

FILE

PUCO EXHIBIT FILING

Date of Hearing: 11/4/14

Case No. 14-841-EL-SSO/14-842-EL-ATA

PUCO Case Caption: In the Matter of the Application of Duke
Energy Ohio for Authority to Establish a Standard Service
Offer
Pursuant to Section 4928.143, Revised Code, in the
Form of an Electric Security Plan, Accounting Modifications
and Tariffs for Generation and in the Matter of the Application
of Duke Energy Ohio for Authority to Amend its Certified Supply Contract
P.U.C.O. No. 20.

List of exhibits being filed:

Volume X

OMA 7

OMA 8

OMA 9

OMA 10

OMA 11

OMA 12

OMA 13

OCC 44

PUCO

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2014 NOV 18 PM 4:09

Reporter's Signature: Karen Sue Gibson

Date Submitted: 11/18/14

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

- - -

In the Matter of the :
Application of Duke Energy:
Ohio for Authority to :
Establish a Standard :
Service Offer Pursuant to :
Section 4928.143, Revised : Case No. 14-841-EL-SSO
Code, in the Form of an :
Electric Security Plan, :
Accounting Modifications :
and Tariffs for Generation:
Service. :

- - -

In the Matter of the :
Application of Duke Energy:
Ohio for Authority to : Case No. 14-842-EL-ATA
Amend its Certified :
Supplier Tariff, P.U.C.O. :
No. 20. :

- - -

PROCEEDINGS

before Ms. Christine M.T. Pirik and Mr. Nick Walstra,
Attorney Examiners, at the Public Utilities
Commission of Ohio, 180 East Broad Street, Room 11-A,
Columbus, Ohio, called at 9:00 a.m. on Tuesday, ,
November 4, 2014.

- - -

VOLUME X

- - -

ARMSTRONG & OKEY, INC.
222 East Town Street, Second Floor
Columbus, Ohio 43215-5201
(614) 224-9481 - (800) 223-9481
Fax - (614) 224-5724

- - -

Duke Energy Ohio
Case Nos. 14-841, 14-842
OMA Second Set Production of Documents
Date Received: September 23, 2014

OMA-POD-02-014 HIGHLY CONFIDENTIAL
as to Highly Confidential Attachment
FOR ATTORNEYS' EYES ONLY

REQUEST:

Please provide copies of any record of a vote, poll, or solicitation that occurred among the Sponsoring Companies since January 1, 2012, regarding any requests for consent of a sale or transfer of a Sponsoring Company's interest in OVEC under the ICPA, including, but not limited to, those records discussed and referenced by Mr. Charles Whitlock at his deposition on September 11, 2014.

RESPONSE:

HIGHLY CONFIDENTIAL PROPRIETARY TRADE SECRET
as to Highly Confidential Attachment
ATTORNEYS' EYES ONLY

Produced for purposes of PUCO Case Nos. 14-841 and 14-842 only.

Objection. This Interrogatory seeks to elicit information that is irrelevant or otherwise not reasonably calculated to lead to the discovery of admissible information. It is also overly broad and unduly burdensome given its reference to any Sponsoring Company and the time period pursuant to which it is to be answered. Furthermore, it seeks to elicit information that is business confidential, proprietary and trade secret. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, see Highly Confidential Attachment OMA-POD-02-014.

PERSON RESPONSIBLE: Legal

OMA EX. 7

SPONSORING COMPANY ACKNOWLEDGMENT

TO THE [REDACTED] PROPOSAL FOR
ASSIGNMENT TO [REDACTED] UNDER THE AMENDED AND RESTATED
INTER-COMPANY POWER AGREEMENT DATED AS OF SEPTEMBER 10, 2010

Please evidence your agreement or disagreement with the [REDACTED] Proposal by August 15, 2013,
by checking one of the boxes below and signing in the appropriate signatory block and return
one fully executed original to [REDACTED].

☒ SPONSORING COMPANY AGREES WITH THE [REDACTED] PROPOSAL

☐ SPONSORING COMPANY DISAGREES WITH THE [REDACTED]
PROPOSAL

SPONSORING COMPANY

Kentucky Utilities Company

By: *John N. Voyles Jr.*

Name: John N. Voyles Jr.

Title: Vice President

Date: 8/12/13

SPONSORING COMPANY ACKNOWLEDGMENT
TO THE [REDACTED] PROPOSAL FOR
ASSIGNMENT TO [REDACTED] UNDER THE AMENDED AND RESTATED
INTER-COMPANY POWER AGREEMENT DATED AS OF SEPTEMBER 10, 2010

Please evidence your agreement or disagreement with the [REDACTED] Proposal by August 15, 2013,
by checking one of the boxes below and signing in the appropriate signatory block and return
one fully executed original to [REDACTED]

☒ SPONSORING COMPANY AGREES WITH THE [REDACTED] PROPOSAL

☐ SPONSORING COMPANY DISAGREES WITH THE [REDACTED] INC.
PROPOSAL

SPONSORING COMPANY

Louisville Gas & Electric Company

By: *John N. Boyle Jr.*

Name: *John N. Boyle Jr.*

Title: *Vice President*

Date: *8/12/13*

SPONSORING COMPANY ACKNOWLEDGEMENT

TO THE [REDACTED] FOR

SSIC [REDACTED] AND RESTATED
INTER-COM [REDACTED] EXISTING ON SEPTEMBER 10, 2010

Please evidence your agreement to this agreement with the [REDACTED] post 15/11/13,
by checking one of the boxes below and signing in the appropriate signatory block and return
one copy to the [REDACTED]

☒ SPONSORING COMPANY AGREES WITH THE [REDACTED] LOCAL

☐ SPONSORING COMPANY AGREES WITH THE [REDACTED] PROPOSAL.

SPONSORING COMPANY

S: Stephen T. Haynes
N: Stephen T. Haynes
T: Vice President
D: 8/13/13

SPONSORING COMPANY ACKNOWLEDGMENT

TO [REDACTED] INC. PROPOSAL FOR
ASSIGNMENT TO [REDACTED] UNDER THE AMENDED AND RESTATED
INTER-COMPANY POWER AGREEMENT DATED AS OF SEPTEMBER 10, 2010

Please evidence your agreement or disagreement with the [REDACTED] Proposal by August 15, 2013,
by checking one of the boxes below and signing in the appropriate signatory block and returning
one fully executed original to [REDACTED]

☒ SPONSORING COMPANY AGREES WITH THE [REDACTED] PROPOSAL

☐ SPONSORING COMPANY DISAGREES WITH [REDACTED]
PROPOSAL

SPONSORING COMPANY

Appalachian Power

By:

Stephan T. Haynes

Name:

Stephan T. Haynes

Title:

Vice President

Date:

8/14/13

SPONSORING COMPANY ACKNOWLEDGEMENT

TO THE [REDACTED] FOR

ASSIGNMENT TO [REDACTED] UNDER THE AMENDED AND RESTATED
INTER-COMPANY POWER AGREEMENT DATED AS OF SEPTEMBER 10, 2010

Please indicate your agreement or disagreement with the [REDACTED] Proposal by August 15, 2013,
by checking one of the boxes below and signing in the appropriate signature block and return
the fully executed document to [REDACTED]

☒ SPONSORING COMPANY AGREES WITH THE [REDACTED] PROPOSAL.

☐ SPONSORING COMPANY DISAGREES WITH THE [REDACTED]
PROPOSAL

SPONSORING COMPANY

Indiana Michigan Power

By: Stephan T. Hayes
Name: Stephan T. Hayes
Title: Vice President
Date: 8/14/13

SPONSORING COMPANY ACKNOWLEDGMENT
TO THE [REDACTED] PROPOSAL FOR
ASSIGNMENT TO [REDACTED] UNDER THE AMENDED AND RESTATED
INTER-COMPANY POWER AGREEMENT DATED AS OF SEPTEMBER 10, 2010

Please evidence your agreement or disagreement with the [REDACTED] Proposal by August 15, 2013,
by checking one of the boxes below and signing in the appropriate signatory block and return
one fully executed original to [REDACTED]

☐ SPONSORING COMPANY AGREES WITH THE [REDACTED] PROPOSAL

☒ SPONSORING COMPANY DISAGREES WITH THE [REDACTED]
PROPOSAL

SPONSORING COMPANY

Peninsula Generation Cooperative

By: 

Name: Dan DeCoeur

Title: President & CEO

Date: 08-14-2013

Duke Energy Ohio
Case No. 14-841-EL-SSO, 14-842-EL-ATA
RESA Fourth Set Production of Documents
Date Received: September 18, 2014

RESA-POD-04-008 HIGHLY CONFIDENTIAL
as to Highly Confidential Attachment
ATTORNEYS' EYES ONLY

REQUEST:

For the period of January 1, 2012 to the current date, please provide copies of all correspondence between Brian Chisling and Duke related to the Inter-Company Power Agreement currently in place with respect to Ohio Valley Electric Corporation and referring to or relating to any proposed transfer of any entity's ownership interest in the Ohio Valley Electric Corporation, including copies of any correspondence between Brian Chisling and Charles Whitlock.

RESPONSE:

HIGHLY CONFIDENTIAL PROPRIETARY TRADE SECRET
ATTORNEYS' EYES ONLY

Produced for purposes of PUCO Case Nos. 14-841 and 14-842 only.

Objection. This Interrogatory seeks to elicit information that is irrelevant or otherwise not reasonably calculated to lead to the discovery of admissible information. It is also overly broad and unduly burdensome given its reference to the time period for which it is to be answered. Furthermore, it seeks to elicit information that is business confidential, proprietary and trade secret, or is otherwise protected by the attorney client privilege and/or work product doctrine. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, see Highly Confidential Attachments RESA-POD-04-008 (a), RESA-POD-04-008 (b) and RESA-POD-04-008 (c).

PERSON RESPONSIBLE: Legal

OMA EX. 8

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Friday, July 19, 2013 1:42 PM
To: 'nkakins@aep.com'; 'tahern@buckeyepower.com'; 'ebaker@wpesci.com';
'pchodak@aep.com'; 'bdoty@vectren.com'; 'wdgarnes@vectren.com';
'laskyc@firstenergycorp.com'; 'melewis@aep.com'; 'mcmccullough@aep.com';
'snelson@frontier-power.com'; 'poloughlin@buckeyepower.com'; 'rppowers@aep.com';
'jhaney@firstenergycorp.com'; 'paul.thompson@lge-ku.com'; 'john.voyles@lge-ku.com';
Whitlock, Chuck; 'hillebrand@aep.com'
Cc: 'jbrodt@ovec.com'; 'mapeifer@aep.com'; 'djones@ovec.com'; 'tom.depauill@lge-ku.com';
'tstoner@firstenergycorp.com'; 'bvalice@wpesci.com'; 'ddezeuw@wpesci.com';
'mattey@ovec.com'; Cecil, Greg; 'ddecœur@wpesci.com'; 'Chris Balmer'; 'Charles E Zebula';
Patricia M Castro; Lisa R Groff; Melillo, Nick; 'eric.driscoll@aes.com';
'rgoocher@vectren.com'; 'cgrooms@buckeyepower.com'; Bradley Scott; Phil Herrington;
'Randall V Griffin'; 'sthaynes@aep.com'; 'jkass@wpesci.com'; Beller, Amy T.; Beach, Rick;
Riemann, Dina O; 'Fendig, John'; 'brsignet@aep.com'; Tague, Nicole A.
Subject: OVEC/IKEC Boards of Directors --- [REDACTED] ICPA Transfer Proposals
Attachments: [REDACTED] Proposal.pdf; Comparison [REDACTED] Guaranty.pdf; Comparison Consent Agreements Term Sheet.pdf

Members of the OVEC/IKEC Boards:

At the request of [REDACTED], attached is a proposal (as discussed during the joint Board meeting on July 16th) for the consent of the Sponsoring Companies to permit [REDACTED] to comply with Ohio's corporate separation requirements through the transfer of its interest in the Inter-Company Power Agreement (ICPA) to a newly formed subsidiary. In connection with such transfer, [REDACTED] proposes to provide [REDACTED] parent guaranty to support the obligations of the new subsidiary under the ICPA, as well as to agree to certain cross-defaults relating to such guaranty proposed to be placed in the ICPA.

[REDACTED] expects to provide its proposal, which we expect to include an identical form of parent guaranty and identical term sheet for the proposed consent to assignment. I will forward that proposal as soon as I receive it.

For the members of the ICPA Subcommittee, attached are blacklines showing the changes made by [REDACTED] to the proposed form of guaranty and term sheet for the proposed consent to assignment, from the last drafts presented to the subcommittee (by email on April 1, 2013).

In connection with these proposals, [REDACTED] has requested that the ICPA Subcommittee (copied in this email, along with other members of the Sponsoring Companies participating in those discussions) conduct a teleconference to discuss the proposals. OVEC proposes that such call be set for Monday August 5th at 11am ET. In order to confirm that time, please have one representative of each Sponsoring Company confirm that representatives of such Sponsoring Company would be available at that time (as well as availability for a call at another time on 8/5, or during the remainder of week from 8/7 through 8/9). If the proposed day and time do not work, I will do my best to pick an alternative that accommodates the most Sponsoring Companies based on the responses. Please respond by Noon ET on July 24th as to the availability of your representatives.

Please let me know if you have any questions, and please feel free to reach out for any discussions among AEP, Duke and the Sponsoring Companies. As always, the Sponsoring Companies are encouraged to invite any other members of their organization to the ICPA Subcommittee call to aid in the discussion. Please forward this information (and the dial in information to provided next week) to the appropriate representatives.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Monday, April 01, 2013 1:54 PM
To: Cecil, Greg; Melillo, Nick; 'eric.driscoll@aes.com'; 'rgoocher@vectren.com';
'cgrooms@buckeyepower.com'; 'sthaynes@aep.com'; 'jkass@wpsci.com';
'laskyc@firstenergycorp.com'; 'john.voyles@lge-ku.com'
Cc: 'jbrodt@ovec.com'; 'djones@ovec.com'; 'rmattey@ovec.com'; 'trwallace@aep.com';
'mapeifer@aep.com'; Beller, Amy T.; Beach, Rick; Riemann, Dina O; Fendig, John; Lisa R
Groff/OR4/AEPIN; 'pmcastro@aep.com'; Tague, Nicole A.
Subject: OVEC ICPA Subcommittee Meetings -- Follow-Up Information and Call
Attachments: [Untitled].pdf; DVComparison_13763381v1_OVEC- [REDACTED] Proposed Gty for [REDACTED]
[REDACTED] - 13763381v5_OVEC- [REDACTED] Proposed Gty for [REDACTED].docx; #
13763381v5_Active_ - OVEC- [REDACTED] Proposed Gty for [REDACTED].DOC

All,

To follow up on the initial meeting of the OVEC ICPA Subcommittee on February 25, 2013, attached is a revised version of the "strawman" proposal from [REDACTED] and [REDACTED] of a form of parent guaranty proposed for use in connection with the proposed ICPA transfers to non-rated subsidiaries. Both a clean copy and a copy marked to show changes from the initial draft are attached. As before, I have participated in the revision of this proposed form. In addition, for background, I have attached certain pages from previous OVEC presentations to its credit ratings agencies listing the OVEC shareholders and Sponsors and providing information about each Sponsor's (or its proxy's) credit ratings with S&P, Moody's and Fitch.

With respect to the form of parent guaranty, I note the following changes: (1) language has been added to Section 1 to clarify that the cap amount would be reset annual; (2) the formula for the applicable cap (in Exhibit A) has been revised to clarify that it includes all current and projected debt during the annual period, and expanded to include the amount of 12 months of OVEC's projected billable costs for the current year (up from 6 month in the prior draft); and (3) an outline of the terms of the proposed consent has been added to the end of the draft, including the discussed "cross default" to the ICPA and proposed terms for acceptable replacement credit support.

We request that each of the subcommittee members review the revised form of the "strawman" guaranty and provide feedback to the subcommittee as to whether this type of arrangement would be acceptable in principle in connection with the proposed transfers. At this point, we also would welcome all specific questions, comments or concerns on the draft, including from your legal counsel. As before, we hope that the next meeting of the subcommittee could be used to determine (at a high level) if the proposed form of guaranty might receive unanimous support to permit the proposed ICPA transfers. In addition, we would like to surface material edits or concerns with the drafts. The desired result of the meeting would be a list of action items for future discussion, including (if possible) a path forward on a framework for the proposed ICPA transfers.

Subject to availability of most (if not all of the Sponsors), I suggest a follow-up meeting of the ICPA Subcommittee by phone on Wednesday April 17, 2013 at 11 am EDT. Please let me know as soon as you can if you are unable to make that day and time (and your availability that week). Dial in information for both meetings will be provided in an update email later this week. Please let me know if you want me to invite any other members of your organization (and feel free to forward to any members that will be involved, as I expect some Sponsors to include their legal teams in the review).

If you have any questions at all or if I can be of any assistance, please do not hesitate to contact me.

Respectfully,

Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

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Shareholders and Sponsoring Companies

- The Shareholders (owners) and Sponsoring Companies (customers) of OVEC have been the same since the early 1950's except for the addition of two electric cooperatives in the past 8 years.

