New Issue – Book–Entry Only

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that, under existing laws of the Commonwealth of Kentucky, interest on the Bonds is excludable from the gross income of the recipients thereof for Kentucky income tax purposes and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions and taxing authorities thereof. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein.

$71,390,000
COUNTY OF OWEN, KENTUCKY
WATER FACILITIES REFUNDING REVENUE BONDS
(KENTUCKY-AMERICAN WATER COMPANY PROJECT)

CONSISTING OF

$45,390,000
SERIES 2019A (NON-AMT)

$26,000,000
SERIES 2019B (NON-AMT)

Dated: Date of Issuance

Due: As shown in the table below
Mandatory Purchase Date: October 1, 2029

The Bonds will be limited obligations of the County of Owen, Kentucky (the "*Issuer*"), and will be payable solely from, and secured solely by, (i) the pledge of payments derived by the Issuer under a Loan Agreement dated as of November 1, 2019 (the *"Loan Agreement"*) among the Issuer, American Water Capital Corp. ("*AWCC*"), the wholly-owned financing subsidiary of American Water Works Company, Inc. (*"American Water"*) and Kentucky-American Water Company, a wholly-owned subsidiary of American Water and affiliate of AWCC (*"Kentucky American"*; each of Kentucky-American and AWCC is referred to as a *"Company"* and, collectively, as the *"Companies"* herein) and (ii) moneys and obligations held by the Trustee in certain funds established under the Indenture (as defined herein) and available for such purposes.

AMERICAN WATER

American Water Capital Corp.

It is the intention of AWCC and Kentucky-American, as between themselves and not in contradiction of their joint and several liability under the Loan Agreement, that AWCC will be primarily responsible for the payment of the Bonds, while Kentucky-American will be primarily responsible for those covenants in the Loan Agreement relating to the acquisition, construction, operation and maintenance of the Facilities (as hereinafter defined). Pursuant to the Indenture, the Issuer will assign its rights to receive payments under the Loan Agreement (except for Unassigned Issuer Rights) to the Trustee as security for the payment of the principal and Purchase Price (as hereinafter defined) of and interest on the Bonds. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS" herein.

Beginning on their date of issuance, the Bonds will bear interest at the Term Interest Rates set forth below for initial Term Interest Rate Periods ending on September 30, 2029, as described under "THE BONDS – General" herein. During the Term Interest Rate Period, interest on the Bonds will be payable semiannually on each April 1 and October 1, commencing on April 1, 2020.

Series	Par Amount	Interest Rate	Interest Payment Dates	First Interest Payment Date	Mandatory Purchase Date	Maturity Date	CUSIP*
Series 2019A (Non-AMT)	$45,390,000	2.45%	April 1 and October 1	April 1, 2020	October 1, 2029	June 1, 2039	69068WAA1
Series 2019B (Non-AMT)	$26,000,000	2.45%	April 1 and October 1	April 1, 2020	October 1, 2029	September 1, 2039	69068WAB9

The Bonds will be subject to mandatory tender for purchase on October 1, 2029. Failure to pay the Purchase Price (as defined herein) on the Mandatory Purchase Date (as defined herein) constitutes an Event of Default under the Indenture.

The Bonds will be subject to redemption prior to maturity as provided in the Indenture and as described herein.

This Official Statement does not provide information regarding the Bonds after the Mandatory Purchase Date.

There will be no initial or planned guaranty or third-party credit or liquidity facility supporting the purchase or payment of principal or interest on the Bonds. This Official Statement does not provide information regarding the terms of the Bonds or the Indenture during the time when any credit or liquidity facility is in effect.

The Bonds will be issued initially as fully registered bonds in denominations of $5,000 and any integral multiple thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (*"DTC"*). Beneficial owners of the Bonds will not receive physical certificates representing the Bonds purchased, but will receive a credit balance on the books of the nominee of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, principal and Purchase Price of, and interest due on the Bonds will be paid by The Bank of New York Mellon, as trustee (the *"Trustee"*), directly to DTC, which will in turn remit such principal, Purchase Price, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See *"BOOK–ENTRY ONLY SYSTEM"* in APPENDIX D of this Official Statement.

THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF THE CONSTITUTION OF KENTUCKY, BUT SHALL BE PAYABLE AS TO PRINCIPAL AND INTEREST SOLELY FROM THE REVENUES DERIVED FROM THE LOAN PAYMENTS MADE BY THE COMPANIES PURSUANT TO THE LOAN AGREEMENT. THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE ISSUER, NOR WILL THE INTEREST THEREON CONSTITUTE OR GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER; THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF.

Price: 100%

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Kutak Rock LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for AWCC by Morgan, Lewis & Bockius LLP, New York, New York; for Kentucky-American by Stoll Keenon Ogden PLLC, Lexington, Kentucky; for the Issuer by the Owen County Attorney, Owenton, Kentucky; and for the Underwriter by Ballard Spahr LLP, Philadelphia, Pennsylvania. It is anticipated that the Bonds will be available for delivery through the facilities of DTC against payment therefor in New York, New York on or about November 14, 2019.

J.P. Morgan

Dated: November 7, 2019

* CUSIP is a registered trademark of the American Bankers Association. The CUSIP numbers in this Official Statement are provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Financial, Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Bonds and none of the Issuer, AWCC, Kentucky-American or the Underwriter make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representation other than as contained in this Official Statement (which term, whenever used herein, will be deemed to include the cover, the table of contents and the appendices to this Official Statement and documents incorporated herein and therein by reference) in connection with the Bonds described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Issuer, the Companies or by J.P. Morgan Securities LLC (the "*Underwriter*"). Neither the delivery of this Official Statement nor any offering hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer or the Companies since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein relating to the business and affairs of the Companies has been supplied by the Companies. Such information is not to be construed as a representation by the Issuer or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Issuer has not reviewed this Official Statement or investigated the statements or representations contained herein. Except as provided under the captions "THE ISSUER" and "LITIGATION – Issuer," the Issuer makes no representation as to the completeness, sufficiency and truthfulness of the statements set forth in this Official Statement. The information concerning DTC has been obtained from DTC.

The Trustee assumes no responsibility for this Official Statement and has not reviewed or undertaken to verify any information contained herein.

In connection with the offering of the Bonds the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected from time–to–time, may be treated as an Official Statement with respect to the Bonds described herein and is "deemed final" by the Companies as of the date hereof (or of the date of any supplement or correction) except for the omission of certain information permitted to be omitted pursuant to such Rule.

The Bonds will not be registered under the Securities Act of 1933, as amended, nor will the Indenture relating to the Bonds be qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. The Bonds will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other government entity or agency will have passed upon the adequacy of this Official Statement.

Certain statements throughout this Official Statement are forward-looking statements. These statements are based on the current expectations of the Companies' management. There are a number of risks and uncertainties that could cause actual results to differ materially from these forward-looking statements, including, without limitation, with respect to any long term rating that may be assigned to the Bonds by one or more Rating Agencies; the amount of the Companies future capital expenditures and their future investment needs and priorities; regulatory, legislative, local or municipal actions affecting the water and wastewater industries, which could adversely affect the Companies; and other economic, business and other factors. Forward-looking statements are not guarantees or assurances of future performance or results, and the Companies do not undertake any duty to update any forward-looking statement. These forward-looking statements are qualified by, and should be read together with, the risks and uncertainties set forth above and the risk factors incorporated by reference in APPENDIX A to this Official Statement, and investors should refer to such risks, uncertainties and risk factors in evaluating such forward-looking statements. Any forward-looking statements speak only as of the date of this Official Statement. The Companies do not have or undertake any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as otherwise required by applicable law. Furthermore, it may not be possible to assess the impact of any such factor on the Companies' business, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE SOURCES OF PAYMENT AND SECURITY FOR THE BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

TABLE OF CONTENTS

Page

INTRODUCTION 1
THE REFUNDING AND THE APPLICATION OF BOND PROCEEDS 3
SOURCES OF PAYMENT AND SECURITY FOR THE BONDS 3
Indenture, Assignment to Trustee 4
No Credit or Liquidity Facility 4
No Debt Service Reserve Fund 4
Special, Limited Obligations 4
THE BONDS 5
General 5
Redemption 6
Purchase and Remarketing of Bonds 7
THE ISSUER 8
CONTINUING DISCLOSURE 9
TAX MATTERS 10
LITIGATION 11
Issuer 11
Companies 11
UNDERWRITING 11
RATINGS 12
LEGAL MATTERS 12
CERTAIN RELATIONSHIPS 12
MISCELLANEOUS 13
APPENDIX A – *PART I* AMERICAN WATER CAPITAL CORP.
PART II KENTUCKY-AMERICAN WATER COMPANY
APPENDIX B – SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS
APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL
APPENDIX D – BOOK-ENTRY ONLY SYSTEM
APPENDIX E – FORM OF CONTINUING DISCLOSURE UNDERTAKING

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OFFICIAL STATEMENT

$71,390,000

COUNTY OF OWEN, KENTUCKY
WATER FACILITIES REFUNDING REVENUE BONDS
(KENTUCKY-AMERICAN WATER COMPANY PROJECT)
SERIES 2019A (NON-AMT) AND SERIES 2019B (NON-AMT)

INTRODUCTION

This Official Statement (including the cover page, the table of contents and the appendices hereto and documents incorporated herein and therein by reference, collectively, the "*Official Statement*"), is provided to furnish certain information in connection with the issuance by the County of Owen, Kentucky, a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky (the "*Issuer*"), of $45,390,000 aggregate principal amount of Water Facilities Refunding Revenue Bonds (Kentucky-American Water Company Project) Series 2019A (Non-AMT) and $26,000,000 aggregate principal amount of Water Facilities Refunding Revenue Bonds (Kentucky-American Water Company Project) Series 2019B (Non-AMT) (collectively, the "*Bonds*"). The Bonds will be issued under Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (the "*Act*") pursuant to a Trust Indenture, to be dated as of November 1, 2019 (as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, the "*Indenture*"), between the Issuer and The Bank of New York Mellon, as trustee (the "*Trustee*") and an Ordinance duly adopted by the Fiscal Court of the Issuer on October 14, 2019 (the "*Ordinance*").

All terms not otherwise defined herein shall have the meanings set forth in APPENDIX B attached to and made part of this Official Statement.

The Issuer will issue the Bonds for the benefit of, and will loan the proceeds of the Bonds to, American Water Capital Corp. ("*AWCC*"), a Delaware corporation and the wholly-owned financing subsidiary of American Water Works Company, Inc. ("*American Water*") and Kentucky-American Water Company, a Kentucky corporation and a regulated public utility company ("*Kentucky American*"; each of Kentucky-American and AWCC is referred to as a "*Company*" and, collectively, as the "*Companies*" herein) pursuant to a Loan Agreement, to be dated as of November 1, 2019 (as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof, the "*Loan Agreement*"), among the Companies and the Issuer. The proceeds will be used for the purpose of refinancing the costs of the construction, upgrade and expansion to certain facilities and other improvements facilities described under "THE REFUNDING AND THE APPLICATION OF BOND PROCEEDS" below, which are owned and/or operated by Kentucky-American, as more fully described under "THE REFUNDING AND THE APPLICATION OF BOND PROCEEDS" herein, by currently refunding the Issuer's Waterworks System Revenue Bonds, 2009 Series A (Kentucky-American Water Company Project) (Not Subject to AMT) and Waterworks System Revenue Bonds, 2009 Series B (Kentucky-American Water Company Project) (Not Subject to AMT) (the "*Refunding*").

Pursuant to the Loan Agreement, the Companies will agree to pay amounts sufficient to pay when due the principal of and interest on the Bonds. AWCC and Kentucky-American have agreed in their respective corporate capacities under the Loan Agreement to become jointly and severally liable for the payment of amounts sufficient to pay when due the principal of, interest and premium, if any, on the Bonds. It is the intention of AWCC and Kentucky-American, as between themselves and not in contradiction of their joint and several liability under the Loan Agreement, that AWCC will be primarily responsible for the payment of the Bonds, while Kentucky-American will be primarily responsible for those covenants in the

Loan Agreement relating to the acquisition, construction, operation and maintenance of the Facilities. Pursuant to the Indenture, the Issuer will assign its rights to receive payments under the Loan Agreement (except for Unassigned Issuer Rights) to the Trustee as security for the payment of the principal and Purchase Price (as hereinafter defined) of and interest on the Bonds.

AWCC, as obligor, is concurrently engaged in a separate simultaneous offering of $28,500,000 aggregate principal amount of Water Facilities Refunding Revenue Bonds, (American Water Capital Corp. Project) Series 2019 (Non-AMT) to be issued by the Illinois Finance Authority (the "Illinois Bonds"). Neither this offering nor the offering of the Illinois Bonds is conditioned on the offering of any other series of bonds.

The Bonds are limited obligations of the Issuer, and the principal and premium, if any, thereof and interest thereon, will be payable solely from the revenues and other moneys assigned and pledged by the Indenture to secure such payment, including (i) the payments required to be made by the Companies under the Loan Agreement, and (ii) moneys and obligations held by the Trustee in certain funds established under the Indenture and available for such purposes. The Issuer will assign to the Trustee all of the Issuer's right, title and interest in and to the Loan Agreement (except for certain unassigned rights), including specifically the payments to be made by the Companies pursuant to the Loan Agreement, in amounts sufficient to pay at maturity or redemption the principal of and interest on the Bonds when due. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS" herein.

The designated corporate trust office of the Trustee is located at 385 Rifle Camp Road, 3rd Floor, Woodland Park, New Jersey 07424. The Trustee may be removed or replaced at any time, subject to the terms and conditions of the Indenture.

The Bonds of each series will bear interest at the Term Interest Rates set forth on the cover page for the initial Term Interest Rate Periods, which will begin on the date of delivery of the Bonds and end on September 30, 2029. During the initial Term Interest Rate Periods, interest on the Bonds will be payable on each April 1 and October 1, commencing April 1, 2020 (each, an "*Interest Payment Date*"). During the initial Term Interest Rate Periods, interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds of each series will be subject to mandatory tender for purchase on October 1, 2029. Payments required to purchase Bonds tendered by the Holders thereof (the "*Purchase Price Payments*"), as described under "THE BONDS – Purchase and Remarketing of Bonds – Mandatory Tender for Purchase" herein will be made from proceeds of the remarketing of the Bonds or by the Companies pursuant to the Loan Agreement. Failure to pay the Purchase Price on the Mandatory Purchase Date (as defined herein) constitutes an Event of Default under the Indenture.

The Bonds will be subject to redemption prior to maturity as provided in the Indenture and as described herein. See "THE BONDS – Redemption" herein.

THIS OFFICIAL STATEMENT DOES NOT PROVIDE INFORMATION REGARDING THE BONDS AFTER THE MANDATORY PURCHASE DATE.

THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF THE CONSTITUTION OF KENTUCKY, BUT SHALL BE PAYABLE AS TO PRINCIPAL AND INTEREST SOLELY FROM THE REVENUES DERIVED FROM THE LOAN PAYMENTS MADE BY THE COMPANIES PURSUANT TO THE LOAN AGREEMENT. THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE ISSUER, NOR WILL THE INTEREST THEREON CONSTITUTE OR GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER; THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF.

Brief descriptions of the Issuer, the Refunding, the Bonds, the Indenture and the Loan Agreement are included in this Official Statement. Information with respect to AWCC, including the consolidated financial statements of "American Water Works Company, Inc. and Subsidiary Companies," which include AWCC and Kentucky-American, as and for the fiscal years ended December 31, 2018 and 2017, is set forth or incorporated by reference in Part I of APPENDIX A hereto. All information contained in APPENDIX A to this Official Statement has been furnished by AWCC or Kentucky-American. Summaries of certain provisions of the Indenture and the Loan Agreement are set forth in APPENDIX B attached to and made part of this Official Statement. The descriptions herein of the Indenture and the Loan Agreement are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained during the initial offering period from J.P. Morgan Securities LLC, as underwriter (the "*Underwriter*"), at 383 Madison Avenue, New York, New York 10179, Attention: Public Finance, and thereafter from the Trustee.

