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at December 31, 2016, and the related consolidated statements of income and cash flows of the Borrower and its Consolidated Subsidiaries for the fiscal period then ended, accompanied by an opinion of Deloitte & Touche LLP, an independent registered public accounting firm, copies of each of which have been furnished to the Lender, fairly present the consolidated financial condition of the Borrower and its Consolidated Subsidiaries as at such dates and the consolidated results of the operations of the Borrower and its Consolidated Subsidiaries for the periods ended on such dates, all in accordance with generally accepted

accounting principles consistently applied. Since December 31, 2016, there has been no Material Adverse Change.

Section 7.11 Investment Company Act Status. Neither the Borrower nor any Significant Subsidiary is an "investment company"," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended. Neither the making of any loan under the Loan Agreement, the application of the proceeds or repayment thereof by the Borrower nor the consummation of the other transactions contemplated therein or hereby will violate any provision of such Act or any rule, regulation or order of the SEC thereunder.

Section 7.12 Margin Stock; Use of Proceeds. The Borrower is not engaged in the business of extending credit for the purpose of buying or carrying Margin Stock, and no proceeds of the Bonds will be used to buy or carry any Margin Stock or to extend credit to others for the purpose of buying or carrying any Margin Stock. Not more than 25% of the assets of the Borrower and the Significant Subsidiaries that are subject to the restrictions of Sections 10.1, 10.3 or 10.4 constitute Margin Stock.

Section 7.13 OFAC. To the Borrower's knowledge, neither the Borrower nor any Subsidiary or Affiliate (i) is a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) engages in any dealings or transactions prohibited by Section 2 of such executive order, nor otherwise associated with any such Person in any manner violative of Section 2, and (iii) is Person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

Section 7.14 Patriot Act. To the Borrower's knowledge, the Borrower and each of its Subsidiaries is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Bonds will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 7.15 Full Disclosure. No written statement, information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Lender in connection with the negotiation of this Agreement or included herein or delivered pursuant hereto contained, contains, or will contain any material misstatement of fact or intentionally omitted, omits, or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are, or will be made, not misleading.

Section 7.16 Significant Subsidiaries. All Significant Subsidiaries as of the date hereof are listed on Schedule I hereto

ARTICLE VIII
APPLICATION OF PROCEEDS

Section 8.1 Application of Proceeds. The proceeds from the sale of the Bonds to the Lender shall be depoosited in the Remarketing Proceeds Account and applied and administered in accordance with the terms and conditions of the Indenture.

ARTICLE IX
AFFIRMATIVE COVENANTS OF BORROWER

Section 9.1 Reporting and Notice Covenants. Borrower will furnish, or cause to be furnished, to the Lender:

(a) Quarterly Financial Statements. As soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, a copy of the Borrower's Quarterly Report which shall contain a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer, chief accounting officer, treasurer or assistant treasurer of the Borrower as having been prepared in accordance with generally accepted accounting principles and a certificate of the chief financial officer, chief accounting officer, treasurer or assistant treasurer of the Borrower (A) certifying that there have been no Subsidiaries that have become Significant Subsidiaries at any time during such period, or any Subsidiaries that have ceased to be Significant Subsidiaries at any time during such period, in each case except as expressly identified in such certificate, and (B) as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 9.10, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 9.10, a statement of reconciliation conforming such financial statements to GAAP in effect on the date hereof.

(b) Annual Financial Statements. As soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, a copy of the Borrower's Annual Report which shall contain a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion by PricewaterhouseCoopers LLP or another independent registered public accounting firm acceptable to the Lender, and consolidating statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, and a certificate of the chief financial officer, chief accounting officer, treasurer or assistant treasurer of the Borrower (A) certifying that there have been no Subsidiaries that have become Significant Subsidiaries at any time during such period, or any Subsidiaries that have ceased to be Significant Subsidiaries at any time during such period, in each case except as expressly identified in such certificate, and (B) as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 9.10, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 9.10, a statement of reconciliation conforming such financial statements to GAAP in effect on the date hereof.

(c) Officer's Certificate. As soon as possible and in any event within five days after the chief financial officer or treasurer of the Borrower obtains knowledge of the occurrence of each Potential Default or Event of Default continuing on the date of such statement, a statement of the chief financial officer or treasurer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto..

(d) Form 8-K. Promptly after the sending or filing thereof, copies of all Reports on Form 8-K that the Borrower or any Significant Subsidiary files with the Securities and Exchange Commission or any national securities exchange.

(e) Litigation. Promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any Significant Subsidiary of the type described in Section 7.5.

(f) Other Information. The Borrower shall furnish to the Lender, such other information respecting the Borrower or any of its Subsidiaries as the Lender may from time to time reasonably request .

Notwithstanding the foregoing, the information required to be delivered pursuant to clauses (a), (b) and (c) shall be deemed to have been delivered if such information shall be available on the website of the SEC at http://www.sec.gov or any successor website; *provided* that the compliance certificates required under clauses (a) and (b) shall be delivered in the manner specified in Section 13.1.

Section 9.2 Corporate Existence. The Borrower shall preserve and maintain, and cause each Significant Subsidiary to preserve and maintain, its corporate, partnership or limited liability company (as the case may be) existence and all material rights (charter and statutory) and franchises; provided, however, that the Borrower and any Significant Subsidiary may consummate any merger or consolidation permitted under Section 10.1; and provided further that neither the Borrower nor any Significant Subsidiary shall be required to preserve any right or franchise if (i) the board of directors of the Borrower or such Significant Subsidiary, as the case may be, shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or such Significant Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Borrower or such Significant Subsidiary, as the case may be, or to the Lender; (ii) required in connection with or pursuant to any Restructuring Law; or (iii) required in connection with the RTO Transaction; and provided further, that no Significant Subsidiary shall be required to preserve and maintain its corporate existence if (x) the loss thereof is not disadvantageous in any material respect to the Borrower or to the Lender or (y) required in connection with or pursuant to any Restructuring Law or (z) required in connection with the RTO Transaction.

Section 9.3 Financial Records. The Borrower shall keep, and cause each Significant Subsidiary to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Significant Subsidiary in accordance with GAAP.

Section 9.4 Inspection Rights. The Borrower shall, at any reasonable time and from time to time, permit the Lender or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any Significant Subsidiary and to discuss the affairs, finances and accounts of the Borrower and any Significant Subsidiary with any of their officers or directors and with their independent certified public accountants.

Section 9.5 Compliance with Law. The Borrower shall comply, and cause each Significant Subsidiary to comply, in all material respects, with Applicable Law, with such compliance to include, without limitation, compliance with ERISA and Environmental Laws.

Section 9.6 Compliance with Material Contracts. The Borrower shall perform and comply, and cause each Significant Subsidiary to perform and comply, with the provisions of

each indenture, credit agreement, contract or other agreement by which it is bound, the non-performance or non-compliance with which would result in a Material Adverse Change.

Section 9.7 Taxes. The Borrower shall pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which adequate reserves are being maintained in accordance with GAAP, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

Section 9.8 Insurance. The Borrower shall maintain, and cause each Significant Subsidiary to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar; provided, however, that the Borrower and each Significant Subsidiary may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties and to the extent consistent with prudent business practice.

Section 9.9 Maintenance of Properties. The Borrower shall maintain and preserve, and cause each Significant Subsidiary to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted and except as required in connection with or pursuant to any Restructuring Law or in connection with any RTO Transaction.

Section 9.10 Financial Covenant. The Borrower will maintain a ratio of Consolidated Debt to Consolidated Capital, as of the last day of each March, June, September and December, of not greater than 0.675 to 1.00.

ARTICLE X
NEGATIVE COVENANTS OF BORROWER

Until the termination or expiration of this Agreement, without the prior written consent of the Lender, the Borrower agrees with the Lender as follows:

Section 10.1 Consolidation and Merger; Sale of Assets. The Borrower shall not merge or consolidate with or into any Person, or permit any Significant Subsidiary to do so, except that (i) any Subsidiary may merge or consolidate with or into any other Subsidiary of the Borrower, (ii) any Subsidiary may merge into the Borrower, (iii) any Significant Subsidiary may merge with or into any other Person so long as such Significant Subsidiary continues to be a Significant Subsidiary of the Borrower and (iv) the Borrower may merge with any other Person so long as the successor entity (if other than the Borrower) assumes, in form reasonably satisfactory to the Lender, all of the obligations of the Borrower under this Agreement and the other Transaction Documents and has long-term senior unsecured debt ratings issued (and confirmed after giving effect to such merger) by S&P or Moody's of at least BBB- and Baa3, respectively (or if no such ratings have been issued, commercial paper ratings issued (and confirmed after giving effect to such merger) by S&P and Moody's of at least A-3 and P-3, respectively), provided, in each case, that no Potential Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

Section 10.2 Liens. The Borrower shall not create or suffer to exist, or permit any Significant Subsidiary to create or suffer to exist, any Lien on or with respect to any of its

properties, including, without limitation, on or with respect to equity interests in any Subsidiary of the Borrower, whether now owned or hereafter acquired, or assign, or permit any Significant Subsidiary to assign, any right to receive income (other than in connection with Stranded Cost Recovery Bonds and the sale of accounts receivable by the Borrower), other than (i) Permitted Liens, (ii) the Liens existing on the date hereof, (iii) Liens securing first mortgage bonds issued by any Subsidiary of the Borrower the rates or charges of which are regulated by the Federal Energy Regulatory Commission or any state governmental authority, provided that the aggregate principal amount of such first mortgage bonds of any such Subsidiary do not exceed 66-2/3% of the net value of plant, property and equipment of such Subsidiary and (iv) the replacement, extension or renewal of any Lien permitted by clauses (ii) and (iii) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Indebtedness secured thereby.

Section 10.3 Stock of Significant Subsidiaries. The Borrower shall not sell, lease, transfer or otherwise dispose of, other than (i) in connection with an RTO Transaction, but only if no Default or Event of Default has occurred and is continuing or would result from such RTO Transaction, or (ii) pursuant to the requirements of any Restructuring Law, equity interests in any Significant Subsidiary of the Borrower if such Significant Subsidiary would cease to be a Subsidiary as a result of such sale, lease, transfer or disposition.

Section 10.4 Sale of Assets. The Borrower shall not sell, lease, transfer or otherwise dispose of, or permit any Significant Subsidiary to sell, lease, transfer or otherwise dispose of, any assets, or grant any option or other right to purchase, lease or otherwise acquire any assets, except (i) sales in the ordinary course of its business, (ii) sales, leases, transfers or dispositions of assets to any Person that is not a wholly-owned Subsidiary of the Borrower that in the aggregate do not exceed 20% of the Consolidated Tangible Net Assets of the Borrower and its Subsidiaries, whether in one transaction or a series of transactions, (iii) other sales, leases, transfers and dispositions made in connection with an RTO Transaction or pursuant to the requirements of any Restructuring Law or to a wholly owned Subsidiary of the Borrower, or (iv) sales of pollution control assets to a state or local government or any political subdivision or agency thereof in connection with any transaction with such Person pursuant to which such Person sells or otherwise transfers such pollution control assets back to the Borrower or a Subsidiary under an installment sale, loan or similar agreement, in each case in connection with the issuance of pollution control or similar bonds.

Section 10.5 Restrictive Agreements. The Borrower shall not enter into, or permit any Significant Subsidiary to enter into (except in connection with or pursuant to any Restructuring Law), any agreement after the date hereof, or amend, supplement or otherwise modify any agreement existing on the date hereof, that imposes any restriction on the ability of any Significant Subsidiary to make payments, directly or indirectly, to its shareholders by way of dividends, advances, repayment of loans or intercompany charges, expenses and accruals or other returns on investments that is more restrictive than any such restriction applicable to such Significant Subsidiary on the date hereof; provided, however, that any Significant Subsidiary may agree to a financial covenant limiting its ratio of Consolidated Debt to Consolidated Capital to no more than 0.675 to 1.00.

Section 10.6 ERISA. The Borrower shall not (i) terminate or withdraw from, or permit any of its ERISA Affiliates to terminate or withdraw from, any Plan with respect to which the Borrower or any of its ERISA Affiliates may have any liability by reason of such termination or withdrawal, if such termination or withdrawal could have a Material Adverse Effect, (ii) incur a full or partial withdrawal, or permit any ERISA Affiliate to incur a full or partial withdrawal, from any Multiemployer Plan with respect to which the Borrower or any of its ERISA Affiliates may have any liability by reason of such withdrawal, if such withdrawal could have a Material Adverse Effect, (iii) otherwise fail, or permit any of its ERISA Affiliates to fail, to comply in all

material respects with ERISA or the related provisions of the Internal Revenue Code if such noncompliances, singly or in the aggregate, could have a Material Adverse Effect, or (iv) fail, or permit any of its Subsidiaries to fail, to comply with Applicable Law with respect to any Foreign Plan if such noncompliances, singly or in the aggregate, could have a Material Adverse Effect.

Section 10.7 Reserved.

Section 10.8 Use of Proceeds. The Borrower shall not use the proceeds of the loan to buy or carry Margin Stock.

ARTICLE XI
INDEMNIFICATION

Section 11.1 Indemnification.

(a) The Borrower shall indemnify and hold harmless the Issuer, the Lender and its officers, directors, employees, and Affiliates thereof, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever including, without limitation, reasonable fees and disbursements of counsel and settlements costs, which may be imposed on, incurred by, or asserted against the Issuer, the Lender, or its directors, officers, employees and Affiliates thereof in connection with any investigative, administrative or judicial proceeding (whether the Lender is or is not designated as a party thereto) directly or indirectly relating to or arising out of this Agreement or any other Transaction Document, the transactions contemplated hereby, or any actual or proposed use of proceeds of the Bonds, except that the Lender, nor any of the directors, officers, employees and Affiliates thereof shall have the right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

(b) The Borrower shall, at its sole cost and expense, indemnify, defend and save harmless the Issuer, the Lender and its officers, directors, employees, and Affiliates thereof, from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigations, demands, defenses, judgments, suits, actions, proceedings, costs, disbursements and/or expenses (including, without limitation, reasonable attorneys' and experts' fees, expenses and disbursements) of any kind or nature whatsoever which may at any time be imposed upon, incurred by or asserted against any of such indemnified Persons directly or indirectly relating to, resulting from or arising out of: (i) Environmental Claims against the Borrower, (ii) a material misrepresentation or inaccuracy in any representation or warranty contained in this Agreement relating to any environmental matters applicable to the Borrower or (iii) a breach or failure to perform any covenant made by the Borrower in this Agreement with respect to environmental matters which continues uncured after the expiration of any applicable grace period. The Borrower will pay any sums owing by the Borrower to the Lender pursuant to this indemnification obligation five (5) days after written demand by the Lender, together with interest on such amount accruing from and after the expiration of such period at the Maximum Rate.

(c) The provisions of this Article XI shall survive the termination of this Agreement.

ARTICLE XII
EVENTS OF DEFAULT AND REMEDIES

Section 12.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement, and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Payment. The Borrower shall fail to pay any amounts owing under this Agreement when the same becomes due and payable within five Business Days after the same becomes due and payable.

(b) Representations. Any representation, or warranty by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made.

(c) Covenants. The Borrower shall:

(i) fail to perform or observe any term, covenant or agreement contained in Section 9.1(c), 9.2, or Article X (other than Section 10.6); or

(ii) fail to perform or observe any other term, covenant or agreement contained in this Agreement or any other Transaction Document if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Lender or the Trustee.

(d) Loan Agreement. The occurrence and continuance of an "Event of Default" under the Loan Agreement.