The current Shareholders and their respective percentages of equity in OVEC are:

Shareholder	Equity Percentage
Allegheny Energy, Inc. ¹	3.50
American Electric Power Company, Inc. ²	39.17
Buckeye Power Generating, LLC ²	18.00
The Dayton Power and Light Company ³	4.90
Duke Energy Ohio, Inc. ⁴	9.00
Kentucky Utilities Company ⁵	2.50
Louisville Gas and Electric Company ⁶	5.63
Ohio Edison Company ¹	0.85
Ohio Power Company ^{1,7}	4.30
Peninsula Generation Cooperative ⁷	6.65
Southern Indiana Gas and Electric Company ⁸	1.50
The Toledo Edison Company ¹	4.00
Total	100.00

Some of the Common Stock issued in the name of:
American Gas & Electric Company
Columbus and Southern Ohio Electric Company

These investor-owned utilities comprise the Sponsoring Companies and currently share the OVEC power participation benefits and requirements in the following percentages:

Sponsoring Company	Power Participation Ratios
Allegheny Energy Supply Company LLC ¹	3.01
Appalachian Power Company ²	15.69
Buckeye Power Generating, LLC ²	18.00
The Dayton Power and Light Company ³	4.90
Duke Energy Ohio, Inc. ⁴	9.00
FirstEnergy Generation Corp. ¹	4.85
Indiana Michigan Power Company ⁵	7.85
Kentucky Utilities Company ⁶	2.50
Louisville Gas and Electric Company ⁶	5.63
Monongahela Power Company ¹	0.49
Ohio Power Company ⁶	19.93
Peninsula Generation Cooperative ⁷	8.65
Southern Indiana Gas and Electric Company ⁸	1.50
Total	100.00

Subsidiary or affiliate of:
¹ FirstEnergy Corp.
² Buckeye Power, Inc.
³ The AES Corp.
⁴ Duke Energy Corporation
⁵ IML Corporation
⁶ American Electric Power Company, Inc.
⁷ Wolverine Power Supply Cooperative, Inc.
⁸ Vectren Corporation









Addition of electric cooperatives increases diversity of customer base.

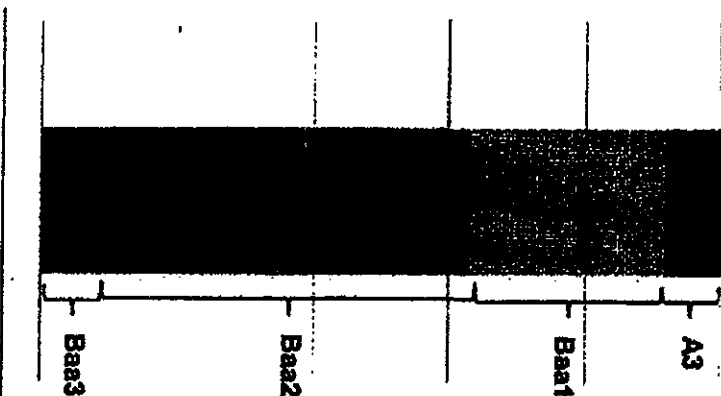
Shareholder and Sponsoring Companies Credit Ratings

- The credit quality of the Sponsoring Companies as a whole demonstrates a Baa1/Baa2 profile. A portfolio approach further minimizes the risk that a Sponsor default will adversely impact OVEC.

Sponsoring Company	% Owned	Moody's Rating ¹
Southern Indiana Gas and Electric Company ²	1.50%	A3
Kentucky Utilities Company	2.80%	Baa1
Louisville Gas and Electric Company	6.68%	Baa1
Duke Energy Ohio, Inc.	9.00%	Baa1
Buckeye Power Generating, LLC ²	18.00%	Baa1
The Dayton Power and Light Company	4.90%	Baa2

- (1) Senior Unsecured Rating when available (otherwise Issuer)
- (2) Projected rating based on other Rating Agencies
- (3) Parent Credit Rating due to FE guarantee of FE Generation Corp.

	AES		AEP
	Buckeye Power		Duke Energy
	FirstEnergy		PPL
	Vedren		Wolverine Power Supply Cooperative



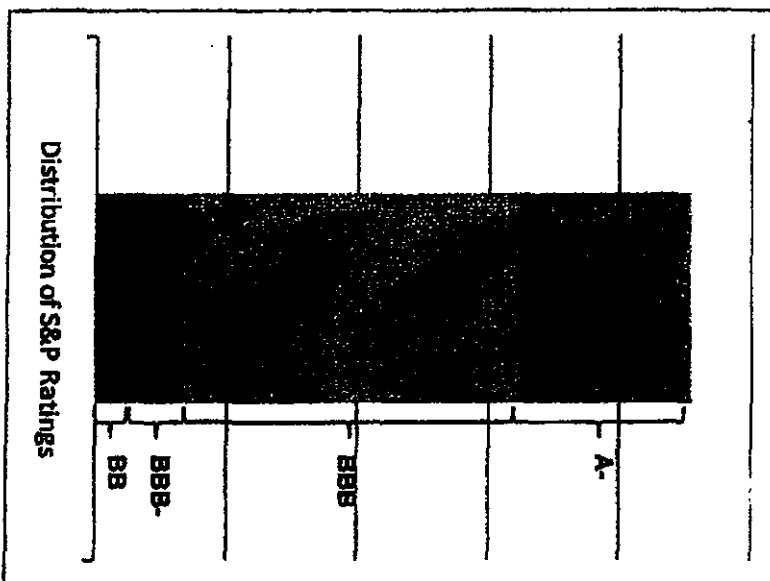
Shareholder and Sponsoring Companies Credit Ratings

- The credit quality of the Sponsoring Companies as a whole demonstrates a BBB+/BBB profile. A portfolio approach further minimizes the risk that a Sponsor default will adversely impact OVEC.

Sponsoring Company	% Owned	S&P ²
Buckeye Power Generating, LLC	18.00%	A-
Southern Indiana Gas and Electric Company	1.50%	A
Duke Energy Ohio, Inc.	9.00%	A
Kentucky Utilities Company	2.50%	BBB
Louisville Gas and Electric Company	5.63%	BBB
Appalachian Power Company	15.69%	BBB
Columbus Southern Power Company	4.44%	BBB
Indiana Michigan Power Company	7.85%	BBB
Ohio Power Company	15.49%	BBB
The Dayton Power and Light Company	4.90%	BB

(1) Parent Credit Rating due to FE guarantee of FE Generation Corp.
 (2) Senior Unsecured Rating when available (otherwise Issuer)

- ☐ AES ☐ AEP ☐ Buckeye Power ☒ FirstEnergy Corp.
☐ PPL ☒ Vectren ☒ Wolverine Power Supply Cooperative, Inc.











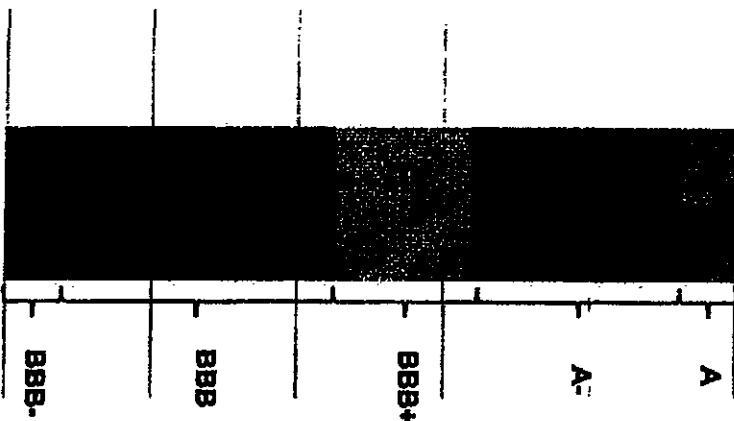
Shareholder and Sponsoring Companies Credit Ratings

- The credit quality of the Sponsoring Companies as a whole demonstrates a BBB+/BBB profile. A portfolio approach further minimizes the risk that a Sponsor default will adversely impact OVEC.

Sponsoring Company	% Owned	Fitch Rating ¹
Kellogg Services Company	2.50%	A
Southwestern Electric Company	8.33%	A
Southern Indiana Gas and Electric Company ²	1.50%	A-
Duke Energy Ohio, Inc.	9.00%	A-
Buckeye Power Generating, LLC ²	18.00%	BBB+
The Edison Power and Light Company ²	4.90%	BBB-

- (1) Senior Unsecured Rating when available (otherwise issuer)
- (2) Projected rating based on other Rating Agencies
- (3) Parent Credit Rating due to FE guarantee of FE Generation Corp.

	AES		AEP
	Buckeye Power		Duke Energy
	FirstEnergy		PPL
	Vedren		Wolverine Power Supply Cooperative



GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], 2013, is issued and delivered by [REDACTED], a Delaware corporation (the "Guarantor"), for the account of [REDACTED] LLC, a Delaware limited liability company (the "Obligor"), and for the benefit of Ohio Valley Electric Corporation, an Ohio corporation (the "Beneficiary").

Background Statement

WHEREAS, the Obligor proposed to and has become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, Beneficiary ~~has~~ required that the ~~Guarantor~~ Obligor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. Guaranty; Limitation of Liability. The Guarantor hereby absolutely and unconditionally guarantees to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement that are or may hereafter, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed [U. S. Dollars (U.S. \$203,446,015.00)], as the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with the formula provided in Exhibit A attached hereto. [Note: Calculation to be reset annually based on current year's approved budget.] hereto and incorporated herein (the "Maximum Amount"). As of the date of this Guaranty, such Maximum Amount is U.S. \$236,571,322.00, as calculated as shown on Exhibit A.¹ On or before January 31st of each subsequent calendar year (commencing with calendar year 2014), the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new Maximum Amount, the applicable Maximum Amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement, ~~and except as specifically provided therein, the Guarantor shall not be liable for or required to pay any~~

¹ Note: Maximum Amount is based on a calculation for the 2013 calendar year.

GUARANTY AGREEMENT

~~consequential or indirect loss (including but not limited to loss of profits), exemplary damages, punitive damages, special damages, or any other similar damages.~~

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the ~~amount of the liability of the Guarantor hereunder~~ Maximum Amount without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. **Effect of Amendments.** The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement ~~and that the Beneficiary~~, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other ~~Person~~ person and waives any defenses based on the foregoing.

3. **Waiver of Rights.** The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. **Postponement of Subrogation.** The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and

GUARANTY AGREEMENT

obligations under the Agreement. Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. ~~5.~~ Reservation of Defenses. ~~Without limiting the Guarantor's own defenses and rights hereunder, the~~ The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. ~~6.~~ Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary or any other Person ~~person~~ by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.

7. ~~7.~~ Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. ~~8.~~ Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Earlier-Early Termination set forth in Section 17 (the "Expiration Date"); ~~provided however, the Guarantor will remain liable hereunder for Guaranteed Obligations that were outstanding prior to the Expiration Date and as set forth in Section 6.~~ In the event this Guaranty's Expiration Date is determined pursuant to clause (i) or (ii) above, such termination of this Guaranty shall have the effect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, that termination of this Guaranty for any reason other than pursuant to clause (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full.

9. ~~9.~~ Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. ~~10.~~ Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of

GUARANTY AGREEMENT

the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. ~~11.~~ Submission to Jurisdiction; Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. ~~13.~~ 12. Representations and Warranties. The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

(a) ~~(a)~~ —it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) ~~(b)~~ —it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;

(c) ~~(c)~~ —this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;

(d) ~~(d)~~ —the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);

(e) ~~(e)~~ —no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; —and

GUARANTY AGREEMENT

(f) ~~(f)~~—no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and

(g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. ~~13.~~—Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. ~~14.~~—Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. ~~15.~~—No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. ~~16.~~—Assignment. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and ~~any~~each administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). Any purported assignment in violation of this Section 16 shall be void and without effect.⁺

17. ~~17.~~—Early Termination. ~~The~~This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of ~~(i)~~reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has ~~an investment grade~~at least a BBB- rating ~~by each of~~from S&P and at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the Guaranty is replaced by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and any~~the~~ Senior Agent.

18. ~~18.~~—Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

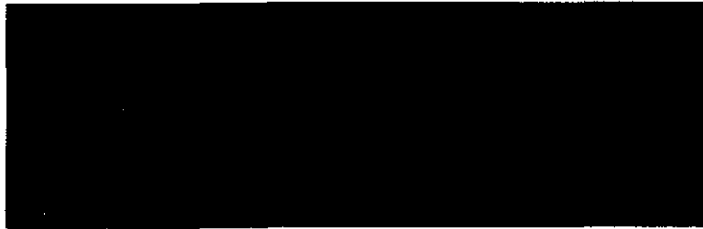
If to the Guarantor, at:

⁺ Note: Sponsors and OVEC to consider any additional restrictions with respect to an assignment of the equity of the Obligor to a third party.

GUARANTY AGREEMENT



With a copy to:



If to the Beneficiary, at:

Ohio Valley Electric Corporation
3932 U.S. Route 23
Piketon, Ohio 45661
Facsimile: (740) 289-7284
Attn: Treasurer

With a copy to:

Ohio Valley Electric Corporation
1 Riverside Plaza
Columbus, Ohio
Facsimile: (614) 716-6494
Attn: Vice President and Chief Operating Officer

{ADDRESS}

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail {or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient}.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the
day and year first above written.

[REDACTED]

By: _____
Name:
Title:

Exhibit A - Annual Calculation of Maximum Amount (Including calculation as of the date of the Guaranty until reset in accordance with Section 1 thereof)

<u>\$ 1,596,486,240</u>	<u>Beneficiaries' aggregate, consolidated long-term debt as of December 31st of the previous calendar year.</u>
<u>\$ 0</u>	<u>Beneficiary's reasonably expected additional long-term debt for the current calendar year based on Beneficiaries' long-term forecast.</u>
<u>\$ 300,000,000</u>	<u>Beneficiaries' aggregate, consolidated short-term debt as of December 31st of the previous calendar year (including all amounts available under revolving credit or similar facilities, whether currently drawn or not).</u>
<u>\$ 0</u>	<u>Beneficiary's reasonably expected additional short-term debt for the current calendar year based on Beneficiaries' long-term forecast.</u>
<u>\$ 732,084,000</u>	<u>An amount equal to twelve (12) times the average monthly billable costs of the Beneficiary for the current calendar year, as approved in Beneficiary's current budget for such period (or if not yet approved, based on 110% of the last approved annual budget).</u>
<u>\$ 2,628,570,240</u>	<u>Subtotal</u>
<u>\$ [REDACTED]</u>	<u>Obligor's share ([REDACTED]) of the above subtotal based on its "Power Participation Ratio" (as defined in the Agreement) as of January 1st of the current year.</u>

Proposed Consent Agreements: The Guaranty would be entered into in connection with documents consenting to the assignment of the interests by the applicable Sponsoring Company under the Inter-Company Power Agreement ("ICPA") to the identified new Sponsoring Company. Consent to such assignment would be necessary from each of the other Sponsoring Companies under the ICPA, and from the administrative agent for any lenders or noteholders under OVEC's senior credit facilities and other senior debt. For discussion purposes and based on preliminary feedback from some of the Sponsoring Companies, below is an outline of the basic terms of a proposed consent agreement.

Exhibit A - Duke Energy Corporation guaranty calculation	
\$ 1,596,484,358	Long-term debt as of 12/31/12
\$ 300,000,000	Short term debt
\$ 364,026,920	Six months of OVEC's billable costs
\$ 2,260,511,278	Subtotal
\$ [REDACTED]	[REDACTED] share [REDACTED] of Subtotal

Note: Calculation to be reset annually based on current year's approved budget

1. Consent to Assignment. The applicable parties would consent to the proposed assignment and the form of the relevant documents to be executed as of the effective date of the assignment. A separate consent (on substantially the same form) would be used among each of the Sponsoring Companies proposing to assign its interests and the other Sponsoring Companies, as well as a separate consent from each applicable administrative agent for each such proposed assignment (on forms agreed with each such agent). The consent agreements would specify the parties to the assignment and the guarantor, as well as the agreed form of the guaranty and the assignment and assumption agreement. The consent agreements would acknowledge that upon the permitted assignment, the assigning entity would no longer be liable under the ICPA (and the assignee entity would assume all such liabilities). The consent agreements would be effective, subject to any necessary regulatory approvals,² immediately upon execution by all parties; provided that, if the proposed assignment is not consummated by an agreed outside date, the consent would automatically expire.

² Note: Subject to the scope of the proposed consent and further discussion, it is likely that the consent agreement among all of the Sponsoring Companies could be considered a technical amendment to the ICPA, and thus it would be advisable to obtain FERC approval for the applicable portions thereof. OVEC is reviewing the need for any other regulatory approvals, including from state commissions in Kentucky and Virginia (who have approved recent material amendments to the ICPA).