THE REFUNDING AND THE APPLICATION OF BOND PROCEEDS

The proceeds of the sale of the Bonds will be loaned by the Issuer to the Companies pursuant to the terms of the Loan Agreement. Such proceeds will be used for the purpose of currently refunding the Issuer's Waterworks System Revenue Bonds, 2009 Series A (Kentucky-American Water Company Project) (the "*2009 Series A Bonds*") (Not Subject to AMT) and Waterworks System Revenue Bonds, 2009 Series B (Kentucky-American Water Company Project) (Not Subject to AMT) (the "*2009 Series B Bonds*"). The 2009 Series A Bonds and the 2009 Series B Bonds were issued by the Issuer to finance (i) the cost of acquiring, constructing, installing and equipping of major water collection, treatment and transmission facilities to be owned and operated by Kentucky-American located within the corporate boundaries of the Issuer (the "*Facilities*"), and (ii) the costs of issuance of the 2009 Series A Bonds and the 2009 Series B Bonds.

All of the proceeds of the Bonds, together with funds provided by the Companies, will be used to refund all of the outstanding 2009 Series A Bonds and the 2009 Series B Bonds within 90 days of the date of issuance of the Bonds.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Bonds are limited obligations of the Issuer, payable by the Issuer from the Revenues of the Issuer, which are derived from payments to be made by the Companies under the Loan Agreement, delivered by the Companies to the Trustee and other funds held by the Trustee under the Indenture, and not from any other fund or source of the Issuer. Payments under the Loan Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal or Purchase Price of, premium, if any, and interest on the Bonds. The Bonds also will be payable from income (if any) derived from the investment of moneys held in the Bond Fund under the Indenture under the circumstances set forth in the Indenture.

In addition, Purchase Price Payments will be made first, from proceeds from the remarketing of the Bonds and second, by the Companies pursuant to the Loan Agreement, in an amount equal to 100% of the principal amount of any Bond tendered for purchase (the "*Purchase Price*"), as described under "THE BONDS – Purchase and Remarketing of Bonds – Mandatory Tender for Purchase," herein plus accrued and unpaid interest thereon to but not including October 1, 2029 (the "*Mandatory Purchase Date*").

It is the intention of AWCC and Kentucky-American, as between themselves and not in contradiction of their joint and several liability under the Loan Agreement, that AWCC will be primarily responsible for the payment of the Bonds, while Kentucky-American will be primarily responsible for those

covenants in the Loan Agreement relating to the acquisition, construction, operation and maintenance of the Facilities. Pursuant to the Indenture, the Issuer will assign its rights to receive payments under the Loan Agreement (except for Unassigned Issuer Rights) to the Trustee as security for the payment of the principal and Purchase Price (as hereinafter defined) of and interest on the Bonds.

Indenture, Assignment to Trustee

The Bonds are secured by the Indenture (including without limitation any amounts held in the Bond Fund) and the Loan Agreement. Pursuant to the Indenture, the Issuer will assign to the Trustee, for the benefit and security of the registered owners of the Bonds, the Revenues together with substantially all of the rights, interest and title of the Issuer in the Loan Agreement (except for the Unassigned Issuer's Rights), including all loan payments and other amounts payable thereunder.

No Credit or Liquidity Facility

The Bonds will not initially be supported by any guaranty or letter of credit or other credit or liquidity enhancement and it is possible that no letter of credit or other credit or liquidity enhancement will support the Bonds at any point in the future. Further, although the Companies currently maintain a revolving credit facility and other short-term financing arrangements for general corporate purposes, the Companies have no obligation to maintain or draw on the revolving credit facility to make payments with respect to the Bonds, and the Trustee and the Bondholders will have no right to draw under any line of credit or other financing arrangement maintained by the Companies.

No Debt Service Reserve Fund

There will be no debt service reserve fund for the Bonds under the Indenture.

Special, Limited Obligations

THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF THE CONSTITUTION OF KENTUCKY BUT SHALL BE PAYABLE AS TO PRINCIPAL AND INTEREST SOLELY FROM THE REVENUES DERIVED FROM PAYMENTS MADE BY THE COMPANIES TO THE ISSUER UNDER THE LOAN AGREEMENT. THE BONDS SHALL NOT BE DEEMED TO BE AN OBLIGATION OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH OF KENTUCKY NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF, OR INTEREST ON, THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT.

NO RECOURSE SHALL BE HAD FOR ANY CLAIM BASED ON THE INDENTURE OR THE BONDS AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, OFFICIAL, AGENT, ATTORNEY OR EMPLOYEE OF THE ISSUER, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCH SUCCESSOR BODY, UNDER ANY CONSTITUTIONAL PROVISION, STATUTE OR RULE OF LAW OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY AND ALL SUCH CLAIMS BEING EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND AS CONSIDERATION FOR, THE EXECUTION OF THE INDENTURE AND THE ISSUANCE OF THE BONDS. THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES PLEDGED UNDER THE INDENTURE AND OTHER MONIES HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH PURPOSE.

THE BONDS

The following is a summary, which does not purport to be complete, of certain provisions of the Bonds. Reference is made to the Indenture and the form of Bonds included therein for the detailed provisions of the Bonds.

This Official Statement does not provide information regarding the Bonds after the Mandatory Purchase Date. Further, this Official Statement does not provide information regarding the Bonds or the Indenture during any time in which a credit or liquidity facility is in effect.

General

The Series 2019A Bonds and the Series 2019B Bonds will be dated their date of issuance, will mature, subject to optional and mandatory redemption prior to maturity, on June 1, 2039 and September 1, 2039, respectively, and will bear interest on the unpaid principal amount thereof at the Term Interest Rates set forth on the cover page hereof for the initial Term Interest Rate Periods commencing on the date of delivery of the Bonds and ending on September 30, 2029. The Bonds of each series will be subject to mandatory tender for purchase on October 1, 2029. Interest on the Bonds will be computed upon the basis of a 360-day year consisting of twelve 30-day months.

The Bonds initially will be issued in Authorized Denominations of $5,000 and any integral multiple thereof. The Bonds will be transferable and exchangeable as set forth in the Indenture, and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("*DTC*"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in Authorized Denominations. See "BOOK–ENTRY ONLY SYSTEM" in APPENDIX D of this Official Statement.

Principal of the Bonds will be payable at final maturity, acceleration or redemption in lawful money of the United States of America upon surrender thereof at the Corporate Trust Office of the Trustee located at 385 Rifle Camp Road, 3rd Floor, Woodland Park, New Jersey 07424. Payment of the interest on any Bond will be made to the person appearing on the bond registration books of the Trustee, acting as bond registrar (the "*Bond Registrar*"), as the Holder thereof on the Record Date, such interest to be paid to such Holder (1) while the Bonds are in the book–entry system, by wire transfer to DTC, and (2) otherwise (a) by check mailed on the Interest Payment Date, to such Holder's address as it appears on the registration books or at such other address as has been furnished to the Bond Registrar, as provided in the Indenture, in writing by such Holder not later than the Record Date, or (b) upon written request at least three Business Days prior to the applicable Record Date of the Holder of Bonds aggregating not less than $1,000,000 in principal amount, by wire transfer in immediately available funds at an account maintained in the United States at such wire address as such Holder specifies in its written request (any such written request to remain in effect until rescinded in writing by such Holder) (except in cases of default).

As used herein, the following terms have the following meanings:

"*Interest Rate Period*" means, for a series of Bonds, a Daily Interest Rate Period, a Weekly Interest Rate Period, an Index Interest Rate Period, a SIFMA Interest Rate Period (as each such term is defined in the Indenture) or a Term Interest Rate Period.

"*Record Date*" with respect to an Interest Payment Date, means (a) the Business Day immediately preceding the applicable Interest Payment Date during a Term Interest Rate Period of six months or less; and (b) the day, whether or not a Business Day, that is the fifteenth day of the month prior to an Interest Payment Date during any Term Interest Rate Period of more than six months.

If any payment is to be made under the Indenture or any action is to be taken under the Indenture on any date that is not a Business Day, such payment or action otherwise required to be made or taken on such date will be made or taken on the immediately succeeding Business Day with the same force and effect as if made or taken on such scheduled date.

This Official Statement does not provide information regarding the Bonds after the Mandatory Purchase Date.

Redemption

The Bonds will be subject to redemption if and to the extent the Companies are entitled to make, or are required to make, a prepayment pursuant to the Loan Agreement.

Optional Redemption. The Bonds will not be subject to optional redemption prior to October 1, 2029. On October 1, 2029, the Bonds of each series may be redeemed by the Issuer, at the option of the Companies, in whole or in part, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to (but not including) the date of redemption. Upon delivery of written direction from either Company to the Trustee of the Companies' election to redeem Bonds of a series under the Indenture, the Issuer shall be deemed, without any action on its part, to have exercised its option to redeem the Bonds under the Indenture.

Mandatory Redemption Upon a Determination of Taxability. If a Determination of Taxability occurs, all Bonds of all series Outstanding on the date of such Determination of Taxability shall be redeemed in whole (or in part if AWCC delivers an Approving Opinion to the Trustee and the Issuer) at any time within 90 days thereafter, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to (but not including) the date of redemption.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a series, the Trustee will select the Bonds of such series to be redeemed from all Bonds of such series or such given portion thereof not previously called for redemption by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. Redemptions will be effected so that no Bond remains Outstanding in an amount that is not an Authorized Denomination.

Notice of Redemption. Notice of redemption will be mailed by first class mail not less than 20 days nor more than 60 days before such redemption date, to the respective Holders of any Bonds designated for redemption at their addresses on the registration books maintained by the Bond Registrar. Each notice of redemption will state the series, the redemption date, the place or places of redemption, if less than all of the Bonds of a series are to be redeemed, the distinctive number(s) of the Bonds to be redeemed, and in the case of Bonds of a series to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Subject to the second succeeding sentence, each such notice will also state that on such date there will become due and payable on each of such Bonds the principal thereof or of such specified portion of the principal thereof in the case of a Bond to be redeemed in part only, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds be then surrendered. Neither failure to receive such notice nor any defect therein will affect the sufficiency of such redemption. With respect to any notice of optional redemption of Bonds at the written direction of the Companies, unless upon the giving of such notice Bonds will be deemed to have been paid within the meaning of the Indenture, such notice may state (if so directed by either Company in writing to the Trustee) that such redemption will be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, and interest on, such Bonds to be redeemed, and that if such moneys will not have been so received such notice will be of no further force and effect and the Issuer will not be required to redeem such Bonds. In the event that such notice of redemption

contains such a condition and such moneys are not so received, the redemption will not be made and the Trustee will promptly thereafter give notice to such Holders, in the manner in which the notice of redemption was given, that such moneys were not so received.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Issuer will execute and the Trustee will authenticate and deliver to the Holder thereof, at the expense of the Companies, a new Bond or Bonds of the same series of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Effect of Redemption of Bonds. Notice of redemption having been duly given as described above, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption will become due and payable, interest on the Bonds so called for redemption shall cease to accrue, such Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture (except for payment of particular Bonds for which moneys are being held by the Trustee and which money will be pledged to such payment), and the Holders of said Bonds will have no rights in respect thereof except to receive payment of said principal, premium, if any, and interest accrued to the date fixed for redemption.

Purchase and Remarketing of Bonds

Mandatory Tender for Purchase. On October 1, 2029, the Bonds shall be purchased or deemed purchased as provided in the Indenture at a Purchase Price equal to the principal amount thereof plus accrued and unpaid interest thereon. The Bonds will not be subject to cancellation by the Trustee except at the written direction of the Companies, and may be remarketed.

Purchase of Bonds. Whenever the Bonds are Book-Entry Bonds, all references in this section to the Tender Agent will instead mean the Trustee, as the context may require.

The Tender Agent will purchase, but only from the sources listed below, Bonds of a series required to be purchased in accordance with the provisions of the Indenture from the Holders thereof by 3:00 p.m. (New York City time) on the date such Bonds are required to be purchased at the applicable Purchase Price set forth in the Indenture. Funds for the payment of such Purchase Price will be derived from the following sources in the order of priority indicated:

(i) the proceeds of the sale of Bonds (but only such remarketing proceeds as are received from purchasers of the Bonds pursuant to a remarketing of such Bonds in accordance with the Indenture) furnished to the Tender Agent by the Trustee, which will have received such funds from the Remarketing Agent; and

(ii) only if the source described in subparagraph (i) above is insufficient, from Purchase Price Payments furnished by the Companies to the Tender Agent.

Remarketing of the Bonds. Unless otherwise directed by AWCC, the Remarketing Agent will be required, pursuant to and subject to a Remarketing Agreement and the Indenture, to use its best efforts to sell any Bonds tendered for purchase to new purchasers, and will arrange for the Purchase Price of remarketed Bonds to be deposited with the Trustee. Unless otherwise directed by AWCC, the Remarketing Agent will seek to remarket any Bonds purchased with moneys provided by the Companies as Purchase Price Payments prior to remarketing any other Bonds tendered for purchase.

If any Bond is tendered after a notice of redemption for such Bond has been given, the Remarketing Agent will give the redemption notice to any purchaser of such Bond or to DTC, if a Book-Entry Bond, and the purchaser (or the Direct Participant in the case of a Book-Entry Bond) will be required to acknowledge receipt of such redemption notice as a condition to such remarketing.

Delivery of Proceeds of Sale and Remarketed Bonds. Upon receipt, the proceeds of the remarketing by the Remarketing Agent of any Bonds will be immediately applied by the Trustee or the Tender Agent, as applicable, to the payment of the Purchase Price of such Bonds to the Holders (or Beneficial Owners) thereof pursuant to the Indenture or to the reimbursement of the Companies for such payment pursuant to the Indenture. The Trustee or the Tender Agent, as applicable, will make the remarketed Bonds available for delivery to the Remarketing Agent and will register such Bonds pursuant to the instructions of the Remarketing Agent or will direct the transfer on the registration books of DTC pursuant to the instructions of the Remarketing Agent.

Unclaimed Moneys. The Tender Agent will be required, at the end of the fifth Business Day after the Mandatory Purchase Date, to transfer to the Trustee all funds then held on hand by virtue of the fact that the Bonds deemed tendered on such date were not presented for purchase to the Tender Agent, such funds to be held by the Trustee in trust in a segregated account for the benefit of the Bondholders, for the payment of the Purchase Price thereof to the former Holders of such Bonds. The Trustee will pay such Purchase Price from such amounts by check or draft of the Trustee made payable to the party entitled to such payment as soon as practicable after such party surrenders the Bond or Bonds so deemed purchased to the Trustee. Any such moneys so held in trust by the Trustee will be held uninvested until paid to the person entitled thereto or disposed of as provided by law.

No Remarketing During Default. Notwithstanding any other provision of the Indenture, there will be no remarketing of Bonds during the continuation of an Event of Default under the Indenture.

THE ISSUER

The Issuer is a public body corporate and politic duly created and existing as a county and political subdivision under the Constitution and laws of the Commonwealth of Kentucky. The Issuer is authorized by the Act to (a) issue the Bonds and assist in financing the Facilities, (b) lend the proceeds from the sale of the Bonds to the Companies for such purpose and (c) enter into and perform its obligations under the Loan Agreement and the Indenture. The Issuer, through its legislative body, the Fiscal Court, has adopted one or more ordinances authorizing the issuance of the Bonds and the execution and delivery of the related documents.

The Issuer has previously issued bonds for projects other than the Facilities and expects to issue additional series of bonds after the issuance of the Bonds described herein. Such prior bonds are, and such additional bonds if issued, will be, secured under pledges of security separate from and unrelated to the pledges described herein with respect to the Bonds. The Bonds are special and limited obligations of the Issuer as described herein.