(e) Judgments. Any judgment or order for the payment of money in excess of $50,000,000 in the case of the Borrower or any Significant Subsidiary to the extent not paid or insured shall be rendered against the Borrower or any Significant Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(f) ERISA. Any ERISA Event shall have occurred and the liability of the Borrower and its ERISA Affiliates related to such ERISA Event exceeds $50,000,000.

(g) Change of Control. (i) Any entity, person (within the meaning of Section 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) that as of the date hereof was beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of less than 30% of AEP's Voting Stock shall acquire a beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Exchange Act), directly or indirectly, of Voting Stock of AEP (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of AEP; (ii) during any period of up to 24 consecutive months, commencing after the date hereof, individuals who at the beginning of such 24-month period were directors of AEP shall cease for any reason to constitute a majority of the board of directors of AEP, provided that any person becoming a director subsequent to the date hereof, whose election, or nomination for election by AEP's shareholders, was approved by a vote of at least a majority of the directors of the board of directors of AEP as comprised as of the date hereof (other than the election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of AEP) shall be, for purposes of this provision, considered as though such person were a member

of the board as of the date hereof; or (iii) AEP shall fail to own directly or indirectly 100% of the common equity of the Borrower free and clear of any Liens.

(h) Indebtedness. Any event shall occur or condition shall exist under any agreement or instrument relating to Indebtedness of the Borrower (but excluding Indebtedness outstanding under the Loan Agreement or hereunder) or any Significant Subsidiary outstanding in a principal or notional amount of at least $50,000,000 in the aggregate if the effect of such event or condition is to accelerate or require early termination of the maturity or tenor of such Indebtedness, or any such Indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), terminated, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity or the original tenor thereof.

(i) Bankruptcy or Insolvency. The Borrower or any Significant Subsidiary shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any Significant Subsidiary seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any Significant Subsidiary shall take any corporate action to authorize any of the actions set forth above in this subsection (i).

Section 12.2 Remedies on Default. Whenever any Event of Default referred to in Section 12.1 occurs and is continuing, the Lender may take any one or more of the following remedial steps:

(a) The Lender, at its option, may (i) notify the Trustee in writing that an Event of Default has occurred hereunder and require the Borrower to immediately purchase the Bonds from Lender at the Purchase Price, and (ii) declare all amounts payable under this Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable, by written notice to that effect given to the Borrower, without protest, presentment, or further notice or demand, all of which are expressly waived by the Borrower.

(b) The Lender may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of all of the Borrower's obligations under the Bond Documents and any obligation, agreement or covenant of the Borrower under this Agreement.

(c) The Lender may exercise any and all remedies available to it as an owner of the Bonds under any of the Bond Documents.

Section 12.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or

omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lender to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 12.4 Waiver of Event of Default; No Additional Waiver Implied by One Waiver. The Lender in its sole discretion may waive an Event of Default under this Agreement. In the event any agreement contained in this Agreement is breached by the Borrower and thereafter waived (expressly or impliedly) by the Lender, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Any forbearance (expressly or impliedly) by the Lender to demand payment for any amounts payable hereunder shall be limited to the particular payment for which the Lender forebears demand for payment and will not be deemed a forbearance to demand any other amount payable hereunder.

Section 12.5 Default Rate. During the continuance of any Event of Default, in addition to the amounts required to be paid by the Issuer under the Indenture and the Bonds, the Borrower hereby agrees to pay to each Beneficial Owner on demand therefor (1) an amount equal to the difference between (A) the amount of interest paid to such Beneficial Owner on the Bonds during the period (the ***"Default Period"***), in which an Event of Default is continuing and (B) the amount of interest that would have been paid to the Beneficial Owner during such Default Period had the Bonds borne the Default Rate. In addition, during the continuance of any Event of Default, all of the Borrower's obligations under this Agreement shall bear interest at the Default Rate; provided that such default interest on the outstanding principal amount of Bonds shall only be paid once for any period of time.

ARTICLE XIII
MISCELLANEOUS

Section 13.1 Notices. Except as otherwise expressly provided herein, all notices and other communications shall have been duly given and shall be effective (a) when delivered, (b) when transmitted via telecopy (or other facsimile device), (c) the Business Day following the day on which the same has been delivered prepaid (or pursuant to an invoice arrangement) to a reputable national overnight air courier service, or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address or facsimile numbers set forth below, or at such other address as such party may specify by written notice to the other parties hereto; provided, that, in the case of a notice or other communication given pursuant to clause (a) or (b) above, if such notice or other communication is not delivered or transmitted during the normal business hours of the recipient, such notice or communication shall be deemed to be effective on the next Business Day for the recipient.

Borrower: Kentucky Power Company
c/o American Electric Power Service Corporation
One Riverside Plaza
Columbus, Ohio 43215
Attention: General Counsel
Telephone: (614) 716-3300
Facsimile: (614) 716-1687

Lender: Key Government Finance
Attn: Account Manager
1000 S. McCaslin Blvd.
Superior, CO 80027
Telephone: (720) 304-1636
Facsimile: (866) 840-3016

Section 13.2 Binding Effect. This Agreement is a continuing obligation and shall be binding upon the Borrower, its successors and assigns and shall inure to the benefit of the Beneficial Owners and their respective permitted successors, transferees and assigns, and any subsequent Beneficial Owner of the Bonds

Section 13.3 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

Section 13.4 Assignment. Except as otherwise provided herein or in the Bond Documents, neither this Agreement nor the Bond Documents may be assigned by the Borrower without the prior written consent of the Lender, which consent shall not be unreasonably withheld.

A Beneficial Owner may, in accordance with applicable law, from time to time, sell or transfer the Bonds. Without limitation of the foregoing generality:

(a) A Beneficial Owner may at any time sell or otherwise transfer to one or more transferees (each a ***"Transferee"***) all or a portion of the Bonds if (1) written notice of such sale or transfer, together with addresses and related information with respect to the Transferee, shall have been given to the Borrower and the Trustee by such selling Beneficial Owner and Transferee, and (2) the Transferee shall have delivered to the Borrower, the Issuer and the Trustee, an investment letter in substantially the form attached hereto as Exhibit A (the ***"Investment Letter"***).

(b) From and after the date the Borrower, the Issuer and the Trustee have received an executed Investment Letter, (1) the Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Beneficial Owner hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Transferee, and any reference to the assigning Beneficial Owner hereunder and under the other Related Documents shall thereafter refer to such transferring Beneficial Owner and to the Transferee to the extent of their respective interests, and (2) if the transferring Beneficial Owner no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

Section 13.5 Waiver of Jury Trial. **THE BORROWER AND THE LENDER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF THIS AGREEMENT.**

Section 13.6 Further Assurances and Corrective Instruments. The Lender and the Borrower agree that they will, from time to time, execute and deliver or cause to be executed and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of the parties to, or facilitating the performance of, this Agreement.

Section 13.7 Amendments, Changes and Modifications. This Agreement may not be amended, changed, modified, altered or terminated except by a written instrument executed by the Lender and the Borrower.

Section 13.8 Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.9 Law Governing Construction of Agreement; Jurisdiction. The laws of the State of Ohio shall govern the construction and enforcement of this Agreement without regard to principles of conflicts-of-law or choice-of-law. Each of the Borrower and the Lender hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of the State of Ohio and to the jurisdiction of the United States District Court for the Southern District of Ohio for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement.

Section 13.10 USA Patriot Act Notice. The Lender hereby gives the Borrower notice that pursuant to the requirements of the USA Patriot Act, the Lender is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the USA Patriot Act.

Section 13.11 Entirety. This Agreement together with the other Bond Documents represent the entire agreement of the Borrower and the Lender with respect to the matters set forth herein and therein, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence between the Borrower and the Lender relating to the Bond Documents or the transactions contemplated herein and therein.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, each of the Borrower and the Lender has caused this Agreement to be executed in its name and on its behalf by duly authorized officer as of the day and year first above written.

KENTUCKY POWER COMPANY

By: 

Name: Renee V. Hawkins

Title: Assistant Treasurer

KEY GOVERNMENT FINANCE, INC.

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, each of the Borrower and the Lender has caused this Agreement to be executed in its name and on its behalf by duly authorized officer as of the day and year first above written.

KENTUCKY POWER COMPANY

By: _____

Name: _____

Title: _____

KEY GOVERNMENT FINANCE, INC.

By: _____

Name: MICHAEL O'HERN

Title: Senior Vice President

SCHEDULE I

Significant Subsidiaries

None.

EXHIBIT A

Form of Investment Letter

West Virginia Economic Development Authority
North Gate Business Park
180 Association Drive
Charleston, WV 25311

Kentucky Power Company
One Riverside Plaza
Columbus, Ohio 43215

The Bank of New York Mellon Trust Company, N.A.
6525 West Campus Oval, Suite 200
New Albany, Ohio 43054

Re: $65,000,000 Solid Waste Disposal Facilities Revenue Refunding Bonds, Series 2014A (Kentucky Power Company–Mitchell Project) (the ***"Bonds"***)

We confirm the following:

We have agreed to purchase, and Kentucky Power Company (the ***"Borrower"***) has agreed to sell to us the Bonds pursuant to a Bond Purchase and Continuing Covenants Agreement, dated June __, 2017, by and between the Borrower and us.

In connection therewith, we hereby represent and warrant that:

1. we are (i) an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended (the ***"Securities Act"***), (ii) a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act, or (iii) a state or national bank organized under the laws of the United States, and we have sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the economic risks and merits of the investment represented by the purchase of the Bonds;

2. we have made our own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds, and we have not relied upon any statement by you, your officers, directors, or employees, or your financial consultants or legal advisors in connection with such inquiry or analysis or in connection with the offer and sale of the Bonds;

3. we have either been furnished with or have had access to all necessary information that we desire in order to enable us to make an informed investment decision concerning investment in the Bonds, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the purpose for which the proceeds of the Bonds will be utilized, and the security therefor, so that we have been able to make an informed decision to purchase the Bonds;

4. we are purchasing the Bonds for our own account and intend to hold the Bonds for our own account for an indefinite period and not with a view to, and with no present intention of, selling, pledging, transferring, conveying, hypothecating, mortgaging, disposing, reoffering, distributing, or reselling the Bonds, or any part or interest thereof; however, we retain the right to control the disposition of property, which we hold for our own account; if we were to sell or transfer the Bonds in the future, we will do so in accordance with all applicable laws; and we shall, upon request from the Issuer, provide payment information regarding the sale of the Bonds and the principal and interest paid thereon;

5. we further acknowledge that we are responsible for consulting with our advisors concerning any obligations, including, but not limited to, any obligations pursuant to Federal and state securities and income tax laws, we may have with respect to subsequent purchasers of the Bonds if and when any such future disposition of the Bonds may occur;

6. we understand that the Bonds are special limited obligation of the Issuer, and that principal of and interest on the Bonds are payable solely from the Loan Payments as such terms are defined in the Loan Agreement, and the security granted under that Loan Agreement, that neither the Loan Agreement nor the Bonds constitutes a debt, or a pledge of the faith or credit, or taxing power, of the Issuer, the State of West Virginia or any political subdivision thereof, and that it has no right to have taxes levied by the West Virginia Legislature, or the taxing authority of any political subdivision of the State of West Virginia for the payment of principal of or interest on the Bonds;

7. we understand that the Bonds (a) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state due to exemptions from registration provided for therein, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service; and (d) will not be readily marketable;

8. we understand that neither the West Virginia Economic Development Authority nor the Borrower is required to make any continuing disclosure pursuant to Rule 15c2-12(b) of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934; and

9. we understand and agree that the foregoing representations and warranties will be relied upon by Thomas G. Berkemeyer, Associate General Counsel, as counsel to the Borrower, in rendering his opinion on the exemption of the Bonds from the registration requirements of the Securities Act.

Very truly yours,

Key Government Finance, Inc.

By _____
Title

W&S Draft 6/22/17

KENTUCKY POWER COMPANY

$65,000,000 3.13% Senior Notes, Series F, due September 12, 2024
$40,000,000 3.35% Senior Notes, Series G, due September 12, 2027
$165,000,000 3.45% Senior Notes, Series H, due September 12, 2029
$55,000,000 4.12% Senior Notes, Series I, due September 12, 2047

_____

NOTE PURCHASE AGREEMENT

_____

Dated as of September 12, 2017

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EXHIBIT 1-C — Form of 3.45% Senior Notes, Series H, due September 12, 2029

EXHIBIT 1-D — Form of 4.12% Senior Notes, Series I, due September 12, 2047

EXHIBIT 4.4(a) — Form of Opinion of Counsel for the Company

EXHIBIT 4.4(b) — Form of Opinion of Special Counsel for the Purchasers

KENTUCKY POWER COMPANY
1 Riverside Plaza
Columbus, Ohio 43215

$65,000,000 3.13% Senior Notes, Series F, due September 12, 2024
$40,000,000 3.35% Senior Notes, Series G, due September 12, 2027
$165,000,000 3.45% Senior Notes, Series H, due September 12, 2029
$55,000,000 4.12% Senior Notes, Series I, due September 12, 2047

Dated as of September 12, 2017

To Each of the Purchasers Listed in
Schedule A hereto:

Ladies and Gentlemen:

KENTUCKY POWER COMPANY, a Kentucky corporation (the "*Company*"), agrees with each of the Purchasers whose names appear at the end hereof as follows:

Section 1. AUTHORIZATION OF NOTES.

The Company will authorize the issue and sale of (a) $65,000,000 aggregate principal amount of its 3.13% Senior Notes, Series F, due September 12, 2024 (the "*Series F Notes*"), (b) $40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series G, due September 12, 2027 (the "*Series G Notes*"), (c) $165,000,000 aggregate principal amount of its 3.45% Senior Notes, Series H, due September 12, 2029 (the "*Series H Notes*"), and (d) $55,000,000 aggregate principal amount of its 4.12% Senior Notes, Series I, due September 12, 2047 (the "*Series I Notes*"; the Series F Notes, Series G Notes, Series H Notes and Series I Notes are hereinafter collectively referred to as the "*Notes,*" such term to include any such notes issued in substitution therefor pursuant to **Section 13**). The Notes shall be substantially in the form set out in **Exhibit 1-A, Exhibit 1-B**, **Exhibit 1-C** and **Exhibit 1-D**, respectively. Certain capitalized and other terms used in this Agreement are defined in **Schedule B**; and references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

Section 2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Company will issue and sell to each Purchaser and each Purchaser will purchase from the Company, at the Closing provided for in **Section 3**, Notes in the principal amount and of the series specified opposite such Purchaser's name in **Schedule A** at the purchase price of 100% of the principal amount thereof. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

Section 3. CLOSING.

The sale and purchase of the Notes to be purchased by each Purchaser shall occur at the offices of Winston & Strawn LLP, 200 Park Avenue, New York, New York 10166, at 10:00 a.m. New York time, at a closing (the "*Closing*") on September 12, 2017. At the Closing, the Company will deliver to each Purchaser the Notes of the series to be purchased by such Purchaser in the form of a single Note for each series of the Notes to be purchased by such Purchaser (or such greater number of Notes in denominations of at least $100,000 as such Purchaser may request) dated the date of the Closing and registered in such Purchaser's name (or in the name of its nominee), against delivery by such Purchaser to the Company or its order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company to account number [40572089], account description: [Kentucky Power Co. – Dist., at Citibank, N.A., 111 Wall Street, New York, NY 10043, ABA No. 021000089.][1] If at the Closing the Company shall fail to tender such Notes to any Purchaser as provided above in this **Section 3**, or any of the conditions specified in **Section 4** shall not have been fulfilled to such Purchaser's satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment.

Section 4. CONDITIONS TO CLOSING.