2. Effect of Default under Guaranty or Replacement Credit Support. If there exists an uncured default under or with respect to the Guaranty (or any replacement credit support, as discussed below), then such default would be considered a "Payment Default" of the applicable Sponsoring Company pursuant to Section 11.01 of the ICPA, and (unless and until cured) OVEC would be able to exercise all available remedies at law or in equity, including (without limitation) suspension of service to the defaulting Sponsoring Company under the ICPA. In addition, OVEC shall be entitled to make a claim under the credit support then in effect for all damages relating to such default and any other costs, indemnities and expenses incurred or owing in connection with such default and the exercise of such remedies. The applicable events of default (and cure periods, if any) with respect to the Guaranty (or replacement security) would be as follows:

(a) any representation or warranty made by the entity issuing the Guaranty (or replacement credit support) was false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from OVEC);

(b) the failure of the entity issuing the Guaranty (or replacement credit support) to make any payment required or to perform any other material covenant or obligation under the applicable credit support agreement (and such failure is not remedied within three (3) business days after written notice thereof from OVEC);

(c) the entity issuing the Guaranty (or replacement credit support) (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they become due;

(d) the Guaranty (or replacement credit support) fails to be in full force and effect (other than in accordance with its terms) in any material respect, including (without limitation, in an amount equal to the then-current Maximum Amount) prior to the termination or expiration of all of the applicable Sponsoring Company's obligations under the ICPA (the "Permitted Expiry");

(e) the entity issuing the Guaranty (or replacement credit support) repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenge the validity of the applicable credit support agreement; or

(f) with respect to a letter of credit issued as a replacement credit support (as described below), (i) if the letter of credit has an expiration date earlier than the Permitted Expiry, a substitute letter of credit (satisfying all of the applicable requirements for a replacement credit support), which may include an amendment to the then-current letter of credit, in the required amount and with an expiration date that is at least one year after the expiration date of the then-current letter of credit is not delivered to OVEC at least

thirty (30) days prior to the expiration date of the then-current letter of credit and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC prior to such 30-day period; or (B) if, at any time prior to the Permitted Expiry, the letter of credit issuer is no longer an "Acceptable Letter of Credit Provider" (as set forth below) or is subject to a bankruptcy or insolvency event and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC within 10 days after such event; provided that, OVEC shall be permitted to draw on the applicable letter of credit to the extent not replaced as described above and hold the cash proceeds from any draw, and in such event such cash shall satisfy, in whole or in part, the requirement of replacement credit support until replaced as provided below.

As noted above, upon an uncured default as described above with respect to a letter of credit, the entire available amount of such letter of credit may be drawn by OVEC and used as replacement credit support, without limitation or duplication of any other rights or remedies that may be available to it, with the right to draw upon such cash security deposit in accordance with the terms hereof at any time prior to the Permitted Expiry to the same extent that the letter of credit could have been drawn upon had it remained in force and effect (and assuming that the expiration date of the letter of credit was the Permitted Expiry); provided that, if subsequent to such draw down of a cash security deposit from the letter of credit, the applicable Sponsoring Company provides a replacement credit support (satisfying all of the applicable requirements for a replacement credit support), OVEC shall return to the applicable Sponsoring Company (or its designee) a sum of cash equal to (i) the amount of the cash security deposit obtained as a result of such draw down, minus (ii) the aggregate amount of any and all drawings made by OVEC on such cash security deposit as permitted hereunder, including for reimbursement of covered out-of-pocket expenses in connection with enforcement actions. In connection with the foregoing, OVEC shall be required to keep any cash security deposit in a separate interest bearing account, and, shall not be entitled to use, possess, invest, commingle, assign, sell, or pledge such cash security deposit for any purpose other than drawing upon such cash security deposit in accordance with the terms hereof, and any interest on such cash security deposit shall be the sole property of OVEC and shall be payable by OVEC to the applicable Sponsoring Company (or its designee) on the date, if any, on which the cash security deposit is required to be returned in full to such Sponsoring Company (or its designee) hereunder.

3. Replacement Credit Support. At any time, the applicable Sponsoring Company is permitted to replace the Guaranty (or other replacement credit support then in effect) with other acceptable, replacement credit support as follows:

(a) a guaranty, in form and substance substantially similar to the Guaranty or otherwise satisfactory to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, issued by an affiliate of the applicable Sponsoring Company with long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's (or, if not then rated by both such rating agencies, having the requisite rating one of such agencies);

(b) an irrevocable, standby letter of credit (x) issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, which, in either case, (1) has counters for presentment and payment in the City of New York, (2) an asset base of at least \$10 billion and (3) with long-term senior unsecured non-credit enhanced debt rating (or, if it does not have rated debt, an issuer rating) of at least A- from S&P and at least A3 from Moody's (an "Acceptable Letter of Credit Provider"), and (y) in a form reasonably acceptable to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, including the following terms: (A) the amount of the letter of credit must be at least the amount of the then-applicable maximum liability cap under the Guaranty and subject to the same annual adjustments (or timely replacement or supplement (which may be an amendment to the stated amount of such letter of credit) with a substantially similar letter of credit in such adjusted amount); (B) such letter of credit names OVEC as the beneficiary thereunder; (C) drawings under the letter of credit are permitted upon a signed statement from an officer of the beneficiary of the letter of credit that the amount of drawing is owed to the beneficiary pursuant to the ICPA; (D) the applicable Sponsoring Company's agreement to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of OVEC's counsel) relating to the enforcement of OVEC's rights under the letter of credit; (E) the applicable Sponsoring Company shall not have any reimbursement obligations under such letter of credit; (F) the letter of credit shall provide that the beneficiary may draw the full amount of the letter of credit if the issuer is no longer an Acceptable Letter of Credit Provider, subject to any cure rights; and (G) the letter of credit requires the issuer thereof to provide at least 60 days' notice to OVEC of the renewal or non-renewal thereof and provides that the beneficiary may draw the full amount of the letter of credit if such letter of credit is not renewed or extended; or

(c) other replacement credit support in form and substance reasonably acceptable to OVEC and with the prior written consent (in its sole discretion) of each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt.

Upon any such replacement, the obligations of the applicable Sponsoring Company covered by such credit support (including with respect to prior periods and including all enforcement and other expenses relating to any replaced credit support) shall be assumed in full under such replacement credit support agreement and the former credit support agreement shall be terminated.

Document comparison by Workshare Compare on Monday, April 01, 2013 1:19:25 PM

Input:	
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Description	#13763381v1<Active> - OVEC- [REDACTED] Proposed Gty for [REDACTED]
Document 2 ID	interwovenSite://STBDMS/Active/13763381/5
Description	#13763381v5<Active> - OVEC- [REDACTED] Proposed Gty for [REDACTED]
Rendering set	Standard

Legend:	
<u>Insertion</u>	
<u>Deletion</u>	
<u>Moved from</u>	
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Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	117
Deletions	72
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	189

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "**Guaranty**"), dated as of [date], 2013, is issued and delivered by [REDACTED] a Delaware corporation (the "**Guarantor**"), for the account of [REDACTED] a Delaware limited liability company (the "**Obligor**"), and for the benefit of **Ohio Valley Electric Corporation**, an Ohio corporation (the "**Beneficiary**").

Background Statement

WHEREAS, the Obligor proposed to and has become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "**Agreement**"); and

WHEREAS, Beneficiary required that the Obligor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. **Guaranty; Limitation of Liability.** The Guarantor hereby absolutely and unconditionally guarantees to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "**Guaranteed Obligations**"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with the formula provided in Exhibit A hereto and incorporated herein (the "**Maximum Amount**"). As of the date of this Guaranty, such Maximum Amount is U.S. [REDACTED] as calculated as shown on Exhibit A.¹ On or before January 31st of each subsequent calendar year (commencing with calendar year 2014), the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new Maximum Amount, the applicable Maximum Amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement.

¹ Note: Maximum Amount is based on a calculation for the 2013 calendar year.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the Maximum Amount without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other person and waives any defenses based on the foregoing.

3. Waiver of Rights. The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations under the Agreement, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. Reservation of Defenses. The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary or any other person by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Early Termination set forth in Section 17 (the "Expiration Date"). In the event this Guaranty's Expiration Date is determined pursuant to clause (i) or (ii) above, such termination of this Guaranty shall have the affect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, that termination of this Guaranty for any reason other than pursuant to clause (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. Submission to Jurisdiction; Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this

Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. Representations and Warranties. The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect;

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and

(g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of

The McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

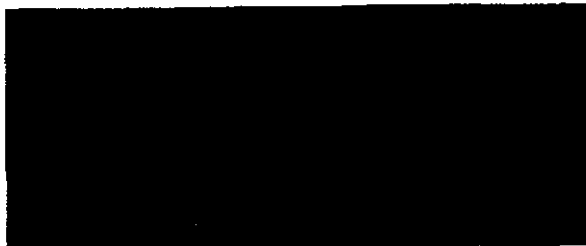
15. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. Assignment. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and each administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). Any purported assignment in violation of this Section 16 shall be void and without effect.

17. Early Termination. This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the Guaranty by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and the Senior Agent.

18. Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:



With a copy to:



If to the Beneficiary, at:

Ohio Valley Electric Corporation
3932 U.S. Route 23
Piketon, Ohio 45661
Facsimile: (740) 289-7284
Attn: Treasurer

With a copy to:

Ohio Valley Electric Corporation
1 Riverside Plaza
Columbus, Ohio
Facsimile: (614) 716-6494
Attn: Vice President and Chief Operating Officer

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the
day and year first above written.



By: _____
Name:
Title:

Exhibit A - Annual Calculation of Maximum Amount (Including calculation as of the date of the Guaranty until reset in accordance with Section 1 thereof)

\$ 1,596,486,240	Beneficiaries' aggregate, consolidated long-term debt as of December 31st of the previous calendar year.
\$ 0	Beneficiary's reasonably expected additional long-term debt for the current calendar year based on Beneficiaries' long-term forecast.
\$ 300,000,000	Beneficiaries' aggregate, consolidated short-term debt as of December 31st of the previous calendar year (including all amounts available under revolving credit or similar facilities, whether currently drawn or not).
\$ 0	Beneficiary's reasonably expected additional short-term debt for the current calendar year based on Beneficiaries' long-term forecast.
\$ 732,084,000	An amount equal to twelve (12) times the average monthly billable costs of the Beneficiary for the current calendar year, as approved in Beneficiary's current budget for such period (or if not yet approved, based on 110% of the last approved annual budget).
<u>\$ 2,628,570,240</u>	<u>Subtotal</u>
\$ [REDACTED]	Obligor's share [REDACTED] of the above subtotal based on its "Power Participation Ratio" (as defined in the Agreement) as of January 1st of the current year.

Proposed Consent Agreements: The Guaranty would be entered into in connection with documents consenting to the assignment of the interests by the applicable Sponsoring Company under the Inter-Company Power Agreement ("ICPA") to the identified new Sponsoring Company. Consent to such assignment would be necessary from each of the other Sponsoring Companies under the ICPA, and from the administrative agent for any lenders or noteholders under OVEC's senior credit facilities and other senior debt. For discussion purposes and based on preliminary feedback from some of the Sponsoring Companies, below is an outline of the basic terms of a proposed consent agreement.

1. Consent to Assignment. The applicable parties would consent to the proposed assignment and the form of the relevant documents to be executed as of the effective date of the assignment. A separate consent (on substantially the same form) would be used among each of the Sponsoring Companies proposing to assign its interests and the other Sponsoring Companies, as well as a separate consent from each applicable administrative agent for each such proposed assignment (on forms agreed with each such agent). The consent agreements would specify the parties to the assignment and the guarantor, as well as the agreed form of the guaranty and the assignment and assumption agreement. The consent agreements would acknowledge that upon the permitted assignment, the assigning entity would no longer be liable under the ICPA (and the assignee entity would assume all such liabilities). The consent agreements would be effective, subject to any necessary regulatory approvals,² immediately upon execution by all parties; provided that, if the proposed assignment is not consummated by an agreed outside date, the consent would automatically expire.

2. Effect of Default under Guaranty or Replacement Credit Support. If there exists an uncured default under or with respect to the Guaranty (or any replacement credit support, as discussed below), then such default would be considered a "Payment Default" of the applicable Sponsoring Company pursuant to Section 11.01 of the ICPA, and (unless and until cured) OVEC would be able to exercise all available remedies at law or in equity, including (without limitation) suspension of service to the defaulting Sponsoring Company under the ICPA. In addition, OVEC shall be entitled to make a claim under the credit support then in effect for all damages relating to such default and any other costs, indemnities and expenses incurred or owing in connection with such default and the exercise of such remedies. The applicable events of default (and cure periods, if any) with respect to the Guaranty (or replacement security) would be as follows:

(a) any representation or warranty made by the entity issuing the Guaranty (or replacement credit support) was false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from OVEC);

² Note: Subject to the scope of the proposed consent and further discussion, it is likely that the consent agreement among all of the Sponsoring Companies could be considered a technical amendment to the ICPA, and thus it would be advisable to obtain FERC approval for the applicable portions thereof. OVEC is reviewing the need for any other regulatory approvals, including from state commissions in Kentucky and Virginia (who have approved recent material amendments to the ICPA).

(b) the failure of the entity issuing the Guaranty (or replacement credit support) to make any payment required or to perform any other material covenant or obligation under the applicable credit support agreement (and such failure is not remedied within three (3) business days after written notice thereof from OVEC);

(c) the entity issuing the Guaranty (or replacement credit support) (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they become due;

(d) the Guaranty (or replacement credit support) fails to be in full force and effect (other than in accordance with its terms) in any material respect, including (without limitation, in an amount equal to the then-current Maximum Amount) prior to the termination or expiration of all of the applicable Sponsoring Company's obligations under the ICPA (the "Permitted Expiry");

(e) the entity issuing the Guaranty (or replacement credit support) repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenge the validity of the applicable credit support agreement; or

(f) with respect to a letter of credit issued as a replacement credit support (as described below), (i) if the letter of credit has an expiration date earlier than the Permitted Expiry, a substitute letter of credit (satisfying all of the applicable requirements for a replacement credit support), which may include an amendment to the then-current letter of credit, in the required amount and with an expiration date that is at least one year after the expiration date of the then-current letter of credit is not delivered to OVEC at least thirty (30) days prior to the expiration date of the then-current letter of credit and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC prior to such 30-day period; or (B) if, at any time prior to the Permitted Expiry, the letter of credit issuer is no longer an "Acceptable Letter of Credit Provider" (as set forth below) or is subject to a bankruptcy or insolvency event and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC within 10 days after such event; provided that, OVEC shall be permitted to draw on the applicable letter of credit to the extent not replaced as described above and hold the cash proceeds from any draw, and in such event such cash shall satisfy, in whole or in part, the requirement of replacement credit support until replaced as provided below.

As noted above, upon an uncured default as described above with respect to a letter of credit, the entire available amount of such letter of credit may be drawn by OVEC and used as replacement credit support, without limitation or duplication of any other rights or remedies that may be available to it, with the right to draw upon such cash security deposit in accordance with the

terms hereof at any time prior to the Permitted Expiry to the same extent that the letter of credit could have been drawn upon had it remained in force and effect (and assuming that the expiration date of the letter of credit was the Permitted Expiry); provided that, if subsequent to such draw down of a cash security deposit from the letter of credit, the applicable Sponsoring Company provides a replacement credit support (satisfying all of the applicable requirements for a replacement credit support), OVEC shall return to the applicable Sponsoring Company (or its designee) a sum of cash equal to (i) the amount of the cash security deposit obtained as a result of such draw down, minus (ii) the aggregate amount of any and all drawings made by OVEC on such cash security deposit as permitted hereunder, including for reimbursement of covered out-of-pocket expenses in connection with enforcement actions. In connection with the foregoing, OVEC shall be required to keep any cash security deposit in a separate interest bearing account, and, shall not be entitled to use, possess, invest, commingle, assign, sell, or pledge such cash security deposit for any purpose other than drawing upon such cash security deposit in accordance with the terms hereof, and any interest on such cash security deposit shall be the sole property of OVEC and shall be payable by OVEC to the applicable Sponsoring Company (or its designee) on the date, if any, on which the cash security deposit is required to be returned in full to such Sponsoring Company (or its designee) hereunder.

3. Replacement Credit Support. At any time, the applicable Sponsoring Company is permitted to replace the Guaranty (or other replacement credit support then in effect) with other acceptable, replacement credit support as follows:

(a) a guaranty, in form and substance substantially similar to the Guaranty or otherwise satisfactory to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, issued by an affiliate of the applicable Sponsoring Company with long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's (or, if not then rated by both such rating agencies, having the requisite rating one of such agencies);

(b) an irrevocable, standby letter of credit (x) issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, which, in either case, (1) has counters for presentment and payment in the City of New York, (2) an asset base of at least \$10 billion and (3) with long-term senior unsecured non-credit enhanced debt rating (or, if it does not have rated debt, an issuer rating) of at least A- from S&P and at least A3 from Moody's (an "Acceptable Letter of Credit Provider"), and (y) in a form reasonably acceptable to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, including the following terms: (A) the amount of the letter of credit must be at least the amount of the then-applicable maximum liability cap under the Guaranty and subject to the same annual adjustments (or timely replacement or supplement (which may be an amendment to the stated amount of such letter of credit) with a substantially similar letter of credit in such adjusted amount); (B) such letter of credit names OVEC as the beneficiary thereunder; (C) drawings under the letter of credit are permitted upon a signed statement from an officer of the beneficiary of the letter of credit that the amount of drawing is owed to the beneficiary pursuant to the ICPA; (D) the applicable Sponsoring Company's agreement to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses

of OVEC's counsel) relating to the enforcement of OVEC's rights under the letter of credit; (E) the applicable Sponsoring Company shall not have any reimbursement obligations under such letter of credit; (F) the letter of credit shall provide that the beneficiary may draw the full amount of the letter of credit if the issuer is no longer an Acceptable Letter of Credit Provider, subject to any cure rights; and (G) the letter of credit requires the issuer thereof to provide at least 60 days' notice to OVEC of the renewal or non-renewal thereof and provides that the beneficiary may draw the full amount of the letter of credit if such letter of credit is not renewed or extended; or

(c) other replacement credit support in form and substance reasonably acceptable to OVEC and with the prior written consent (in its sole discretion) of each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt.