The Issuer has not prepared or assisted in the preparation of this Official Statement except for the statements under the section captioned "THE ISSUER" and the statements under the section captioned "LITIGATION" solely as it pertains to the Issuer and, except as aforesaid, the Issuer is not responsible for any statement made herein, and will not participate in or otherwise be responsible for the offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Issuer disclaims responsibility for the disclosure set forth herein in connection with the offer, sale and distribution of the Bonds.

THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF THE CONSTITUTION OF KENTUCKY BUT SHALL BE PAYABLE AS TO PRINCIPAL AND INTEREST SOLELY FROM THE REVENUES DERIVED FROM PAYMENTS MADE BY THE COMPANIES TO THE ISSUER UNDER THE LOAN AGREEMENT. THE BONDS SHALL NOT BE DEEMED TO BE AN OBLIGATION OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE COMMONWEALTH OF KENTUCKY NOR ANY POLITICAL SUBDIVISION THEREOF IS OR SHALL BE OBLIGATED TO PAY THE PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF, OR INTEREST ON, THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO SUCH PAYMENT.

CONTINUING DISCLOSURE

Because the Bonds will be special obligations of the Issuer, the Issuer is not an "obligated person" for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "*Rule*") under the Securities Exchange Act of 1934, as amended. Accordingly, the Issuer will not provide any continuing disclosure information with respect to the Bonds or the Issuer.

In order to assist the Underwriter in complying with the requirements of the Rule, AWCC has agreed in a Continuing Disclosure Undertaking (the "*Undertaking*") to provide certain annual financial information and operating data and notices of certain events on a continuing basis for the benefit of the holders of the Bonds. The proposed form of the Undertaking is attached as APPENDIX E to this Official Statement.

A failure by AWCC to comply with the Undertaking will not constitute a default under the Indenture or the Loan Agreement, and the beneficial owners of the Bonds are limited to the remedies described in the Undertaking. A failure by AWCC to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

AWCC currently is a party to continuing disclosure undertakings delivered in connection with the issuance of the 2009 Series A Bonds, the 2009 Series B Bonds and other prior bonds issued for the benefit of AWCC and certain affiliates. In the past five years: (i) in connection with ratings upgrades by S&P on May 7, 2015 on the 2009 Series A Bonds, the 2009 Series B Bonds and AWCC's other prior bonds to which such undertakings related, AWCC did not post listed event notices via the Electronic Municipal Market Access ("EMMA") system; (ii) in connection with continuing disclosure undertakings related to certain prior bonds issued in 2009 and 2010 on behalf of Illinois-American Water Company, a wholly owned subsidiary of American Water and affiliate of AWCC, AWCC's posting of its Annual Report on Form 10-K (an "Annual Report") for the fiscal year ended December 31, 2016 was not timely; (iii) in connection with continuing disclosure undertakings related to certain prior bonds issued in 2010 on behalf of California-American Water Company, a wholly owned subsidiary of American Water and affiliate of AWCC, AWCC did not post an Annual Report for the fiscal year ended December 31, 2016; and (iv) in connection with continuing disclosure undertakings related to certain prior bonds issued in 2009 and 2010 on behalf of Kentucky-American (including the 2009 Series A Bonds), AWCC did not post Kentucky-American's audited financial statements for the fiscal year ended December 31, 2016 or did not post such financial statements in a timely manner. AWCC filed the listed event notifications and posted the missing Annual Reports and audited financial statements via the EMMA system, and posted failure to file notices to the appropriate CUSIPs with respect to all of the late and missed filings on October 16, 2019, which were

made reasonably promptly upon discovery of the oversight. AWCC is reviewing and updating its procedures in order to ensure compliance with the Rule on an ongoing basis.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the Issuer and the Companies with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Issuer and the Companies have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under the existing laws of the Commonwealth of Kentucky, interest on the Bonds is excludable from the gross income of the recipients thereof for Kentucky income tax purposes and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions and taxing authorities thereof. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the Commonwealth of Kentucky or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached hereto as APPENDIX C.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be

predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

LITIGATION

Issuer

To the knowledge of the Issuer, there is no material litigation pending or threatened against the Issuer concerning the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance thereof.

Companies

Information with respect to material litigation involving American Water and its subsidiaries is set forth or incorporated by reference in APPENDIX A to this Official Statement.

UNDERWRITING

Under the terms of a Bond Purchase Agreement with the Issuer and an Inducement Letter from the Companies, the Underwriter will agree, subject to the approval of certain legal matters by counsel and to certain other conditions, to purchase the Bonds at the offering price set forth on the cover page of this Official Statement. As compensation for such agreement to purchase the Bonds, the Companies will agree to pay to the Underwriter a fee of $356,950, exclusive of out of pocket expenses. The Underwriter will agree to purchase all of the Bonds if any of the Bonds are purchased. The Companies will agree to indemnify the Issuer and the Underwriter against certain liabilities or to contribute to any payments required to be made by the Underwriter relating to such liabilities, including certain liabilities under federal securities laws relating to the Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non–financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the Companies and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer or the

Companies (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer or the Companies. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriter has entered into negotiated dealer agreements (each, a "*Dealer Agreement*") with each of Charles Schwab & Co., Inc. ("*CS&Co.*") and LPL Financial LLC ("*LPL*") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

RATINGS

Moody's and S&P are expected to assign to the Bonds of each series long term ratings of "Baa1" and "A", respectively. Such ratings express only the views of Rating Agencies. An explanation of the significance and status of the ratings may be obtained from such Rating Agency's. The ratings are not "market" ratings nor a recommendation to buy, sell or hold the Bonds, and the ratings and the Bonds should be evaluated independently. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a Rating Agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such credit ratings by a Rating Agency may have an adverse effect on the market price or marketability of the Bonds. Except as required under the Undertaking, the Companies undertake no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of Bonds will be subject to the approving opinion of Kutak Rock, LLP, Chicago, Illinois, Bond Counsel. A complete copy of the proposed form of the opinion of Bond Counsel for the Bonds is set forth as APPENDIX C of this Official Statement. Certain legal matters will be passed upon for the Issuer by the Owen County Attorney, Owenton, Kentucky; for AWCC by Morgan, Lewis & Bockius LLP, New York, New York; for Kentucky-American and AWCC by Stoll Keenon Ogden PLLC, Lexington, Kentucky; and for the Underwriter by Ballard Spahr LLP, Philadelphia, Pennsylvania. Underwriter's Counsel, the Owen County Attorney and Bond Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

CERTAIN RELATIONSHIPS

Kutak Rock LLP, bond counsel, from time to time represents the Underwriter in matters unrelated to the issuance of the Bonds.

MISCELLANEOUS

The attached Appendices (including the documents incorporated by reference therein) are an integral part of this Official Statement and must be read together with the balance of this Official Statement. The foregoing and subsequent summaries or descriptions of provisions of the Bonds, the Indenture, the Loan Agreement, the Undertaking and the Remarketing Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and statements herein are qualified in their entirety by reference to such documents for full and complete statements of their provisions.

APPENDIX A

The information contained or incorporated by reference in this APPENDIX A to this Official Statement relates to and has been supplied by American Water Works Company, Inc. ("American Water"), American Water Capital Corp. ("AWCC") and Kentucky-American Water Company ("Kentucky-American"), as applicable. The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of American Water, AWCC, Kentucky-American or any of their subsidiaries or affiliates since the date hereof, or that the information contained or referred to in this APPENDIX A is correct as of any time subsequent to its date. The information contained under Part I: AMERICAN WATER CAPITAL CORP. and under Part II: KENTUCKY-AMERICAN WATER COMPANY is furnished solely to provide limited introductory information regarding AWCC, Kentucky-American and certain affiliates and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements incorporated by reference herein. The Issuer and the Underwriter make no representation or warranty as to the accuracy or completeness of the information contained in this APPENDIX A.

Part I

AMERICAN WATER CAPITAL CORP.

General

AWCC was established by American Water to provide financing to American Water and its regulated operating subsidiaries, including its water and wastewater utility subsidiaries. AWCC was incorporated under the laws of the State of Delaware in May 2000 and is a wholly-owned subsidiary of American Water. AWCC loans all of the net proceeds of its long-term debt financings to American Water's regulated operating subsidiaries, as well as to American Water. AWCC also provides liquidity to American Water's regulated operating subsidiaries and American Water through AWCC's revolving credit facility and commercial paper program. All of AWCC's long-term debt loaned to American Water's regulated operating subsidiaries or American Water is evidenced by promissory notes issued to AWCC by the regulated operating subsidiaries or American Water, as applicable. AWCC does not engage in any other active business activities.

AWCC received an order dated November 7, 2000 from the Securities and Exchange Commission (the "SEC") granting it an exemption from all of the provisions of the Investment Company Act of 1940.

The principal offices of AWCC and American Water are located at 1 Water Street, Camden, New Jersey 08102.

Support Agreement

AWCC's debt has the benefit of a support agreement, dated June 22, 2000 and amended on July 26, 2000, between AWCC and American Water (the "Support Agreement"). The Support Agreement provides, among other things, that:

- American Water owns, and during the term of the Support Agreement will continue to own, all of the voting stock of AWCC free and clear of any lien, security interest or other charge or encumbrance;

- American Water will provide to AWCC, at its request or the request of any lender (including any holder of debt securities), funds in the form of cash or liquid assets (as equity or, if American Water and AWCC agree, as a loan subordinated to any and all indebtedness, whether or not that indebtedness is outstanding at the time of the loan) as required if AWCC is unable to make timely payment of interest, principal or premium, if any, on any indebtedness issued by it;

- American Water will cause AWCC to have at all times a positive tangible net worth (total assets less liabilities less intangible assets), as determined in accordance with generally accepted accounting principles; and

- if AWCC fails or refuses to take timely action to enforce certain rights under the Support Agreement or if AWCC defaults in the timely payment of interest, principal or premium, if any, owed to a lender (including any holder of debt securities) when due, that lender may proceed directly against American Water to enforce such rights or to obtain payment of the defaulted interest, principal or premium, if any, owed to that lender.

American Water Works Company, Inc.

American Water is the largest and most geographically diverse, publicly-traded water and wastewater utility company in the United States, as measured both by operating revenue and population served. As a holding company, American Water conducts the majority of its business through regulated utilities that provide water and wastewater services. American Water employs approximately 7,100 professionals who provide drinking water, wastewater and other related services to more than 14 million people in 46 states.

In 2018, American Water generated $3,440 million in total consolidated operating revenues and $567 million in net income attributable to common shareholders. In 2017, American Water generated $3,357 million in total consolidated operating revenues and $426 million in net income attributable to common shareholders.

American Water's primary business includes the ownership of utilities that are generally subject to economic regulation and that provide water and wastewater services. For 2018, American Water's regulated utilities generated $2,984 million in operating revenues, prior to inter-segment eliminations, which accounted for 87% of American Water's total consolidated operating revenues.

American Water's common stock is listed on the New York Stock Exchange under the symbol "AWK."

Except insofar as the Support Agreement may be implicated, American Water is not obligated with respect to the Loan Agreement or the Bonds.

Available Information

American Water is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and files annual, quarterly and current reports, proxy statements and other information with the SEC. These SEC filings are available to the public over the Internet at the SEC's website at *http://www.sec.gov* and American Water's Investor Relations website at *https://ir.amwater.com*. The information contained on or accessible from American Water's Investor Relations website does not constitute a part of APPENDIX A of this Official Statement and is not incorporated by reference herein.

Incorporation of Certain Documents by Reference

American Water is "incorporating by reference" into this APPENDIX A to this Official Statement specific documents that it files with the SEC, which means that important information can be disclosed by referring to those documents that are considered part of this APPENDIX A to this Official Statement. Information that American Water files subsequently with the SEC will automatically update and supersede this information. American Water incorporates by reference the documents listed below, and any future documents that it files with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, between the date of this Official Statement and the termination of the offering of the Bonds under this Official Statement. The SEC file number for these documents is 001-34028.

American Water is "incorporating by reference" into this APPENDIX A to this Official Statement the following documents filed with the SEC (excluding any portions of such documents that have been "furnished" but not "filed" for purposes of the Exchange Act):

- Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (including the portions of American Water's Proxy Statement on Schedule 14A filed on March 26, 2019 that are incorporated by reference therein);

- Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2019, June 30, 2019 and September 30, 2019; and

- Current Reports on Form 8-K filed May 1, 2019, May 10, 2019, May 13, 2019 and July 25, 2019.

Any statement made in a document incorporated by reference will be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained in this Official Statement or in any subsequently filed document that also is or is deemed to be incorporated by reference in this Official Statement modifies or supersedes such statement. Any statement made in this Official Statement will be deemed to be modified or superseded to the extent that a statement contained in any subsequently filed document that also is or is deemed to be incorporated by reference in this Official Statement modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

To obtain a copy of any or all of the documents incorporated by reference in this APPENDIX A to this Official Statement, each person to whom a copy of this Official Statement may write or telephone American Water at the following address and telephone number:

American Water Works Company, Inc.
1 Water Street
Camden, New Jersey, 08102
Attention: General Counsel
(856) 955-4001

Exhibits to the documents will not be sent, however, unless those exhibits have specifically been incorporated by reference into such document.

AWCC is not required to file financial statements and other information with the SEC under the rules and regulations promulgated under the Exchange Act. In addition, AWCC does not believe the financial statements of AWCC would be helpful to the holders of AWCC's debt securities because:

- American Water owns all of the outstanding capital stock of AWCC and is a reporting company under the Exchange Act.

- AWCC has no independent operations or proposals to engage in any activity other than providing funds to American Water and its regulated operating subsidiaries through its revolving credit facility, commercial paper program and long-term debt financings.

- AWCC's debt securities, including its obligations to repay loans, will have the benefit of the Support Agreement.

Forward Looking Statements

American Water and AWCC have made statements in this Official Statement and in the documents incorporated by reference herein that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. In some cases, these forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "likely," "uncertain," "outlook," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "should," "will" and "could" or the negative of such terms or other variations or similar expressions. Forward-looking statements may relate to, among other things, American Water's future financial performance, including its operation and maintenance efficiency ratio, its and AWCC's liquidity and future cash flows, its growth and portfolio optimization strategies, its projected capital expenditures and related funding requirements, its and AWCC's ability to repay debt, its and AWCC's projected strategy to finance current operations and growth initiatives, the outcome and impact of legal and similar governmental and regulatory proceedings and related potential fines, penalties and other sanctions, business process, technology improvement and other strategic initiatives, trends in American Water's industry, regulatory, legislative, tax policy or legal developments, rate adjustments, including through general rate case filings, filings for infrastructure surcharges and filings to address regulatory lag, and impacts that the Tax Cuts and Jobs Act (the "TCJA") may have on American Water and on its business, results of operations, cash flows and liquidity.