Each Purchaser's obligation to purchase and pay for the Notes to be sold to such Purchaser at the Closing is subject to the fulfillment to such Purchaser's satisfaction, prior to or at the Closing, of the following conditions:

Section 4.1. Representations and Warranties. The representations and warranties of the Company in this Agreement shall be correct when made and at the time of the Closing.

Section 4.2. Performance; No Default. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing and from the date of this Agreement to the Closing assuming that Sections 9 and 10 are applicable from the date of this Agreement. From the date of this Agreement until the Closing, before and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by **Section 5.14**), no Default or Event of Default shall have occurred and be continuing. The Company shall not have entered into any transaction since the date of the Memorandum that would have been prohibited by **Section 10** had such Section applied since such date.

Section 4.3. Compliance Certificates.

(a) *Officer's Certificate*. The Company shall have delivered to such Purchaser an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in **Sections 4.1, 4.2** and **4.9** have been fulfilled.

[1] KPCo to confirm bracketed items in this sentence.

(b) *Secretary's Certificate*. The Company shall have delivered to such Purchaser a certificate of its Secretary or Assistant Secretary, dated the date of the Closing, certifying as to (i) the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and this Agreement and (ii) the Company's organizational documents as then in effect.

Section 4.4. Opinions of Counsel. Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the date of the Closing (a) from internal counsel for American Electric Power Service Corporation, an affiliate of the Company, covering the matters set forth in **Exhibit 4.4(a)** and covering such other matters incident to the transactions contemplated hereby as such Purchaser or its counsel may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to the Purchasers) and (b) from Winston & Strawn LLP, the Purchasers' special counsel in connection with such transactions, substantially in the form set forth in **Exhibit 4.4(b)** and covering such other matters incident to such transactions as such Purchaser may reasonably request.

Section 4.5. Purchase Permitted by Applicable Law, Etc. On the date of the Closing such Purchaser's purchase of Notes shall (a) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (b) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (c) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by such Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such purchase is so permitted.

Section 4.6. Sale of Other Notes. Contemporaneously with the Closing, the Company shall sell to each other Purchaser, and each other Purchaser shall purchase, the Notes to be purchased by it at the Closing as specified in **Schedule A**.

Section 4.7. Payment of Special Counsel Fees. Without limiting the provisions of **Section 15.1**, the Company shall have paid on or before the Closing the fees, charges and disbursements of the Purchasers' special counsel referred to in **Section 4.4** to the extent reflected in a statement of such counsel rendered to the Company at least two Business Days prior to the Closing.

Section 4.8. Private Placement Number. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for each series of the Notes being sold at the Closing.

Section 4.9. Changes in Corporate Structure. The Company shall not have changed its jurisdiction of incorporation or organization, as applicable, or been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in **Schedule 5.5**.

Section 4.10. Company Regulatory Approvals. Prior to the date of the Closing, any approval or consent of any regulatory body, state, federal or local, including, without limitation, any approval or consent required by the Kentucky Public Service Commission and the Federal Energy Regulatory Commission, required for the offer, issuance, sale and delivery of the Notes and the execution, delivery and performance by the Company of this Agreement and the Notes shall have been obtained, shall be in full force and effect, shall have not have been revoked or amended, shall not be the subject of a pending appeal and shall be legally sufficient to authorize the offer, issue and sale and delivery of the Notes and evidence of such approval or consent satisfactory to the Purchasers and their special counsel shall have been provided to them.

Section 4.11. Funding Instructions. At least three Business Days prior to the date of the Closing, each Purchaser shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in **Section 3** including (a) the name and address of the transferee bank, (b) such transferee bank's ABA number and (c) the account name and number into which the purchase price for the Notes is to be deposited.

Section 4.12. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to such Purchaser and its special counsel, and such Purchaser and its special counsel shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser or such special counsel may reasonably request.

Section 5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each Purchaser that:

Section 5.1. Organization; Power and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company has the corporate power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement and the Notes have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.3. Disclosure. The Company, through its agent, Barclays Capital Inc., has delivered to each Purchaser a copy of a Private Placement Memorandum, dated June 2017 (the *"Memorandum"*), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company. This Agreement, the Memorandum and the documents, certificates or other writings delivered to the Purchasers by or on behalf of the Company in connection with the transactions contemplated hereby and identified in **Schedule 5.3**, and the financial statements listed in **Schedule 5.5**, (this Agreement, the Memorandum and such documents, certificates or other writings and such financial statements delivered to each Purchaser prior to June 21, 2017 being referred to, collectively, as the *"Disclosure Documents"*), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2016, there has been no change in the financial condition, operations, business or properties of the Company except changes that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that would reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

Section 5.4. Directors and Senior Officers. **Schedule 5.4** contains (except as noted therein) a complete and correct list of the Company's directors and senior officers. The Company has no Subsidiaries.

Section 5.5. Financial Statements; Material Liabilities. The Company has delivered to each Purchaser copies of the financial statements of the Company listed on **Schedule 5.5**. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the financial position of the Company as of the respective dates specified in such financial statements and the results of its operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments). The Company does not have any Material liabilities that are not disclosed on such financial statements or otherwise disclosed in the Disclosure Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Agreement and the Notes will not (a) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of the Company under, any Material indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other Material agreement or instrument to which the Company is bound or by which the Company or any of its properties may be bound or affected, (b) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Company or (c) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Company.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in

connection with the execution, delivery or performance by the Company of this Agreement or the Notes, other than (a) the authorization of the Kentucky Public Service Commission which authorization has been duly obtained pursuant to an order of the Kentucky Public Service Commission, which is in full force and effect, has not been revoked or amended, is not the subject of a pending appeal; the offer, issuance, sale and delivery of the Notes and the execution, delivery and performance by the Company of this Agreement and the Notes are in conformity with the terms of such order, (b) as may be required under state or foreign securities or blue sky laws, and (c) such registrations, filings and declarations that are not required to be made until after the date of the Closing and which will be made as and when required.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company or any property of the Company in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) The Company is not (i) in default under any agreement or instrument to which it is a party or by which it is bound, (ii) in violation of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or (iii) in violation of any applicable law, ordinance, rule or regulation of any Governmental Authority (including, without limitation, Environmental Laws, the USA Patriot Act or any of the other laws and regulations that are referred to in **Section 5.16**), which default or violation, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Company has filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon it or its properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (a) the amount of which is not individually or in the aggregate Material or (b) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that would reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company in respect of federal, state or other taxes for all fiscal periods are adequate in accordance with GAAP. The federal income tax liabilities of the Company have been finally determined (whether by reason of completed audits or the statute of limitations having run) for all fiscal years up to and including the fiscal year ended December 31, 2016.

Section 5.10. Title to Property; Leases. The Company has good and sufficient title to its properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in **Section 5.5** or purported to have been acquired by the Company after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

Section 5.11. Licenses, Permits, Etc. (a) The Company owns or possesses all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others, the non-ownership or non-possession of which, individually or in the aggregate, would have a Material Adverse Effect.

(b) To the best knowledge of the Company, no product of the Company infringes in any Material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person which infringement, individually or in the aggregate would have a Material Adverse Effect.

(c) To the best knowledge of the Company, there is no Material violation by any Person of any right of the Company with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Company, which violation, individually or in the aggregate, would have a Material Adverse Effect.

Section 5.12. Compliance with ERISA. (a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could, individually or in the aggregate, reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to such penalty or excise tax provisions or to section 401(a)(29) or 412 of the Code, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) For each of the Plans which are pension plans within the meaning of section 3(2) of ERISA (other than Multiemployer Plans) that are subject to the funding requirements of section 302 of ERISA or section 412 of the Code, **Schedule 5.12(b)** sets forth the funding target attainment percentage as of January 1, 2017, on the basis of the actuarial assumptions specified for funding purposes in such Plan's actuarial valuation report for the plan year beginning January 1, 2017. The term "funding target attainment percentage" has the meaning specified in section 303 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) **Schedule 5.12(d)** sets forth the unfunded accumulated post retirement benefit obligation (APBO) as determined as of the last day of the Company's most recently ended fiscal year, December 31, 2016, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60 for retiree medical and life insurance plans, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code, of the

Company and such obligations would not, individually or in the aggregate, result in a Material Adverse Effect. The increase in such liabilities from December 31, 2016, to the date hereof is not Material and would not result in a Material Adverse Effect.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-(D) of the Code. The representation by the Company in the first sentence of this **Section 5.12(e)** is made in reliance upon and subject to the accuracy of such Purchaser's representation in **Section 6.2** as to the sources of the funds used to pay the purchase price of the Notes to be purchased by such Purchaser.

Section 5.13. Private Offering by the Company. Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Purchasers and not more than 60 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The Company will apply the proceeds of the sale of the Notes as set forth in Section 2.5 of the Memorandum. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin Stock does not constitute more than 2% of the value of the assets of the Company and the Company does not have any present intention that Margin Stock will constitute more than 2% of the value of such assets.

Section 5.15. Existing Indebtedness; Future Liens. (a) **Schedule 5.15** sets forth a complete and correct list of all outstanding Indebtedness of the Company as of March 31, 2017 (including a description of the obligors and obligees, principal amount outstanding and collateral therefor, if any, and guarantee thereof, if any), since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company. The Company is not in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company, the outstanding principal amount of which exceeds $1,000,000, and no event or condition exists with respect to any Indebtedness of the Company, the outstanding principal amount of which exceeds $1,000,000, that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment and that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(b) Except as disclosed in **Schedule 5.15**, the Company has not agreed or consented to cause or permit any of its property, whether now owned or hereafter acquired, to be subject to a Lien that secures Indebtedness or to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by **Section 10.2**.

(c) Except as disclosed in **Schedule 5.15**, the Company is not a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness of the Company, any agreement relating thereto or any other agreement (including, but not limited to, its charter or other organizational document) which limits the amount of, or otherwise imposes restrictions on the incurring of, Indebtedness of the Company.

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the Company nor any Controlled Entity is (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury (*"OFAC"*) (an *"OFAC Listed Person"*) (ii) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program, or (iii) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions, including but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act (*"CISADA"*) or any similar law or regulation with respect to Iran or any other country, the Sudan Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order relating to any of the foregoing (collectively, *"U.S. Economic Sanctions"*) (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (i), clause (ii) or clause (iii), a *"Blocked Person"*). Neither the Company nor any Controlled Entity has been notified that its name appears or may in the future appear on a state list of Persons that engage in investment or other commercial activities in Iran or any other country that is subject to U.S. Economic Sanctions.

(b) No part of the proceeds from the sale of the Notes hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Company or any Controlled Entity, directly or indirectly, (i) in connection with any investment in, or any transactions or dealings with, any Blocked Person, or (ii) otherwise in violation of U.S. Economic Sanctions.

(c) Neither the Company nor any Controlled Entity (i) has been found in violation of, charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA Patriot Act or any other United States law or regulation governing such activities (collectively, *"Anti-Money Laundering Laws"*) or any U.S. Economic Sanctions violations, (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or any U.S. Economic Sanctions violations, (iii) has been assessed civil penalties under any Anti-Money Laundering Laws or any U.S.

Economic Sanctions, or (iv) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws and U.S. Economic Sanctions.

(d)(1) Neither the Company nor any Controlled Entity (i) has been charged with, or convicted of bribery or any other anti-corruption related activity under any applicable law or regulation in a U.S. or any non-U.S. country or jurisdiction, including but not limited to, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010 (collectively, *"Anti-Corruption Laws"*), (ii) to the Company's actual knowledge after making due inquiry, is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws or (iv) has been or is the target of sanctions imposed by the United Nations or the European Union;

(2) To the Company's actual knowledge after making due inquiry, neither the Company nor any Controlled Entity has, within the last five years, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or a commercial counterparty for the purposes of: (i) influencing any act, decision or failure to act by such Governmental Official in his or her official capacity or such commercial counterparty, (ii) inducing a Governmental Official to do or omit to do any act in violation of the Governmental Official's lawful duty, or (iii) inducing a Governmental Official or a commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage; and

(3) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage. The Company has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Corruption Laws.

Section 5.17. Status under Certain Statutes. The Company is not subject to regulation under the Investment Company Act of 1940, as amended or the ICC Termination Act of 1995, as amended.

Section 5.18. Notes Rank Pari Passu. The payment obligations of the Company under this Agreement and the Notes rank at least *pari passu* in right of payment with all other unsecured Indebtedness (actual or contingent) of the Company, which is not expressed to be subordinate or junior in rank to any other unsecured Indebtedness of the Company, including, without limitation, all unsecured Indebtedness of the Company described in **Schedule 5.15** hereto.

Section 5.19. Environmental Matters. (a) The Company has no knowledge of any claim nor received any notice of any claim, and no proceeding has been instituted raising any claim

against the Company or any of its real properties now or formerly owned, leased or operated by it or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) The Company has no knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by it or to other assets or their use, except, in each case, such as would not reasonably be expected to result in a Material Adverse Effect.

(c) The Company has not stored any Hazardous Materials on real properties now or formerly owned, leased or operated by it nor has it disposed of any Hazardous Materials in a manner which is contrary to any Environmental Laws in each case in any manner that would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(d) All buildings on all real properties now owned, leased or operated by the Company are in compliance with applicable Environmental Laws, except where failure to comply would not reasonably be expected to result in a Material Adverse Effect.

Section 6. REPRESENTATIONS OF THE PURCHASERS.

Section 6.1. Purchase for Investment. Each Purchaser severally represents that (a) it is purchasing the Notes for its own account or for one or more separate accounts maintained by such Purchaser or for the account of one or more pension or trust funds (each of which is an "accredited investor") as for each of which such Purchaser exercises sole investment discretion for investment purposes only and not with a view to the distribution thereof; *provided* that the re-sale or disposition of such Purchaser's or their property shall at all times be within such Purchaser's or their control, (b) it is an "accredited investor" (as defined in Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act), (c) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Notes, (d) it and any accounts for which it is acting are each able to bear the economic risk of its investments and (e) it has received adequate information concerning the Company and the Notes to make an informed investment decision with respect to the purchase of the Notes. Each Purchaser understands that the Notes have not been, and will not be, registered under the Securities Act (and that the Company is not required to register the Notes) and may be resold only (A) if registered pursuant to the provisions of the Securities Act, (B) if an exemption from registration is available, including, without limitation, by disposition of any of the Notes and then (i) to the Company; (ii) inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A; (iii) inside the United States to an institutional investor that (1) is an "accredited investor" (as defined in Rule 501(a)(1), (2), (3), (7) or (8) under the Securities Act) and (2) makes the representations set forth in this **Section 6**; or (iv) outside the United States in compliance with Rule 904 under the Securities Act or (C) if resold under circumstances where neither such registration nor such exemption is required by law.

Each Purchaser agrees that, following the transfer of a Note and upon the request of the Company and without invalidating any transfer of any Note pursuant to this Agreement, it shall make reasonable best efforts to furnish to the Company any certificate which it may have received from any transferee of such Note with respect to such transferee's compliance with the terms of this **Section 6.1** in order to confirm that the transfer was made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Section 6.2. Source of Funds. Each Purchaser severally represents that at least one of the following statements is an accurate representation as to each source of funds (a *"Source"*) to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(a) the Source is an "insurance company general account" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption (*"PTE"*) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the *"NAIC Annual Statement"*)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed ten percent (10%) of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1, or (ii) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as have been disclosed by such Purchaser to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the *"QPAM Exemption"*) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and

managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a "plan(s)" (within the meaning of Part IV(h) of PTE 96-23 (the *"INHAM Exemption"*)) managed by an "in-house asset manager" or "INHAM" (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Part IV(d)(3) of the INHAM Exemption) owns a 10% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this **Section 6.2**, the terms "employee benefit plan", "governmental plan", "party in interest" and "separate account" shall have the respective meanings assigned to such terms in section 3 of ERISA.

