

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

TABLE OF CONTENTS

	Page
ARTICLE I	DEFINITIONS..... 1
Section 1.1	Definitions 1
Section 1.2	Accounting Terms 8
Section 1.3	Rules of Construction 8
ARTICLE II	EFFECTIVE DATE AND TERM 9
Section 2.1	Effective Date of this Agreement; Duration of Term..... 9
ARTICLE III	CONDITIONS TO PURCHASE OF BONDS; REPRESENTATIONS AND WARRANTIES OF LENDER; REPRESENTATIONS AND WARRANTIES OF ISSUER 9
Section 3.1	Agreement to Purchase; Conditions Precedent 9
Section 3.2	Representations and Warranties of Lender..... 10
Section 3.3	Representations and Warranties of Issuer 11
ARTICLE IV	AGREEMENTS WITH RESPECT TO PURCHASE OF BONDS 12
Section 4.1	Fees and Expenses 12
Section 4.2	Payment for the Bonds 13
ARTICLE V	PAYMENT PROVISIONS..... 13
Section 5.1	Reimbursement and Other Payments 13
Section 5.2	Increased Costs; Capital Adequacy 13
Section 5.3	Computation 14
Section 5.4	Interest Rate Limitation 14
Section 5.5	Payments Upon Occurrence of Taxable Date..... 14
Section 5.6	Adjusted LIBOR; LIBOR Unavailability..... 14
Section 5.7	Change of Obligor 15
ARTICLE VI	UNCONDITIONAL OBLIGATIONS 15
Section 6.1	Obligations Absolute 15
ARTICLE VII	REPRESENTATIONS AND WARRANTIES..... 15
Section 7.1	Loan Agreement 15
Section 7.2	Existence..... 15
Section 7.3	Authorization 15
Section 7.4	Enforceability 15
Section 7.5	Litigation; Proceedings..... 16
Section 7.6	Taxes..... 16
Section 7.7	Consents; Approvals..... 16
Section 7.8	Lawful Operations 16
Section 7.9	ERISA..... 16

TABLE OF CONTENTS

	Page
Section 7.10	Financial Statements..... 16
Section 7.11	Investment Company Act Status 16
Section 7.12	Margin Stock; Use of Proceeds 17
Section 7.13	OFAC..... 17
Section 7.14	Patriot Act..... 17
Section 7.15	Full Disclosure..... 17
Section 7.16	Significant Subsidiaries 17
ARTICLE VIII	APPLICATION OF BOND PROCEEDS 17
Section 8.1	Application of Bond Proceeds..... 17
ARTICLE IX	AFFIRMATIVE COVENANTS OF BORROWER..... 18
Section 9.1	Reporting and Notice Covenants..... 18
Section 9.2	Corporate Existence..... 19
Section 9.3	Financial Records 19
Section 9.4	Inspection Rights 19
Section 9.5	Compliance with Law..... 19
Section 9.6	Compliance with Material Contracts 19
Section 9.7	Taxes..... 20
Section 9.8	Insurance..... 20
Section 9.9	Maintenance of Properties 20
Section 9.10	Financial Covenant 20
ARTICLE X	NEGATIVE COVENANTS OF BORROWER 20
Section 10.1	Consolidation and Merger; Sale of Assets 20
Section 10.2	Liens 20
Section 10.3	Stock of Significant Subsidiaries..... 21
Section 10.4	Sale of Assets..... 21
Section 10.5	Restrictive Agreements..... 21
Section 10.6	ERISA..... 21
Section 10.7	Reserved. 22
Section 10.8	Use of Proceeds 22
ARTICLE XI	INDEMNIFICATION..... 22
Section 11.1	Indemnification..... 22
ARTICLE XII	EVENTS OF DEFAULT AND REMEDIES 23
Section 12.1	Events of Default Defined 23
Section 12.2	Remedies on Default 24
Section 12.3	No Remedy Exclusive 24
Section 12.4	Waiver of Event of Default; No Additional Waiver Implied by One Waiver..... 25
Section 12.5	Default Rate 25
ARTICLE XIII	MISCELLANEOUS 25
Section 13.1	Notices 25

TABLE OF CONTENTS

	Page
Section 13.2 Binding Effect.....	26
Section 13.3 Severability	26
Section 13.4 Assignment	26
Section 13.5 Waiver of Jury Trial	26
Section 13.6 Further Assurances and Corrective Instruments.....	26
Section 13.7 Amendments, Changes and Modifications	27
Section 13.8 Execution of Counterparts	27
Section 13.9 Law Governing Construction of Agreement; Jurisdiction	27
Section 13.10 USA Patriot Act Notice	27
Section 13.11 Entirety	27

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 deposited 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
Senior Vice President

Title: _____

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