Forward-looking statements are predictions based on American Water's and AWCC's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results or levels of activity, performance or achievement, and prospective investors are cautioned not to place undue reliance upon them. These forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. Actual results may vary materially from those discussed in the forward-looking statements herein. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to, the factors discussed under the caption "Risk Factors" in American Water's Annual Report on Form 10-K, incorporated herein by reference, and the following factors:

- the decisions of governmental and regulatory bodies, including decisions to raise or lower customer rates;

- the timeliness and outcome of regulatory commissions' actions concerning rates, capital structure, authorized return on equity, capital investment, system acquisitions, taxes, permitting and other decisions;

- changes in customer demand for, and patterns of use of, water, such as may result from conservation efforts;

- limitations on the availability of American Water's water supplies or sources of water, or restrictions on its use thereof, resulting from allocation rights, governmental or regulatory requirements and restrictions, drought, overuse or other factors;

- changes in laws, governmental regulations and policies, including with respect to environmental, health and safety, water quality and emerging contaminants, public utility and tax regulations and policies, and impacts resulting from U.S., state and local elections;

- weather conditions and events, climate variability patterns, and natural disasters, including drought or abnormally high rainfall, prolonged and abnormal ice or freezing conditions, strong winds, coastal and intercoastal flooding, earthquakes, landslides, hurricanes, tornadoes, wildfires, electrical storms and solar flares;

- the outcome of litigation and similar governmental and regulatory proceedings, investigations or actions;

- American Water's ability to appropriately maintain current infrastructure, including its operational and technology systems, and manage the expansion of its business;

- exposure or infiltration of American Water's critical infrastructure and its technology systems, including the disclosure of sensitive, personal or confidential information contained therein, through physical or cyber attacks or other means;

- American Water's ability to obtain permits and other approvals for projects;

- changes in American Water's capital requirements;

- American Water's ability to control operating expenses and to achieve efficiencies in its operations;

- the intentional or unintentional actions of a third party, including contamination of American Water's water supplies or water provided to its customers;

- American Water's ability to obtain adequate and cost-effective supplies of chemicals, electricity, fuel, water and other raw materials that are needed for its operations;

- American Water's ability to successfully meet growth projections for its regulated and market-based businesses, either individually or in the aggregate, and capitalize on growth opportunities, including its ability to, among other things:

    - acquire, close and successfully integrate regulated operations and market-based businesses;

    - enter into contracts and other agreements with, or otherwise obtain, new customers in its market-based businesses; and

    - realize anticipated benefits and synergies from new acquisitions;

- risks and uncertainties associated with contracting with the U.S. government, including ongoing compliance with applicable government procurement and security regulations;

- cost overruns relating to improvements in or the expansion of American Water's operations;

- American Water's ability to maintain safe work sites;
- American Water's exposure to liabilities related to environmental laws and similar matters resulting from, among other things, water and wastewater service provided to customers, including, for example, its water transfer business focused on customers in the shale natural gas exploration and production market;
- changes in general economic, political, business and financial market conditions;
- access to sufficient capital on satisfactory terms and when and as needed to support operations and capital expenditures;
- fluctuations in interest rates;
- restrictive covenants in or changes to the credit ratings on American Water or AWCC, or on its or AWCC's current or future debt, which could increase its financing costs or funding requirements or affect its ability to borrow, make payments on debt or pay dividends;
- fluctuations in the value of benefit plan assets and liabilities that could increase its cost and funding requirements;
- changes in federal or state general, income and other tax laws, including any further rules, regulations, interpretations and guidance by the U.S. Department of the Treasury and state or local taxing authorities related to the enactment of the TCJA, the availability of tax credits and tax abatement programs, and American Water's ability to utilize its U.S. federal and state income tax net operating loss carryforwards;
- migration of customers into or out of American Water's service territories;
- the use by municipalities of the power of eminent domain or other authority to condemn American Water's systems, or the assertion by private landowners of similar rights against it;
- American Water's difficulty or inability to obtain insurance, its inability to obtain insurance at acceptable rates and on acceptable terms and conditions, or its inability to obtain reimbursement under existing insurance programs for any losses sustained;
- the incurrence of impairment charges related to American Water's goodwill or other assets;
- labor actions, including work stoppages and strikes;
- American Water's ability to retain and attract qualified employees;
- civil disturbances or terrorist threats or acts, or public apprehension about future disturbances or terrorist threats or acts; and
- the impact of new, and changes to existing, accounting standards.

These forward-looking statements are qualified by, and should be read together with, the factors discussed in the risk factors and other statements contained in the documents incorporated by reference in this APPENDIX A and investors should refer to such risks, uncertainties, risk factors and other statements in

evaluating such forward-looking statements. Any forward-looking statements made by American Water speak only as of the date of such statements. Except as required by the federal securities laws, American Water does not have any obligation, and American Water specifically disclaims any undertaking or intention to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The foregoing factors should not be construed as exhaustive

Independent Registered Public Accounting Firm

The consolidated financial statements incorporated in this Official Statement by reference to the Annual Report on Form 10-K for the year ended December 31, 2018, and the effectiveness of internal control over financial reporting as of December 31, 2018 have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report incorporated herein.

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Part II

KENTUCKY-AMERICAN WATER COMPANY

Kentucky-American Water Company ("Kentucky-American") is a wholly owned subsidiary of American Water and an affiliate of AWCC. Kentucky-American provides water and wastewater service to a population (including resale) of approximately half a million individuals through approximately 130,000 residential, commercial, industrial and municipal customer connections across 14 of Kentucky's 120 counties, including the cities of Lexington and Owenton.

Kentucky-American supplies water to its customers through separate water transmission and distribution systems located throughout its service territory. These systems consist of water mains, pumping stations and distribution system reservoirs. Water mains range in diameter from one inch up to 42 inches and are generally made from ductile iron, cast iron, plastic or prestressed concrete. As of January 2019, Kentucky-American owned more than 2,100 miles of water transmission and distribution mains. Kentucky-American has 20 distribution system reservoirs with water storage capacity of 26.8 million gallons.

As a public utility operating in Kentucky, Kentucky-American operates under the rules and regulations of the Kentucky Public Service Commission, which, in addition to regulating specific aspects of service, approves prices charged for water and wastewater service. Kentucky-American also is subject to regulation and must meet standards established by the Kentucky Division of Water and the Federal Environmental Protection Agency with respect to its operations, including water supply, the purity of water and the quality of effluent from filter and treatment plants.

Kentucky-American employs approximately 150 people who have expertise in all areas of water utility operations including engineering, water quality, treatment plant operation and maintenance, distribution system operation and maintenance, materials management, risk management, human resources, legal, finance and accounting. Additionally, as a subsidiary of American Water, Kentucky-American has available to it the resources of American Water Works Service Company, Inc. (the "Service Company"). The Service Company provides access to highly trained professionals with expertise in various specialized areas who work exclusively for American Water's operating subsidiaries.

APPENDIX B

SUMMARIES OF PRINCIPAL LEGAL DOCUMENTS

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APPENDIX B

THE INDENTURE AND THE LOAN AGREEMENT

The following are brief summaries of certain provisions of the Indenture and the Loan Agreement, each dated as of November 1, 2019, pertaining to the issuance of the Bonds. These summaries do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full terms of the respective documents listed below. Capitalized terms not otherwise defined herein have the meanings specified in the respective document.

DEFINITIONS

"*Act*" means Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes.

"*Administrative Fees and Expenses*" means the compensation and expenses paid to or incurred by the Issuer, the Trustee, in its capacities as Trustee, Tender Agent, Bond Registrar and Paying Agent under the Indenture and the Loan Agreement, any Remarketing Agent and/or any other Paying Agent under the Loan Agreement or the Indenture, which include, but are not limited to, printing of Bonds, accomplishing transfers or new registration of Bonds, ongoing expenses or costs, or other charges and other disbursements including those of their respective officers, directors, members, attorneys, agents and employees incurred in and about the administration and execution of the Loan Agreement and the Indenture.

"*Approving Opinion*" means an opinion of Bond Counsel that an action being taken with respect to a series of Bonds (i) is permitted by the Indenture and not in violation of the Act, and (ii) will not adversely affect the Tax-Exempt status of interest on the Bonds of such series.

"*Authorized Representative*" means (i) with respect to the Issuer, the County Judge/Executive of the Issuer, or such other person or persons at the time designated to act on behalf of the Issuer by a written certificate signed by the County Judge/Executive of the Issuer, furnished to the Trustee and the Companies, containing the specimen signature of each such person; and (ii) with respect to each Company, the person or persons at the time designated to act on behalf of such Company by a written certificate signed by such Company, furnished to the Trustee, the Issuer and the other Company, containing the specimen signature of each such person.

"*Bond Counsel*" means Kutak Rock LLP or any attorney at law or firm of attorneys acceptable to the Trustee of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America and acceptable to the Issuer.

"*Bond Fund*" means the fund by that name established in the Indenture.

"*Bondholder*," "*Holder*" or "*Owner*," whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

"*Bond Payment Date*," with respect to the Bonds of a series, means any date upon which principal of, premium, if any, or interest on, such Bonds is due and payable whether upon redemption, acceleration, maturity or otherwise.

"*Book-Entry Bonds*" means the Bonds registered in the name of the nominee of DTC, or any successor securities depository for such Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

"*Business Day*" means, with respect to a series of Bonds, any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in New York, New York, or the city or cities in which the Corporate Trust Office of the Trustee or the Tender Agent or the office of the Remarketing Agent, if any, designated pursuant to the Indenture are authorized or required by law to close or (iii) a day on which the New York Stock Exchange is closed.

"*Certificate*," "*Statement*," "*Request*," "*Requisition*" or "*Order*" of the Issuer or a Company means, respectively, a written certificate, statement, request, requisition or order signed on behalf of the Issuer by an Authorized Representative of the Issuer, or in the name of a Company by an Authorized Representative of such Company, as applicable. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time.

"*Corporate Trust Office*" means, (i) with respect to the Trustee, the office of the Trustee designated as such in the Indenture, or such other office designated by the Trustee from time to time by notice to the Issuer, the Companies and the Remarketing Agent and (ii) with respect to the Trustee in its capacity as Tender Agent, such office designated by the Tender Agent to the Companies and the Remarketing Agent as its Corporate Trust Office.

"*Determination of Taxability*" means the occurrence of any of the following enumerated events:

(A) the issuance of an adverse written determination by the Internal Revenue Service, delivered to the Issuer, either Company or any Owner or Beneficial Owner of any Bonds (but only if (i) any such Company has been afforded an opportunity to contest such determination in a writing filed with the Internal Revenue Service, and (ii) such Company has decided not to contest such determination or the time for contesting such determination has lapsed without such Company taking such action);

(B) the delivery of a Statement of Bond Counsel delivered at the request of either Company; or

(C) the delivery of a final judicial decision of a court of competent jurisdiction to (i) one or more Owners or Beneficial Owners of any Bonds in a proceeding in which either Company materially participated or (ii) the Issuer or either Company,

in each case to the effect that the interest paid or to be paid on the Bonds that are the subject of such event is not Tax-Exempt (including determinations under the provisions of Section 150(b)(4) of the Code relating to a disallowance of an interest deduction due to a change in use of the Facilities), or, in the case of (B) above, due to Internal Revenue Service action or other events that could be asserted by the Internal Revenue Service, the interest paid or to be paid on such Bonds is not Tax-Exempt.

"*Direct Participants*" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds the Bonds as securities depository.

"*Facilities*" means the water furnishing facilities acquired, constructed, installed and equipped by Kentucky-American with the proceeds of the 2009 Series A Bonds and the 2009 Series B Bonds consisting of a water treatment plant located within the corporate boundaries of the Issuer, as more specifically described in Exhibit A to the Loan Agreement and in the Tax Agreement.

"*Government Obligations*" means the following:

(A) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations on which the full and timely payment of principal and interest is fully and unconditionally guaranteed by, the United States of America; and

(B) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations for which the full and timely payment of the principal of and interest is unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

"*Interest Account*" means the account by that name in the Bond Fund established pursuant to the Indenture.

"*Investment Securities*" means any securities permitted by applicable law as selected by AWCC in writing to the Trustee, including any of the following securities (other than those issued by the Issuer or either Company):

(i) Government Obligations;

(ii) bonds, notes or other obligations of any state of the United States of America or any political subdivision of any state, which at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(iii) certificates of deposit or time or demand deposits constituting direct obligations of any bank, bank holding company, savings and loan association or trust company organized under the laws of the United States of America or any state thereof (including the Trustee or any of its affiliates), except that investments may be made only in certificates of deposit or time or demand deposits which are:

(A) insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or any other similar United States Government deposit insurance program then in existence; or

(B) continuously and fully secured by Government Obligations, which have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time or demand deposits; or

(C) issued by a bank, bank holding company, savings and loan association or trust company under the laws of the United States of America or any state thereof (including the Trustee or any of its affiliates) whose outstanding unsecured long-term debt is rated at the time of issuance in either of the two highest rating categories by a Rating Agency;

(iv) repurchase agreements with any bank, bank holding company, savings and loan association, trust company or other financial institution organized under the laws of the United States of America or any state thereof (including the Trustee or any of its affiliates), that are continuously and fully secured by Government Obligations and that have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreements, provided that each such repurchase agreement conforms to current industry standards as to form and time, is in commercially reasonable form, is for a commercially reasonable period, results in transfer of legal title to identified Government Obligations that are segregated in a custodial or trust account for the benefit of the Trustee, and further

provided that Government Obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value thereof or the repurchase price thereof set forth in the applicable repurchase agreement;

(v) investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, insurance company or other financial institution whose outstanding unsecured short-term debt is rated at the time of such agreement in the highest rating category by a Rating Agency or whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a Rating Agency;

(vi) short term discount obligations of the Federal National Mortgage Association and the Government National Mortgage Association;

(vii) money market mutual funds (including proprietary money market mutual funds of the Trustee or its affiliates) (A) that invest in Government Obligations or that are registered with the Securities and Exchange Commission, meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and (B) that are rated in either of the two highest categories by a Rating Agency;

(viii) commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by S&P, Moody's or Fitch, Inc. ("Fitch"), provided that the issuer of the commercial paper shall be organized and operating within the United States of America, shall have total assets in excess of $500,000,000, and shall issue debt, other than commercial paper that is rated "A" or higher by S&P, Moody's or Fitch, and provided further that such commercial paper shall have a maximum maturity of 270 days or less; and

(ix) such other investments permitted by law.

"*Loan Default Event*" means any one or more of the events specified in the Loan Agreement and set forth below in this APPENDIX B under "THE LOAN AGREEMENT – Loan Default Events and Remedies."

"*Loan Payments*" means the payments required to be made by the Companies to the Trustee in federal or other immediately available funds on each Bond Payment Date in repayment of the loan of the Bond proceeds made by the Issuer to the Companies under the Loan Agreement in an amount equal to the principal of and premium, if any, and interest on the Bonds due on each Bond Payment Date.

"*Mandatory Purchase Date*" means October 1, 2029, the date on which the Bonds of each series are required to be purchased pursuant to the Indenture as described under the heading "THE BONDS - Purchase and Remarketing of Bonds" in this Official Statement.

"*Moody's*" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by AWCC, with the approval of the Remarketing Agent, to provide or maintain a rating on the Bonds of a series.

"*Opinion of Counsel*" means a written opinion of counsel (who may be counsel for a Company) selected by AWCC.

"*Outstanding*," when used as of any particular time with reference to Bonds of a series, means (subject to the provisions of the Indenture excluding Bonds held or controlled by or on behalf of the Issuer

or the Companies for certain purposes) all Bonds of such series theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which liability of the Issuer has been discharged in accordance with the Indenture; and (3) Bonds for the transfer or exchange of, or in lieu of or in substitution for, which other Bonds have been authenticated and delivered by the Trustee pursuant to the Indenture.

"*Paying Agent*" means, initially, the Trustee and, thereafter, any Paying Agent appointed by the Issuer at the direction of the Companies in such cities as the Companies deem desirable as provided in the Indenture.

"*Principal Account*" means the account by that name in the Bond Fund established pursuant to the Indenture.

"*Purchase Price*" means an amount equal to 100% of the principal amount of the Bonds of each series to be purchased on the Mandatory Purchase Date, plus accrued and unpaid interest thereon to, but not including, the Mandatory Purchase Date.

"*Purchase Price Payments*" means the Purchase Price payments required to be made by the Companies pursuant to the Loan Agreement on the Mandatory Purchase Date.

"*Rating Agency*" means Moody's, if Moody's is then rating the Bonds of a series at the request of AWCC, S&P, if S&P is then rating the Bonds of a series at the request of AWCC, or any other nationally recognized securities rating agency selected by AWCC to rate a series of Bonds, with the approval of the Remarketing Agent and the Issuer.

"*Rebate Fund*" means the fund by that name created pursuant to the Indenture.

"*Redemption Account*" means the account by that name established in the Bond Fund pursuant to the Indenture.

"*Remarketing Agent*" means, with respect to a series of Bonds, any investment banking firm which may be named as remarketing agent for such series as provided in the Indenture and its respective successors, and, if and as applicable, any co-Remarketing Agent and its respective successors in such office under the Indenture.

"*Remarketing Agreement*" means any Remarketing Agreement between AWCC and the Remarketing Agent for a series of Bonds or the agreement or instrument pursuant to which a successor Remarketing Agent for such series shall perform its services.