Section 7. INFORMATION AS TO THE COMPANY.

Section 7.1. Financial and Business Information. The Company shall deliver to each Purchaser and holder of Notes that is an Institutional Investor:

(a) *Quarterly Statements* — within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) a consolidated balance sheet of the Company as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments; *provided* that delivery within the time period specified above of copies of the Company's quarterly report containing substantially all the information required to be provided under this **Section 7.1(a)** shall be deemed to satisfy the requirements of this **Section 7.1(a)**;

(b) *Annual Statements* — within 105 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and accompanied by an opinion thereon of independent public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances; *provided* that the delivery within the time period specified above of the Company's annual report for such fiscal year containing substantially all the information and the opinion of independent public accountants required to be provided under this **Section 7.1(b)** (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) shall be deemed to satisfy the requirements of this **Section 7.1(b)**;

(c) *SEC and Other Reports* — promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to its principal lending banks as a whole (excluding information sent to such banks in the ordinary course of administration of a bank facility, such as information relating to pricing and borrowing availability or to its public securities holders generally) and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly requested by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the SEC and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are Material;

provided, further, that the Company should be deemed to have made such delivery of such SEC and other reports if it shall have timely made such SEC and other reports available via Electronic Delivery;

(d) *Notice of Default or Event of Default* — promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(e) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Company or any Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(f) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Company or any of its Subsidiaries (including, but without limitation, actual copies of the Company's financial statements) or relating to the ability of the Company to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such Purchaser or holder of Notes.

Section 7.2. Officer's Certificate. Each set of financial statements delivered to a Purchaser or holder of Notes pursuant to **Section 7.1(a)** or **Section 7.1(b)** shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) *Covenant Compliance* — the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of **Section 10.1** and **Section 10.2**, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence), and in the event that the Company has made an election to measure any financial liability using fair value (which election is being disregarded for purposes of determining compliance with this Agreement pursuant to **Section 22.3**) as to the period covered by any such financial statement, such Senior Financial Officer's certificate as to such period shall include a reconciliation from GAAP with respect to such election; and

(b) *Event of Default* — a statement that such Senior Financial Officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including, without limitation, any such event or condition resulting from the

failure of the Company or any Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

Section 7.3. Visitation. The Company shall permit the representatives of each Purchaser and holder of Notes that is an Institutional Investor:

(a) *No Default* — if no Default or Event of Default then exists, at the expense of such Purchaser or holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) its independent public accountants, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary all at such reasonable times and as often as may be reasonably requested in writing; and

(b) *Default* — if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary; to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

Section 7.4. Electronic Delivery. Financial statements, opinions of independent certified public accountants, other information and Officer's Certificates that are required to be delivered by the Company pursuant to **Sections 7.1(a)**, **(b)** or **(c)** and **Section 7.2** shall be deemed to have been delivered if the Company satisfies any of the following requirements with respect thereto ("*Electronic Delivery*"):

(i) such financial statements satisfying the requirements of **Section 7.1(a)** or **(b)** and related Officer's Certificate satisfying the requirements of **Section 7.2** are delivered to each Purchaser or holder of a Note by e-mail;

(ii) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of **Section 7.1(a)** or **Section 7.1(b)**, as the case may be, with the SEC on EDGAR and shall have made such form and the related Officer's Certificate satisfying the requirements of **Section 7.2** available on its home page on the internet, which is located at http://aep.com as of the date of this Agreement;

(iii) such financial statements satisfying the requirements of **Section 7.1(a)** or **Section 7.1(b)** and related Officer's Certificate(s) satisfying the requirements of **Section 7.2** are timely posted by or on behalf of the Company on IntraLinks or any other similar website (including the Company's home page located at http://aep.com) to which each Purchaser or holder of Notes has free access; or

(iv) the Company shall have filed any of the items referred to in **Section 7.1(c)** with the SEC on EDGAR and shall have made such items available on its home page on the internet or on IntraLinks or on any other similar website to which each Purchaser or holder of Notes has free access;

provided however, that upon request of any Purchaser or holder to receive paper copies of such forms, financial statements and Officer's Certificates or to receive them by e-mail, the Company will promptly e-mail them or deliver such paper copies, as the case may be, to such Purchaser or holder.

Section 8. PREPAYMENT OF THE NOTES.

Section 8.1. Maturity. As provided therein, the entire unpaid principal balance of each series of the Notes shall be due and payable on the stated maturity date thereof.

Section 8.2. Optional Prepayments with Make-Whole Amount. (a) At any time prior to (i) in the case of the Series F Notes, 90 days prior to the stated maturity date of the Series F Notes, (ii) in the case of the Series G Notes, 90 days prior to the stated maturity date of the Series G Notes, (iii) in the case of the Series H Notes, 90 days prior to the stated maturity date of the Series H Notes, and (iv) in the case of the Series I Notes, 90 days prior to the stated maturity date of the Series I Notes, the Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes of any series, in an amount not less than 10% of the aggregate principal amount of the Notes of such series then outstanding, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount, and (b) at any time after (i) in the case of the Series F Notes, 90 days prior to the stated maturity date of the Series F Notes, (ii) for the Series G Notes, 90 days prior to the stated maturity date of the Series G Notes, (iii) for the Series H Notes, 90 days prior to the stated maturity date of the Series H Notes, and (iv) for the Series I Notes, 90 days prior to the stated maturity date of the Series I Notes, the Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the Notes of the relevant series, in an amount not less than 10% of the aggregate principal amount of the Notes of such series then outstanding, at 100% of the principal amount so prepaid, together with interest accrued thereon to the date of such prepayment; *provided* that if a Default or Event of Default shall have occurred and is continuing, in the case of a prepayment of less than all of the Notes, such partial prepayment shall be applied against each series of Notes in proportion to the aggregate principal amount outstanding of each series. The Company will give each holder of Notes written notice of each optional prepayment under this **Section 8.2** not less than 30 days and not more than 60 days prior to the date fixed for such prepayment unless the Company and the Required Holders agree to another time period pursuant to **Section 17**. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of each series of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with **Section 8.4**), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment, if applicable (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two

Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount, if applicable, as of the specified prepayment date.

Section 8.3. Change in Control.

(a)Notice of Change in Control or Control Event. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control or Control Event, give written notice of such Change in Control or Control Event to each holder of Notes and apply to a Rating Agency for a review of the then applicable credit rating in respect of the Notes or other Rated Securities; it being understood that the Company will at the same time inform such Rating Agency of the Change in Control or Control Event.

(b)Notice of Change in Control Prepayment Event. The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change in Control Prepayment Event, give written notice of such Change in Control Prepayment Event to each holder of Notes and such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (c) of this **Section 8.3** and shall be accompanied by the certificate described in subparagraph (f) of this **Section 8.3**.

(c)Offer to Prepay Notes. The offer to prepay Notes contemplated by subparagraph (b) of this **Section 8.3** shall be an offer to prepay, in accordance with and subject to this **Section 8.3**, all, but not less than all, the Notes held by each holder (in this case only, *"holder"* in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date (which date shall be a Business Day) specified in such offer (the *"Proposed Prepayment Date"*). Such date shall be not more than 60 days after the date of such offer (if the Proposed Prepayment Date shall not be specified in such offer, the Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(d)Acceptance/Rejection. A holder of Notes may accept the offer to prepay made pursuant to this **Section 8.3** by causing a notice of such acceptance to be delivered to the Company not later than 15 days after receipt by such holder of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this **Section 8.3** shall be deemed to constitute a rejection of such offer by such holder.

(e)Prepayment. Prepayment of the Notes to be prepaid pursuant to this **Section 8.3** shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment, but without Make-Whole Amount or other premium. The prepayment shall be made on the Proposed Prepayment Date.

(f)Officer's Certificate. Each offer to prepay the Notes pursuant to this **Section 8.3** shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date; (ii) that such offer is made pursuant to this **Section 8.3**; (iii) the principal amount of each Note

offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date; (v) that the conditions of this **Section 8.3** have been fulfilled; and (vi) in reasonable detail, the nature and date of the Change in Control.

(g)Certain Definitions. "Change in Control" shall be deemed to have occurred if any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act), other than AEP or any of its wholly-owned direct or indirect subsidiaries,

(i) become the "beneficial owners" (as such term is used in Rule 13d-3 under the Exchange Act as in effect on the date of the Closing), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of the Company's Voting Stock, or

(ii) acquire after the date of the Closing (x) the power to elect, appoint or cause the election or appointment of at least a majority of the members of the board of directors of the Company, through beneficial ownership of the capital stock of the Company or otherwise, or (y) all or substantially all of the properties and assets of the Company.

A *"Change in Control Prepayment Event"* occurs if, within the period of 120 days from and including the date on which a Change in Control occurs, either

(i) there are Rated Securities outstanding at the time of such Change in Control and a Rating Downgrade in respect of such Change in Control occurs, or

(ii) at such time there are no Rated Securities and the Company fails to obtain (whether by failing to seek a rating or otherwise) either

(A) a Corporate Credit Rating, or

(B) a rating of any other unsecured and unsubordinated Indebtedness which has a remaining maturity of five years or more (and which does not have the benefit of a guarantee from any Person other than any such Person that at such time also so guarantees the obligations of the Company under this Agreement and the Notes) of either (1) the Company or (2) the Person which has acquired the Company as a result of such Change in Control, so long as such Person has become an obligor under or guarantor of the Notes pursuant to documentation reasonably satisfactory to the Required Holders,

from a Rating Agency, of at least Investment Grade (a *"Negative Rating Event"*), in each case after giving pro forma effect to the transaction giving rise to such Change in Control.

For the avoidance of doubt, a Change in Control and the related Rating Downgrade or, as the case may be, Negative Rating Event, together (but not individually) constitute the Change in Control Prepayment Event).

"*Control Event*" means:

(i) the execution by the Company or any of its Subsidiaries or Affiliates of any agreement or letter of intent with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate, may reasonably be expected to result in a Change in Control,

(ii) the execution of any written agreement which, when fully performed by the parties thereto, would result in a Change in Control, or

(iii) the making of any written offer by any person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act as in effect on the date of the Closing) or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act as in effect on the date of the Closing) to the holders of the common stock of the Company, which offer, if accepted by the requisite number of holders, would result in a Change in Control.

"Corporate Credit Rating" means a rating of the Company or of the Person which acquires control of the Company as a result of a Change in Control if such Person has become an obligor under or guarantor of the Notes pursuant to documentation reasonably satisfactory to the Required Holders, of at least Investment Grade.

"Investment Grade" means a rating of BBB-/Baa3 (as applicable), or their respective equivalents for the time being, or better; *provided*, if such rating is "BBB-" in the case of S&P or "Baa3" in the case of Moody's, then such Person or Indebtedness shall not have been placed on "credit watch" and shall not have a "negative outlook" from S&P or Moody's as the case may be.

"Rated Securities" means the Notes, if at any time and for so long as they shall have a rating from a Rating Agency, and otherwise any other unsecured and unsubordinated Indebtedness of the Company having a remaining maturity of five years or more (and which does not have the benefit of a guarantee from any Person other than any such Person that at such time also so guarantees the obligations of the Company under this Agreement and the Notes) which is rated by a Rating Agency.

"Rating Agency" means Standard & Poor's Ratings Services (*"S&P"*) or Moody's Investors Service, Inc. (*"Moody's"*) or any of their respective subsidiaries and their successors; provided, that if either of Moody's or S&P ceases to provide rating services to issuers or investors, the Company may appoint a replacement for such Rating Agency that is reasonably acceptable to Bankers Trust Company and its successors and assigns, the trustee under the Indenture, dated as of September 1, 1997, by and between the Company and Bankers Trust Company.

"*Rating Downgrade*" shall be deemed to have occurred in respect of a Change in Control if, within 120 days from and including the date on which the Change in Control occurs, the rating assigned to the Rated Securities by any Rating Agency (whether provided at the invitation of the Company or of its own volition) which is current immediately before the time the Change in Control occurs (i) if Investment Grade, is either lowered by such Rating Agency such that it is

no longer Investment Grade or withdrawn and not replaced by an Investment Grade rating of another Rating Agency or (ii) if below Investment Grade, is not raised by such Rating Agency to Investment Grade.

All calculations contemplated in this **Section 8.3** involving the capital stock of any Person shall be made with the assumption that all convertible Securities of such Person then outstanding and all convertible Securities issuable upon the exercise of any warrants, options and other rights outstanding at such time were converted at such time and that all options, warrants and similar rights to acquire shares of capital stock of such Person were exercised at such time.

Section 8.4. Allocation of Partial Prepayments. In the case of each partial prepayment of the Notes pursuant to **Section 8.2**, the principal amount of the Notes of any series to be prepaid shall be allocated pro rata among all of the Notes of such series of the Notes being prepaid at such time in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. All partial prepayments made pursuant to **Section 8.3** shall be applied only to the Notes of the holders who have elected to participate in such prepayment.

Section 8.5. Maturity; Surrender, Etc. In the case of each prepayment of Notes pursuant to this **Section 8**, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

Section 8.6. Purchase of Notes. The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 25% of the principal amount of the Notes then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 5 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

Section 8.7. Make-Whole Amount. The term *"Make-Whole Amount"* means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the

amount of such Called Principal; *provided* that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"*Called Principal*" means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

"*Discounted Value*" means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"*Reinvestment Yield*" means, with respect to the Called Principal of any Note, the sum of (a) 0.50% (50 basis points) plus (b) the yield to maturity implied by the "Ask Yield(s)" reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities ("Reported") having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between the "Ask Yields" Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then "Reinvestment Yield" means, with respect to the Called Principal of any Note, the sum of (x) 0.50% (50 basis points) plus (y) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be

rounded to the number of decimal places as appears in the interest rate of the applicable Note.

"*Remaining Average Life*" means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"*Remaining Scheduled Payments*" means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2 or Section 12.1.

"*Settlement Date*" means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

Section 9. AFFIRMATIVE COVENANTS.

From the date of this Agreement until the Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 9.1. Compliance with Laws. Without limiting **Section 10.6**, the Company will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, ERISA, Environmental Laws, the USA Patriot Act and the other laws and regulations that are referred to in **Section 5.16**, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Company will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves

are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business, owning similar properties and located in the same general area as the Company and its Subsidiaries, except where any failure to maintain such insurance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; *provided, however,* that so long as no Event of Default hereunder shall have occurred and be continuing, the Company may self-insure by way of deductibles, through its captive insurance company or otherwise, such amount as is customarily maintained on similar properties by companies of similar size and financial standing and having similar operations and to the extent consistent with prudent business practices.

Section 9.3. Maintenance of Properties. The Company will, and will cause each of its Subsidiaries to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times; *provided* that this **Section 9.3** shall not prevent the Company or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Company will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Company or any Subsidiary; *provided* that neither the Company nor any Subsidiary need pay any such tax, assessment, charge, levy or claim if (a) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company has established adequate reserves therefor in accordance with GAAP on the books of the Company or such Subsidiary or (b) the nonpayment of all such taxes, assessments, charges, levies and claims in the aggregate would not reasonably be expected to have a Material Adverse Effect.

Section 9.5. Legal Existence, Etc. Subject to **Section 10.3**, the Company will at all times preserve and keep in full force and effect its legal existence and the Company will at all times preserve and keep in full force and effect the legal existence of each of its Subsidiaries (unless merged into the Company or a Wholly-owned Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such legal existence, right or franchise would not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Notes to Rank Pari Passu. The Notes and all other obligations under this Agreement of the Company are and at all times shall rank at least *pari passu* in right of payment with all other present and future unsecured Indebtedness (actual or contingent) of the Company which is not expressed to be subordinate or junior in rank to any other unsecured Indebtedness of the Company.