Upon any such replacement, the obligations of the applicable Sponsoring Company covered by such credit support (including with respect to prior periods and including all enforcement and other expenses relating to any replaced credit support) shall be assumed in full under such replacement credit support agreement and the former credit support agreement shall be terminated.

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Monday, July 22, 2013 12:31 PM
To: 'nkakins@aep.com'; 'tahern@buckeyepower.com'; 'ebaker@wpsci.com';
'pchodak@aep.com'; 'bdoty@vectren.com'; 'wdgames@vectren.com';
'laskyc@firstenergycorp.com'; 'melewis@aep.com'; 'mcmccullough@aep.com';
'snelson@frontier-power.com'; 'poloughlin@buckeyepower.com'; 'rppowers@aep.com';
'jhaney@firstenergycorp.com'; 'paul.thompson@lge-ku.com'; 'john.voyles@lge-ku.com';
Whitlock, Chuck; 'lhillebrand@aep.com'
Cc: 'jbrodt@ovec.com'; 'mapeifer@aep.com'; 'djones@ovec.com'; 'tom.depaul@lge-ku.com'; 'tstoner@firstenergycorp.com'; 'bvalice@wpsci.com'; 'ddezeuw@wpsci.com';
'rmattey@ovec.com'; Cecil, Greg; 'ddecoeur@wpsci.com'; 'Chris Balmer'; 'Charles E Zebula'; 'Patricia M Castro'; 'Lisa R Groff'; Melillo, Nick; 'eric.driscoll@aes.com';
'rgoocher@vectren.com'; 'cgrooms@buckeyepower.com'; 'Bradley Scott'; 'Phil Herrington'; 'Randall V Griffin'; 'sthaynes@aep.com'; 'jkass@wpsci.com'; Beller, Amy T.;
Beach, Rick; Riemann, Dina O; 'Fendig, John'; 'brsignet@aep.com'; Tague, Nicole A.
Subject: RE: OVEC/IKEC Boards of Directors --- [REDACTED] ICPA Transfer Proposals
Attachments: [REDACTED] Proposal 22July2013.pdf

All,

As promised, attached is the [REDACTED] proposal. The proposal includes an identical form of parent guaranty and identical term sheet for the proposed consent to assignment.

I will send dial in information for a meeting once I receive responses from all of the members of the ICPA Subcommittee (requested by Wednesday at Noon).

Please let me know if you have any questions.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: Chisling, Brian [mailto:bchisling@stblaw.com]

Sent: Friday, July 19, 2013 1:42 PM

To: 'nkakins@aep.com'; 'tahern@buckeyepower.com'; 'ebaker@wpsci.com'; 'pchodak@aep.com'; 'bdoty@vectren.com'; 'wdgames@vectren.com'; 'laskyc@firstenergycorp.com'; 'melewis@aep.com'; 'mcmccullough@aep.com'; 'snelson@frontier-power.com'; 'poloughlin@buckeyepower.com'; 'rppowers@aep.com'; 'jhaney@firstenergycorp.com'; 'paul.thompson@lge-ku.com'; 'john.voyles@lge-ku.com'; Whitlock, Chuck; 'hillebrand@aep.com'
Cc: 'jbrod@ovec.com'; 'mapelfer@aep.com'; 'djones@ovec.com'; 'tom.depaul@lge-ku.com'; 'tstoner@firstenergycorp.com'; 'bvalice@wpsci.com'; 'ddezeuw@wpsci.com'; 'rmattey@ovec.com'; Cecil, Greg; 'ddeceur@wpsci.com'; 'Chris Balmer'; 'Charles E Zebula'; Patricia M Castro; Lisa R. Groff; Melillo, Nick; 'eric.driscoll@aep.com'; 'rgoocher@vectren.com'; 'cgrrooms@buckeyepower.com'; Bradley Scott; Phil Herrington; 'Randall V Griffin'; 'sthaynes@aep.com'; 'jkass@wpsci.com'; Beller, Amy T.; Beach, Rick; Riemann, Dina O; 'Fendig, John'; 'brsignet@aep.com'; Tague, Nicole A.

Subject: OVEC/IKEC Boards of Directors — [REDACTED] ICPA Transfer Proposals

Members of the OVEC/IKEC Boards:

At the request of [REDACTED], attached is a proposal (as discussed during the Joint Board meeting on July 16th) for the consent of the Sponsoring Companies to permit [REDACTED] to comply with Ohio's corporate separation requirements through the transfer of its interest in the Inter-Company Power Agreement (ICPA) to a newly formed subsidiary. In connection with such transfer, [REDACTED] proposes to provide an AEP parent guaranty to support the obligations of the new subsidiary under the ICPA, as well as to agree to certain cross-defaults relating to such guaranty proposed to be placed in the ICPA.

[REDACTED] expects to provide its proposal, which we expect to include an identical form of parent guaranty and identical term sheet for the proposed consent to assignment. I will forward that proposal as soon as I receive it.

For the members of the ICPA Subcommittee, attached are blacklines showing the changes made by [REDACTED] to the proposed form of guaranty and term sheet for the proposed consent to assignment, from the last drafts presented to the subcommittee (by email on April 1, 2013).

In connection with these proposals [REDACTED] has requested that the ICPA Subcommittee (copied in this email, along with other members of the Sponsoring Companies participating in those discussions) conduct a teleconference to discuss the proposals. OVEC proposes that such call be set for Monday August 5th at 11am ET. In order to confirm that time, please have one representative of each Sponsoring Company confirm that representatives of such Sponsoring Company would be available at that time (as well as availability for a call at another time on 8/5, or during the remainder of week from 8/7 through 8/9). If the proposed day and time do not work, I will do my best to pick an alternative that accommodates the most Sponsoring Companies based on the responses. Please respond by Noon ET on July 24th as to the availability of your representatives.

Please let me know if you have any questions, and please feel free to reach out for any discussions among [REDACTED] and the Sponsoring Companies. As always, the Sponsoring Companies are encouraged to invite any other members of their organization to the ICPA Subcommittee call to aid in the discussion. Please forward this information (and the dial in information to provided next week) to the appropriate representatives.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

PROPOSAL
FOR ASSIGNMENT TO [REDACTED] UNDER
THE OVEC AMENDED AND RESTATED INTER-COMPANY POWER AGREEMENT
DATED AS OF SEPTEMBER 10, 2010

This [REDACTED] PROPOSAL is provided by [REDACTED] ([REDACTED]) to each Sponsoring Company under the ICPA to outline [REDACTED] proposal for [REDACTED]'s requested assignment to [REDACTED] of its rights, title, interests and obligations under the Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 (the "ICPA").

The following items as identified in paragraphs 1 through 7 below shall be identified as the [REDACTED] Proposal for the terms and conditions related to [REDACTED] requested assignment related to the ICPA (the "[REDACTED] Proposal"):

1. [REDACTED] has received the approval of the Public Utilities Commission of Ohio and the Federal Energy Regulatory Commission to separate its generation assets from its transmission and distribution assets.
2. In connection with regulatory approvals, [REDACTED] proposes to effectively transfer its rights, title, interests and obligations under the ICPA to [REDACTED], an unregulated wholly-owned subsidiary of [REDACTED], by obtaining the unanimous written consent from the Sponsoring Companies (and any other necessary party) as required under the ICPA.
3. In connection with obtaining the unanimous written consent from each Sponsoring Company, [REDACTED] will (i) execute a consent agreement with all the Sponsoring Companies detailing the agreed upon consent for assignment, the related obligations assumed by the assignee under the ICPA and the necessary credit support requirements (the "Consent Agreement") (*See Exhibit 1, Proposed Consent Agreements Term Sheet, attached hereto*) and (ii) provide a guaranty agreement (the "Guaranty Agreement") executed by [REDACTED] for the benefit of Ohio Valley Electric Corporation ("OVEC") to cover [REDACTED] payment obligations under the ICPA up to the Maximum Amount (as defined in the Guaranty Agreement) (*See Exhibit 2, Guaranty Agreement, attached hereto*).
4. Guaranty Agreement Specifics. [REDACTED] will propose and follow the form of Guaranty Agreement as provided in Exhibit 2, which provides for the following key provisions:
 - a. Maximum Amount. The guaranty will have a monetary cap equal to the Maximum Amount and will remain in full force and effect until all the guaranteed obligations have been discharged in full up to the Maximum Amount.
 - b. Calculation of Guaranty Maximum Amount. OVEC shall recalculate the Maximum Amount based on [REDACTED] Power Participation Ratio on an annual basis, which amount shall be based on the following line item obligations:

- (i) OVEC's aggregate consolidated long-term debt as of December 31st of the previous calendar year.
 - (ii) The amount required to be deposited with the trustee to either make-whole or defease the bonds as of December 31st of the previous calendar year.
 - (iii) OVEC's reasonably expected additional long-term debt for the current calendar year based on OVEC's long-term forecast.
 - (iv) OVEC's aggregate, consolidated short-term debt as of December 31st of the previous calendar year (including all amounts available under revolving credit or similar facilities, whether currently drawn or not).
 - (v) OVEC's reasonably expected additional short-term debt for the current calendar year based on OVEC's long-term forecast.
 - (vi) An amount equal to twelve (12) times the average monthly billable costs of OVEC for the current calendar year, as approved in OVEC's current budget for such period (or if not yet approved, based on 110% of the last approved annual budget).
 - (vii) Less any amounts paid by Guarantor to OVEC for payment of Guaranteed Obligations due OVEC under the Guaranty.
- c. Guarantor To Maintain Investment Grade Rating. The Guaranty Agreement and Consent Agreement provide that the Guarantor has, and must maintain, a long-term senior unsecured non-credit enhanced debt rating of at least BBB- by S&P and Baa3 from Moody's; or if rated by only one agency, but not both, must have the requisite rating by one of such agencies.
- d. Right to Substitute Guaranty Agreement. [REDACTED] may terminate its Guaranty Agreement if [REDACTED] (i) obtains a long-term senior unsecured non-credit enhanced debt rating of at least BBB- by S&P and Baa3 from Moody's; or if rated by only one agency, but not both, must have the requisite rating by one of such agencies, or (ii) provides a substitute acceptable security, including a letter of credit.
5. Consent Agreement Specifics. [REDACTED] will propose and follow the form of Consent Agreement as provided in Exhibit 1, which provides for the following key provisions:
- a. Release of [REDACTED] under the ICPA. The Consent Agreement would provide that a Sponsoring Company proposing to assign its interests under the ICPA would no longer be liable under the ICPA and the assignee entity would assume all such liabilities.
 - b. Additional Payment Default under ICPA. The Consent Agreement would add that any default under the Guaranty Agreement or a replacement credit support would be considered a "Payment Default" (as such term is defined in the ICPA) and OVEC would be able to exercise all available remedies at law or in equity, including suspension of service to the defaulting Sponsoring Company.

c. Replacement Credit Support. The Consent Agreement would add the ability of the Sponsoring Company to replace the Guaranty Agreement (or such credit support in effect) with other acceptable credit support, including:

- (i) a guaranty in a form similar to the current Guaranty Agreement or other acceptable form issued by an affiliate of the applicable Sponsoring Company with long-term senior unsecured non-credit enhanced debt rating of at least BBB- by S&P and Baa3 from Moody's; or if rated by only one agency, but not both, must have the requisite rating by one of such agencies; or
- (ii) an irrevocable standby letter of credit in an acceptable form to OVEC and any of OVEC's lenders naming OVEC as beneficiary and with a value of at least the then-applicable Maximum Amount under the Guaranty Agreement.

6. [REDACTED] will schedule a meeting during the week of August 5th to provide the Sponsoring Companies with an opportunity to raise any questions, or present any remarks for discussion, regarding the [REDACTED] Proposal, including the base forms of the Guaranty Agreement and the Consent Agreement.

7. Should [REDACTED] receive unanimous acknowledgment from the Sponsoring Companies for [REDACTED]'s proposed transfer as provided for under these terms and conditions of the [REDACTED] Proposal, then [REDACTED] shall work with OVEC and all the Sponsoring Companies during periodic meetings and drafting sessions in order to create one final form of Consent Agreement, as well as any necessary related documentation, for execution by all Sponsoring Companies.

Attached hereto is a Sponsoring Company Acknowledgment form, which we are requesting each Sponsoring Company to fill out in accordance with its position on the [REDACTED] Proposal and that each Sponsoring Company return the form to [REDACTED] by August 15, 2013 (the "Response Due Date"). Please note, in the event a Sponsoring Company chooses not to return a Sponsoring Company Acknowledgment form to [REDACTED] and identify either its agreement or disagreement with the [REDACTED] Proposal by the Response Due Date, [REDACTED] shall presume that the Sponsoring Company is in disagreement with the [REDACTED] Proposal.

[REDACTED]
[REDACTED]
[REDACTED]
Date: 22 July 2013

SPONSORING COMPANY ACKNOWLEDGMENT

TO THE [REDACTED] PROPOSAL FOR
ASSIGNMENT TO [REDACTED] UNDER THE AMENDED AND RESTATED
INTER-COMPANY POWER AGREEMENT DATED AS OF SEPTEMBER 10, 2010

Please evidence your agreement or disagreement with the [REDACTED] Proposal by August 15, 2013,
by checking one of the boxes below and signing in the appropriate signatory block and return
one fully executed original to [REDACTED]

☐ SPONSORING COMPANY AGREES WITH THE [REDACTED] PROPOSAL

☐ SPONSORING COMPANY DISAGREES WITH THE [REDACTED]
PROPOSAL

SPONSORING COMPANY

By: _____

Name: _____

Title: _____

Date: _____

Exhibit 1

Proposed Consent Agreements

Term Sheet

The Guaranty would be entered into in connection with documents consenting to the assignment of the interests by the applicable Sponsoring Company under the Inter-Company Power Agreement ("ICPA") to the identified new Sponsoring Company. Consent to such assignment would be necessary from each of the other Sponsoring Companies under the ICPA, and from the administrative agent for any lenders or noteholders under OVEC's senior credit facilities and other senior debt. For discussion purposes and based on preliminary feedback from some of the Sponsoring Companies, below is an outline of the basic terms of a proposed consent agreement.

1. Consent to Assignment. The applicable parties would consent to the proposed assignment and the form of the relevant documents to be executed as of the effective date of the assignment. A separate consent (on substantially the same form) would be used among each of the Sponsoring Companies proposing to assign its interests and the other Sponsoring Companies, as well as a separate consent from each applicable administrative agent for each such proposed assignment (on forms agreed with each such agent). The consent agreements would specify the parties to the assignment and the guarantor, as well as the agreed form of the guaranty and the assignment and assumption agreement. The consent agreements would acknowledge that upon the permitted assignment, the assigning entity would no longer be liable under the ICPA (and the assignee entity would assume all such liabilities). The consent agreements would be effective, subject to any necessary regulatory approvals,¹ immediately upon execution by all parties; provided that, if the proposed assignment is not consummated by an agreed outside date, the consent would automatically expire.

2. Effect of Default under Guaranty or Replacement Credit Support. If there exists an uncured default under or with respect to the Guaranty (or any replacement credit support, as discussed below), then such default would be considered a "Payment Default" of the applicable Sponsoring Company pursuant to Section 11.01 of the ICPA, and (unless and until cured) OVEC would be able to exercise all available remedies at law or in equity, including (without limitation) suspension of service to the defaulting Sponsoring Company under the ICPA. In addition, OVEC shall be entitled to make a claim under the credit support then in effect for all damages relating to such default and any other costs, indemnities and expenses incurred or owing in connection with such default and the exercise of such remedies. The applicable events of default (and cure periods, if any) with respect to the Guaranty (or replacement security) would be as follows:

¹ Note: Subject to the scope of the proposed consent and further discussion, it is likely that the consent agreement among all of the Sponsoring Companies could be considered a technical amendment to the ICPA, and thus it would be advisable to obtain FERC approval for the applicable portions thereof. OVEC is reviewing the need for any other regulatory approvals, including from state commissions in Kentucky and Virginia (who have approved recent material amendments to the ICPA).

(a) any representation or warranty made by the entity issuing the Guaranty (or replacement credit support) was false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from OVEC);

(b) the failure of the entity issuing the Guaranty (or replacement credit support) to make any payment required or to perform any other material covenant or obligation under the applicable credit support agreement (and such failure is not remedied within three (3) business days after written notice thereof from OVEC);

(c) the entity issuing the Guaranty (or replacement credit support) (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they become due;

(d) the Guaranty (or replacement credit support) fails to be in full force and effect (other than in accordance with its terms) in any material respect, including (without limitation, in an amount equal to the then-current Maximum Amount) prior to the termination or expiration of all of the applicable Sponsoring Company's obligations under the ICPA (the "Permitted Expiry");

(e) the entity issuing the Guaranty (or replacement credit support) repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenge the validity of the applicable credit support agreement;

(f) the long-term senior unsecured non-credit enhanced debt of the entity issuing the Guaranty (or replacement credit support) fails to maintain at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's (or, if not rated by both such rating agencies, then having the requisite rating by one of such agencies) and the applicable Sponsoring Company fails within ten (10) business days thereafter to provide replacement credit support (as described below); or

(g) with respect to a letter of credit issued as a replacement credit support (as described below), (i) if the letter of credit has an expiration date earlier than the Permitted Expiry, a substitute letter of credit (satisfying all of the applicable requirements for a replacement credit support), which may include an amendment to the then-current letter of credit, in the required amount and with an expiration date that is at least one year after the expiration date of the then-current letter of credit is not delivered to OVEC at least thirty (30) days prior to the expiration date of the then-current letter of credit and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC prior to such 30-day period; or (B) if, at any time prior to the Permitted Expiry, the letter of credit issuer is no longer an

"Acceptable Letter of Credit Provider" (as set forth below) or is subject to a bankruptcy or insolvency event and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC within 10 days after such event; provided that, OVEC shall be permitted to draw on the applicable letter of credit to the extent not replaced as described above and hold the cash proceeds from any draw, and in such event such cash shall satisfy, in whole or in part, the requirement of replacement credit support until replaced as provided below.