"*Revenues*" means all amounts received by the Issuer or the Trustee for the account of the Issuer pursuant or with respect to the Loan Agreement including, without limiting the generality of the foregoing, Loan Payments (including both timely and delinquent payments and any late charges paid from whatever source), prepayments, insurance proceeds, condemnation proceeds, and all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture, <u>but not including</u>: (1) the Administrative Fees and Expenses and other payments to the Issuer, the Trustee or other parties pursuant to the Loan Agreement for their fees and expenses (including attorneys' fees and indemnification payments), (2) any moneys paid for deposit into the Rebate Fund pursuant to the Loan Agreement and (3) Purchase Price Payments.

"*S&P*" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and their assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's) designated by AWCC, with the approval of the Remarketing Agent, to provide or maintain a rating on the Bonds of a series.

"*Supplemental Indenture*" means any indenture duly authorized and entered into between the Issuer and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture. See "THE INDENTURE - Modification or Amendment of the Indenture" below in this APPENDIX B.

"*Tax Agreement*" means the Tax Regulatory Agreement, executed by each Company and the Issuer, dated the date of issuance of the Bonds.

"*Tax-Exempt*" means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income of the Holders or Beneficial Owners thereof for federal income tax purposes (other than in the case of a Holder or Beneficial Owner of any Bonds who is a substantial user of the Facilities or a related person within the meaning of Section 147(a) of the Code) whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"*Tender Agent*" means the Trustee in the performance of its duties as Tender Agent under the Indenture as described in this Official Statement under "THE BONDS – Purchase and Remarketing of Bonds."

"*Term Interest Rate*" means a fixed interest rate on all of the Bonds of a series determined not later than the Business Day preceding the effective date of such rate in accordance with the Indenture.

"*Term Interest Rate Period*" means each fixed period of time during which a Term Interest Rate is in effect for a series of Bonds.

"*Unassigned Issuer Rights*" means all of the rights of the Issuer under the Loan Agreement (i) to be reimbursed for fees and expenses in accordance with the Loan Agreement; (ii) to be held harmless and indemnified in accordance with the Loan Agreement; (iii) to be reimbursed for fees and expenses upon enforcement of the Loan Agreement in accordance with the Loan Agreement; (iv) to receive notices in accordance with the Loan Agreement; (v) to give and withhold consent to amendments, changes, modifications and alterations of the Loan Agreement, and (vi) to require compliance with the Loan Agreement and its right to enforce such rights.

THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Trustee.

Pledge and Assignment; Bond Fund

(A) Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and any other amounts held in the Bond Fund are pledged under the Indenture to secure the full payment of the principal of, and

premium, if any, and interest on, the Bonds in accordance with their terms and the provisions of the Indenture.

(B) Under the Indenture, the Issuer transfers in trust, and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds all of the Revenues and all of the right, title and interest of the Issuer in the Loan Agreement (except for Unassigned Issuer Rights). The Trustee will be entitled to and will collect and receive all of the Revenues, and any such Revenues collected or received by the Issuer will be deemed to be held, and to have been collected or received, by the Issuer as the agent of the Trustee and will be paid by the Issuer to the Trustee. The Trustee also will be entitled to and will take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Issuer or separately, all of the rights of the Issuer and all of the obligations of the Companies under the Loan Agreement.

(C) There is established and created with the Trustee under the Indenture a special fund designated as the Bond Fund which the Trustee will maintain and hold in trust thereunder. All Revenues will be promptly deposited by the Trustee upon receipt thereof in the Bond Fund and will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. Within the Bond Fund there are further established under the Indenture an Interest Account, a Principal Account and a Redemption Account as described therein. Except as otherwise provided in the Indenture, all moneys received by the Trustee and required to be deposited in the Redemption Account will be promptly deposited in the Redemption Account. The Trustee may establish subaccounts within these Bond Fund accounts that relate to a particular series of Bonds that enable the Trustee to perform its obligations under the Indenture.

(D) Any amount held by the Trustee in the Bond Fund on the due date for a Loan Payment under the Loan Agreement will be credited against the installment due on such date to the extent available for such purpose under the terms of the Indenture and the Loan Agreement.

Allocation of Revenues

On or before any date on which interest or principal (whether at maturity, or by redemption or acceleration) is due, the Trustee will transfer funds from the Bond Fund and deposit into the following respective accounts (each of which the Trustee is directed and agrees to establish and maintain within the Bond Fund), the following amounts, in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

FIRST: to the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date or date of redemption of all Bonds then Outstanding, until the balance in such account is equal to such aggregate amount of interest.

SECOND: to the Principal Account, the amount paid by the Companies and designated as or attributable to principal on the Bonds in the most recent Loan Payment equal to the aggregate amount of principal due on the next succeeding Interest Payment Date.

THIRD: to the Redemption Account, the aggregate amount of principal and premium next coming due by acceleration or by redemption permitted or required under the Indenture, or any portion thereof paid by the Companies.

Priority of Moneys in Bond Fund

Funds for the payment of the principal or redemption price of and interest on the Bonds will be derived from the following sources in the order of priority indicated in each of the accounts in the Bond Fund; provided, however, that amounts in the respective accounts in the Bond Fund will be used to pay when due (whether upon redemption, purchase, acceleration, Interest Payment Date, maturity or otherwise) the principal or redemption price of and interest on the Bonds held by Holders other than a Company prior to the payment of the principal and interest on the Bonds held by a Company:

(i) moneys paid into the Interest Account, if any, representing accrued interest received at the initial sale of the Bonds and proceeds from the investment thereof which are to be applied to the payment of interest on such Bonds;

(ii) any other moneys paid into and deposited in the Bond Fund and proceeds from the investment thereof; and

(iii) any other moneys paid into and deposited in the Bond Fund by the Companies and proceeds from the investment thereof.

Investment of Moneys

All moneys in any of the funds or accounts established pursuant to the Indenture will be invested by the Trustee as specifically directed in writing by AWCC or its Authorized Representative, solely in Investment Securities. Notwithstanding any other provision in the Indenture, in the absence of written investment instructions directing the Trustee by noon of the second Business Day preceding the day when investments are to be made, the Trustee is directed to invest available funds in the money market mutual fund to be designated in writing by AWCC to the Trustee prior to the date of issuance of the Bonds. The Trustee will not be liable for any consequences resulting from any investments made pursuant to the preceding sentence. The Trustee will be entitled to rely conclusively upon AWCC's investment directions as to the fact that each such investment meets the criteria of the Indenture.

Investment Securities may be purchased at such prices as the Trustee may be directed by AWCC or its Authorized Representative electronically or in writing. All Investment Securities are to be acquired subject to the limitations set forth in the Indenture and such additional limitations or requirements consistent with the foregoing as may be established by written request of AWCC.

Except as otherwise provided in the Indenture and described in this paragraph, moneys in all funds and accounts will be invested in Investment Securities maturing not later than the date on which such moneys will be required for the purposes specified in the Indenture. Notwithstanding anything else contained in the Indenture and described under this subheading, any moneys in the Interest Account, the Principal Account or the Redemption Account held for the payment of particular Bonds (prior to the payment or redemption date thereof) will be invested at the written direction of AWCC in direct obligations of the United States of America or bonds or other obligations guaranteed by the United States government or for which the full faith and credit of the United States of America is pledged for the full and timely payment of principal and interest thereof (or mutual funds consisting of such obligations which are rated in the highest rating category by each Rating Agency), rated in the highest rating category applicable to such investments which mature not later than the date on which it is estimated that such moneys will be required to pay such Bonds (but in any event maturing in not more than 30 days). Investments of moneys in the Rebate Fund are also subject to the provisions of the Tax Agreement. Moneys held for non-presented Bonds will be held uninvested in accordance with the Indenture.

All interest, profits and other income received from the investment of moneys in any fund established pursuant to the Indenture and allowed to be invested in accordance with the Indenture will be deposited in the fund from which such investment was made. Notwithstanding anything to the contrary contained in the Indenture and described in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security will be credited to the fund from which such accrued interest was paid. To the extent that any Investment Securities are registrable, such Investment Securities will be registered in the name of the Trustee or its nominee.

For the purpose of determining the amount in any fund, all Investment Securities credited to such fund will be valued at the lesser of cost or par value plus, prior to the first payment of interest following such purchase, the amount of accrued interest, if any, paid as a part of the purchase price.

Subject to provisions of the Indenture, investments in any and all funds and accounts (other than remarketing proceeds, moneys in the Rebate Fund or moneys held for the payment of particular Bonds (including moneys held for non-presented Bonds or held by the Trustee under the provisions of the Indenture relating to the defeasance of Bonds by the deposit of money or securities with the Trustee)) may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions of the Indenture for transfer to or holding in particular funds and accounts amounts received or held by the Trustee thereunder, provided that the Trustee will at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture. Subject to the provisions of the Indenture, any moneys invested in accordance with the Indenture as described in this subheading may be invested in a pooled investment account consisting solely of funds held by the Trustee as a fiduciary. AWCC acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant AWCC the right to receive brokerage confirmations of security transactions as they occur, AWCC specifically waives receipt of such confirmations to the extent permitted by law. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell or present for redemption any Investment Securities so purchased whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Investment Security is credited, and the Trustee will not be liable or responsible for any loss or tax resulting from such investment.

Rebate Fund

Upon direction by AWCC, the Trustee will establish and maintain the Rebate Fund separate from any other fund established and maintained under the Indenture. The Trustee will deposit funds into and disburse funds from the Rebate Fund as directed in writing by AWCC in accordance with the terms of the Indenture and of the Tax Agreement. Moneys in the Rebate Fund are not and cannot be pledged to the payment of debt service on the Bonds.

Events of Default; Acceleration; Waiver of Default

Each of the following events which has occurred and is continuing will constitute an "Event of Default" under the Indenture:

(A) default in the due and punctual payment of the principal of, or premium (if any) on, any Bond, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(B) default in the due and punctual payment of (i) any installment of interest on any Bond and the continuation thereof for a period of five days and (ii) the Purchase Price of any Bond;

(C) failure by the Issuer to comply with the provisions of the Act relating to the Bonds or the Facilities or with any of its covenants under the Indenture or in the Bonds, and the continuation of such failure for a period of 90 days after written notice thereof, specifying such default and requiring the same to be remedied, has been given to the Issuer and the Companies by the Trustee, or to the Issuer, the Companies and the Trustee by the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; or

(D) the occurrence and continuance of a Loan Default Event.

No default specified in (C) above will constitute an Event of Default unless the Issuer and the Companies have failed to correct such default within the applicable period; provided, however, that if the default is such that it cannot be corrected within such period, it will not constitute an Event of Default if corrective action is instituted by the Issuer or the Companies within the applicable period and diligently pursued. With regard to any alleged default concerning which notice is given to the Companies under the Indenture as described in this subheading, the Issuer grants the Companies full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in such notice to constitute a default in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

During the continuance of an Event of Default described in (A) or (B) above or an Event of Default described in (D) above relating to a Loan Default Event due to the dissolution, liquidation, bankruptcy or similar event of a Company as described below in this APPENDIX B in (d) under "THE LOAN AGREEMENT - Loan Default Events and Remedies," unless the principal of all the Bonds has already become due and payable, the Trustee may, and upon the written request of the Holders of not less than 66-2/3% in aggregate principal amount of the Bonds at the time Outstanding the Trustee will, promptly upon such occurrence, by notice in writing to the Issuer and the Companies, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Interest on the Bonds will cease to accrue as of the date of the declaration of acceleration. The Trustee will promptly notify the Bondholders of the date of acceleration and the cessation of accrual of interest on the Bonds in the same manner as for a notice of redemption.

The provisions of the Indenture described in the preceding paragraph, however, are subject to the condition that if, at any time after the principal of the Bonds has been declared due and payable because of the occurrence of an Event of Default described in (A), (B) or (D) above, and before any judgment or decree for the payment of the moneys due has been obtained or entered as provided in the Indenture, there has been deposited with the Trustee a sum sufficient to pay all the principal of the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal at the rate of interest then borne by the Bonds, and the reasonable fees and expenses of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) have been remedied, then, and in every such case, such Event of Default will be deemed waived and such declaration and its consequences rescinded and annulled; but no such rescission and annulment will extend to or affect any subsequent default, or impair or exhaust any right or power consequent thereon.

Institution of Legal Proceedings by Trustee

Subject to the provisions described in the preceding paragraph, if one or more of the Events of Default has happened and is continuing, the Trustee in its discretion may, and upon the written request of the Holders of 66-2/3% in aggregate principal amount of the Bonds then Outstanding and upon being

indemnified to its satisfaction pursuant to provisions of the Indenture relating to expenditures by the Trustee of its own funds will, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Act or under the Indenture or the Loan Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained therein, or in aid of the execution of any power therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee deems most effectual in support of any of its rights or duties under the Indenture.

Application of Revenues and Other Funds after Default

If an Event of Default has occurred and is continuing under the Indenture, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture will, subject to certain provisions of the Indenture relating to the Rebate Fund, arbitrage covenants, and other funds held for the payment of particular Bonds, be promptly applied by the Trustee as follows and in the following order:

(1) to the payment of reasonable fees, charges and expenses of the Trustee and the Issuer (including reasonable fees and disbursements of its legal counsel) incurred in and about the performance of its powers and duties under the Indenture and to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds; and

(2) to the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture (including provisions of the Indenture relating to the extension of time for the payment of the Bonds), as follows:

(a) Unless the principal of all of the Bonds has become or has been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available is not sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(b) If the principal of all of the Bonds has become or has been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the Bonds, and, if the amount available is not sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively

for principal and interest, to the persons entitled thereto without any discrimination or preference.

Whenever the principal of, and interest on, all Bonds have been paid under the provisions of the Indenture and all fees, expenses and charges of the Trustee have been paid, any balance remaining under the Indenture will be paid to the Issuer for any amounts due and owing to the Issuer and then to the Companies.

Trustee to Represent Bondholders

The Trustee is irrevocably appointed under the Indenture (and the successive respective Holders of the Bonds, by taking and holding the same, will be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, the Indenture, the Loan Agreement, the Act and applicable provisions of any other law. Subject to the provisions of the Indenture described above in this APPENDIX B under "THE INDENTURE - Events of Default; Acceleration; Waiver of Default," if one or more of the Events of Default happens and is continuing, the Trustee in its discretion may, and upon the written request of the Holders of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction therefor the Trustee will, proceed to protect or enforce its rights or the rights of the Holders of Bonds under the Indenture or the Loan Agreement, or under the Act or any other law, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Indenture or the Loan Agreement, or in aid of the execution of any power granted in the Indenture or the Loan Agreement, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties under the Indenture or the Loan Agreement. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Holders of the Bonds, subject to the provisions of the Indenture (including provisions of the Indenture relating to the extension of time for the payment of the Bonds).

Bondholders' Direction of Proceedings

Anything in the Indenture to the contrary notwithstanding, but subject to provisions of the Indenture relating to duties, immunities, liabilities, compensation and indemnification of the Trustee, the Holders of 66-2/3% in aggregate principal amount of the Bonds then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction will be in accordance with law and the provisions of the Indenture, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or for which it has not been provided indemnity reasonably satisfactory to it.

Limitation on Bondholders' Right to Sue

Subject to the provisions of the Indenture described in the immediately following subheading under "- Absolute Obligation of Issuer" in this APPENDIX B, no Holder of any Bond has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Loan Agreement, the Act or any other applicable law with respect to such Bond, unless (1) such Holder has given to the Trustee written notice of the occurrence of an Event of Default;

(2) the Holders of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (3) subject to provisions of the Indenture requiring the Trustee to take certain actions with or without indemnity, such Holder or Holders have tendered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee has refused or omitted to comply with such request for a period of 60 days after such written request has been received by, and such tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are conditions precedent to the exercise by any Holder of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Holders of Bonds will have any right in any manner whatever by such Holders' action to affect, disturb or prejudice the security of the Indenture or the rights of any other Holders of Bonds, or to enforce any right under the Indenture, the Loan Agreement, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of the Indenture (including provisions of the Indenture relating to extension of time for the payment of the Bonds).