Section 9.7. Books and Records. The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company, or such Subsidiary, as the case may be. The Company will keep books, records and accounts which, in reasonable detail, accurately reflect all transactions and dispositions of assets. The Company has devised a system of internal accounting controls sufficient to provide reasonable assurances that its books, records and accounts accurately reflect all transactions and dispositions of assets and the Company will, and will cause each of its Subsidiaries to, continue to maintain such system.

Section 10. NEGATIVE COVENANTS.

From the date of this Agreement until the Closing and thereafter, so long as any of the Notes are outstanding, the Company covenants that:

Section 10.1. Leverage Ratio. The Company will maintain a ratio of Consolidated Indebtedness to Consolidated Capital as of the last day of each March, June, September and December of not greater than 0.70 to 1.00.

Section 10.2. Limitation on Secured Debt. The Company shall not create or suffer to be created or to exist or permit any of its Subsidiaries to 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 by the Company or its Subsidiaries to secure any Indebtedness for borrowed money (*"Secured Debt"*), without providing that the Notes will be similarly secured. This restriction does not prevent the creation or existence of:

(a) 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;

(b) financing of the Company's accounts receivable for electric service;

(c) any extensions, renewals or replacements (or successive extensions, renewals or replacements), in whole or in part, of Liens permitted by the foregoing clauses; and

(d) 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; *provided* that, notwithstanding the foregoing, in the event that at any time the Company provides a Lien to or for the benefit of the lenders under a Credit Facility or an agent on their behalf, then the Company will grant to and for the benefit of the holders of the Notes a similar first priority Lien

(subject only to Liens otherwise permitted by this **Section 10.2**, and ranking *pari passu* with the Lien provided to or for the benefit of the lenders and/or the agent, as the case may be, under such Credit Facility), over the same assets, property and undertaking of the Company as those encumbered in respect of such Credit Facility, in form and substance satisfactory to the Required Holders with such security to be the subject of an intercreditor agreement among the lenders and/or the agent, as the case may be, under such Credit Facility or the agent on their behalf, as the case may be, and the holders of Notes, which shall be satisfactory in form and substance to the Required Holders.

"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, energy trading contracts, regulatory assets, deferred charges 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.

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

Section 10.3. Mergers, Consolidations, Etc. The Company will not, and will not permit any Subsidiary to, consolidate with or be a party to a merger with any other Person, or sell, lease or otherwise dispose of all or substantially all of its assets; *provided* that:

(a) any Subsidiary may merge or consolidate with or into the Company or any Wholly-owned Subsidiary so long as in (i) any merger or consolidation involving the Company, the Company shall be the surviving or continuing corporation and (ii) in any merger or consolidation involving a Wholly-owned Subsidiary (and not the Company), the Wholly-owned Subsidiary shall be the surviving or continuing corporation or limited liability company;

(b) the Company may consolidate or merge with or into any other corporation or limited liability company if (i) the corporation or limited liability company which results from such consolidation or merger (the *"Surviving Person"*) is organized under the laws of any state of the United States or the District of Columbia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observation of all of the covenants in the Notes and this Agreement to be performed or observed by the Company are expressly assumed in writing by the Surviving Person pursuant to an agreement satisfactory to the Required Holders and the Surviving Person shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of the Surviving Person enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable

principles, and (iii) at the time of such consolidation or merger and immediately after giving effect thereto, no Default or Event of Default would exist;

(c) the Company may sell or otherwise dispose of all or substantially all of its assets to any Person for consideration which represents the fair market value of such assets (as determined in good faith by the Board of Directors of the Company) at the time of such sale or other disposition if (i) the acquiring Person (the *"Acquiring Person"*) is a corporation or limited liability company organized under the laws of any state of the United States or the District of Columbia, (ii) the due and punctual payment of the principal of and premium, if any, and interest on all the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants in the Notes and in this Agreement to be performed or observed by the Company are expressly assumed in writing by the Acquiring Person pursuant to an agreement satisfactory to the Required Holders and the Acquiring Person shall furnish to the holders of the Notes an opinion of counsel satisfactory to the Required Holders to the effect that the instrument of assumption has been duly authorized, executed and delivered and constitutes the legal, valid and binding contract and agreement of such Acquiring Person enforceable in accordance with its terms, except as enforcement of such terms may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles, and (iii) at the time of such sale or disposition and immediately after giving effect thereto, no Default or Event of Default would exist.

Section 10.4. Transactions with Affiliates. The Company will not and will not permit any Subsidiary to enter into directly or indirectly any transaction or group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course and pursuant to the reasonable requirements of the Company's or such Subsidiary's business.

Section 10.5. Line of Business. The Company will not and will not permit any Subsidiary to engage in any business if, as a result, the general nature of the business in which the Company and its Subsidiaries, taken as a whole, would then be engaged would be substantially changed from the general nature of the business in which the Company is engaged on the date of this Agreement as described in the Memorandum.

Section 10.6. Terrorism Sanctions Regulations. The Company will not and will not permit any Controlled Entity (a) to become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or any Person that is the target of sanctions imposed by the United Nations or by the European Union, or (b) directly or indirectly to have any investment in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any Purchaser or holder to be in violation of any law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions, or (c) to engage, nor shall any Affiliate of either engage, in any activity that could subject such Person or any Purchaser or holder to sanctions under

CISADA or any similar law or regulation with respect to Iran or any other country that is subject to U.S. Economic Sanctions.

Section 11. EVENTS OF DEFAULT.

An *"Event of Default"* shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Company defaults in the payment of any principal or Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Company defaults in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Company defaults in the performance of or compliance with any term contained in **Section 7.1(d)** or **Sections 10.1** through **10.3**; or

(d) the Company defaults in the performance of or compliance with any term contained herein (other than those referred to in **Sections 11(a)**, **(b)** and **(c)**) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Company receiving written notice of such default from any holder of a Note (any such written notice to be identified as a "notice of default" and to refer specifically to this **Section 11(d)**); or

(e) any representation or warranty made in writing by or on behalf of the Company or by any officer of the Company in this Agreement or in any writing furnished in connection with the transactions contemplated hereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) the Company or any Significant Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least $50,000,000 beyond any period of grace provided with respect thereto, or (ii) any event shall occur or condition shall exist under any agreement or instrument relating to Indebtedness of the Company or any Subsidiary (but excluding Indebtedness outstanding hereunder) outstanding in a principal or notional amount of at least $50,000,000 in the aggregate if the effect of such event or condition is to accelerate or require early termination of the maturity or tenor of such Indebtedness, or any such Indebtedness shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), terminated, purchased or defeased, or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity or the original tenor thereof; or

(g) the Company or any Significant Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or

arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or Governmental Authority of competent jurisdiction enters an order appointing, without consent by the Company or any of its Significant Subsidiaries, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Company or any of its Significant Subsidiaries, or any such petition shall be filed against the Company or any of its Significant Subsidiaries and such petition shall not be dismissed within 60 days; or

(i) any judgment or order for the payment of money in excess of $50,000,000 to the extent not paid or insured shall be rendered against the Company or any Subsidiary and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(j) if (i) any Plan which is a pension plan within the meaning of section 3(2) of ERISA shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed an amount that would reasonably be expected to have a Material Adverse Effect, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability with respect to any Plan pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect.

As used in **Section 11(j)**, the terms "employee benefit plan" and "employee welfare benefit plan" shall have the respective meanings assigned to such terms in section 3 of ERISA.

Section 12. REMEDIES ON DEFAULT, ETC.

Section 12.1. Acceleration. (a) If an Event of Default with respect to the Company described in **Section 11(g)** or **(h)** (other than an Event of Default described in clause (i) of **Section 11(g)** or described in clause (vi) of **Section 11(g)** by virtue of the fact that such clause encompasses clause (i) of **Section 11(g)**) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, any holder or holders of more than 50% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Company, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in **Section 11(a)** or **(b)** has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this **Section 12.1**, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (i) all accrued and unpaid interest thereon (including, but not limited to, interest accrued thereon at the applicable Default Rate) and (ii) the Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for), and that the provision for payment of a Make-Whole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

Section 12.2. Other Remedies. If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under **Section 12.1**, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

Section 12.3. Rescission. At any time after any Notes have been declared due and payable pursuant to **Section 12.1(b)** or **(c)**, the holders of not less than 51% in principal amount of the Notes then outstanding, by written notice to the Company, may rescind and annul any such declaration and its consequences if (a) the Company has paid all overdue interest on the Notes, all principal of and Make-Whole Amount, if any, on any Notes that are due and payable and are

unpaid other than by reason of such declaration, and all interest on such overdue principal and Make-Whole Amount, if any, and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the applicable Default Rate, (b) neither the Company nor any other Person shall have paid any amounts which have become due solely by reason of such declaration, (c) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to **Section 17**, and (d) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this **Section 12.3** will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

Section 12.4. No Waivers or Election of Remedies, Expenses, Etc. No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Company under **Section 15**, the Company will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this **Section 12**, including, without limitation, reasonable attorneys' fees, expenses and disbursements of one special counsel for all holders of the Notes.

Section 13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

Section 13.1. Registration of Notes. The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. If any holder of one or more Notes is a nominee, then (a) the name and address of the beneficial owner of such Note or Notes shall also be registered in such register as an owner and holder thereof and (b) at any such beneficial owner's option, either such beneficial owner or its nominee may execute any amendment, waiver or consent pursuant to this Agreement. Prior to due presentment for registration of transfer, the Person(s) in whose name any Note(s) shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

Section 13.2. Transfer and Exchange of Notes. Upon surrender of any Note to the Company at the address and to the attention of the designated officer (all as specified in **Section 18(iii)**) for registration of transfer or exchange (and in the case of a surrender for registration of transfer accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing and accompanied by the relevant name, address and other information for notices of each transferee of such Note or part thereof), within ten Business Days thereafter, the Company shall execute and deliver, at the Company's expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, of the same series and in an aggregate

principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of **Exhibit 1-A**, **Exhibit 1-B**, **Exhibit 1-C** or **Exhibit 1-D**, as applicable. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than $100,000; *provided* that if necessary to enable the registration of transfer by a holder of its entire holding of Notes of a series, one Note of such series may be in a denomination of less than $100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in **Section 6.2**.

Section 13.3. Replacement of Notes. Upon receipt by the Company at the address and to the attention of the designated officer (all as specified in **Section 18(iii)**) of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (*provided* that if the holder of such Note is, or is a nominee for, an original Purchaser or another holder of a Note with a minimum net worth of at least $50,000,000 or a Qualified Institutional Buyer, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

within ten Business Days thereafter, the Company at its own expense shall execute and deliver, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

Section 13.4. Participations. Any Purchaser may at any time, without the consent of, or notice to, the Company or any other party, sell participations to any Person (other than a natural person or the Company or any of the Company's Affiliates or Subsidiaries) in all or a portion of such Purchaser's rights and/or obligations under this Agreement (including all or a portion of its Notes); *provided* that (i) such Purchaser's obligations under this Agreement shall remain unchanged, (ii) such Purchaser shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Company and the Purchasers shall continue to deal solely and directly with such Purchaser in connection with such Purchaser's rights and obligations under this Agreement.

Section 14. PAYMENTS ON NOTES.

Section 14.1. Place of Payment. Subject to **Section 14.2**, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York, New York at the principal office of Citibank N.A. in such jurisdiction. The

Company may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

Section 14.2. Home Office Payment. So long as any Purchaser or its nominee shall be the holder of any Note, and notwithstanding anything contained in **Section 14.1** or in such Note to the contrary, the Company will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, interest and all other amounts becoming due hereunder by the method and at the address specified for such purpose below such Purchaser's name in **Schedule A**, or by such other method or at such other address as such Purchaser shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, such Purchaser shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to **Section 14.1**. The Company will make such payments in immediately available funds, no later than 11:00 a.m. New York time on the date due. If for any reason whatsoever the Company does not make any such payment by such 11:00 a.m. transmittal time, such payment shall be deemed to have been made on the next following Business Day and such payment shall bear interest at the Default Rate set forth in the Note. Prior to any sale or other disposition of any Note held by a Purchaser or its nominee, such Purchaser will, at its election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes of the same series pursuant to **Section 13.2**. The Company will afford the benefits of this **Section 14.2** to any Institutional Investor that is the direct or indirect transferee of any Note purchased by a Purchaser under this Agreement and that has made the same agreement relating to such Note as the Purchasers have made in this **Section 14.2**.

Section 15. EXPENSES, ETC.

Section 15.1. Transaction Expenses. Whether or not the transactions contemplated hereby are consummated, the Company will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required by the Required Holders, local or other counsel) incurred by the Purchasers and each other holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including, without limitation: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, and (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of the Company or any Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes. In the event that any such invoice is not paid within 30 Business Days after the Company's receipt thereof, interest on the amount of such invoice shall be due and payable at the Default Rate commencing with the 31st Business Day after the Company's receipt thereof until such invoice has been paid. The Company will pay, and will save each Purchaser and each other

holder of a Note harmless from, (i) all claims in respect of any fees, costs or expenses, if any, of brokers and finders (other than those, if any, retained by a Purchaser or other holder in connection with its purchase of the Notes) and (ii) any and all wire transfer fees that any bank deducts from any payment under such Note to such holder or otherwise charges to a holder of a Note with respect to a payment under such Note.

Section 15.2. Survival. The obligations of the Company under this **Section 15** will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

Section 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of such Purchaser or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of the Company pursuant to this Agreement shall be deemed representations and warranties of the Company under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between each Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

Section 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement and the Notes may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), only with the written consent of the Company and the Required Holders, except that:

(a) no amendment or waiver of any of **Sections 1, 2, 3, 4, 5, 6** or **21** hereof, or any defined term (as it is used therein), will be effective as to any Purchaser unless consented to by such Purchaser in writing; and

(b) no amendment or waiver may, without the written consent of each Purchaser and the holder of each Note at the time outstanding, (i) subject to **Section 12** relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of (x) interest on the Notes or (y) the Make Whole Amount (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any amendment or waiver or the principal amount of a Note that the Purchasers are to purchase pursuant to **Section 2** upon the satisfaction of the conditions to the Closing that appear in **Section 4**; or (iii) amend any of **Sections 8** (except as set forth in the second sentence of **Section 8.2**), **11(a), 11(b), 12, 17** or **20**.

Section 17.2. Solicitation of Holders of Notes.

(a) *Solicitation*. The Company will provide each Purchaser and holder of the Notes (irrespective of the amount or series of Notes then owned by it) with sufficient information,

sufficiently far in advance of the date a decision is required, to enable such Purchaser and such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this **Section 17** to each Purchaser and each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite Purchasers or holders of Notes.

(b) *Payment*. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any Purchaser or holder of any series of Notes as consideration for or as an inducement to the entering into by such Purchaser or holder of Notes of any waiver or amendment of any of the terms and provisions hereof or of any Note unless such remuneration is concurrently paid, or security is concurrently granted or other credit support concurrently provided, on the same terms, ratably to each Purchaser and holder of each series of Notes then outstanding even if such Purchaser or holder did not consent to such waiver or amendment.

(c) *Consent in Contemplation of Transfer*. Any consent made pursuant to this **Section 17.2** by the holder of any Note of any series that has transferred or has agreed to transfer such Note to the Company or any Affiliate of the Company and has provided or has agreed to provide such consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such transferring holder.