As noted above, upon an uncured default as described above with respect to a letter of credit, the entire available amount of such letter of credit may be drawn by OVEC and used as replacement credit support, without limitation or duplication of any other rights or remedies that may be available to it, with the right to draw upon such cash security deposit in accordance with the terms hereof at any time prior to the Permitted Expiry to the same extent that the letter of credit could have been drawn upon had it remained in force and effect (and assuming that the expiration date of the letter of credit was the Permitted Expiry); provided that, if subsequent to such draw down of a cash security deposit from the letter of credit, the applicable Sponsoring Company provides a replacement credit support (satisfying all of the applicable requirements for a replacement credit support), OVEC shall return to the applicable Sponsoring Company (or its designee) a sum of cash equal to (i) the amount of the cash security deposit obtained as a result of such draw down, minus (ii) the aggregate amount of any and all drawings made by OVEC on such cash security deposit as permitted hereunder, including for reimbursement of covered out-of-pocket expenses in connection with enforcement actions. In connection with the foregoing, OVEC shall be required to keep any cash security deposit in a separate interest bearing account, and, shall not be entitled to use, possess, invest, commingle, assign, sell, or pledge such cash security deposit for any purpose other than drawing upon such cash security deposit in accordance with the terms hereof, and any interest on such cash security deposit shall be the sole property of OVEC and shall be payable by OVEC to the applicable Sponsoring Company (or its designee) on the date, if any, on which the cash security deposit is required to be returned in full to such Sponsoring Company (or its designee) hereunder.

3. Replacement Credit Support. At any time, the applicable Sponsoring Company is permitted to replace the Guaranty (or other replacement credit support then in effect) with other acceptable, replacement credit support as follows:

(a) a guaranty, in form and substance substantially similar to the Guaranty or otherwise satisfactory to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, issued by an affiliate of the applicable Sponsoring Company with long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's (or, if not rated by both such rating agencies, then having the requisite rating by one of such agencies);

(b) an irrevocable, standby letter of credit (x) issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, which, in either case, (1) has counters for presentment and payment in the City of New York, (2) an asset base of at least \$10 billion and (3) with long-term senior unsecured non-credit enhanced debt rating (or, if it does not have rated debt, an issuer rating) of at least A- from S&P and at

least A3 from Moody's (an "Acceptable Letter of Credit Provider"), and (y) in a form reasonably acceptable to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, including the following terms: (A) the amount of the letter of credit must be at least the amount of the then-applicable maximum liability cap under the Guaranty and subject to the same annual adjustments (or timely replacement or supplement (which may be an amendment to the stated amount of such letter of credit) with a substantially similar letter of credit in such adjusted amount); (B) such letter of credit names OVEC as the beneficiary thereunder; (C) drawings under the letter of credit are permitted upon a signed statement from an officer of the beneficiary of the letter of credit that the amount of drawing is owed to the beneficiary pursuant to the ICPA; (D) the applicable Sponsoring Company's agreement to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of OVEC's counsel) relating to the enforcement of OVEC's rights under the letter of credit; (E) the applicable Sponsoring Company shall not have any reimbursement obligations under such letter of credit; (F) the letter of credit shall provide that the beneficiary may draw the full amount of the letter of credit if the issuer is no longer an Acceptable Letter of Credit Provider, subject to any cure rights; and (G) the letter of credit requires the issuer thereof to provide at least 60 days' notice to OVEC of the renewal or non-renewal thereof and provides that the beneficiary may draw the full amount of the letter of credit if such letter of credit is not renewed or extended; or

(c) other replacement credit support in form and substance reasonably acceptable to OVEC and with the prior written consent (in its sole discretion) of each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt.

Upon any such replacement, the obligations of the applicable Sponsoring Company covered by such credit support (including with respect to prior periods and including all enforcement and other expenses relating to any replaced credit support) shall be assumed in full under such replacement credit support agreement and the former credit support agreement shall be terminated.

Exhibit 2

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], 2013, is issued and delivered by [REDACTED] a Delaware corporation (the "Guarantor"), for the account of [REDACTED], a Delaware limited liability company (the "Obligor"), and for the benefit of Ohio Valley Electric Corporation, an Ohio corporation (the "Beneficiary").

Background Statement

WHEREAS, the Obligor proposed to and has become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, Beneficiary required that the Obligor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. **Guaranty; Limitation of Liability.** The Guarantor hereby absolutely and unconditionally guarantees to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with the formula provided in Exhibit A hereto and incorporated herein (the "Maximum Amount"). As of the date of this Guaranty, such Maximum Amount is U.S. \$[REDACTED], as calculated as shown on Exhibit A.¹ On or before January 31st of each subsequent calendar year (commencing with calendar year 2014), the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new Maximum Amount, the applicable Maximum Amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made by the Obligor under the Agreement.

¹ Note: Maximum Amount is based on a calculation for the 2013 calendar year.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the Maximum Amount without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other person and waives any defenses based on the foregoing.

3. Waiver of Rights. The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations under the Agreement, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. Reservation of Defenses. The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary or any other person by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations up to the Maximum Amount have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Early Termination set forth in Section 17 (the "Expiration Date"). In the event this Guaranty's Expiration Date is determined pursuant to clause (i) or (ii) above, such termination of this Guaranty shall have the affect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, that termination of this Guaranty for any reason other than pursuant to clause (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full up to the Maximum Amount.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. Submission to Jurisdiction; Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this

Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. Representations and Warranties. The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect;

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and

(g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's

Investors Service, Inc. ("Moody's") (or, if not rated by both such rating agencies, then having the requisite rating by one of such agencies).

13. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. Assignment. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and each administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). Any purported assignment in violation of this Section 16 shall be void and without effect.

17. Early Termination. This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's (or, if not rated by both such rating agencies, then having the requisite rating by one of such agencies); or (ii) immediately, upon the replacement of the Guaranty by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and the Senior Agent.

18. Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

With a copy to:

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

If to the Beneficiary, at:

Ohio Valley Electric Corporation
3932 U.S. Route 23
Piketon, Ohio 45661
Facsimile: (740) 289-7284
Attn: Treasurer

With a copy to:

Ohio Valley Electric Corporation
1 Riverside Plaza
Columbus, Ohio 43215
Facsimile: (614) 716-6494
Attn: Vice President and Chief Operating Officer

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4:00 p.m. local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4:00 p.m. local time of recipient.

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IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the
day and year first above written.

GUARANTOR

By: _____

Name: _____

Title: _____

Exhibit A - Annual Calculation of Maximum Amount

Calculation as of the date of the Guaranty for the then-current calendar year until reset in accordance with Section 1 thereof

\$ 1,596,486,240	Beneficiary's aggregate, consolidated long-term debt as of December 31st of the previous calendar year.
\$ 356,817,268	The amount required to be deposited with the trustee to either make-whole or defease the bonds as of December 31st of the previous calendar year.
\$ 0	Beneficiary's reasonably expected additional long-term debt for the current calendar year based on Beneficiary's long-term forecast.
\$ 300,000,000	Beneficiary's aggregate, consolidated short-term debt as of December 31st of the previous calendar year (including all amounts available under revolving credit or similar facilities, whether currently drawn or not).
\$ 0	Beneficiary's reasonably expected additional short-term debt for the current calendar year based on Beneficiary's long-term forecast.
\$ 732,084,000	An amount equal to twelve (12) times the average monthly billable costs of the Beneficiary for the current calendar year, as approved in Beneficiary's current budget for such period (or if not yet approved, based on 110% of the last approved annual budget).
<u>\$ 2,985,387,508</u>	<u>Subtotal</u>
\$ [REDACTED]	Obligor's share [REDACTED] of the above subtotal based on its " <u>Power Participation Ratio</u> " (as defined in the Agreement) as of January 1st of the current year.
<u>(\$ 0)</u>	Less any amounts paid by Guarantor to Beneficiary for payment of Guaranteed Obligations due Beneficiary under the Guaranty
<u>\$ [REDACTED]</u>	<u>Total Guaranty Maximum Amount</u>

**Duke Energy Ohio
Case No. 14-841-EL-SSO
OMA Second Set Production of Documents
Date Received: September 23, 2014**

OMA-POD-02-009

REQUEST:

Please provide copies of all documents since January 1, 2012, concerning any requests for consent of a sale or transfer of a Sponsoring Company's interest in OVEC under the Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 ("ICPA"), including, but not limited to those documents discussed and referenced by Mr. Charles Whitlock at his deposition on September 11, 2014.

RESPONSE:

Objection. This Interrogatory seeks to elicit information that is irrelevant or otherwise not reasonably calculated to lead to the discovery of admissible information. It is also overly broad and unduly burdensome given its reference to any Sponsoring Company and the time period pursuant to which it is to be answered. Furthermore, it seeks to elicit information that is business confidential, proprietary and trade secret or otherwise protected by the attorney client privilege and/or work product doctrine.

PERSON RESPONSIBLE: Legal

OMA EX. 9

**Duke Energy Ohio
Case No. 14-841-EL-SSO
OMA Second Set Production of Documents
Date Received: September 23, 2014**

OMA-POD-02-010

REQUEST:

Please provide copies of any and all written communications made or received by or between OVEC, OVEC's Board of Directors, and/or any Sponsoring Companies since January 1, 2012, concerning any requests for consent of a sale or transfer of a Sponsoring Company's interest in OVEC under the ICPA, including, but not limited to, those communications discussed and referenced by Mr. Charles Whitlock at his deposition on September 11, 2014.

RESPONSE:

Objection. This Interrogatory seeks to elicit information that is irrelevant or otherwise not reasonably calculated to lead to the discovery of admissible information. It is also overly broad and unduly burdensome given its reference to any Sponsoring Company and the time period pursuant to which it is to be answered. Furthermore, it seeks to elicit information that is business confidential, proprietary and trade secret or otherwise protected by the attorney client privilege and/or work product doctrine.

PERSON RESPONSIBLE: Legal

OMA EX. *PD*

Duke Energy Ohio
Case No. 14-841-EL-SSO
OMA Second Set Production of Documents
Date Received: September 23, 2014

OMA-POD-02-011

REQUEST:

Please provide copies of any documents since January 1, 2012, showing actions taken by any Sponsoring Company or OVEC regarding any requests for consent of a sale or transfer of a Sponsoring Company's interest in OVEC under the ICPA, including, but not limited to, those documents discussed and referenced by Mr. Charles Whitlock at his deposition on September 11, 2014

RESPONSE:

Objection. This Interrogatory seeks to elicit information that is irrelevant or otherwise not reasonably calculated to lead to the discovery of admissible information. It is also overly broad and unduly burdensome given its reference to any Sponsoring Company and the time period pursuant to which it is to be answered. Furthermore, it seeks to elicit information that is business confidential, proprietary and trade secret or otherwise protected by the attorney client privilege and/or work product doctrine.

PERSON RESPONSIBLE: Legal

OMA EX. 11

Duke Energy Ohio
Case Nos. 14-841, 14-842
OMA Second Set Production of Documents
Date Received: September 23, 2014

**OMA-POD-02-012 HIGHLY CONFIDENTIAL
FOR ATTORNEYS' EYES ONLY as to Highly Confidential Attachment**

REQUEST:

Please provide copies of any OVEC Board Meeting minutes (including resolutions) since January 1, 2012, regarding any requests for consent of a sale or transfer of a Sponsoring Company's interest in OVEC under the ICPA.

RESPONSE:

**HIGHLY CONFIDENTIAL PROPRIETARY TRADE SECRET
as to Highly Confidential Attachment
ATTORNEYS' EYES ONLY
Produced for purposes of PUCO Case Nos. 14-841 and 14-842 only.**

Objection. This Interrogatory seeks to elicit information that is irrelevant or otherwise not reasonably calculated to lead to the discovery of admissible information. It is also overly broad and unduly burdensome given its reference to any Sponsoring Company and the time period pursuant to which it is to be answered. Furthermore, it seeks to elicit information that is business confidential, proprietary and trade secret or otherwise protected by the attorney client privilege and/or work product doctrine. Without waiving said objection, to the extent discoverable, and in the spirit of discovery, see Highly Confidential Attachment OMA-POD-02-012.

PERSON RESPONSIBLE: Legal

OMA EX. 12

OHIO VALLEY ELECTRIC CORPORATION

Minutes of Special Meeting of the

▪ Board of Directors held July 16, 2013

A Special Meeting of the Board of Directors of **OHIO VALLEY ELECTRIC CORPORATION (OVEC)** was called to order by the President on a conference call on Tuesday, July 16, 2013, at 9:00 a.m., pursuant to notice duly given.

Nicholas K. Akins, President of the Corporation, acted as Chairman of the meeting, and John D. Brodt, CFO, Secretary and Treasurer of the Corporation, acted as Secretary of the meeting.

Mr. Brodt reported that the following Directors were present on the conference call for the meeting:

Anthony J. Ahern
Eric D. Baker
William S. Doty
James R. Haney
Lana L. Hillebrand
Mark C. McCullough

Steven K. Nelson
Patrick W. O'Loughlin
Robert P. Powers
Paul W. Thompson
John N. Voyles
Charles Whitlock

Mr. Akins asked Brian Chisling, Simpson Thacher and Bartlett, LLP, to provide feedback from the subcommittee formed to review the proposed transfer of interests in the Inter-Company Power Agreement (ICPA) by the Sponsoring Companies with Ohio corporate separation plans. Mr. Chisling reported that the subcommittee had met on several occasions, in person and by phone, to discuss proposed alternatives to comply with the investment grade transfer requirement in the ICPA. Mr. Chisling advised that the subcommittee reviewed several proposals including requiring the new unregulated company secure an investment grade credit rating or issue a parent company guaranty with an annual liability limit for the unregulated company without a credit rating. Mr. Chisling stated that the subcommittee was unable to reach unanimous consent upon which credit rating format was agreeable to all parties of the ICPA.

Mr. Akins advised that the Ohio Sponsoring Companies are obligated by orders of the Public Utilities Commission of Ohio (PUCO) to separate their generation assets from their regulated entities. Mr. Akins indicated that he expected all of the Ohio Sponsoring Companies

that have not yet complied with the PUCO order to send a compliance proposal to the remaining Sponsoring Companies to accept or reject the proposal so that each impacted Ohio Sponsoring Company can comply or file with the PUCO to modify their PUCO order.

The Board discussed certain options and agreed that the Sponsoring Companies should respond to the individual proposals from any Ohio Sponsoring Company as to plans to comply with its PUCO order.

Mr. Akins asked Mr. Chisling to report on the feedback from the subcommittee exploring the costs and benefits of divesting OVEC's transmission facilities. Mr. Chisling stated that the subcommittee reviewed the pros and cons of joining (or having its generation served by) PJM Interconnection LLC (PJM), an adjoining regional transmission organization, or transferring the OVEC-IKEC transmission assets to a third party (who likely would operate within PJM). Mr. Chisling advised that these options could produce a cost savings of approximately \$[REDACTED] per year, but that difficulties in moving power and future cost uncertainty prevented the Sponsors from agreeing on these alternatives.

After some discussion by the Board, Mr. Akins asked the subcommittee to continue to work on possible third party transactions and asked the OVEC Operating Committee to review whether or not to join PJM, with each reporting its findings to the Board.

There being no further business to come before the Board, the meeting was adjourned.


Secretary
OHIO VALLEY ELECTRIC CORPORATION

1. Duke Energy Ohio
Case No. 14-841-EL-SSO
OMA Second Set Production of Documents
Date Received: September 23, 2014

OMA-POD-02-013

REQUEST:

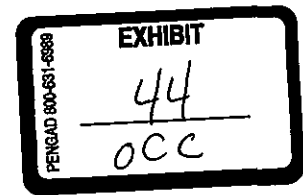
Please provide copies of all OVEC committee or subcommittee meeting minutes since January 1, 2012, regarding any requests for consent of a sale or transfer of a Sponsoring Company's interest in OVEC under the ICPA.

RESPONSE:

Objection. This Interrogatory seeks to elicit information that is irrelevant or otherwise not reasonably calculated to lead to the discovery of admissible information. It is also overly broad and unduly burdensome given its reference to any Sponsoring Company and the time period pursuant to which it is to be answered. Furthermore, it seeks to elicit information that is business confidential, proprietary and trade secret or otherwise protected by the attorney client privilege and/or work product doctrine.