Absolute Obligation of Issuer

Subject to the provisions of the Indenture, nothing described in the immediately preceding subheading or in any other provision of the Indenture (except the requirement for authentication by the Trustee), or in the Bonds will affect or impair the obligation of the Issuer, which is absolute and unconditional, to cause to be paid the principal of and interest on the Bonds to the respective Holders of the Bonds at their date of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Revenues and other assets pledged in the Indenture therefor, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings

In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default have been discontinued or abandoned for any reason or have been determined adversely to the Trustee or the Bondholders, then in every such case the Issuer, the Trustee and the Bondholders, subject to any determination in such proceedings, will be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Issuer, the Trustee and the Bondholders will continue as though no such proceedings had been taken.

Remedies Not Exclusive

No remedy conferred upon or reserved to the Trustee or to the Holders of the Bonds in the Indenture is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, is cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

No Waiver of Default

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default will impair any such right or power or will be construed to be a

waiver of any such default or an acquiescence therein; and every power and remedy given by the Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Compensation and Indemnification

The Trustee, in its capacities as Trustee, Tender Agent, Paying Agent and Bond Registrar under the Indenture, and any other Paying Agent, is entitled to compensation as agreed to in writing from time to time between the Trustee and the Companies for all services rendered by it in the execution of the trusts created and in the exercise and performance of any of its powers and duties under the Indenture, which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Companies will pay or reimburse the Trustee upon its request for reasonable out-of-pocket expenses, disbursements and advances incurred or made by it in accordance with any of the provisions of the Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Companies have also agreed to indemnify the Trustee, in its capacities as Trustee, Tender Agent, Paying Agent and Bond Registrar, and any other Paying Agent, as the case may be, for, and to hold them harmless against, any loss, liability, expense or advance incurred or made without negligence or willful misconduct on the part of the Trustee or any other Paying Agent, as the case may be, arising out of or in connection with the acceptance or administration of the trust created under the Indenture, including the costs and expenses of defending themselves against any claim of liability in the premises (including reasonable attorneys' fees and expenses).

The rights of the Trustee, in its multiple capacities, to compensation for its services and to payment or reimbursement for expenses, disbursements, liabilities and advances have priority over the Bonds in respect of all property and funds held or collected by the Trustee, in such capacities, except for moneys held in the Rebate Fund, remarketing proceeds, and other funds held in trust by the Trustee, in such capacities, for the benefit of the Holders of particular Bonds, including, without limitation, (i) moneys or securities held pursuant to the Indenture for the defeasance of Bonds; and (ii) moneys or securities held for the payment of Bonds upon maturity or redemption and prior to the presentation of such Bonds.

Removal or Resignation of Trustee; Appointment of Successor Trustee

The Indenture provides that the Issuer will, upon 30 days' written notice to the Trustee, remove the Trustee at any time upon written request of the Companies (provided there is no Loan Default Event existing under the Loan Agreement), or if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Issuer receives notice from the Trustee or the Companies that the Trustee has ceased to be eligible to serve as Trustee under the Indenture, or has become incapable of acting, or has been adjudged bankrupt or insolvent, or a receiver of the Trustee or its property has been appointed, or any public officer has taken control or charge of the Trustee or of its property or affairs, and thereupon the Issuer will appoint, at the written direction of the Companies, a successor Trustee by an instrument in writing. Any removal of the Trustee will become effective only upon the appointment of its successor as provided in the Indenture.

The Trustee also may at any time resign by giving 30 days' written notice of such resignation to the Companies and the Issuer and to the Bondholders by mail at their addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Issuer will promptly appoint, at the direction of the Companies (provided there is no Loan Default Event existing under the Loan Agreement), a successor Trustee by an instrument in writing. The successor Trustee will provide the Bondholders notice of the Trustee's resignation by mail at the address shown on the registration books

maintained by DTC. Such resignation will not take effect until a successor Trustee has been appointed as provided in the Indenture.

Any Trustee appointed pursuant to the provisions of the Indenture described above must be a trust company, bank or corporation having the powers of a trust company which either (i) has a combined capital and surplus of at least $50,000,000 and is subject to supervision or examination by federal, District of Columbia or state authority, or (ii) is a wholly owned subsidiary of a bank, trust company or bank holding company meeting, on an aggregate basis, the tests described in clause (i) above.

Appointment and Duties of Remarketing Agent

No Remarketing Agent has been or will be appointed in connection with the issuance of the Bonds but AWCC has agreed to appoint a Remarketing Agent for each series of the Bonds prior to the remarketing of the Bonds to occur in connection with the Mandatory Purchase Date on October 1, 2029. The Indenture provides that any Remarketing Agent must be (i) an investment bank that is a member of the Financial Industry Regulatory Authority, Inc. having a capitalization of at least $15,000,000 as shown in the most recent annual report of the Remarketing Agent or its parent; or (ii) a commercial bank or trust company having a capitalization of at least $100,000,000 as shown in its most recent published annual report, organized and doing business under the laws of the United States of America or any state or the District of Columbia. The Indenture also requires that any Remarketing Agent or its parent must have a rating from S&P of at least "BBB-" (if the Bonds are then rated by S&P) or a rating from Moody's of at least "Baa3" (if the Bonds are then rated by Moody's) or be approved by each Rating Agency then rating the Bonds. The Remarketing Agent will signify its acceptance of the duties and obligations imposed on it under the Indenture by a written instrument of acceptance delivered to the Companies, the Issuer and the Trustee under which the Remarketing Agent will agree to perform the obligations of the Remarketing Agent set forth in the Indenture and under which the Remarketing Agent will agree to keep such books and records as is consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee and the Companies at all reasonable times. The Remarketing Agent is required under the Indenture to remarket the Bonds, to determine the interest rates on the Bonds, to hold all moneys delivered to it in trust in non-commingled funds for the benefit of the person or entity which delivered such moneys until such moneys are delivered to the Trustee and to perform the other duties provided for in the Indenture. The Remarketing Agent may act for its own account, or as broker or agent for others deal in Bonds, and may do anything any other Holder may do to the same extent as if the Remarketing Agent were not serving as such.

A Remarketing Agent may resign by notifying the Issuer, the Trustee and the Companies in writing at least 30 days before the effective date of such resignation. AWCC may remove the Remarketing Agent at any time on 15 days' notice at its own discretion and appoint a successor by notifying the Remarketing Agent, the Issuer and the Trustee. No removal of the Remarketing Agent by AWCC will be effective unless a successor has been appointed.

Modification or Amendment of the Indenture

(A) The Indenture provides that, except as described in paragraph (B) below, it, and the rights and obligations of the Issuer, the Holders of the Bonds and the Trustee, may be modified or amended from time to time and at any time by an indenture or indentures supplemental to the Indenture, which the Issuer and the Trustee may enter into when the written consent of the Holders of a majority in aggregate principal amount of all Bonds then Outstanding and an Approving Opinion has been filed with the Trustee. No such modification or amendment may (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or change the rights of optional and mandatory tender, or extend the time of payment, or change the method of computing the rate of interest thereon or create a privilege or priority of any Bond

over any other Bond, or extend the time of payment of interest thereon, without the consent of the Holder of each Bond so affected; (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment; (3) permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture, or (4) deprive the Holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Holders of all of the Bonds then Outstanding and receipt by the Trustee of an Approving Opinion.

(B) The Indenture also provides that it, and the rights and obligations of the Issuer, the Trustee and the Holders of the Bonds, may also be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto for any one or more of the following purposes, which the Issuer and the Trustee may enter into without the consent of any Bondholders but only to the extent permitted by law and after receipt of an Opinion of Counsel addressed to the Trustee that the provisions of such Supplemental Indenture do not adversely affect the Tax-Exempt status of the Bonds:

(1) to add to the covenants and agreements of the Issuer contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power therein reserved to or conferred upon the Issuer;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Indenture, as the Issuer, at the direction of the Companies, may deem necessary or desirable and not inconsistent with the Indenture, including amendments to permit or facilitate partial conversion of the Bonds to another Interest Rate Period;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such act or similar federal statute;

(4) to obtain a rating on the Bonds; or

(5) to modify, alter, amend or supplement the Indenture in any other respect, including amendments which would otherwise be described in paragraph (A) of this subheading, if the effective date of such Supplemental Indenture is a date on which all Bonds affected thereby are subject to mandatory tender for purchase pursuant to the Indenture or if notice of the proposed Supplemental Indenture is mailed to Holders of the affected Bonds at least 30 days before the effective date thereof and, on or before such effective date, such Bondholders have the right to demand purchase of their Bonds as described in the Indenture.

(C) Anything in the Indenture to the contrary notwithstanding, a Supplemental Indenture will not become effective unless and until the Companies have consented to it in writing.

Defeasance

Bonds may be paid by the Issuer in any of the following ways, provided that the Issuer also causes to be paid any other sums payable under the Indenture by the Issuer:

(a) by causing to be paid the principal of, and interest on, the Bonds then Outstanding as and when the same become due and payable;

(b) by causing the Companies to deposit with the Trustee, in trust, at or before maturity or the redemption date thereof, money or securities in the necessary amount (as described below in this APPENDIX B under "THE INDENTURE - Deposit of Money or Securities with Trustee") to pay or redeem all Bonds then Outstanding; or

(c) by delivering to the Trustee, for cancellation by it, the Bonds then Outstanding.

If the Issuer also causes to be paid all other sums payable under the Indenture by the Issuer, then and in that case, at the election of the Issuer, and notwithstanding that Bonds have not been surrendered for payment, the Indenture and the pledge of Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Issuer under the Indenture will cease, terminate, become void and be completely discharged and satisfied except as described below in this APPENDIX B under "THE INDENTURE - Discharge of Liability on Bonds." In such event, upon written request of the Issuer, the Trustee will cause an accounting for such period or periods as may be requested by the Issuer to be prepared and filed with the Issuer and will execute and deliver to the Issuer all such instruments as may be necessary or desirable to evidence such discharge and satisfaction (provided satisfactory indemnity is provided to it) and the Trustee will pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture (other than the Rebate Fund) which are not required for the payment or redemption of Bonds that have not yet been surrendered for such payment or redemption and which are otherwise not amounts owed to the Trustee under the Indenture in the following order (1) first, to the Issuer, to pay any amounts due and owing to the Issuer and (2) second, to the Companies, provided, however, that the Companies may not receive any funds derived from remarketing proceeds, or moneys held for the payment of particular Bonds (including moneys held for non-presented Bonds).

Discharge of Liability on Bonds

Upon the deposit with the Trustee pursuant to the Indenture, in trust, at or before maturity or redemption, as the case may be, of money or securities in the necessary amount (as described below in this APPENDIX B under "THE INDENTURE - Deposit of Money or Securities with Trustee") to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond); provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Indenture and described in this Official Statement under "THE BONDS – Redemption - Notice of Redemption" or provision satisfactory to the Trustee has been made for the giving of such notice, then all liability of the Issuer in respect of such Bond will cease, terminate and be completely discharged, except that the Holder thereof is thereafter entitled to the payment of the principal of, and interest on, such Bond by the Issuer, and the Issuer will remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for their payment and such money or securities will be pledged to such payment; provided further, however, that certain provisions of the Indenture will apply in all events.

The Issuer may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Issuer may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Deposit of Money or Securities with Trustee

Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture (exclusive of the Rebate Fund and the account described in the Indenture relating to unclaimed money) and shall be any combination of:

(A) moneys in an equal amount to the principal amount of such Bonds, and all unpaid interest thereon to maturity except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in the Indenture or provision satisfactory to the Trustee has been made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(B) Investment Securities (rated S&P "AAA" or equivalent) which consist solely of securities described in clause (i) or (ii) of the definition of investment Securities;

provided, in each case, that the Trustee has been irrevocably instructed (by the terms of the Indenture or by written request of the Issuer) to apply such money or Investment Securities to the payment of such principal, and interest with respect to such Bonds; provided further that each Rating Agency then rating such Bonds and the Trustee have received a report of a firm of independent certified public accountants selected by a Company addressed to the Trustee that the moneys or Investment Securities on deposit are sufficient to pay the principal, and interest on the Bonds on the maturity or redemption date.

THE LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and it is qualified in its entirety by reference to the Loan Agreement, copies of which are on file with the Trustee.

Agreement to Issue Bonds; Application of Bond Proceeds; Deposit of Additional Funds by Companies

To provide funds to currently refund the 2009 Series A Bonds, the Issuer has agreed under the Loan Agreement to issue under the Indenture, sell and cause to be delivered to the purchasers thereof, the Series 2019A Bonds. The proceeds received from the sale of the Series 2019A Bonds will initially be deposited with the Trustee as provided in the Indenture and, in accordance with the Indenture, the Trustee is directed to transfer such proceeds on the date of issuance of the Series 2019A Bonds to The Bank of New York Mellon, as trustee for the holders of the 2009 Series A Bonds (the "2009 Series A Trustee"), under an Escrow Agreement dated the date of issuance of the Series 2019A Bonds with the Companies (the "Escrow Agreement") for the defeasance and current refunding of the 2009 Series A Bonds as provided in the Indenture.

To provide funds to currently refund the 2009 Series B Bonds, the Issuer has agreed under the Loan Agreement to issue under the Indenture, sell and cause to be delivered to the purchasers thereof, the Series 2019B Bonds. The proceeds received from the sale of the Series 2019B Bonds will initially be deposited with the Trustee as provided in the Indenture and, in accordance with the Indenture, the Trustee is directed to transfer such proceeds on the date of issuance of the Series 2019B Bonds to The Bank of New York Mellon, as trustee for the holders of the 2009 Series B Bonds (the "2009 Series B Trustee"), under the Escrow Agreement for the defeasance and current refunding of the 2009 Series B Bonds as provided in the Indenture.

The Companies covenant to provide on the date of issuance of the Bonds (1) moneys for deposit with the 2009 Series A Trustee under the Escrow Agreement which will be sufficient to pay the redemption price of all of the 2009 Series A Bonds to be redeemed on the redemption date within 90 days of the date of issuance of the Series 2019A Bonds, and (2) moneys for deposit with the 2009 Series B Trustee under the Escrow Agreement which will be sufficient to pay the redemption price of all of the 2009 Series B

Bonds to be redeemed on the redemption date within 90 days of the date of issuance of the Series 2019B Bonds.

Loan of Bond Proceeds; Issuance of Bonds

The Issuer covenants and agrees, upon the terms and conditions in the Loan Agreement, to issue the Series 2019A Bonds and to make a loan to the Companies from the proceeds of such Bonds for the purpose of refunding the 2009 Series A Bonds and to issue the Series 2019B Bonds and to make a loan to the Companies from the proceeds of such Bonds to make a loan to the Companies from the proceeds of such Bonds for the purpose of refunding the 2009 Series B Bonds, and the Companies agree to apply the gross proceeds of such loans to the refunding of the 2009 Series A Bonds and the 2009 Series B Bonds as set forth in the Loan Agreement.

Loan Payments and Purchase Price Payments

On or before 12:30 p.m. New York City time on each Bond Payment Date, until the principal of and interest on, the Bonds have been fully paid or provision for such payment has been made as provided in the Indenture, the Companies agree under the Loan Agreement that they will pay to the Trustee as a repayment on the loan made to the Companies from Bond proceeds pursuant to the Loan Agreement, a sum equal to the amount payable on such Bond Payment Date as principal of, and interest on, the Bonds as provided in the Indenture.

Each Loan Payment made as described in the immediately preceding paragraph will at all times be sufficient to pay the total amount of interest and principal (whether at maturity or upon redemption or acceleration) becoming due and payable on the Bonds on each Bond Payment Date; provided that any amount held by the Trustee in the Bond Fund on any due date for a Loan Payment under the Loan Agreement will be credited against the Loan Payment due on such date, to the extent available for such purpose; and provided further that, subject to the provisions of the Loan Agreement described in this paragraph, if at any time the amounts held by the Trustee in the Bond Fund are sufficient to pay all of the principal of and interest on the Bonds as such payments become due, the Companies will be relieved of any obligation to make any further Loan Payments.