Section 17.3. Binding Effect, Etc. Any amendment or waiver consented to as provided in this **Section 17** applies equally to all Purchasers and holders of each series of Notes and is binding upon them and upon each future holder of any Note of any series and upon the Company without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Company and any Purchaser or holder of any Note of any series nor any delay in exercising any rights hereunder or under any Note of any series shall operate as a waiver of any rights of any Purchaser or holder of such Note.

Section 17.4. Notes Held by Company, Etc. Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by the Company or any of its Affiliates shall be deemed not to be outstanding.

Section 18. NOTICES.

Except to the extent otherwise provided in Section 7.4, all notices and communications provided for hereunder shall be in writing and sent (a) by telefacsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to any Purchaser or its nominee, to such Purchaser or nominee at the address specified for such communications in **Schedule A**, or at such other address as such Purchaser or nominee shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Company at its address set forth at the beginning hereof to the attention of Treasurer, with a copy to the attention of the General Counsel at the same address as above and Facsimile No.: 614-716-1687, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this **Section 18** will be deemed given only when actually received.

Section 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by any Purchaser at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to any Purchaser, may be reproduced by such Purchaser by any photographic, photostatic, electronic, digital or other similar process and such Purchaser may destroy any original document so reproduced. The Company agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This **Section 19** shall not prohibit the Company or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

Section 20. CONFIDENTIAL INFORMATION.

For the purposes of this **Section 20**, *"Confidential Information"* means information delivered to any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by such Purchaser as being confidential information of the Company or such Subsidiary; *provided* that such term does not include information that (a) was publicly known or otherwise known to such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Purchaser or any Person acting on such Purchaser's

behalf, (c) otherwise becomes known to such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to such Purchaser under **Section 7.1** that are otherwise publicly available. Each Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by such Purchaser in good faith to protect confidential information of third parties delivered to such Purchaser; *provided* that such Purchaser may deliver or disclose Confidential Information to (i) its directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this **Section 20**, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this **Section 20**), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this **Section 20**), (vi) any federal, state or provincial regulatory authority having jurisdiction over such Purchaser, (vii) the NAIC or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about such Purchaser's investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under such Purchaser's Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this **Section 20** as though it were a party to this Agreement. On reasonable request by the Company in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Company embodying the provisions of this **Section 20**.

In the event that as a condition to receiving access to information relating to the Company or its Subsidiaries in connection with the transactions contemplated by or otherwise pursuant to this Agreement, any Purchaser or holder of a Note is required to agree to a confidentiality undertaking (whether through IntraLinks, another secure website, a secure virtual workspace or otherwise) which is different from this Section 20, this Section 20 shall not be amended thereby and, as between such Purchaser or such holder and the Company, this Section 20 shall supersede any such other confidentiality undertaking.

Section 21. SUBSTITUTION OF PURCHASER.

Each Purchaser shall have the right to substitute any one of its Affiliates as the purchaser of the Notes that it has agreed to purchase hereunder, by written notice to the Company, which notice shall be signed by both such Purchaser and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in **Section 6**. Upon receipt of such

notice, any reference to such Purchaser in this Agreement (other than in this **Section 21**) shall be deemed to refer to such Affiliate in lieu of such original Purchaser. In the event that such Affiliate is so substituted as a Purchaser hereunder and such Affiliate thereafter transfers to such original Purchaser all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, any reference to such Affiliate as a "Purchaser" in this Agreement (other than in this **Section 21**) shall no longer be deemed to refer to such Affiliate, but shall refer to such original Purchaser, and such original Purchaser shall again have all the rights of an original holder of the Notes under this Agreement.

Section 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

Section 22.2. Payments Due on Non-Business Days. Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in **Section 8.5** that the notice of any prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal of or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; *provided* that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

Section 22.3. Accounting Terms. (a) All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP and (ii) all financial statements shall be prepared in accordance with GAAP. For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure an item of Indebtedness using fair value (as permitted by Accounting Standard Codification Topic No. 825-10-25 – Fair Value Option or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

(b) Notwithstanding the foregoing, if the Company notifies the holders of Notes that, in the Company's reasonable opinion, or if the Required Holders notify the Company that, in the Required Holders' reasonable opinion, as a result of a change in GAAP after the date of this Agreement, any covenant contained in **Section 10.1** through **10.6**, or any of the defined terms used therein no longer apply as intended such that such covenants are materially more or less restrictive to the Company than as at the date of this Agreement, the Company shall negotiate in good faith with the holders of Notes to make any necessary adjustments to such covenant or defined term to provide the holders of the Notes with substantially the same protection as such covenant provided prior to the relevant change in GAAP. Until the Company

and the Required Holders so agree to reset, amend or establish alternative covenants or defined terms, (i) the covenants contained in **Section 10.1** through **10.6**, together with the relevant defined terms, shall continue to apply and compliance therewith shall be determined on the basis of GAAP in effect at the date of this Agreement and (ii) each set of financial statements delivered to holders of Notes pursuant to **Section 7.1(a)** or **(b)** during such time shall include detailed reconciliations reasonably satisfactory to the Required Holders as to the effect of such change in GAAP.

(c) Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any change to GAAP occurring after the Closing as a result of the adoption of any proposals set forth in the Proposed Accounting Standards Update, Leases (Topic 840), issued by the Financial Accounting Standards Board on August 17, 2010, or any other proposals issued by the Financial Accounting Standards Board in connection therewith, in each case to the extent that such change would require treating any operating lease that would not otherwise constitute Debt as a capital lease where such operating lease would not constitute Debt and was not required to be so treated under GAAP as in effect on the date of the Closing; *provided* that the foregoing shall only be applicable with respect to any operating lease entered into on or prior to December 31, 2018.

Section 22.4. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, Etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be deemed to be a part hereof.

Section 22.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement or the Notes. To the fullest extent permitted by applicable law, the Company irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Company consents to process being served by or on behalf of any holder of Notes in any suit, action or proceeding of the nature referred to in **Section 22.8(a)** by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in **Section 18** or at such other address of which such holder shall then have been notified pursuant to said Section. The Company agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this **Section 22.8** shall affect the right of any holder of a Note to serve process in any manner permitted by law, or limit any right that the holders of any of the Notes may have to bring proceedings against the Company in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Notes or any other document executed in connection herewith or therewith.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Company, whereupon this Agreement shall become a binding agreement between you and the Company.

Very truly yours,

KENTUCKY POWER COMPANY

By _____
Title:

This Agreement is hereby accepted and agreed to as of the date thereof.

[VARIATION]

By:_____
Its:

SCHEDULE A

INFORMATION RELATING TO PURCHASERS

SCHEDULE B

DEFINED TERMS

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

"*Acquiring Person*" is defined in **Section 10.3(c).**

"*AEP*" means American Electric Power Company, Inc., a New York corporation.

"*Affiliate*" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and with respect to the Company, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Company or any Person of which the Company beneficially owns or holds, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, "*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "*Affiliate*" is a reference to an Affiliate of the Company.

"*Agreement*" means this Agreement, including all Schedules and Exhibits attached to this Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

"*Anti-Corruption Laws*" is defined in **Section 5.16(d)(1)**.

"*Anti-Money Laundering Laws*" is defined in **Section 5.16(c)**.

"*Blocked Person*" is defined in **Section 5.16(a)**.

"*Business Day*" means (a) for the purposes of **Section 8.7** only, any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed, and (b) for the purposes of any other provision of this Agreement, any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York or Columbus, Ohio are required or authorized to be closed.

"*Capital Lease*" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"*Change in Control*" is defined in **Section 8.3(g)**.

"*Change in Control Prepayment Event*" is defined in **Section 8.3(g)**.

"*CISADA*" is defined in **Section 5.16(a)**.

"*Closing*" is defined in **Section 3**.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"*Company*" means Kentucky Power Company, a Kentucky corporation, and any successor that becomes such in the manner prescribed in **Section 10.3**.

"*Confidential Information*" is defined in **Section 20**.

"*Consolidated Capital*" means the sum of (a) Consolidated Indebtedness and (b) the consolidated equity of all classes of stock (whether common, preferred, mandatorily convertible preferred or preference) of the Company, in each case determined in accordance with GAAP, but including Equity-Preferred Securities issued by the Company and its Subsidiaries.

"*Consolidated Indebtedness*" means the total principal amount of all Indebtedness described in clauses (a) through (e) of the definition of Indebtedness and Guaranties of such Indebtedness of the Company and its Subsidiaries, excluding, however, (a) Stranded Cost Recovery Bonds, (b) Equity-Preferred Securities not to exceed 10% of Consolidated Capital (calculated for purposes of this clause without reference to any Equity-Preferred Securities), and (c) any Indebtedness of the Company to any Subsidiary of the Company and any Indebtedness of such Subsidiary of the Company to the Company.

"*Control Event*" is defined in **Section 8.3(g)**.

"*Controlled Entity*" means (i) any of the Subsidiaries of the Company and any of their or the Company's respective Controlled Affiliates and (ii) if the Company has a parent company, such parent company and its Controlled Affiliates. As used in this definition, "*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"*Corporate Credit Rating*" is defined in **Section 8.3(g)**.

"*Credit Facility*" means any credit, revolving loan, note or other like agreement between the Company and one or more lenders or purchasers with the commitment from such lenders or purchasers to extend credit thereunder to the Company not being less than $50,000,000.

"*Default*" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"*Default Rate*" means with respect to a series of Notes, that rate of interest per annum that is the greater of (i) 2% above the rate of interest stated in clause (a) of the first paragraph of the Notes of such series or (ii) 2% over the rate of interest publicly announced by Citibank N.A. in New York, New York as its "base" or "prime" rate.

"*Disclosure Documents*" is defined in **Section 5.3**.

"*Electronic Delivery*" is defined in **Section 7.4**.

"*Environmental Laws*" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"*Equity-Preferred Securities*" shall mean (a) debt or preferred securities that are mandatorily convertible or mandatorily exchangeable into common shares of the Company and (b) any other securities, however denominated, including but not limited to trust originated preferred securities, (i) issued by the Company or any of its consolidated Subsidiaries, (ii) that are not subject to mandatory redemption or the underlying securities, if any, of which are not subject to mandatory redemption, (iii) that are perpetual or mature no less than 30 years from the date of issuance, (iv) the indebtedness issued in connection with which, including any guaranty, is subordinate in right of payment to the unsecured and unsubordinated indebtedness of the issuer of such indebtedness or guaranty, and (v) the terms of which permit the deferral of the payment of interest or distributions thereon to a date occurring after the maturity date of the Notes.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) that is treated as a single employer together with the Company under section 414 of the Code or under other applicable law.

"*Event of Default*" is defined in **Section 11**.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*GAAP*" means generally accepted accounting principles as in effect from time to time in the United States of America.

"*Governmental Authority*" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Company or any Subsidiary conducts all or any part of its business, or which asserts jurisdiction over any properties of the Company or any Subsidiary, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"*Governmental Official*" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

"*Guaranty*" of any Person means any obligation, contingent or otherwise, of such Person (a) to pay any Indebtedness of any other Person or (b) incurred in connection with the issuance by a third person of a Guaranty of Indebtedness of any other Person (whether such obligation arises by agreement to reimburse or indemnify such third Person or otherwise).

"*Hazardous Materials*" means any and all pollutants, toxic or hazardous wastes or any other substances, including all substances listed in or regulated in any Environmental Law that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, regulated, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"*holder*" means, with respect to any Note, the Person in whose name such Note is registered in the register maintained by the Company pursuant to **Section 13.1**, *provided, however*, that if such Person is a nominee, then for the purposes of **Sections 7, 12, 17.2** and **18** and any related definitions in this **Schedule B**, "*holder*" shall mean the beneficial owner of such Note whose name and address appears in such register.

"*Indebtedness*" with respect to any Person means, at any time, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person as lessee under leases that have been, in accordance with GAAP, recorded as Capital Leases, (e) all obligations of such Person in respect of reimbursement agreements with respect to acceptances, letters of credit (other than trade letters of credit) or similar extensions of credit, (f) all Guaranties, (g) all reasonably quantifiable obligations under indemnities or under support or capital contribution agreements, and other reasonably quantifiable obligations (contingent or otherwise) to purchase or otherwise to assure a creditor against loss in respect of, or to assure an obligee against loss in respect of, all Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss.

"*Institutional Investor*" means (a) any purchaser of a Note, (b) any holder of a Note holding (together with one or more of its affiliates) more than 5% of the aggregate principal amount of the Notes then outstanding, (c) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any other similar financial institution or entity, regardless of legal form, and (d) any Related Fund of any holder of any Note.

"*Investment Grade*" is defined in **Section 8.3(g)**.

"*Liens*" is defined in **Section 10.2**.

"*Make-Whole Amount*" is defined in **Section 8.7**.

"*Margin Stock*" shall have the meaning specified Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221).

"*Material*" means material in relation to the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole.

"*Material Adverse Effect*" means a material adverse effect on (a) the business, condition (financial or otherwise) or operations of the Company and its Subsidiaries taken as a whole, or (b) the ability of the Company to perform its obligations under this Agreement and the Notes, or (c) the validity or enforceability of this Agreement or the Notes.

"*Memorandum*" is defined in **Section 5.3**.

"*Multiemployer Plan*" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"*NAIC*" means the National Association of Insurance Commissioners or any successor thereto.

"*Negative Rating Event*" is defined in Section 8.3(g).

"*Net Tangible Assets*" is defined in **Section 10.2**.

"*Notes*" is defined in **Section 1**.

"*OFAC*" is defined in **Section 5.16(a)**.

"*OFAC Listed Person*" is defined in **Section 5.16(a)**.

"*OFAC Sanctions Program*" means any economic or trade sanction that OFAC is responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx.

"*Officer's Certificate*" means a certificate of a Senior Financial Officer or of any other officer of the Company whose responsibilities extend to the subject matter of such certificate.

"*PBGC*" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"*Person*" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

"*Plan*" means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Company or any ERISA Affiliate or with respect to which the Company or any ERISA Affiliate may have any liability.

"*property*" or "*properties*" means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"*Proposed Prepayment Date*" is defined in **Section 8.3(c)**.

"*PTE*" is defined in **Section 6.2(a)**.

"*Purchaser*" or "*Purchasers*" means each of the purchasers that has executed and delivered this Agreement to the Company and such Purchaser's successors and assigns (so long as any such assignment complies with Section 13.2); *provided*, *however*, that any Purchaser of a Note that ceases to be the registered holder or a beneficial owner (through a nominee) of such Note as the result of a transfer thereof pursuant to Section 13.2 shall cease to be included within the meaning of "Purchaser" of such Note for the purposes of this Agreement upon a transfer.

"*QPAM Exemption*" is defined in **Section 6.2(d)**.

"*Qualified Institutional Buyer*" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"*Rated Securities*" is defined in **Section 8.3(g)**.

"*Rating Agency*" is defined in **Section 8.3(g)**.

"*Rating Downgrade*" is defined in **Section 8.3(g)**.

"*Related Fund*" means, with respect to any holder of any Note, any fund or entity that (a) invests in Securities or bank loans, and (b) is advised or managed by such holder, the same investment advisor as such holder or by an affiliate of such holder or such investment advisor.

"*Required Holders*" means, (a) prior to the Closing, the Purchasers and (b) at any time after the Closing, the holders of at least 51% in principal amount of the Notes (exclusive of Notes then owned by the Company or any of its Affiliates).

"*Responsible Officer*" means any Senior Financial Officer and any other officer of the Company with responsibility for the administration of the relevant portion of this Agreement.

"*SEC*" means the Securities and Exchange Commission of the United States, or any successor thereto.

"*Secured Debt*" is defined in **Section 10.2**.

"*Securities*" or "*Security*" shall have the same meaning as in Section 2(1) of the Securities Act.