PERSON RESPONSIBLE: Legal

OMA EX. 13



From:
Sent: Monday, December 17, 2012 9:43 PM
To:
Subject: Fwd: OVEC Board of Directors Follow up Items

DOCUMENT 1

Wanna participate? Should we put nick on the assignment gig

Sent from my iPad

Begin forwarded message:

From: <mapeifer@aep.com>
Date: December 14, 2012, 8:32:42 AM EST
To: <nkakins@aep.com>, <tahern@buckeyepower.com>, <ebaker@wpsci.com>, <pchodak@aep.com>, <bdoty@vectren.com>, <wdgames@vectren.com>, <dennis.lantz@dpinc.com>, <laskyc@firstenergycorp.com>, <melewis@aep.com>, <mcmccullough@aep.com>, <snelson@frontier-power.com>, <poloughlin@buckeyepower.com>, <rppowers@aep.com>, <jhaney@firstenergycorp.com>, <paul.thompson@lge-ku.com>, <john.voyles@lge-ku.com>, <charles.whitlock@duke-energy.com>, <pavegas@aep.com>
Cc: <jbrodt@ovec.com>, <cook@ovec.com>, <djones@ovec.com>, <rmattey@ovec.com>, <cezebula@aep.com>, <bchisling@stblaw.com>, <trwallace@aep.com>
Subject: OVEC Board of Directors Follow up Items

Gentlemen:

To follow up on two items from the December 4 Boards of Directors Meetings, OVEC will establish two separate subcommittees of the OVEC Board of Directors to explore the following topics:

1. **Proposed Assignment of ICPA Interests.** Certain Sponsoring Companies, currently led by _____, are subject to regulatory requirements to separate their electric generating resources from the existing utility companies. Such Sponsoring Companies have asked for OVEC's and the remaining Sponsoring Companies' assistance in exploring what credit support or other requirements would be necessary to permit the assignment by the relevant Sponsoring Companies of their rights and obligations under the Inter-Company Power Agreement (ICPA) to newly-formed subsidiaries. It is contemplated that at the time of such assignment, such newly-formed subsidiaries may not have an investment grade credit rating. This subcommittee would review the relevant requirements under the ICPA and OVEC's debt instruments (as well as implications for OVEC's credit ratings) and determine if an acceptable form of parent guaranty (and related consent to assignment) could be used to permit such assignments without adverse impact on OVEC or the other Sponsoring Companies.
2. **Future of OVEC's Transmission.** Certain Sponsoring Companies have asked OVEC to explore the possibility of selling or otherwise divesting its transmission facilities in order to avoid the expenses and legal requirements related to the continued ownership and operation of such facilities. This subcommittee would explore if any of the Sponsoring Companies, or their affiliates, has an interest in acquiring OVEC's transmission facilities, as well as if OVEC should consider selling such facilities to a third party. This subcommittee also would identify any threshold issues raised by any proposed divestiture, including any related benefits or costs to OVEC or the Sponsoring Companies.

The subcommittees would be formed solely for informational purposes and would have no voting rights or other powers. We would expect to update the Boards periodically as to any findings or other developments of each subcommittee.

We have set aside Monday, February 25, 2013 for the initial meeting of each subcommittee at AEP offices at 1 Riverside Plaza, Columbus, Ohio. Participants that cannot attend in person may join by teleconference. We would expect each subcommittee to meet for approximately one hour, with the meetings tentatively scheduled to begin at 10:00 a.m. ET, with one following the other.

Please provide OVEC's counsel, Brian Chisling of Simpson Thacher & Bartlett LLP (bchisling@stblaw.com, (212) 455-3075) with the names and contact information of the proposed members of the subcommittee from each Sponsoring Company. Mr. Chisling will follow-up with information as to the agenda for each of the meetings and provide any relevant materials for review prior to such meetings. If your company decides not to participate in either (or both) of the subcommittees, please let Brian know that as well.

Respectfully,

Mark

From:

Sent:

Thursday, January 31, 2013 9:15 AM

DOCUMENT 2

To:

Cc:

Subject:

FW: OVEC Board of Directors Follow up Items

Per Tammy's note below, we need clarification on which OVEC subcommittees you are working on. I thought it was the ICPA subcommittee, but Tammy asked if one or both of you are also on the Transmission subcommittee. It seems we need someone on each committee.

1. **Proposed Assignment of ICPA Interests.** Certain Sponsoring Companies, currently led by are subject to regulatory requirements to separate their electric generating resources from the existing utility companies. Such Sponsoring Companies have asked for OVEC's and the remaining Sponsoring Companies' assistance in exploring what credit support or other requirements would be necessary to permit the assignment by the relevant Sponsoring Companies of their rights and obligations under the Inter-Company Power Agreement (ICPA) to newly-formed subsidiaries. It is contemplated that at the time of such assignment, such newly-formed subsidiaries may not have an investment grade credit rating. This subcommittee would review the relevant requirements under the ICPA and OVEC's debt instruments (as well as implications for OVEC's credit ratings) and determine if an acceptable form of parent guaranty (and related consent to assignment) could be used to permit such assignments without adverse impact on OVEC or the other Sponsoring Companies.

2. **Future of OVEC's Transmission.** Certain Sponsoring Companies have asked OVEC to explore the possibility of selling or otherwise divesting its transmission facilities in order to avoid the expenses and legal requirements related to the continued ownership and operation of such facilities. This subcommittee would explore if any of the Sponsoring Companies, or their affiliates, has an interest in acquiring OVEC's transmission facilities, as well as if OVEC should consider selling such facilities to a third party. This subcommittee also would identify any threshold issues raised by any proposed divestiture, including any related benefits or costs to OVEC or the Sponsoring Companies.

From:

Sent: Thursday, January 31, 2013 8:09 AM

To:

Subject: Fw: OVEC Board of Directors Follow up Items

Could you please get some clarification for me ... I need to know on which Subcommittee each of these gentlemen will represent ... or, are they both participating in both subcommittees as defined in email below ... Thanks :)

on 01/31/2013 08:07 AM ---

12/20/2012 04:40 PM

To Dennis Lantzy <dennis.lantzy@aep.com>

cc "mapeifer@aep.com" <mapeifer@aep.com>, "nkakins@aep.com" <nkakins@aep.com>, "tahern@buckeyeepower.com" <tahern@buckeyeepower.com>, "ebaker@wpsci.com" <ebaker@wpsci.com>, "pchodak@aep.com" <pchodak@aep.com>, "bdoty@vectren.com" <bdoty@vectren.com>, "wdgames@vectren.com" <wdgames@vectren.com>, "laskyc@firstenergycorp.com" <laskyc@firstenergycorp.com>, "melewis@aep.com" <melewis@aep.com>, "mcmccullough@aep.com" <mcmccullough@aep.com>, "snelson@frontier-power.com" <snelson@frontier-power.com>, "poloughlin@buckeyeepower.com" <poloughlin@buckeyeepower.com>, "rppowers@aep.com" <rppowers@aep.com>, "jhaney@firstenergycorp.com" <jhaney@firstenergycorp.com>, "paul.thompson@lge-ku.com" <paul.thompson@lge-ku.com>, "john.voyles@lge-ku.com" <john.voyles@lge-ku.com>, "pavegas@aep.com" <pavegas@aep.com>, "jbrodt@ovec.com" <jbrodt@ovec.com>, "rcook@ovec.com" <rcook@ovec.com>, "diones@ovec.com" <diones@ovec.com>, "mattey@ovec.com" <mattey@ovec.com>, "cezebula@aep.com" <cezebula@aep.com>, "bchisling@stblaw.com" <bchisling@stblaw.com>, "trwallace@aep.com" <trwallace@aep.com>, "eric." <driscoll@aep.com>, Hertzai Shamash <hertzai.shamash@aep.com>

Subject Re: OVEC Board of Directors Follow up Items

For

Sent from my iPad

On Dec 20, 2012, at 3:44 PM,

Mark,

representatives on the two subcommittees are as follows:

Proposed Assignment of ICPA Interests ---

Future of OVEC's Transmission --

Dennis

From: mapeifer@aep.com [mailto:mapeifer@aep.com]

Sent: Friday, December 14, 2012 8:33 AM

To: nkakins@aep.com; tahern@buckeyeepower.com; ebaker@wpsci.com; pchodak@aep.com; bdoty@vectren.com; wdgames@vectren.com; Dennis Lantzy; laskyc@firstenergycorp.com; melewis@aep.com; mcmccullough@aep.com; snelson@frontier-power.com; poloughlin@buckeyeepower.com; rppowers@aep.com; jhaney@firstenergycorp.com; paul.thompson@lge-ku.com; john.voyles@lge-ku.com; charles.whitlock@duke-energy.com; pavegas@aep.com
Cc: jbrodt@ovec.com; rcook@ovec.com; diones@ovec.com; mattey@ovec.com; cezebula@aep.com; bchisling@stblaw.com; trwallace@aep.com

Subject: OVEC Board of Directors Follow up Items

Gentlemen:

To follow up on two items from the December 4 Boards of Directors Meetings, OVEC will establish two separate subcommittees of the OVEC Board of Directors to explore the following topics:

1. **Proposed Assignment of ICPA Interests.** Certain Sponsoring Companies, currently led by are subject to regulatory requirements to separate their electric generating resources from the existing utility companies. Such Sponsoring Companies have asked for OVEC's and the remaining Sponsoring Companies' assistance in exploring what credit support or other requirements would be necessary to permit the assignment by the relevant Sponsoring Companies of their rights and obligations under the Inter-Company Power Agreement (ICPA) to newly-formed subsidiaries. It is contemplated that at the time of such assignment, such newly-formed subsidiaries may not have an investment grade credit rating. This subcommittee would review the relevant requirements under the ICPA and OVEC's debt instruments (as well as implications for OVEC's credit ratings) and determine if an acceptable form of parent guaranty (and related consent to assignment) could be used to permit such assignments without adverse impact on OVEC or the other Sponsoring Companies.
2. **Future of OVEC's Transmission.** Certain Sponsoring Companies have asked OVEC to explore the possibility of selling or otherwise divesting its transmission facilities in order to avoid the expenses and legal requirements related to the continued ownership and operation of such facilities. This subcommittee would explore if any of the Sponsoring Companies, or their affiliates, has an interest in acquiring OVEC's transmission facilities, as well as if OVEC should consider selling such facilities to a third party. This subcommittee also would identify any threshold issues raised by any proposed divestiture, including any related benefits or costs to OVEC or the Sponsoring Companies.

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We have set aside Monday, February 25, 2013 for the initial meeting of each subcommittee at AEP offices at 1 Riverside Plaza, Columbus, Ohio. Participants that cannot attend in person may join by teleconference. We would expect each subcommittee to meet for approximately one hour, with the meetings tentatively scheduled to begin at 10:00 a.m. ET, with one following the other.

Please provide OVEC's counsel, Brian Chisling of Simpson Thacher & Bartlett LLP (bchisling@stblaw.com, (212) 455-3075) with the names and contact information of the proposed members of the subcommittee from each Sponsoring Company. Mr. Chisling will follow-up with information as to the agenda for each of the meetings and provide any relevant materials for review prior to such meetings. If your company decides not to participate in either (or both) of the subcommittees, please let Brian know that as well.

Respectfully,

Mark

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[REDACTED]

From: Espinoza, Michael <Michael.Espinoza@bglip.com>
Sent: Wednesday, February 06, 2013 11:59 PM
To: [REDACTED]
Cc: Klauberg, John
Subject: RE: Asset transfer Guaranty

DOCUMENT 3

Dina,

Here are some thoughts on the issues raised by Brian:

I'm available tomorrow if you would like to discuss before your call.

Best,

Mike

Michael E. Espinoza | Associate | Bracewell & Giuliani LLP
1251 Avenue of the Americas 49th Floor | New York, New York | 10020-1104

T: 212.938.6460 | F: 800.404.3970
michael.espinoza@bqlip.com | www.bqlip.com

CONFIDENTIALITY STATEMENT

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From: Riemann, Dina O [mailto:Dina.Riemann@duke-energy.com]
Sent: Wednesday, February 06, 2013 9:28 PM
To: Klauberg, John; Espinoza, Michael
Subject: FW: Asset transfer Guaranty

Here is OVEC's response to our draft. What are your thoughts on Brian's concerns?

From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Wednesday, February 06, 2013 6:34 PM
To: [REDACTED]
Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Dina,

Let's keep our call tomorrow at 130 pm ET, and we can discuss further.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Wednesday, February 06, 2013 4:58 PM
To: Chisling, Brian; [REDACTED]
Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Brian,

Attached is the revised guaranty.

Please let us know if you'd like to have a call at 1:30 tomorrow to discuss.

Dina



From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Wednesday, February 06, 2013 2:26 PM
To: [REDACTED]
Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

130 works for me. We can use my dial in — 877.492.4014 (passcode [REDACTED]).

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Wednesday, February 06, 2013 2:17 PM
To: [REDACTED]

Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Same for me

From: [REDACTED]
Sent: Wednesday, February 06, 2013 2:13 PM
To: Chisling, Brian; [REDACTED]
Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

I have a conflict at noon but I'm available at 1:00 or 1:30.

From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Wednesday, February 06, 2013 2:11 PM
To: [REDACTED]
Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Can we set up a time to talk tomorrow if we need to, depending on the comments? I suggest noon ET.

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Wednesday, February 06, 2013 1:58 PM
To: Chisling, Brian
Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Brian, Dina is working with our outside counsel on number 4. We hope to have you something yet this afternoon.

From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Wednesday, February 06, 2013 12:26 PM
To: [REDACTED]
Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Greg,

Any update on revised form of guaranty? As mentioned, I want to get to the subcommittee asap. If Duke has any substantive comments or issues, can we set up a call for later today or shortly after the draft will be sent?

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Wednesday, January 30, 2013 2:20 PM
To: Chisling, Brian
Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Brian, attached is an updated version. Steve this version should address the comments you had as well.

1. With respect to the guaranty amount, please include your revised proposal in the next draft. Done. Also, please specify if [REDACTED] proposes a set amount or an amount based on the formula that would be re-set each year (or at other times).
2. With respect to the term, OVEC does not support an automatic termination after the termination of the ICPA since obligations may extend beyond that period. Of course, if the guaranty amount re-sets this may be less of an issue.
3. With respect to expenses, OVEC does not believe that it should have to wait for a final determination to be entitled to such costs.
4. OVEC has added some additional proposed language to protect against post-assignment reorganizations that might result in a change of control default under OVEC's debt agreements. Since [REDACTED] intends to transfer its ICPA interest into a special purpose entity. OVEC wants to make sure that such entity remains a [REDACTED] affiliate.

Once you review this draft we would like to set up a call with you to discuss number 3 and number 4 above prior to send out to the other sponsors if possible.

From: [REDACTED]
Sent: Monday, January 28, 2013 10:33 AM
To: 'Chisling, Brian'
Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Brian we will have comments for you by Wednesday at the latest of this week.

From: Chisling, Brian [mailto:bchisling@stblaw.com]

Sent: Friday, January 25, 2013 1:42 PM

To: [REDACTED]

Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]

Subject: RE: Asset transfer Guaranty

Greg,

Can I get an update on the proposed form of guaranty? I would like to send a draft to the OVEC subcommittee in early February to give everyone time to review internally (including with their counsel). When can you send me a version for distribution?

Please let me know if I can be of any assistance.

Thank you,

- Brian

PS --- Amy and I never heard from your counsel about issue No. 3 in my previous email (which you said you were setting up), but we are available to discuss at your convenience.

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: Chisling, Brian

Sent: Tuesday, January 08, 2013 1:09 PM

To: [REDACTED]

Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]

Subject: RE: Asset transfer Guaranty

Greg,

Attached is a further revised version of the draft guaranty. I note the following:

5. With respect to the guaranty amount, please include your revised proposal in the next draft. Also, please specify if [REDACTED] proposes a set amount or an amount based on the formula that would be re-set each year (or at other times).

6. With respect to the term, OVEC does not support an automatic termination after the termination of the ICPA since obligations may extend beyond that period. Of course, if the guaranty amount re-sets this may be less of an issue.
7. With respect to expenses, OVEC does not believe that it should have to wait for a final determination to be entitled to such costs.
8. OVEC has added some additional proposed language to protect against post-assignment reorganizations that might result in a change of control default under OVEC's debt agreements. Since [REDACTED] intends to transfer its ICPA interest into a special purpose entity, OVEC wants to make sure that such entity remains a [REDACTED] affiliate.

Please let me know if you have any questions. I am preparing materials for the subcommittee and would like to distribute a proposed form in advance of our February meeting. If there are issues that cannot be resolved, OVEC would consider providing [REDACTED] draft with any open points among OVEC and [REDACTED] in brackets as open points.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

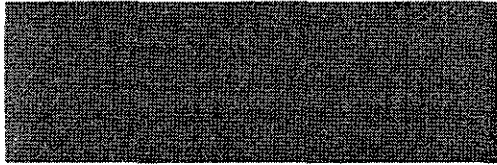
From: [REDACTED]
Sent: Monday, January 07, 2013 9:24 AM
To: Chisling, Brian
Cc: [REDACTED]
Subject: Asset transfer Guaranty

Brian we made one change from the previous version I sent you on 12/7/2012. We accepted all other changes from OVEC. If the additional changes are ok with you I will get with [REDACTED] and get there ok as well. They were good with the last version I sent them. I would like to get a version that [REDACTED] are good to use as a starting point for our get together on 2/25.

Also, we would recommend changing the formula based on [REDACTED] feedback to 6 months rather than our proposed 2 months. The formula would be:

Guaranty amount = ownership share times [total long term debt + reasonably expected future long term debt + short term debt (outstanding + available remaining) + 6 months of OVECS total forecasted spend]]

This change is not reflected in the amount of the guaranty. Let me know if you have any comments or concerns.