The Companies have also agreed under the Loan Agreement to pay the Purchase Price due on the Mandatory Purchase Date by 1:45 p.m. New York City time on the Mandatory Purchase Date in federal or other immediately available funds; provided, however the obligation to make such Purchase Price Payments will be deemed satisfied to the extent that such Purchase Price is paid from proceeds received from the remarketing of the Bonds by the Remarketing Agent on the Mandatory Purchase Date. See "THE BONDS Purchase and Remarketing of Bonds" in the Official Statement.

The obligations of the Companies under the Loan Agreement to make Loan Payments and Purchase Price Payments are joint and several obligations and liabilities of AWCC and Kentucky-American, as the "Borrowers" thereunder. It is the intention of AWCC and Kentucky-American, as between themselves and not in contradiction of their joint and several liability as the "Borrowers" under the Loan Agreement, that AWCC will be primarily responsible for the Loan Payments and Purchase Price Payments while Kentucky-American will be primarily responsible for the covenants under the Loan Agreement relating to the operation and maintenance of the Facilities.

Unconditional Obligation

The obligations of the Companies to make the Loan Payments and the Purchase Price Payments, as well as the payment of the fees of the Issuer, Trustee and Remarketing Agent required by the Loan

Agreement, and to perform and observe the other agreements on the part of the Companies contained in the Loan Agreement are absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim they might otherwise have against the Issuer, and during the term of the Loan Agreement the Companies are required to make all such payments free of any deductions and without abatement, diminution or set-off. Until such time as the principal of and interest on, the Bonds have been fully paid, or provision for the payment thereof has been made as required by the Indenture, the Companies (i) will not suspend or discontinue any such payments provided for in the Loan Agreement; (ii) will perform and observe all of their other covenants contained in the Loan Agreement; and (iii) except as provided in the Loan Agreement and described below in this APPENDIX B under "THE LOAN AGREEMENT - Prepayment," will not terminate the Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to all or a portion of those facilities or equipment comprising the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the Commonwealth of Kentucky or any political subdivision of either of these, or any failure of the Issuer or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement or the Indenture, except to the extent permitted by the Loan Agreement.

Assignment of the Issuer's Rights

As security for the payment of the Bonds, the Issuer has agreed under the Loan Agreement to assign to the Trustee the Issuer's rights under the Loan Agreement, including the right to receive Loan Payments thereunder, except for the Unassigned Issuer Rights. The Companies are directed by the Issuer under the Loan Agreement to make the Loan Payments directly to the Trustee for deposit to the Bond Fund as contemplated by the Indenture and to make the Purchase Price Payments directly to the directly to the Trustee, in its capacity as Trustee or Tender Agent as contemplated by the Indenture. The Companies have consented to such assignment under the Loan Agreement and have agreed to make such payments directly to the Trustee or the Tender Agent, as the case may be, without defense or set-off by reason of any dispute between the Companies and the Issuer or the Trustee.

Special Covenants and Agreements

The Loan Agreement contains certain covenants of the Companies, including the following:

Right of Access to the Facilities. During the term of the Loan Agreement and so long as Kentucky-American owns the Facilities, the Issuer, the Trustee, and the duly authorized agents of either of them will have the right at all reasonable times during normal business hours to enter upon each site where any part of the Facilities is located and to examine and inspect such Facilities; provided that reasonable notice is given to Kentucky-American at least five Business Days prior to such examination or inspection, and such inspection does not disturb Kentucky-American's normal business operations.

Maintenance of Existence. Each Company covenants and agrees under the Loan Agreement that during the term of the Loan Agreement, such Company will maintain its legal existence in good standing in its state of formation, and, in the case of Kentucky-American, Kentucky-American will be organized or qualified (or its applicable subsidiary will be organized or qualified) to conduct business in the Commonwealth of Kentucky either directly or indirectly through one of its subsidiaries or affiliates. Each Company further covenants and agrees that it will not dissolve, sell or otherwise dispose of all or substantially all of its assets and will not combine or consolidate with or merge into another entity so that such Company is not the resulting or surviving entity (any such sale, disposition, combination or merger referred to hereafter as a "transaction"); provided that such Company may enter into such transaction, if: (i) the surviving or

resulting transferee, person or entity, as the case may be, assumes and agrees in writing to pay and perform all of the obligations of such Company under the Loan Agreement and the Tax Agreement; (ii) in the case of Kentucky-American, the surviving or resulting transferee, person or entity, as the case may be (or its applicable subsidiary), is organized or qualified to do business in the Commonwealth of Kentucky as a foreign qualified corporation or other entity under the laws of such Commonwealth; (iii) such Company delivers to the Trustee prior to the consummation of the transaction an Approving Opinion; and (iv) such Company delivers to the Issuer and the Trustee a copy of the assumption agreement described in clause (i) above and, if applicable, evidence of qualification to do business in the Commonwealth of Kentucky as described in clause (ii) above.

If a merger, consolidation, sale or other transfer is effected, as provided in the Loan Agreement, all provisions of the Loan Agreement described in the immediately preceding paragraph will continue in full force and effect and no further merger, consolidation, sale or transfer will be effected except in accordance with the provisions of the Loan Agreement described in the immediately preceding paragraph.

Loan Default Events and Remedies

Loan Default Events. Any one of the following which occurs and continues will constitute a Loan Default Event:

(a) Failure of the Companies to make any Loan Payment required by the Loan Agreement when due, which failure has resulted in an Event of Default under the Indenture described in paragraph (A) or (B) of the first paragraph under "THE INDENTURE – Events of Default; Acceleration; Waiver of Default" in this APPENDIX B; or

(b) Failure of the Companies to make any Purchase Price Payment required by the Loan Agreement when due, which failure has resulted in an Event of Default under the Indenture described in paragraph (B) of the first paragraph under "THE INDENTURE – Events of Default; Acceleration; Waiver of Default" in this APPENDIX B; or

(c) Failure of a Company to observe and perform any covenant, condition or agreement on its part required to be observed or performed by the Loan Agreement (other than as provided in clause (a) or (b) above), which continues for a period of 30 days after written notice delivered by the Issuer or the Trustee to the Companies, which notice specifies such failure and requests that it be remedied, unless the Issuer and the Trustee agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued in good faith until the default is corrected; or

(d) The dissolution or liquidation of a Company or the filing by a Company of a voluntary petition in bankruptcy, or failure by a Company promptly to cause to be lifted any execution, garnishment or attachment of such consequence as will impair such Company's ability to carry on its obligations under the Loan Agreement, or the entry of any order or decree granting relief in any involuntary case commenced against a Company under any present or future federal bankruptcy act or any similar federal or state law, or a petition for such an order or decree is filed in any court and such petition is not discharged or denied within 90 days after the filing thereof, or if a Company admits in writing its inability to pay its debts generally as they become due, or a receiver, trustee or liquidator of a Company is appointed in any proceeding brought against such Company and is not discharged within 90 days after such appointment or if a Company consents to or acquiesces in such appointment, or assignment by a Company for the benefit of its creditors, or the entry by a Company into an agreement of

composition with its creditors, or a bankruptcy, insolvency or similar proceeding is otherwise initiated by or against a Company under any applicable bankruptcy, reorganization or analogous law as now or hereafter in effect and if initiated against a Company remains undismissed (subject to no further appeal) for a period of 90 days; provided, the term "dissolution or liquidation of a Company," as used in the Loan Agreement as described in this subsection, is not to be construed to include the cessation of the existence of such Company resulting either from a merger or consolidation of such Company into or with another entity or a dissolution or liquidation of such Company following a transfer of all or substantially all of its assets as an entirety or under the conditions permitting such actions as described above in this APPENDIX B under "THE LOAN AGREEMENT - Special Covenants and Agreements - *Maintenance of Existence.*"

(e) The existence of an "Event of Default" under the Indenture. See above in this APPENDIX B under "THE INDENTURE - Events of Default; Acceleration; Waiver of Default."

Remedies on Default. Subject to provisions of the Loan Agreement described in the immediately preceding subheading, whenever any Loan Default Event has occurred and is continuing:

(a) In the case of a Loan Default Event described in clause (a), (b) or (d) of the immediately preceding paragraph, the Trustee, by written notice to the Issuer and the Companies, is to declare the unpaid balance of the loan payable under the Loan Agreement to be due and payable immediately, provided that concurrently with or prior to such notice the unpaid principal amount of the Bonds has been declared to be due and payable under the Indenture. Upon any such declaration such amount will become immediately due and payable as determined in accordance with the Indenture.

(b) The Trustee may have access to and may inspect, examine and make copies of the books and records and any and all accounts, data and federal income tax and other tax returns of the Companies relating to the Bonds and/or the Facilities.

(c) The Issuer or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Companies under the Loan Agreement.

In case the Trustee or the Issuer has proceeded to enforce its rights under the Loan Agreement and such proceedings have been discontinued or abandoned for any reason or determined adversely to the Trustee or the Issuer, then, and in every such case, the Companies, the Trustee and the Issuer will be restored respectively to their several positions and rights under the Loan Agreement, and all rights, remedies and powers of the Companies, the Trustee and the Issuer will continue as though no such action had been taken.

In case a Loan Default Event occurs with respect to the payment of any Loan Payment payable under the Loan Agreement and the unpaid principal amount of the Bonds has been declared to be due and payable under the Indenture then, upon demand of the Trustee, the Companies will pay to the Trustee the whole amount that then has become due and payable under the Loan Agreement, with interest on the amount then overdue at the rate then borne by the Bonds on the day prior to the occurrence of such default. In case the Companies fail to pay such amounts upon such demand, the Trustee is entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Companies and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of a Company under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee has been appointed for the property of a Company or in the case of any other similar judicial proceedings relative to a Company, or the creditors or property of a Company, then the Trustee is entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to such Company, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is authorized under the Loan Agreement to make such payments to the Trustee, and to pay to the Trustee and the Issuer any amount due each of them for their respective reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by each of them up to the date of such distribution.

In the event the Trustee incurs expenses or renders services in any proceedings which result from a Loan Default Event described in clause (d) of the first paragraph under this subheading, or from any default which, with the passage of time, would become such Loan Default Event, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code, Title 11 of the United States Code, as amended, and any successor statute or statutes having substantively the same function.

Prepayment

Options to Prepay Installments. The Companies have the option to prepay the Loan Payments with respect to a series of Bonds by paying to the Trustee, for deposit in the Bond Fund, the amount described in the second succeeding paragraph and to cause all or any part of the Bonds of such series to be redeemed at the times and at the prices set forth in the Indenture and described in this Official Statement under the caption "THE BONDS – Redemption - Optional Redemption."

Mandatory Prepayment. If a mandatory redemption of the Bonds of a series is required under the Indenture as described in this Official Statement under the caption "THE BONDS – Redemption - Mandatory Redemption Upon a Determination of Taxability," the Companies have the obligation under the Loan Agreement to prepay the Loan Payments with respect to the Bonds of such series by paying to the Trustee, for deposit in the Bond Fund, the amount described in the next succeeding paragraph to be used to redeem all or a part of the Outstanding Bonds of such series.

Amount of Prepayment. In the case of a redemption of the Outstanding Bonds of both series in full, the amount to be paid is a sum sufficient, together with other funds and the yield on any securities deposited with the Trustee and available for such purpose, to pay (1) the principal of all Bonds Outstanding on the redemption date specified in the notice of redemption, plus interest accrued and to accrue to the payment or redemption date of the Bonds pursuant to the Indenture, (2) all reasonable and necessary fees and expenses of the Issuer (including without limitation, reasonable legal fees and expenses), the Trustee and any Paying Agent accrued and to accrue through final payment of the Bonds and (3) all other liabilities of the Companies accrued and to accrue under the Loan Agreement. In the case of a redemption of all of the Outstanding Bonds of a series or part of the Bonds then Outstanding of a series, the amount payable is a sum sufficient, together with other funds deposited with the Trustee and available for such purpose, to pay the principal amount of and accrued interest on the Bonds to be redeemed, as provided in the Indenture, and to pay expenses of redemption of such Bonds.

Non-Liability of Issuer

The Issuer is not be obligated to pay the principal or Purchase Price of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to the Loan Agreement. The Bonds shall not constitute an indebtedness of the Issuer within the meaning of the Constitution of the Commonwealth of Kentucky, but shall be payable as to principal and interest solely from the Revenues, including from loan repayments, made by the Companies to the Trustee on behalf of the Issuer in respect of the loan of the Bond proceeds to the Companies under the Loan Agreement. Neither the faith and credit nor the taxing power of the Issuer, the Commonwealth of Kentucky or any political subdivision thereof, nor the faith and credit of the Issuer or the Commonwealth of Kentucky is pledged to the payment of the principal or Purchase Price or interest on the Bonds. Neither the Issuer nor its officers, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with the Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Companies under the Loan Agreement. The Companies acknowledge under the Loan Agreement that the Issuer's sole source of moneys to repay the Bonds will be provided by payments made by the Companies to the Trustee pursuant to the Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and agree under the Loan Agreement that if the payments to be made under the Loan Agreement ever prove insufficient to pay all principal or Purchase Price and interest on the Bonds as the same become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Companies will pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or Purchase Price or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Companies, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor but solely, in the case of the Issuer, from the Revenues.

Amendments, Changes, and Modifications

Except as otherwise provided in the Loan Agreement or the Indenture, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated except by the written agreement of the Issuer and the Companies and with the written consent of the Trustee, if required, in accordance with the Indenture. The Indenture provides that the Issuer will not amend, modify or terminate any of the terms of the Loan Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee will give such written consent only if the Trustee first obtains either (a) an Approving Opinion of Counsel that the amendment, modification or termination will not materially adversely affect the Holders of the Bonds, including, without limitation, the Tax-Exempt status of the Bonds; or (b) the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding to such amendment, modification or termination; or (c) such amendment, modification or termination is made in connection with the amendment of the Indenture under the circumstances described in paragraph (B) above in this APPENDIX B under "THE INDENTURE - Modification or Amendment of the Indenture"; provided that no such amendment, modification or termination will reduce the amount of Loan Payments or Purchase Price Payments to be made by the Companies pursuant to the Loan Agreement, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding. In addition, the Trustee is entitled to request and rely upon an Opinion of Counsel that any such amendment (i) will not adversely affect the exemption from federal income taxation of interest on the Bonds, and (ii) is permitted by the terms of the Indenture.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

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[Dated the Date of Issuance of the Bonds]

American Water Capital Corp.
1 Water Street
Camden, New Jersey 08102

Re: $71,390,000
County of Owen, Kentucky
Water Facilities Refunding Revenue Bonds
(Kentucky-American Water Company Project)
Series 2019A and 2019B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the County of Owen, Kentucky (the "Issuer") of its $71,390,000 Water Facilities Refunding Revenue Bonds (Kentucky-American Water Company Project) Series 2019A and 2019B (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of November 1, 2019 (the "Indenture") between the Issuer and The Bank of New York Mellon, as trustee (the "Trustee"), the provisions of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes, as amended (the "Act"), and an ordinance adopted by the Fiscal Court of the Issuer on October 14, 2019 (the "Bond Ordinance"). Capitalized terms used herein and not otherwise defined shall have the meanings specified in the Indenture.

The proceeds of the Bonds, together with other funds available therefor, will be used to effect the current refunding of the Issuer's $45,390,000 in outstanding principal amount of Waterworks System Revenue Bonds, 2009 Series A (Kentucky-American Water Company Project) (the "2009 Series A Bonds") and $26,000,000 in outstanding principal amount of Waterworks System Revenue Bonds, 2009 Series B (Kentucky-American Water Company Project) (the "2009 Series B Bonds" and, together with the 2009 Series A Bonds, the "Refunded Bonds"), which Refunded Bonds were issued to acquire, construct, install and equip a water treatment plant located within the corporate boundaries of the Issuer (the "Facilities") for Kentucky-American Water Company (the "Operating Company").