"*Securities Act*" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*Senior Financial Officer*" means the chief financial officer, principal accounting officer, treasurer or comptroller of the Company.

"*Series F Notes*" is defined in **Section 1**.

"*Series G Notes*" is defined in **Section 1**.

"*Series H Notes*" is defined in **Section 1**.

"*Series I Notes*" is defined in **Section 1**.

"*Significant Subsidiary*" means, at any time, any Subsidiary of the Company that constitutes at such time a "significant subsidiary" of AEP, as such term is defined in Regulation S-X of the SEC as in effect on the date hereof (17 C.F.R. Part 210); *provided, however,* that "total assets" as used in Regulation S-X shall not include securitization transition assets on the balance sheet of any Subsidiary resulting from the issuance of transition bonds or other asset backed securities of a similar nature.

"*Stranded Cost Recovery Bonds*" means securities, however denominated, that are issued by the Company or any Subsidiary of the Company that are (a) non-recourse to the Company and its Significant Subsidiaries (other than for failure to collect and pay over the charges referred to in clause (b) below) and (b) payable solely from transition or similar charges authorized by the Kentucky Public Service Commission and to be invoiced to customers of any Subsidiary of the Company or to retail electric providers.

"*Subsidiary*" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries). Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"*Surviving Person*" is defined in **Section 10.3(b)**.

"*SVO*" means the Securities Valuation Office of the NAIC or any successor to such Office.

"*U.S. Economic Sanctions*" is defined in **Section 5.16(a)**.

"*USA Patriot Act*" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"*Voting Stock*" means Securities of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to elect the corporate directors (or Persons performing similar functions).

"*Wholly-owned Subsidiary*" means, at any time, any Subsidiary one hundred percent (100%) of all of the equity interests (except directors' qualifying shares) and voting interests of which are owned by any one or more of the Company and the Company's other Wholly-owned Subsidiaries at such time.

SCHEDULE 5.3

DISCLOSURE MATERIALS

Kentucky Power Company 2014 Annual Report

Kentucky Power Company 2015 Annual Report

Kentucky Power Company 2016 Annual Report

Kentucky Power Company 2017 First Quarter Report

SCHEDULE 5.4

DIRECTORS AND SENIOR OFFICERS OF THE COMPANY

Directors:

Name:

Akins, Nicholas K.
Barton, Lisa M.
Chodak, Paul, III
Feinberg, David M.
Hillebrand, Lana L.
McCullough, Mark C.
Patton, Charles R.
Powers, Robert P.
Tierney, Brian X.

Officers:

Name	Title
Nicholas K. Akins	Chairman of the Board & Chief Executive Officer
Matthew J. Satterwhite	President & Chief Operating Officer
Lisa M. Barton	Vice President
Eric J. James	Vice President
Jeffrey D. LaFleur	Vice President
Lana L. Hillebrand	Vice President
Marguerite C. Mills	Vice President
Mark C. McCullough	Vice President
Robert P. Powers	Vice President
Mark A. Pyle	Vice President-Tax

Debra L. Osborne	Vice President
Julie A. Sherwood	Vice President
A. Wade Smith	Vice President
Scott N. Smith	Vice President
Brian X. Tierney	Vice President & Chief Financial Officer
Joseph M. Buonaiuto	Controller & Chief Accounting Officer
David M. Feinberg	Secretary
Lonni L. Dieck	Vice President & Treasurer
F. Scott Travis	Assistant Controller
Julie Williams	Assistant Controller
Thomas G. Berkemeyer	Assistant Secretary
William E. Johnson	Assistant Treasurer
Renee V. Hawkins	Assistant Treasurer

SCHEDULE 5.5

FINANCIAL STATEMENTS

Statements of Income for the Years Ended December 31, 2016, 2015 and 2014

Statements of Changes in Common Shareholder's Equity and Comprehensive Income (Loss) for the Years Ended December 31, 2016, 2015 and 2014

Balance Sheets December 31, 2016, 2015 and 2014

Statements of Cash Flows for the Years Ended December 31, 2016, 2015 and 2014

Unaudited Statements of Income for the Three Months Ended March 31, 2017 and 2016

Unaudited Statements of Changes in Common Shareholder's Equity and Comprehensive Income (Loss) for the Three Months Ended March 31, 2017 and 2016

Unaudited Balance Sheets March 31, 2017 and 2016

Unaudited Statements of Cash Flows for the Three Months Ended March 31, 2017 and 2016

Schedule 5.12(b)

Funding Target Attainment

For each of the Plans which is a pension plan within the meaning of Section 3(2) of ERISA (other than Multiemployer Plans) that is subject to the funding requirements of Section 302 of ERISA or Section 412 of the Code, the funding target attainment percentage as of January 1, 2017, determined on the basis of the actuarial assumptions specified for funding purposes in such Plan's actuarial valuation report for the plan year beginning January 1, 2017, is:

- For the American Electric Power System Retirement Plan: 102.15%

Schedule 5.12(d)

2016 Accumulated Post Retirement Benefit Obligation

There is no unfunded accumulated post-retirement benefit obligation (APBO) of the Company as determined as of December 31, 2016, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60 for retiree medical and life insurance plans, without regard to liabilities attributable to continuation coverage mandated by Section 4980B of the Code, as there is a net surplus position.

SCHEDULE 5.15
EXISTING INDEBTEDNESS

The following details long-term debt outstanding at March 31, 2017:

TYPE OF DEBT	MATURITY	INTEREST RATES AT MARCH 31, 2017	BALANCE AT MARCH 31, 2017 (a)
Senior Unsecured Notes, Series D	2032	5.625%	$75,000,000
Senior Unsecured Notes, Series E	2017	6.000%	$325,000,000
Senior Unsecured Notes, Series A	2021	7.250%	$40,000,000
Senior Unsecured Notes, Series B	2029	8.030%	$30,000,000
Senior Unsecured Notes, Series C	2039	8.130%	$60,000,000
Senior Unsecured Notes, Series A	2026	4.180%	120,000,000
Senior Unsecured Notes, Series B	2026	4.330%	80,000,000
Term Loan Debt	2018	Floating	75,000,000
Pollution Control Bond	2017	Floating	65,000,000
Unamortized Premium (Discount) as of			($69,469)
Total Non-Affiliated Debt			$869,930,531
Total Long-term Debt			$869,930,531
Less: Long-term Debt Due Within One			$390,000,000
Long-term Debt			$479,930,531

(a) Advances from Affiliates as of March 31, 2017 was $12,172,067.

EXHIBIT 1-A

FORM OF SERIES F NOTE

This Note has not been registered under the Securities Act of 1933, as amended, and may not be transferred, sold or otherwise disposed of except while registration under said Act is in effect or pursuant to an exemption from registration under said Act or if said Act does not apply.

KENTUCKY POWER COMPANY

3.13% Senior Note, Series F, due September 12, 2024

No. _____ [Date]

$_____ PPN _____

FOR VALUE RECEIVED, the undersigned, KENTUCKY POWER COMPANY (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Kentucky, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on September 12, 2024, with interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance hereof at the rate of (a) 3.13% per annum from the date hereof, payable semiannually, on the 12th day of March and September in each year, commencing with the March 12 or September 12 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.13% or (ii) 2% over the rate of interest publicly announced by Citibank N.A. from time to time in New York, New York as its "base" or "prime" rate payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Citibank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the *"Notes"*), issued pursuant to the Note Purchase Agreement, dated as of September 12, 2017 (as from time to time amended, the *"Note Purchase Agreement"*), among the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney

duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit application of the laws of a jurisdiction other than such State.

KENTUCKY POWER COMPANY

By _____
Title:

EXHIBIT 1-B

FORM OF SERIES G NOTE

This Note has not been registered under the Securities Act of 1933, as amended, and may not be transferred, sold or otherwise disposed of except while registration under said Act is in effect or pursuant to an exemption from registration under said Act or if said Act does not apply.

KENTUCKY POWER COMPANY

3.35% Senior Note, Series G, due September 12, 2027

No. _____ [Date]

$_____ PPN _____

FOR VALUE RECEIVED, the undersigned, KENTUCKY POWER COMPANY (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Kentucky, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on September 12, 2027, with interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance hereof at the rate of (a) 3.35% per annum from the date hereof, payable semiannually, on the 12th day of March and September in each year, commencing with the March 12 or September 12 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.35% or (ii) 2% over the rate of interest publicly announced by Citibank N.A. from time to time in New York, New York as its "base" or "prime" rate payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Citibank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the *"Notes"*), issued pursuant to the Note Purchase Agreement, dated as of September 12, 2017 (as from time to time amended, the *"Note Purchase Agreement"*), among the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney

duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit application of the laws of a jurisdiction other than such State.

KENTUCKY POWER COMPANY

By _____
Title

EXHIBIT 1-C

FORM OF SERIES H NOTE

This Note has not been registered under the Securities Act of 1933, as amended, and may not be transferred, sold or otherwise disposed of except while registration under said Act is in effect or pursuant to an exemption from registration under said Act or if said Act does not apply.

KENTUCKY POWER COMPANY

3.45% Senior Note, Series H, due September 12, 2029

No. _____ [Date]

$_____ PPN _____

FOR VALUE RECEIVED, the undersigned, KENTUCKY POWER COMPANY (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Kentucky, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on September 12, 2029, with interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance hereof at the rate of (a) 3.45% per annum from the date hereof, payable semiannually, on the 12th day of March and September in each year, commencing with the March 12 or September 12 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 5.45% or (ii) 2% over the rate of interest publicly announced by Citibank N.A. from time to time in New York, New York as its "base" or "prime" rate payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Citibank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the *"Notes"*), issued pursuant to the Note Purchase Agreement, dated as of September 12, 2017 (as from time to time amended, the *"Note Purchase Agreement"*), among the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney

duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit application of the laws of a jurisdiction other than such State.

KENTUCKY POWER COMPANY

By _____
Title

EXHIBIT 1-D

FORM OF SERIES I NOTE

This Note has not been registered under the Securities Act of 1933, as amended, and may not be transferred, sold or otherwise disposed of except while registration under said Act is in effect or pursuant to an exemption from registration under said Act or if said Act does not apply.

KENTUCKY POWER COMPANY

4.12% Senior Note, Series I, due September 12, 2047

No. _____ [Date]

$_____ PPN _____

FOR VALUE RECEIVED, the undersigned, KENTUCKY POWER COMPANY (herein called the *"Company"*), a corporation organized and existing under the laws of the State of Kentucky, hereby promises to pay to [_____], or registered assigns, the principal sum of [_____] DOLLARS (or so much thereof as shall not have been prepaid) on September 12, 2047, with interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid balance hereof at the rate of (a) 4.12% per annum from the date hereof, payable semiannually, on the 12th day of March and September in each year, commencing with the March 12 or September 12 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, at a rate per annum from time to time equal to the greater of (i) 6.12% or (ii) 2% over the rate of interest publicly announced by Citibank N.A. from time to time in New York, New York as its "base" or "prime" rate payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount with respect to this Note are to be made in lawful money of the United States of America at Citibank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (herein called the *"Notes"*), issued pursuant to the Note Purchase Agreement, dated as of September 12, 2017 (as from time to time amended, the *"Note Purchase Agreement"*), among the Company and the Purchasers named therein and is entitled to the benefits thereof. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in **Section 20** of the Note Purchase Agreement and (ii) made the representation set forth in **Section 6.2** of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney

duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York, excluding choice-of-law principles of the law of such State that would permit application of the laws of a jurisdiction other than such State.

KENTUCKY POWER COMPANY

By _____
Title

EXHIBIT 4.4(a)

**FORM OF OPINION OF COUNSEL
TO THE COMPANY**

To the Parties listed
On the Attached Schedule

September 12, 2017

Re: Kentucky Power Company

Ladies and Gentlemen:

I am Deputy General Counsel in the Legal Department of American Electric Power Service Corporation, a New York corporation ("AEPSC") and subsidiary of American Electric Power Company, Inc. ("AEP") and an affiliate of Kentucky Power Company, a Kentucky corporation ("KPC"), and have acted as counsel to KPC, in connection with (i) the execution and delivery of the Note Purchase Agreement, dated as of September 12, 2017 (the "Note Purchase Agreement") among KPC and you, as purchasers (each, a "Purchaser" and, collectively, the "Purchasers"); and (ii) the execution and delivery by KPC of (a) $65,000,000 aggregate principal amount of its 3.13% Senior Notes, Series F, due September 12, 2024 (the "Series F Notes"), (b) $40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series G, due September 12, 2027 (the "Series G Notes"), (c) $165,000,000 aggregate principal amount of its 3.45% Senior Notes, Series H, due September 12, 2029 (the "Series H Notes"), and (d) $55,000,000 aggregate principal amount of its 4.12% Senior Notes, Series I, due September 12, 2047 (the "Series I Notes"; the Series F Notes, Series G Notes, Series H Notes and the Series I Notes are hereinafter collectively referred to as the "Notes"and together with the Note Purchase Agreement, the "Operative Agreements"). Capitalized terms not otherwise defined herein shall have the meanings specified in Schedule B to the Note Purchase Agreement.

I, or attorneys over whom I exercise supervision, have examined executed counterparts of the Operative Agreements, an offeree letter of Barclays Capital Inc., dated the date hereof (the "Offeree Letter"), delivered in connection with the Operative Agreements certifying that the Notes have been offered only to a limited number of institutional investors, and have also examined originals or copies of such agreements and other instruments and records, certificates of public officials and of officers of the KPC and such other documents and instruments as I have deemed relevant and necessary as a basis for the opinions expressed below. In making such examination, I, or attorneys over whom I exercise supervision, have assumed without investigation, the legal capacity of all natural persons, the genuineness of signatures (other than signatures on behalf of KPC), the authenticity, accuracy, and completeness of all documents submitted to me as originals and the conformity to original documents of all documents submitted to me as certified, photostatic or facsimile copies. I, or attorneys over whom I exercise supervision, have further assumed that each document furnished by a Governmental Authority is accurate, complete and authentic and all official records are accurate and complete.

In connection with the opinions rendered herein, I have relied (where such reliance is reasonable but without independent inquiry) upon the representations of the parties made in the Operative Agreements, and upon certificates of KPC or of its officers, and on certificates of public officials.

I have assumed, with your permission and without investigation, the due execution and delivery of the Note Purchase Agreement by each party thereto (other than KPC).

Based on the foregoing and having due regard for such legal considerations as I deem relevant, and subject to the further qualifications, limitations, exceptions and assumptions hereinafter set forth, I am of the opinion that:

1. KPC is a corporation duly organized, legally existing and in good standing under the laws of the Commonwealth of Kentucky, and KPC has full right, power and authority to enter into and perform the Operative Agreements. KPC is duly authorized to conduct its business in each jurisdiction in which it operates and is duly qualified and is in good standing as a foreign corporation in each jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary except where the failure to be so qualified will not have a material adverse effect on the business, properties or condition (financial or otherwise) of KPC.

2. The Operative Agreements have been duly authorized, executed and delivered by KPC and constitute legal, valid and binding obligations, contracts and agreements of KPC enforceable in accordance with their terms.

3. No approval, consent or authorization on the part of any regulatory body, Federal, state or local, is necessary as a condition to the lawful execution and delivery by KPC of the Operative Agreements, except for authorizations or approvals (i) as have already been obtained by KPC, are in full force and effect, have not been revoked or amended, are not the subject of any pending or, to the best of my knowledge, threatened attack on appeal or by direct proceedings or otherwise, (ii) as may be required under state securities or Blue Sky laws in connection with the purchase of the Notes by the Purchasers and (iii) as are not required to be made until after closing of the purchase and sale of the Notes.