He used to say, "Who ever dies with the most toys wins
But if he loses his soul, what has he gained in the end
I'll take a shack on a rock
Over a castle in the sand."

Mark Hall Lead Singer Casting Crowns, "American Dream" from the Album Casting Crowns

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], is issued and delivered by [redacted], a Delaware corporation (the "Guarantor"), for the account of [redacted] a Delaware limited liability company (the "Obligor"), and for the benefit of Ohio Valley Electric Corporation an Ohio corporation (the "Beneficiary").

Background Statement

WHEREAS, the Obligor proposed to become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, Beneficiary has required that the Guarantor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the Guarantor hereby agrees as follows:

1. Guaranty: Limitation of Liability. The Guarantor hereby absolutely and unconditionally guarantees the timely payment of the Obligor's payment obligations under the Agreement that are or may hereafter become due and payable (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed [U.S. Dollars (U.S. \$[redacted])], as calculated on Exhibit A attached hereto.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement, and except as specifically provided therein, the Guarantor shall not be liable for or required to pay any consequential or indirect loss (including but not limited to loss of profits), exemplary damages, punitive damages, special damages, or any other similar damages.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of the Guarantor hereunder without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement may modify, amend and/or supplement the Agreement and that the Beneficiary may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other Person.

3. Waiver of Rights. The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligor's rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. Reservation of Defenses. Without limiting the Guarantor's own defenses and rights hereunder, the Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 3 above.

6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary.

GUARANTY AGREEMENT

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated, as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Earlier Termination set forth in Section 17 (the "Expiration Date"); provided however, the Guarantor will remain liable hereunder for Guaranteed Obligations that were outstanding prior to the Expiration Date.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. Submission to Jurisdiction; Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. Representations and Warranties. The Guarantor hereby represents and warrants that:

- (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
- (b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;
- (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance,

reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;

- (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);
- (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and
- (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty.

13. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. Assignment. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and any administrative agent for any lenders or noteholders under senior credit facilities of the Beneficiary (each a "Senior Agent"). Any purported assignment in violation of this Section 16 shall be void and without effect.

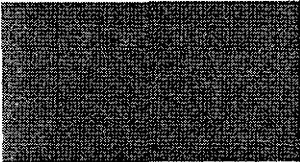
17. Early Termination. The Guaranty shall terminate ten (10) days after receipt by the Beneficiary of (i) satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has an investment grade rating by each of S&P and Moody's or (ii) the Guaranty is replaced by substitute

GUARANTY AGREEMENT

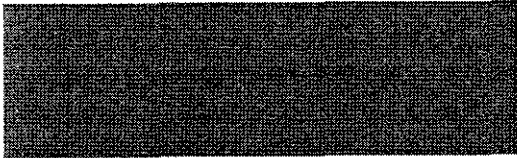
security in an amount and in form and substance reasonably acceptable to the Beneficiary and any Senior Agent.

18. **Notices.** Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:



With a copy to:



If to the Beneficiary, at:
Ohio Valley Electric Corporation
[ADDRESS]

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail [or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient].

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.



By: _____

Name: _____

Title: _____

GUARANTY AGREEMENT

revised 8/13/12

Exhibit A - Duke Energy Corporation guaranty calculation		
\$	1,615,311,071	Long-term debt as of 8/13/12
\$	300,000,000	Short-term debt
\$	110,765,000	Two months of OVEC's total bills
\$	2,026,076,071	Subtotal
\$		share () of Subtotal

419702

000018

[REDACTED]

From: [REDACTED]
Sent: Friday, January 25, 2013 3:12 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Asset transfer Guaranty

DOCUMENT 5

Nick --

I looked at some existing gtys. The provision that we originally suggested has been widely accepted verbatim, including by [REDACTED] was substantially similar as well. Here are a couple of additional options:

This language is somewhat

We'd tag this one on to

Could be a bolt on to the [REDACTED] or standalone:

Good luck.

rgb

From: [REDACTED]
Sent: Friday, January 25, 2013 1:54 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Asset transfer Guaranty

Rick,

Per our meeting on Jan 16th I believe you were going to revise the OVEC gty language to reflect our disagreement with item #3 below. Have you been able to make this revision? We will send to OVEC so they can distribute to the other OVEC co-owners prior to the meeting on Feb 25th to discuss.

Thanks,
Nick

From: Chisling, Brian [mailto:bchisling@stblaw.com]

Sent: Friday, January 25, 2013 1:42 PM

To: [REDACTED]

Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]

Subject: RE: Asset transfer Guaranty

Greg,

Can I get an update on the proposed form of guaranty? I would like to send a draft to the OVEC subcommittee in early February to give everyone time to review internally (including with their counsel). When can you send me a version for distribution?

Please let me know if I can be of any assistance.

Thank you,

- Brian

PS --- Amy and I never heard from your counsel about issue No. 3 in my previous email (which you said you were setting up), but we are available to discuss at your convenience.

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: Chisling, Brian

Sent: Tuesday, January 08, 2013 1:09 PM

To: [REDACTED]

Cc: [REDACTED]; 'jbrodt@ovec.com'; [REDACTED]

Subject: RE: Asset transfer Guaranty

Greg,

Attached is a further revised version of the draft guaranty. I note the following:

1. With respect to the guaranty amount, please include your revised proposal in the next draft. Also, please specify if [REDACTED] proposes a set amount or an amount based on the formula that would be re-set each year (or at other times).
2. With respect to the term, OVEC does not support an automatic termination after the termination of the ICPA since obligations may extend beyond that period. Of course, if the guaranty amount re-sets this may be less of an issue.
3. With respect to expenses, OVEC does not believe that it should have to wait for a final determination to be entitled to such costs.
4. OVEC has added some additional proposed language to protect against post-assignment reorganizations that might result in a change of control default under OVEC's debt agreements. Since [REDACTED] intends to transfer its ICPA interest into a special purpose entity, OVEC wants to make sure that such entity remains a [REDACTED] affiliate.

Please let me know if you have any questions. I am preparing materials for the subcommittee and would like to distribute a proposed form in advance of our February meeting. If there are issues that cannot be resolved, OVEC would consider providing [REDACTED] draft with any open points among OVEC and [REDACTED] in brackets as open points.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

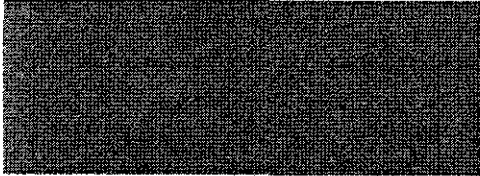
From: [REDACTED]
Sent: Monday, January 07, 2013 9:24 AM
To: Chisling, Brian
Cc: [REDACTED]
Subject: Asset transfer Guaranty

Brian we made one change from the previous version I sent you on 12/7/2012. We accepted all other changes from OVEC. If the additional changes are ok with you I will get with AEP and get there ok as well. They were good with the last version I sent them. I would like to get a version that OVEC, [REDACTED] are good to use as a starting point for our get together on 2/25.

Also, we would recommend changing the formula based on [REDACTED] feedback to 6 months rather than our proposed 2 months. The formula would be:

Guaranty amount = ownership share times (total long term debt + reasonably expected future long term debt + short term debt (outstanding + available remaining) + 6 months of OVECS total forecasted spend)]

This change is not reflected in the amount of the guaranty. Let me know if you have any comments or concerns.



**He used to say, "Who ever dies with the most toys wins
But if he loses his soul, what has he gained in the end
I'll take a shack on a rock
Over a castle in the sand."**

Mark Hall Lead Singer Casting Crowns, "American Dream" from the Album Casting Crowns

Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Greg,

Any update on revised form of guaranty? As mentioned, I want to get to the subcommittee asap. If Duke has any substantive comments or issues, can we set up a call for later today or shortly after the draft will be sent?

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Wednesday, January 30, 2013 2:20 PM
To: Chisling, Brian
Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Brian, attached is an updated version. Steve this version should address the comments you had as well.

1. With respect to the guaranty amount, please include your revised proposal in the next draft. Done. Also, please specify if [REDACTED] proposes a set amount or an amount based on the formula that would be re-set each year (or at other times).
2. With respect to the term, OVEC does not support an automatic termination after the termination of the ICPA since obligations may extend beyond that period. Of course, if the guaranty amount re-sets this may be less of an issue.
3. With respect to expenses, OVEC does not believe that it should have to wait for a final determination to be entitled to such costs.
4. OVEC has added some additional proposed language to protect against post-assignment reorganizations that might result in a change of control default under OVEC's debt agreements. Since [REDACTED] intends to transfer its ICPA interest into a special purpose entity, OVEC wants to make sure that such entity remains a [REDACTED] affiliate.

Once you review this draft we would like to set up a call with you to discuss number 3 and number 4 above prior to send out to the other sponsors if possible.

From: [REDACTED]
Sent: Monday, January 28, 2013 10:33 AM
To: 'Chisling, Brian'
Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Brian we will have comments for you by Wednesday at the latest of this week.

From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Friday, January 25, 2013 1:42 PM
To: [REDACTED]
Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Greg,

Can I get an update on the proposed form of guaranty? I would like to send a draft to the OVEC subcommittee in early February to give everyone time to review internally (including with their counsel). When can you send me a version for distribution?

Please let me know if I can be of any assistance.

Thank you,

- Brian

PS --- Amy and I never heard from your counsel about issue No. 3 in my previous email (which you said you were setting up), but we are available to discuss at your convenience.

Brian Chisling
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425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: Chisling, Brian
Sent: Tuesday, January 08, 2013 1:09 PM
To: [REDACTED]
Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]
Subject: RE: Asset transfer Guaranty

Greg,

Attached is a further revised version of the draft guaranty. I note the following:

5. With respect to the guaranty amount, please include your revised proposal in the next draft. Also, please specify if [REDACTED] proposes a set amount or an amount based on the formula that would be re-set each year (or at other times).
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8. OVEC has added some additional proposed language to protect against post-assignment reorganizations that might result in a change of control default under OVEC's debt agreements. Since [REDACTED] intends to transfer its ICPA interest into a special purpose entity, OVEC wants to make sure that such entity remains a [REDACTED] affiliate.

Please let me know if you have any questions. I am preparing materials for the subcommittee and would like to distribute a proposed form in advance of our February meeting. If there are issues that cannot be resolved, OVEC would consider providing [REDACTED] draft with any open points among OVEC and [REDACTED] in brackets as open points.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

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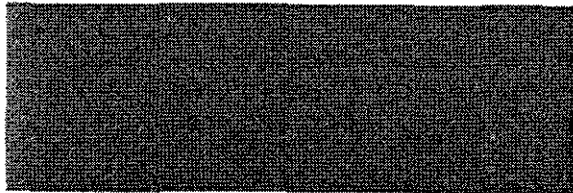
From: [REDACTED]
Sent: Monday, January 07, 2013 9:24 AM
To: Chisling, Brian
Cc: [REDACTED]
Subject: Asset transfer Guaranty

Brian we made one change from the previous version I sent you on 12/7/2012. We accepted all other changes from OVEC. If the additional changes are ok with you I will get with [REDACTED] and get there ok as well. They were good with the last version I sent them. I would like to get a version that OVEC, [REDACTED] are good to use as a starting point for our get together on 2/25.

Also, we would recommend changing the formula based on [REDACTED] feedback to 6 months rather than our proposed 2 months. The formula would be:

Guaranty amount = ownership share times [total long term debt + reasonably expected future long term debt + short term debt (outstanding + available remaining) + 6 months of QVECS total forecasted spend]]

This change is not reflected in the amount of the guaranty. Let me know if you have any comments or concerns.



He used to say, "Who ever dies with the most toys wins
But if he loses his soul, what has he gained in the end
I'll take a shack on a rock
Over a castle in the sand."

Mark Hall-Lead Singer Casting Crowns, "American Dream" from the Album Casting Crowns

From: [REDACTED]
Sent: Wednesday, January 09, 2013 12:07 PM **DOCUMENT 8**
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: CONFIDENTIAL/OVEC
Attachments: OVEC Revolving Credit Agreement - Executed 6-18-10.pdf.pdf; OVEC Note Purchase Agreement (12_05).pdf

Here are the agreements from OVEC.

From: Beller, Amy T. (<mailto:abeller@stblaw.com>)
Sent: Wednesday, January 09, 2013 11:30 AM
To: [REDACTED]
Cc: Chisling, Brian
Subject: CONFIDENTIAL/OVEC

Greg,

As requested, attached please find a copy of OVEC's credit agreement and note purchase agreement which contain the which are substantially the same.
under these agreements. Please let us know if you have any questions.

Best regards, Amy

Amy Beller
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3744
Fax: (212) 455-2502
abeller@stblaw.com

Please consider the environment before printing this email.

DOCUMENT 11

From: [REDACTED]
Sent: Thursday, February 14, 2013 3:30 PM
To: [REDACTED]
Cc: Chisling, Brian; [REDACTED]
Subject: RE: OVEC Subcommittees Meetings

Greg - I will make sure you are on the visitor's parking list in that garage.



02/14/2013 03:26 PM

To 'Chisling, Brian' <bchisling@stblaw.com>

Subject RE: OVEC Subcommittees Meetings

We will be driving together and we will stay for lunch. I normally park in large garage off to the right of the AEP building.

From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Thursday, February 14, 2013 3:07 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Subcommittees Meetings

Thanks. Are you planning on staying for lunch? I'll reserve one parking spot unless you are driving separately?

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Thursday, February 14, 2013 3:03 PM
To: Chisling, Brian

Cc: [REDACTED]
Subject: Re: OVEC Subcommittees Meetings

Brian, Nick and I will be there in person.

Sent from my iPad

On Feb 14, 2013, at 2:49 PM, "Chisling, Brian" <bchisling@stblaw.com> wrote:
OVEC Subcommittee Member:

I have not yet heard from you with respect to your plans for the meeting(s) on Monday, February 25, 2013 at AEP's offices at 1 Riverside Plaza, Columbus, Ohio. The ICPA Subcommittee meeting will commence at 10:00 a.m. ET and the Transmission Subcommittee meeting will commence at 11 a.m. ET. Lunch will be available to anyone that wants to stay after the meetings. Dial in information for both meetings will be provided in an update email.

Please respond to me at bchisling@stblaw.com with a copy to Tammy Wallace at trwallace@aep.com to confirm your planned attendance at the meeting, as well as if you will be attending in person or by phone. If you plan to attend in person, please let me know if you plan on staying for lunch and/or need OVEC to reserve a parking spot at 1 Riverside for you.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: Chisling, Brian
Sent: Thursday, February 07, 2013 4:34 PM
To: 'Cecil, Greg'; 'Melillo, Nick'; 'eric.driscoll@aep.com'; 'rgoocher@vectren.com'; 'rgrooms@buckeyeepower.com'; 'sthaynes@aep.com'; 'jlkass@wpsci.com'; 'laskvc@firstenergycorp.com'; 'john.voyles@lge-ku.com'; 'rwbradish@aep.com'; 'ddiscoeur@wpsci.com'; 'bdoty@vectren.com'; 'jhaney@firstenergycorp.com'; 'msachdeva@buckeyeepower.com'; 'hertzelschamash@aep.com'
Cc: 'jbrodt@ovec.com'; 'djones@ovec.com'; 'rmattvey@ovec.com'; 'cezebulu@aep.com'; 'trwallace@aep.com'; 'mapeifer@aep.com'; 'nkalkins@aep.com'; 'tahem@buckeyeepower.com'; 'ebaker@wpsci.com'; 'pchodak@aep.com'; 'wjgames@vectren.com'; 'dennis.lantz@dpinc.com'; 'melewis@aep.com'; 'mcmccullough@aep.com'; 'snelson@frontier-power.com'; 'poloughlin@buckeyeepower.com'; 'rppowers@aep.com'; 'paul.thompson@lge-ku.com'; 'charles.whitlock@duke-energy.com'; 'pavegas@aep.com'; Beller, Amy T.; 'Beach, Rick'; 'Riemann, Dina O'; 'jhillebrand@aep.com'
Subject: OVEC Subcommittees Meetings

All:

To follow up on the email from Mark Peifer dated December 14, 2012, OVEC has established two separate subcommittees of the OVEC Board of Directors to explore the following topics: (1) Proposed transfers of interests in the Inter-Company Power Agreement (ICPA) to non-rated affiliates of certain Sponsoring Companies, including consideration of a proposed form of parent guaranty as a replacement for any credit support requirements; and (2) The possibility of selling or otherwise divesting OVEC's transmission facilities. Each of the owners has selected its representatives to each of these subcommittees.

The initial ICPA Subcommittee will consist of: Greg Cecil (Duke), Eric Driscoll (DPL), Robert Goocher (Vectren), Craig Grooms (Buckeye), Stephan Haynes (AEP), Janet Kass (Wolverine), Charles Lasky (FirstEnergy), Nick Melillo (Duke) and John Voyles, Jr. (LG&E).

The initial Transmission Future Subcommittee will consist of: Robert Bradish (AEP), Greg Cecil (Duke), Daniel DeCoeur (Wolverine), William Doty (Vectren), James Haney (FirstEnergy), Mohan Sachdeva (Buckeye), Hertzell Shamash (DPL) and John Voyles, Jr. (LG&E).