The Bonds are issuable as fully registered Bonds in denominations of $5,000 and any integral multiple thereof, are dated the date hereof, mature on the dates and bear interest at the times and rates set forth in the Indenture, and are subject to redemption prior to maturity at the times, in the manner and upon the terms and conditions set forth in the Indenture. Pursuant to a Loan Agreement dated as of November 1, 2019 (the "Loan Agreement") among the Issuer, American Water Capital Corp. (hereinafter referred to together with the Operating Company as the "Borrowers") and the Operating Company, the Borrowers have agreed to make Loan Payments thereunder to the Trustee, on behalf of the Issuer, sufficient to pay the principal of, and interest on, the Bonds on each date on which any payment of principal of or interest on the Bonds becomes due.

In connection with the issuance of the Bonds, we have examined the following:

(a) A certified copy of the Bond Ordinance;

(b) An executed counterpart of the Indenture;

(c) An executed counterpart of the Loan Agreement;

(d) A specimen Bond;

(e) An executed counterpart of the Tax Regulatory Agreement dated the date hereof between the Issuer and the Borrowers (the "Tax Agreement"); and

(f) Such opinions of counsel and other documents, records and other instruments as we deem relevant and necessary in rendering this opinion.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents, written opinions and other proceedings provided to us, the authenticity of all documents submitted to us as originals, the genuineness of all signatures appearing on documents we have examined, the conformity to the originals of all documents submitted to us as certified or photostatic copies and the legal capacity of natural persons executing all executed documents. In addition, we have assumed the valid issuances of the Refunded Bonds.

As to questions of fact material to our opinions, we have relied upon the certified proceedings and other certifications of public officials furnished to us and certain representations and covenants made by the Borrowers and the Issuer in the Loan Agreement and the Tax Agreement, without undertaking to verify any of the foregoing by independent investigation.

From such examination, we are of the opinion that under existing laws, regulations, rulings and judicial decisions:

1. The Issuer has the power and authority under the Act to issue the Bonds, to enter into the Indenture, the Loan Agreement and the Tax Agreement, to apply the proceeds of the Bonds in the manner described in the Indenture and to pledge and assign to the Trustee the Revenues pursuant to the Indenture.

2. The Bonds, in the amount named, have been validly authorized, executed and issued by the Issuer, and constitute valid and binding special, limited obligations of the Issuer payable solely from and secured by the amounts available under the Loan Agreement that have been pledged and assigned under the Indenture for the payment of the Bonds and from other amounts and sources of revenues held under the Indenture and pledged therefor, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights and remedies of creditors generally and the effect of general principles of equity, whether applied by a court of law or equity, and to the exercise of judicial discretion in appropriate cases. The Bonds do not constitute an indebtedness of the Issuer within the meaning of the Constitution of Kentucky, but shall be payable as to principal and interest solely from the revenues derived from payments made by the Borrowers to the Issuer under the Loan Agreement. Neither the faith and credit nor the taxing power of the Commonwealth of Kentucky or any political subdivision thereof, including the Issuer, is pledged to the payment of the principal or interest on the Bonds.

3. The Indenture, the Loan Agreement and the Tax Agreement have been duly authorized, executed and delivered by the Issuer and, assuming the due authorization, execution and delivery thereof by the Trustee and the Borrowers, as the case may be, constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms, subject to the qualification that the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights and remedies of creditors generally and the effect of general principles of equity, whether applied by a court of law or equity, and to the exercise of judicial discretion in appropriate cases.

4. Subject to the assumption and in reliance upon the representations and certifications stated below, interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the Facilities or a "related person" (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")), and interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals.

5. Under existing laws of the Commonwealth of Kentucky, interest on the Bonds is excludable from the gross income of the recipients thereof for Kentucky income tax purposes and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions and taxing authorities thereof. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the Commonwealth of Kentucky or any other state or any local jurisdiction.

The Code imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Bonds for interest thereon to be excluded from gross income for federal income tax purposes. In rendering the opinions expressed herein, we have assumed continuing compliance with the covenants of the Issuer and the Borrowers in the Loan Agreement, the Indenture and the Tax Agreement pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, we have relied upon representations and certifications by the Issuer and the Borrowers with respect to certain material facts within the knowledge of the Issuer and the Borrowers relating to the Facilities and the application of the proceeds of the Refunded Bonds, which we have not independently verified. If the Issuer or the Borrowers should fail to comply with such covenants, or if the representations or certifications relied upon should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Although the interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Our opinions represent our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinions and are not a guarantee of a result. The opinions expressed herein are given as of the date hereof based upon laws, regulations, rulings and judicial decisions in effect on the date hereof and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. Each purchaser of the Bonds should consult his, her or its tax advisor regarding the status of any pending or proposed legislation.

Very truly yours,

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APPENDIX D

BOOK–ENTRY ONLY SYSTEM

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Book Entry Only System

DTC will act as securities depository for each series of the Bonds. The Bonds of each series will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series of the Bonds, in the aggregate principal amount of the Bonds of such series and will be deposited with the Trustee as custodian for DTC.

The information contained in certain of the following paragraphs of this subsection "Book-Entry-Only System" has been extracted from a schedule prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK ENTRY ONLY ISSUANCE." The Issuer, the Companies and the Underwriter make no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U. S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, and interest on the Bonds of each series will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to a series of the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Neither the Issuer, the Companies, nor the Trustee shall have any responsibility or obligation to any Direct Participant or Indirect Participant with respect to: (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Bonds; (ii) the delivery to any Direct Participant or Indirect Participant or any other Person, other than the registered owner of a Bond, as shown in the Bond Register, of any notice with respect to any Bond, including, without limitation, any notice of redemption; (iii) the selection by DTC or any Direct Participant or Indirect Participant of any person to receive payment in the event of a partial redemption of Bonds; (iv) the payment to any Direct Participant or Indirect Participant or any other Person other than the registered owner of a Bond, as shown in the Bond Register, of any amount with respect to the principal of, redemption price of, or interest on, any Bond; or (v) any consent given by DTC as registered owner.

So long as the Bonds are registered in the name of DTC (or any successor securities depository) or DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC, references herein to the Holders, holders, owners or registered owners of such Bonds shall mean DTC (or any successor securities depository) or DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC, as applicable, and shall not mean the Beneficial Owners of such Bonds.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is dated November 14, 2019 by AMERICAN WATER CAPITAL CORP. ("AWCC") and THE BANK OF NEW YORK MELLON, as trustee (the "Trustee"), in connection with the issuance of $45,390,000 aggregate principal amount of Water Facilities Refunding Revenue Bonds (Kentucky-American Water Company Project) Series 2019A (Non-AMT) and $26,000,000 aggregate principal amount of Water Facilities Refunding Revenue Bonds (Kentucky-American Water Company Project) Series 2019B (Non-AMT) (collectively, the "Bonds") issued by the County of Owen, Kentucky (the "Issuer") for the benefit of AWCC.

In consideration of the mutual promises and agreements made herein, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by AWCC and the Trustee for the benefit of the Beneficial Owners (defined below) and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). AWCC and the Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Undertaking, and the Issuer has no liability to any person, including any Beneficial Owner, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Trust Indenture dated as of November 1, 2019, between the Issuer and the Trustee, pursuant to which the Bonds have been Issued (the "Indenture"), which apply to any capitalized terms used in this Disclosure Undertaking unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"American Water" shall mean American Water Works Company, Inc.

"Annual Report" shall mean collectively, the filings described in Section 3(a) hereof or a Form 10-K (as defined in Section 3(b) hereof).

"Beneficial Owner" shall mean, while the Bonds are held in a book-entry only system, the actual purchaser of each Bond, the ownership interest of which is to be recorded on the records of the direct and indirect participants of the Depository, and otherwise shall mean the holder of Bonds.

"Commission" shall mean the Securities and Exchange Commission, or any successor body thereto.

"EMMA" shall mean the Electronic Municipal Market Access system and the EMMA Continuing Disclosure Service of MSRB, or any successor thereto approved by the United States Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Undertaking.

"Loan Agreement" shall mean the Loan Agreement relating to the Bonds dated as of November 1, 2019 by and among the Issuer, AWCC and Kentucky-American Water Company.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"Official Statement" shall mean the Final Official Statement dated November 7, 2019 with respect to the Bonds, including all Appendices thereto, as they may be amended or supplemented.

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the issuance of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934 (the "Exchange Act"), as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) With respect to American Water's fiscal years ending December 31, 2019 and thereafter, if a Form 10-K (as defined below) is not filed with the Commission, AWCC shall file on EMMA audited financial statements of American Water prepared in accordance with generally accepted accounting principles (GAAP) of the type set forth in the Official Statement dated November 7, 2019, delivered with respect to the issuance of the Bonds, not later than one hundred eighty (180) days after the end of American Water's fiscal year.

(b) If American Water shall file with the Commission, with respect to American Water's years ending December 31, 2019 and thereafter, reports on Form 10-K under Sections 13 or 15(d) of the Exchange Act, including any successor provisions thereto (the "Form 10-K"), then AWCC shall file on EMMA (i) a copy of such Form 10-K or (ii) notice on an annual basis that the Form 10-K constitutes the annual financial information with respect to American Water required under the Rule, not later than one hundred twenty (120) days after the end of American Water's fiscal year.

(c) AWCC shall file, in a timely manner, with the MSRB and the Trustee, notice of failure by AWCC to file any Annual Report by the date due.

Section 4. Reporting of Material Events.

(a) AWCC shall file, in a timely manner not in excess of ten business days after the occurrence of the event, with the MSRB and the Trustee notice of the occurrence of any of the following events (if applicable) with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) any unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancement facilities reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of holders of the Bonds, if material;

(8) bond calls, if material, and tender offers;

(9) defeasance of the Bonds or any portion thereof;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes with respect to the Bonds;

(12) bankruptcy, insolvency, receivership or similar event of AWCC;

(13) the consummation of a merger, consolidation, or acquisition involving AWCC or the sale of all or substantially all of the assets of AWCC, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) the incurrence of a financial obligation of AWCC, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of AWCC, any of which affect security holders, if material; and

(16) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of AWCC, any of which reflect financial difficulties.

(b) The terms of none of the Loan Agreement, the Indenture and the Bonds require that any debt service reserve fund be established.

Section 5. Termination of Reporting Obligation. This Disclosure Undertaking shall remain in effect only for such period during which any of the Bonds are outstanding in accordance with their terms and AWCC remains an obligated person with respect to the Bonds within the meaning of the Rule. AWCC's obligations under this Disclosure Undertaking shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If AWCC's obligations under this Disclosure Undertaking are assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Undertaking in the same manner as if it were AWCC and AWCC shall have no further responsibility hereunder. AWCC shall file, in a timely manner, with the MSRB and the Trustee, notice of the termination of this Disclosure Undertaking or AWCC's obligations under this Disclosure Undertaking pursuant to an assumption of their obligations hereunder.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, AWCC and the Trustee may amend this Disclosure Undertaking (and the Trustee shall agree to any amendment so requested by AWCC that does not change the duties of the Trustee hereunder and otherwise complies with the requirements of this Section 6, provided it receives indemnity satisfactory to it) or waive any provision hereof, but only in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the obligor with respect to the Bonds or the type of business conducted by said obligor, provided that (1) the undertaking, as amended or following such waiver, would have complied with the requirements of the Rule on the date of the issuance of the Bonds, after taking into account any amendments to the Rule as well as any change in circumstances, and (2) the amendment or waiver does not materially impair the interests of the holders of Bonds, in the opinion of counsel expert in federal securities laws reasonably satisfactory to both AWCC and the Trustee, or is approved by the Beneficial Owners of not less than a majority in aggregate principal amount of the outstanding Bonds.

In the event of any amendment to the type of financial or operating data provided in an Annual Report provided pursuant to Section 3(a) or (b) hereof, or any change in accounting principles reflected in such Annual Report, AWCC agrees that, to the extent required by the Rule, the Annual Report will explain, in narrative form, the reasons for the amendment or change and the effect of such change, including comparative information, where appropriate. To the extent not otherwise included in such Annual Report, AWCC also will provide timely notice of any change in accounting principles to the MSRB and the Trustee.

Section 7. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent AWCC from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If AWCC chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Undertaking, AWCC shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of AWCC to comply with any provision of this Disclosure Undertaking, the Trustee may (and, at the request of the Beneficial Owners of not less than twenty-five percent (25%) of the aggregate principal amount of outstanding Bonds, shall) subject to the same conditions, limitations and procedures that would apply under the Indenture if the breach were an Event of Default under the Indenture, or any Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause AWCC to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of AWCC to comply with this Disclosure Undertaking shall be an action to compel performance. The Trustee shall be entitled to rely conclusively upon any written evidence provided by AWCC regarding the provision of information to the MSRB.

Section 9. Duties, Immunities and Liabilities of Trustee; Assignment by Trustee. Solely for the purpose of (a) defining the standards of care and performance applicable to the Trustee in the performance of its obligations under this Disclosure Undertaking, (b) the manner of execution by the Trustee of those obligations, (c) defining the manner in which, and the conditions under which, the Trustee may be required to take action at the direction of Beneficial Owners, including the condition that indemnification be provided, and (d) matters of removal, resignation and succession of the Trustee under this Disclosure Undertaking, Article XII of the Indenture is hereby made applicable to this Disclosure Undertaking as if this Disclosure Undertaking were (solely for this purpose) contained in the Indenture; provided the Trustee shall have only such duties under this Disclosure Undertaking as are specifically set forth in this Disclosure Undertaking. Anything herein to the contrary notwithstanding, the Trustee shall have no duty to investigate or monitor compliance by AWCC with the terms of this Disclosure Undertaking, including without limitation, reviewing the accuracy or completeness of any information or notices filed by AWCC hereunder. Anything herein to the contrary notwithstanding, the Trustee shall not be construed as having any duty to the Participating Underwriters, except to the extent that a Participating Underwriter is a Beneficial Owner. The Trustee shall assign this Disclosure Undertaking to any successor Trustee appointed pursuant to the terms of the Indenture.

AWCC agrees to pay the Trustee from time to time reasonable compensation for services provided by the Trustee under this Disclosure Undertaking and to pay or reimburse the Trustee upon request for all reasonable fees, expenses, disbursements and advances incurred or made in accordance with this Disclosure Undertaking (including reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons regularly in its employ) or as a result of the Trustee's duties and obligations hereunder, or as a result of AWCC's failure to perform its obligations hereunder, except to the extent that any such fees, expenses, disbursement or advance is due to the negligence or willful misconduct of the Trustee.

The Trustee is a party to this Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and shall not be considered to be the agent of AWCC when performing any actions required to be taken by the Trustee under this Disclosure Undertaking. Nothing in this Disclosure Undertaking prevents AWCC from designating the Trustee to act as agent on its behalf in performing its obligations under this Disclosure Undertaking; provided, however, such designation shall be provided by specific written instruction.

Section 10. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, AWCC, the Trustee, the Participating Underwriters, and Beneficial Owners, and shall create no rights in any other person or entity.

Section 11. Submission of Documents to the MSRB. Unless otherwise required by law, all documents provided to the MSRB or EMMA pursuant to this Disclosure Undertaking shall be provided to the MSRB in an electronic format and shall be accompanied by identifying information, in each case as prescribed by the MSRB.

Section 12. Counterparts. This Disclosure Undertaking 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. Governing Law. This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of New York.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Disclosure Undertaking as of the day and year first written above.

AMERICAN WATER CAPITAL CORP.

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Name:
Title:

Signature Page
to
Continuing Disclosure Undertaking

County of Owen, Kentucky
$71,390,000 Water Facilities Refunding Revenue Bonds
(Kentucky-American Company Project),
Series 2019A (Non-AMT) and Series 2019B (Non-AMT)

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