4. The execution, delivery and performance by KPC of the Operative Agreements will not violate any provisions of any Kentucky or Federal statutes, laws, rules or regulations or any order or decree of any court or governmental authority or agency and will not conflict with nor result in any breach of any of the provisions of, or constitute a default under, or result in the creation of any lien upon any property of KPC under the provisions of any agreement, charter, instrument, by-law or other instrument to which KPC is a party or by which it may be bound.

5. (i) Assuming (a) the accuracy of the representations of the Purchasers set forth in Section 6 of the Note Purchase Agreement and (b) the accuracy of the representations made in the Offeree Letter, the offer, sale and delivery of the Notes to the Purchasers in the manner contemplated by the Note Purchase Agreement constitute exempted transactions under the

registration provisions of the Securities Act of 1933 and do not require any registration thereof under the Securities Act of 1933 (it being understood that I express no opinion as to any subsequent resale of any Notes).

6. KPC is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended.

7. The issuance of the Notes and the use of the proceeds of the sale of the Notes in accordance with the provisions of and contemplated by the Note Purchase Agreement do not violate or conflict with Regulation T, U or X of the Board of Governors of the Federal Reserve System.

8. Except as disclosed in the Annual Report for the year ended December 31, 2016 and the Quarterly Report dated March 31, 2017, there are no proceedings pending or, to my knowledge after due inquiry, threatened, against or affecting KPC in any court or before any governmental authority or arbitration board or tribunal which if adversely determined would individually or in the aggregate materially and adversely affect the business or properties of KPC or the ability of KPC to perform its obligations under the Operative Agreements.

9. In any action or proceeding arising out of or relating to the Notes and the Note Purchase Agreement in any court of the Commonwealth of Kentucky or in any Federal court sitting in the Commonwealth of Kentucky, such court would recognize and give effect to the provisions thereof wherein the parties thereto agree that the Notes and the Note Purchase Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. However, if a court of the Commonwealth of Kentucky or a Federal court sitting in the Commonwealth of Kentucky were to hold that the Notes and the Note Purchase Agreement are governed by, and to be construed in accordance with, the laws of the Commonwealth of Kentucky, the Notes and the Note Purchase Agreement would be, under the Commonwealth of Kentucky, the legal, valid and binding obligation of KPC, enforceable against KPC in accordance with their terms, subject to (i) applicable bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, voidable preference, moratorium, receivership, conservatorship, arrangement, or similar laws, and related regulations and judicial doctrines, from time to time in effect affecting creditors' rights and remedies generally, and (ii) general principles of equity (including, without limitation, standards of materiality, good faith, fair dealing, and reasonableness, equitable defenses, the exercise of judicial discretion, and limits on the availability of equitable remedies), whether such principles are considered in a proceeding at law or in equity.

The opinions expressed in paragraph 2 above are subject to the qualification that the enforceability of the obligations are subject to (i) applicable bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, voidable preference, moratorium, receivership, conservatorship, arrangement, or similar laws, and related regulations and judicial doctrines, from time to time in effect affecting creditors' rights and remedies generally, and (ii) general principles of equity (including, without limitation, standards of materiality, good faith, fair dealing, and reasonableness, equitable defenses, the exercise of judicial discretion, and limits on the availability of equitable remedies), whether such principles are considered in a proceeding

at law or in equity. In addition, in connection with my enforceability opinions set forth in paragraph 2 above, I express no opinion with respect to provisions of the Operative Agreements purporting to waive or not give effect to legal defenses that cannot be waived under applicable law or other rights or benefits that cannot be waived under applicable law. Further, I am a member of the Bar of the States of New York and Ohio and do not purport to be expert on the laws of any jurisdiction other than the laws of the States of New York and Ohio and the Federal laws of the United States of America, and for purposes of paragraphs 1, 2, 3, 4 and 9 of this opinion only, Kentucky. I express no opinion as to any laws of any jurisdiction other than the laws of the States of New York and Ohio and the Federal law of the United States of America, and for purposes of paragraphs 1, 2, 3, 4 and 9 of this opinion only, Kentucky.

In rendering the foregoing opinion in paragraph 5 hereof, I have relied, insofar as securities matters are concerned, in part, on the Offeree Letter executed and delivered by Barclays Capital Inc. (the only person authorized or employed by KPC as agent, broker, dealer or otherwise in connection with the offering or sale of the Notes or any similar Security) and delivered to KPC.

In addition, I express no opinion as to the enforceability of indemnification agreements provided in the Operative Agreements, to the extent such enforceability may be barred or limited by considerations of public policy.

This opinion is rendered solely for your benefit in connection with the above-described transaction and may not be used, circulated, quoted, relied upon or otherwise referred to by any other person (except that any permitted subsequent holders of the Notes may rely hereon) for any other purpose without my prior written consent; provided that, Winston & Strawn LLP, special counsel for the Purchasers, may rely on the opinions expressed in this opinion letter in connection with the opinion to be furnished by them in connection with the above-described transactions; and provided further, that any of the Purchasers and any permitted subsequent holders of the Notes may furnish a copy hereof (but no such person shall be entitled to rely thereon) (i) to its independent auditors and attorneys, (ii) to any state or federal authority or independent banking, insurance board (including the NAIC) or body having regulatory jurisdiction over it, (iii) pursuant to order or legal process of any court or governmental agency, (iv) in connection with any legal action to which it is a party arising out of or in respect of any Note or the Note Purchase Agreement and (v) any potential transferee of the Notes. I undertake no responsibility to update or supplement this opinion in response to changes in law or future events or circumstances.

Very truly yours,

Thomas G. Berkemeyer
Counsel for Kentucky Power Company

EXHIBIT 4.4(b)

FORM OF OPINION OF SPECIAL COUNSEL TO THE PURCHASERS

September 12, 2017

To the Purchasers listed on Schedule I
attached hereto

Re: Kentucky Power Company
$65,000,000 3.13% Senior Notes, Series F, due September 12, 2024
$40,000,000 3.35% Senior Notes, Series G, due September 12, 2027
$165,000,000 3.45% Senior Notes, Series H, due September 12, 2029
$55,000,000 4.12% Senior Notes, Series I, due September 12, 2047

Ladies and Gentlemen:

We have acted as your special counsel in connection with (i) the issuance by Kentucky Power Company, a corporation formed under the laws of the State of Kentucky (the "Issuer"), of its Series F, Series G, Series H and Series I Senior Notes, in an aggregate principal amount of $325,000,000 (collectively, the "Notes"), and (ii) the purchase by you pursuant to the Note Purchase Agreement among the Purchasers named therein and the Issuer, to be dated as of the date hereof (the "Note Purchase Agreement") of Notes in the principal amounts set forth in Schedule A to the Note Purchase Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note Purchase Agreement. This opinion letter is delivered to you pursuant to the provisions of Section 4.4(b) of the Note Purchase Agreement.

In rendering the opinions set forth herein, we have examined:

(i) the Note Purchase Agreement;

(ii) the Notes (the items identified in clauses (i) and (ii) are collectively hereinafter referred to as the "Transaction Documents"); and such other agreements, instruments and documents, and such questions of law as we have deemed necessary or appropriate to enable us to render the opinions expressed below.

Additionally, we have examined originals or copies, certified to our satisfaction, of such certificates of public officials and officers of the Issuer, and we have made such inquiries of officers of the Issuer as we have deemed relevant or necessary, as the basis for the opinions set

forth herein. As to questions of fact material to such opinions we have, when relevant facts were not independently established, relied upon the representations made in the Transaction Documents and upon certifications made by officers and other representatives of the Issuer.

In rendering the opinions expressed below, we have, with your consent, assumed (i) that the Transaction Documents have been duly authorized, executed and delivered by each party thereto, (ii) that the consummation of the transactions contemplated in the Transaction Documents has been duly authorized by the Issuer, (iii) the legal capacity of all natural persons executing documents, (iv) that the signatures of persons signing all documents in connection with which this opinion letter is rendered are genuine, (v) all documents submitted to us as originals or duplicate originals are authentic and (vi) all documents submitted to us as copies, whether certified or not, conform to authentic original documents. Additionally, we have, with your consent, assumed and relied upon, the following:

(a) the accuracy and completeness of all certificates and other statements, documents, records, financial statements and papers reviewed by us, and the accuracy and completeness of all representations, warranties, schedules and exhibits contained in the Transaction Documents, with respect to the factual matters set forth therein;

(b) all parties to the documents reviewed by us are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation or formation and under the laws of all jurisdictions where they are conducting their businesses or otherwise required to be so qualified, and have full power and authority to execute, deliver and perform under such documents and all such documents have been duly authorized, executed and delivered by such parties; and

(c) because a claimant bears the burden of proof required to support its claims, the Purchasers will undertake the effort and expense necessary to fully present their claims in the prosecution of any right or remedy accorded the Purchasers under the Transaction Documents.

Based upon the foregoing and subject to the qualifications, limitations and comments stated herein, we are of the opinion that:

1. The Transaction Documents constitute the valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms.

2. Based upon (i) the factual representations and warranties made by the Issuer and the Purchasers in the Note Purchase Agreement and (ii) an offeree letter regarding the manner of offering of the Notes from Barclays Capital Inc., the offer, issue, sale and delivery of the Notes under the circumstances contemplated by the Note Purchase Agreement constitute exempted transactions under the Securities Act, and neither the registration thereunder of the Notes nor the qualification of an indenture in respect of the Notes under the Trust Indenture Act of 1939, as amended, is required in connection with such offer, issue, sale or delivery.

3. Neither the execution or delivery by the Issuer of the Transaction Documents nor the performance by the Issuer of its obligations thereunder requires the consent or approval of, or any filing or registration with, any governmental body, agency or authority of the State of New

York or the United States of America other than any consents, approvals or filings required in connection with the exercise by any Purchaser of certain remedies under the Transaction Documents to the extent required pursuant to the terms thereof.

4. The opinion letter dated today of internal counsel to American Electric Power Service Corporation, an affiliate of the Issuer and delivered to you pursuant to Section 4.4(a) of the Note Purchase Agreement is satisfactory to us in form and scope with respect to the matters covered thereby and in our opinion you are justified in relying thereon.

The opinions as expressed herein are subject to the following qualifications, limitations and comments:

(a) the enforceability of the Transaction Documents is and the obligations of the Issuer under the Transaction Documents and the availability of certain rights and remedial provisions provided for in the Transaction Documents are subject to (1) judicial action giving effect to foreign governmental actions or foreign laws, in either case, affecting creditors' rights, (2) the effect of bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, arrangement, liquidation, conservatorship, and moratorium laws, (3) limitations imposed by other laws and judicial decisions relating to or affecting the rights of creditors or secured creditors generally, and (4) general principles of equity (regardless of whether enforcement is considered in proceedings at law or in equity), upon the availability of injunctive relief or other equitable remedies, including, without limitation, where (A) the breach of such covenants or provisions imposes restrictions or burdens upon a debtor and it cannot be demonstrated that the enforcement of such remedies, restrictions or burdens is reasonably necessary for the protection of a creditor; (B) a creditor's enforcement of such remedies, covenants or provisions under the circumstances, or the manner of such enforcement, would violate such creditor's implied covenant of good faith and fair dealing, or would be commercially unreasonable; or (C) a court having jurisdiction finds that such remedies, covenants or provisions were, at the time made, or are in application, unconscionable as a matter of law or contrary to public policy;

(b) as to our opinions set forth in paragraph 1 hereof, we express no opinion as to the enforceability of cumulative remedies to the extent such cumulative remedies purport to or would have the effect of compensating the party entitled to the benefits thereof in amounts in excess of the actual loss suffered by such party;

(c) we express no opinion as to the validity, binding effect or enforceability of any indemnification provisions of the Transaction Documents to the extent such obligations are contrary to applicable law or public policy or require an indemnification of a party for its own actions or inactions, to the extent such action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct;

(d) requirements in the Transaction Documents specifying that provisions thereof may only be waived in writing may not be valid, binding or enforceable to the extent that an oral agreement or an implied agreement by trade practice or course of conduct has been created modifying any provision of such documents;

(e) we express no opinion with respect to the validity, binding effect or enforceability of any purported waiver, release or disclaimer under any of the Transaction Documents relating to statutory or equitable rights and defenses of the parties which are not subject to waiver, release or disclaimer;

(f) we express no opinion with respect to the applicability or effect of federal or state anti-trust, tax, and except as to matters covered in paragraph 2, securities or "blue sky" laws with respect to the transactions contemplated by the Transaction Documents;

(g) we express no opinion regarding the severability of any provision contained in the Transaction Documents;

(h) we express no opinion with respect to the validity, binding effect or enforceability of any provision of the Transaction Documents (i) purporting to establish consent to jurisdiction, insofar as it purports to confer subject matter jurisdiction on a United States District Court to adjudicate any controversy relating to such Transaction Documents in any circumstance in which such court would not have subject matter jurisdiction, (ii) the waiver of inconvenient forum with respect to proceedings in such United States District Court or (iii) the waiver of the right to jury trial;

(i) in rendering the opinions expressed in paragraph 2 hereof we have assumed that no form of general solicitation or general advertising was used or will be used in connection with the offering of the Notes;

(j) our opinion with respect to the enforceability of the choice of law provisions of the Transaction Documents in paragraph 1 above is rendered in reliance on Section 5-1401 of the New York General Obligations Law and is subject to the qualifications that such enforceability (i) may be limited by public policy considerations of any jurisdiction, other than the State of New York, in which enforcement of such provisions, or of a judgment upon an agreement containing such provisions, is sought and (ii) does not apply to the extent provided in Section 1-105(2) of the Uniform Commercial Code as in effect in New York. Accordingly, we express no opinion as to the effect of the law of any jurisdiction (other than the State of New York) as to the choice of law in the Transaction Documents (including, without limitation, whether any court outside the State of New York would honor the choice of New York law as the governing law of the Transaction Documents);

(k) we express no opinion as to the effect of the law of any jurisdiction (other than New York) wherein any party seeking enforcement of any Transaction Document may be located or wherein the enforcement of any Transaction Document may be sought that limits the rates of interest legally chargeable or collectable; and

(m) we express no opinion with respect to the enforceability of any indemnity against loss in converting into a specified currency the proceeds or amount of a court judgment in another currency.

The opinions expressed herein are based upon and are limited to the laws of the State of New York and the laws of the United States of America and we express no opinion with respect to the laws of any other state, jurisdiction or political subdivision. The opinions expressed herein

based on the laws of the State of New York and the United States of America are limited to the laws generally applicable in transactions of the type covered by the Transaction Documents.

Our opinions set forth in this letter are based upon the facts in existence and laws in effect on the date hereof and we expressly disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof.

This opinion letter is rendered only to the Purchasers and is solely for their benefit in connection with the execution and delivery of the Notes and for the benefit of any institutional investor transferee of the Notes; *provided* that any such transfer of the Notes is made and consented to in accordance with the express provisions of Section 13.2 of the Note Purchase Agreement, on the condition and understanding that (i) this opinion letter speaks only as of the date hereof, (ii) we have no responsibility or obligation to update this letter, to consider its applicability or correctness to other than its addressees, or to take into account changes in law, facts or any other developments of which we may later become aware, and (iii) any such reliance by a future transferee must be actual and reasonable under the circumstances existing at the time of transfer, including any changes in law, facts or any other developments known to or reasonably knowable by the transferee at such time. This opinion letter may not be relied upon in any manner by any other person and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent, except that the Purchasers (i) may deliver a copy of this opinion letter to such institutional investor transferee and (ii) may furnish a copy of this opinion letter to the National Association of Insurance Commissioners, applicable regulatory authorities or as may otherwise be required by law, court order or subpoena.

Very truly yours,

Schedule I