The agenda and expected actions items for the initial meetings of each of the committees are as follows:

1. **ICPA Subcommittee.** Attached is a brief memorandum outlining the requirements under the ICPA and other agreements for ICPA transfers, along with a "strawman" proposal from [REDACTED] (with input from OVEC and [REDACTED]) of a form of parent guaranty proposed for use in connection with the proposed ICPA transfers to non-rated subsidiaries. We request that each of the subcommittee members review the form of the "strawman" guaranty and provide feedback to the subcommittee as to whether this type of arrangement might be acceptable in principle in connection with the proposed transfers. Of course, if any of the subcommittee members have specific questions, comments or concerns, we also can discuss those at the meeting. We do not see this as a drafting session, but rather a way to determine (at a high level) if the proposed form of guaranty or some other arrangement might receive unanimous support to permit the proposed ICPA transfers. The desired result of the meeting would be a list of action items for future discussion, including (if possible) a path forward on a framework for the proposed ICPA transfers.

2. **Transmission Future Subcommittee.** Attached is a brief memorandum outlining preliminary considerations regarding any sale or transfer of OVEC's transmission facilities. We request that each of the subcommittee members consider their response to the following questions: (a) Does its owner support a possible transfer of OVEC transmission facilities (as opposed to the status quo); (b) Does its owner (or one of its affiliates) want to explore acquiring all or a portion of OVEC's transmission facilities; and/or (c) What additional information might be provided to help determine the answers to the foregoing questions? The desired result of the meeting would be a list of actions items for future discussion, including a list of any additional information needed for any recommendations by the subcommittee.

The initial meeting of both subcommittees will take place on Monday, February 25, 2013 at AEP's offices at 1 Riverside Plaza, Columbus, Ohio. Participants that do not attend in person may join by teleconference. The ICPA Subcommittee meeting will commence at 10:00 a.m. ET and the Transmission Subcommittee meeting will commence at 11 a.m. ET. Lunch will be available to anyone that wants to stay after the meetings. Dial in information for both meetings will be provided in an update email. Please respond to me at bchisling@stblaw.com with a copy to Tammy Wallace at trwallace@aep.com on or before Thursday February 14, 2013 to confirm your planned attendance at the meeting, as well as if you will be attending in person or by phone. If you plan to attend in person, please let me know if you plan on staying for lunch and/or need OVEC to reserve a parking spot at 1 Riverside for you.

If you have any questions at all or if I can be of any assistance, please do not hesitate to contact me.

Respectfully,

Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

GUARANTY effective as of July 28, 2005 by and between **FIRSTENERGY CORP.**, an Ohio corporation with its principal place of business at 76 South Main Street, Akron, Ohio 44308 ("Guarantor") and **Ohio Valley Electric Corporation**, an Ohio corporation with its principal place of business at 3932 U. S. Route 23, P.O. Box 468, Piketon, Ohio 45661 (the "Seller"). Seller has agreed to enter into with FirstEnergy Generation Corp. (the "Customer"), a wholly-owned subsidiary of the Guarantor (i) one or more transactions involving the purchase, sale or exchange of natural gas, electric energy, coal, emission credits and/or other commodity transactions, which transactions will be evidenced by one or more purchase and sale agreements, confirmations and/or master agreements, including without limitation, the Amended and Restated Inter-Company Power Agreement, dated as of March 13, 2006, among the Seller, the Customer and other parties; and/or (ii) one or more swap, option or other financial derivative transactions, which transactions will be evidenced by one or more swap agreements, confirmations and/or master agreements (all such transactions and the agreements evidencing same, whether entered into prior to, on or after the date hereof, as the same may be modified, amended and supplemented, shall be herein referred to collectively as the "Agreements").

In consideration thereof, and as an inducement for the extension of credit by the Seller to the Customer, the Guarantor hereby absolutely and unconditionally guarantees to the Seller, its permitted successors and assigns pursuant to this Guaranty, the prompt payment (within three (3) business days of demand by the Seller) of any and all amounts that are or may hereafter become due and payable (taking into account all applicable grace periods) from the Customer to the Seller by reason of the Agreements (the "Obligations"), including, but not limited to, payment for damages, losses, costs and expenses (including legal fees and other costs and expenses of enforcement) arising out of any failure by the Customer to fully perform the Agreements, as well as any indebtedness under the Agreements (regardless of whether such indebtedness be in the form of book accounts, accounts payable, promissory notes, trade acceptances, checks, drafts, or other evidence of indebtedness, together with late fees, service charges or liquidated damages (but only if, and to the extent, provided for in the Agreements and interest, if any, at the rate specified therein), up to the aggregate amount owed to the Seller of Three Hundred Million Dollars (\$300,000,000) (notwithstanding the aggregate amount of the Obligations at any time or from time to time payable or to be payable by the Customer); provided, however, that, notwithstanding the foregoing, such payment obligations of Guarantor shall not include any obligation to pay consequential, indirect, punitive or exemplary damages of any kind whatsoever. Guarantor further promises to pay any such Obligations without deduction for any claim or set-off or counterclaim, except as may be provided expressly in the Agreements. This Guaranty shall be a guaranty of payment, and not of collection, and the Seller shall not be required to take any proceedings or exhaust its remedies against the Customer prior to the exercise of its rights and remedies against the Guarantor, as guarantor.

The Guarantor hereby agrees to reimburse the Seller for all sums paid to it by the Customer which must subsequently be returned by the Seller as a preference, fraudulent transfer or otherwise under the Federal Bankruptcy Code or any applicable state law, notwithstanding the termination or revocation of this Guaranty.

This Guaranty shall remain in full force and effect until the earlier of (i) December 31, 2026 or (ii) a date ten (10) days after receipt by the Seller of satisfactory written evidence from the Guarantor notifying the Seller that the Customer has received with respect to its senior unsecured debt securities at least a BBB- rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and at least a rating of Baa3 from Moody's Investors Service, Inc.. Notice of demand by the Seller and revocation from the Guarantor shall be sent by either certified mail, return receipt requested, or hand delivery, to the respective addresses specified above, with notices to the Guarantor sent to the attention of the Treasurer, and shall be deemed to be received on the day that such writing is delivered to the intended recipient thereof. Any termination or revocation hereunder shall be effective only with respect to Obligations guaranteed hereunder and incurred by the Customer pursuant to the Agreements after the effective date of such termination or revocation.

The Guarantor hereby acknowledges that the modification of Agreements shall not affect the liability of the Guarantor with respect hereto. Except as provided above with respect to the requirement of notice from the Seller to the Guarantor of a payment demand, the Guarantor hereby waives, to the extent permitted by law, the requirements of the giving of any notice, including, but not limited to, (a) notice of the acceptance of this Guaranty by the Seller; (b) notice of the entry into the Agreements between the Customer and the Seller and of any modifications thereto; (c) notice of any extension of time for the payment for any sums due and payable to the Seller under the Agreements; (d) with respect to any notes or evidence of indebtedness received by the Seller from the Customer, notice of presentment, notice of adverse facts, demand for payment, protest or notice of protest; and (e) notice of any defaults by or disputes with the Customer.

This Guaranty shall not be affected by the taking of any checks, notes or other obligations, secured or unsecured, in any amount, purportedly in payment of the whole or any part of any Obligations or by reason of any extension of time given to, or any indulgences shown to, the Customer by the Seller, or by the making, execution and delivery of any oral or written agreement or agreements affecting said Obligations. The Guarantor's liability hereunder shall not be impaired or discharged by reason of any reorganization, insolvency, bankruptcy or similar proceeding (whether voluntary or involuntary) modifying the Seller's rights and remedies against the Customer with regard to any Obligation or liability of the Customer to the Seller under the Agreements.

The Guarantor also waives diligence, presentment, protest, demand for payment and notice of default or non-payment to or upon Customer with respect to the Obligations. This Guaranty shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity, regularity or enforceability of the Agreements, any of the Obligations or any other collateral security therefor or guarantee a right of offset with respect thereto at any time or from time to time held by Seller, (b) any defense, set-off or counterclaim, other than those to which Customer or any other affiliate of Guarantor is or may be entitled to, relating to or arising from or out of the Agreements, and except for defenses relating to, arising from or out of the bankruptcy, insolvency, dissolution or liquidation of Customer, (c) until Seller shall have been paid in full, any right by Guarantor to subrogation of indemnification, or (d) any other circumstance whatsoever (with or without notice to or knowledge of the Seller or Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Customer for the Obligations, or of Guarantor under this Guaranty, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against Guarantor, the Seller may, but shall be under no obligation to, pursue such rights and remedies as it may have against Customer or any other party or against any collateral security or guarantee for the Obligations or any right to offset with respect thereto, and any failure by Seller to pursue such other rights or remedies or to collect any payments from the Customer or any such other party or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of Customer or any such other party or of any such collateral security, guarantee or right of offset, shall not relieve Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of Seller against Guarantor.

This Guaranty shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon Guarantor and its successors and assigns thereof, and shall inure to the benefit of the Seller, and its respective successors, transferees and assigns, until all Obligations and the obligations of Guarantor under this Guaranty shall have been satisfied by payment in full.

The Guarantor represents and warrants, as of the date hereof, that this Guaranty has been duly authorized, executed and delivered by the Guarantor.

This Guaranty shall not be assigned or modified without the written consent of each of the Guarantor and the Seller (which consent may not be unreasonably withheld or delayed) or any administrative agent for lenders under senior credit facilities of the Seller (the "Senior Agent"). This Guaranty shall not be affected by any change in the relationship between Guarantor and the Customer. This Guaranty shall not be relied upon, or enforced, by any person other than the Guarantor, the Customer, the Seller and the Senior Agent.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to the conflict of law rules thereof. The Guarantor and the Seller, by accepting this Guaranty, submit to the non-exclusive jurisdiction of the Courts of the State of Ohio and the United States District Court for the Northern District of Ohio.

This Guaranty revokes any prior guaranty issued by the Guarantor to the Seller for the obligations of the Customer.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed by its duly authorized officer as of the date first above written.

FIRSTENERGY CORP.

By: 

Randy Scilla
Assistant Treasurer

DOCUMENT 13

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Monday, February 25, 2013 5:48 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: OVEC Subcommittees Meetings -- Dial in Information

Nick, it's a good thought and one OVEC discussed after the meeting. I think it's a possible alternative to keep in mind as we discuss any detriments of transfer. If OVEC and the Sponsors decide to abandon transfer, this would still be worth reviewing. One legal hurdle for [REDACTED] would be relief from the "lower of cost or market" rule applicable to affiliates (above 10% ownership) but that might be possible too.

Brian

On Feb 25, 2013, at 5:42 PM, [REDACTED] wrote:

Brian,

Thanks for facilitating the ICPA and transmission subcommittee meetings today. After the meeting Greg and I had a thought on another potential option for the OVEC transmission assets that we wanted to run by you. What if OVEC contracts the operation of the transmission assets to somebody like [REDACTED] in Ohio and [REDACTED] in Indiana? OVEC could pay an operation fee and OVEC would get the operating efficiencies discussed during today's meeting. Also, the contracted entity or entities would be responsible for NERC compliance/reporting...to the extent possible under law/regulation. And by contracting the operation and not selling the assets OVEC would still maintain control of the assets budget and avoid the risk of a new owner spending dollars the OVEC generation co-owners don't believe needs to be spent.

Your thoughts?

[REDACTED]
<image001.png>

From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Tuesday, February 19, 2013 4:02 PM
To: Cecil, Greg; Mellillo, Nick; 'eric.driscoll@aes.com'; 'rgoocher@vectren.com'; 'corrooms@buckeyepower.com'; 'sthaynes@aep.com'; 'jkass@wpscl.com'; 'laskyc@firstenergycorp.com'; 'john.vovles@lge-ku.com'; 'rwbradish@aep.com'; 'ddecoeur@wpscl.com'; 'bdoty@vectren.com'; 'jhanev@firstenergycorp.com'; 'msachdeva@buckeyepower.com'; 'hertzel.shamash@aes.com'
Cc: 'jbrodt@ovec.com'; 'diones@ovec.com'; 'rmattev@ovec.com'; 'trwallace@aep.com'; 'mapelfer@aep.com'; Beller, Amy T.
Subject: OVEC Subcommittees Meetings -- Dial in Information

All,

For those joining one or both of the OVEC Subcommittee meetings on February 25th by phone, the dial in number for both calls will be (877) 492-4014, passcode [REDACTED]. The ICPA Subcommittee call will start at 10am and the Transmission Future Subcommittee at 11am.

For members of the transmission subcommittee, certain members have requested information regarding OVEC's transmission facilities. For everyone's benefit, I attach materials compiled by OVEC listing its substations and transmission lines and providing the book value of all transmission facilities (as of 12/31/11).

Please let me know if you have any questions. I look forward to speaking with everyone on the 25th.

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: Chisling, Brian
Sent: Thursday, February 07, 2013 4:34 PM
To: 'Cecil, Greg'; 'Mellilo, Nick'; eric.driscoll@aes.com; rgoocher@vectren.com; carrooms@buckeyeenergy.com; sthavnes@aep.com; jkass@wpsci.com; laskyc@firstenergycorp.com; john.voyles@lge-ku.com; rwbradish@aep.com; ddecœur@wpsci.com; bdoty@vectren.com; jhaney@firstenergycorp.com; msachdeva@buckeyeenergy.com; hertzel.shamash@aes.com
Cc: jbrodt@ovec.com; djones@ovec.com; rmattey@ovec.com; cezebula@aep.com; trwallace@aep.com; mapelfer@aep.com; nkamins@aep.com; tahern@buckeyeenergy.com; ebaker@wpsci.com; pchodak@aep.com; wjgames@vectren.com; dennis.lantz@dpinc.com; melewis@aep.com; mcmccullough@aep.com; snelson@frontier-power.com; poloughlin@buckeyeenergy.com; rpowers@aep.com; paul.thompson@lge-ku.com; charles.whitlock@duke-energy.com; pavegas@aep.com; Beller, Amy T.; 'Beach, Rick'; 'Riemann, Dina O'; lhillebrand@aep.com
Subject: OVEC Subcommittees Meetings

All:

To follow up on the email from Mark Peifer dated December 14, 2012, OVEC has established two separate subcommittees of the OVEC Board of Directors to explore the following topics: (1) Proposed transfers of interests in the Inter-Company Power Agreement (ICPA) to non-rated affiliates of certain Sponsoring Companies, including consideration of a proposed form of parent guaranty as a replacement for any credit support requirements; and (2) The possibility of selling or otherwise divesting OVEC's transmission facilities. Each of the owners has selected its representatives to each of these subcommittees.

The initial ICPA Subcommittee will consist of: Greg Cecil (Duke), Eric Driscoll (DPL), Robert Goocher (Vectren), Craig Grooms (Buckeye), Stephan Haynes (AEP), Janet Kass (Wolverine), Charles Lasky (FirstEnergy), Nick Melillo (Duke) and John Voyles, Jr. (LG&E).

The initial Transmission Future Subcommittee will consist of: Robert Bradish (AEP), Greg Cecil (Duke), Daniel DeCoeur (Wolverine), William Doty (Vectren), James Haney (FirstEnergy), Mohan Sachdeva (Buckeye), Hertzal Shamash (DPL) and John Voyles, Jr. (LG&E).

The agenda and expected actions items for the initial meetings of each of the committees are as follows:

1. ICPA Subcommittee. Attached is a brief memorandum outlining the requirements under the ICPA and other agreements for ICPA transfers, along with a "strawman" proposal from [REDACTED] (with input from OVEC and [REDACTED]) of a form of parent guaranty proposed for use in connection with the proposed ICPA transfers to non-rated subsidiaries. We request that each of the subcommittee members review the form of the "strawman" guaranty and provide feedback to the subcommittee as to whether this type of arrangement might be acceptable in principle in connection with the proposed transfers. Of course, if any of the subcommittee members have specific questions, comments or concerns, we also can discuss those at the meeting. We do not see this as a drafting session, but rather a way to determine (at a high level) if the proposed form of guaranty or some other arrangement might receive unanimous support to permit the proposed ICPA transfers. The desired result of the meeting would be a list of action items for future discussion, including (if possible) a path forward on a framework for the proposed ICPA transfers.
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The initial meeting of both subcommittees will take place on Monday, February 25, 2013 at AEP's offices at 1 Riverside Plaza, Columbus, Ohio. Participants that do not attend in person may join by teleconference. The ICPA Subcommittee meeting will commence at 10:00 a.m. ET and the Transmission Subcommittee meeting will commence at 11 a.m. ET. Lunch will be available to anyone that wants to stay after the meetings. Dial in information for both meetings will be provided in an update email.

Please respond to me at bchisling@stblaw.com with a copy to Tammy Wallace at trwallace@aep.com on or before Thursday February 14, 2013 to confirm your planned attendance at the meeting, as well as if you will be attending in person or by phone. If you plan to attend in person, please let me know if you plan on staying for lunch and/or need OVEC to reserve a parking spot at 1 Riverside for you.

If you have any questions at all or if I can be of any assistance, please do not hesitate to contact me.

Respectfully,

Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

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**Ohio Valley Electric Corporation (OVEC)
Indiana-Kentucky Electric Corporation (IKEC)
Transmission Assets and Expenses
December 31, 2011**

<u>Transmission Plant</u>	<u>OVEC</u>	<u>IKEC</u>	<u>Total</u>	<u>Accumulated Depreciation</u>
Land and Land Rights				
Structures and Improvements				
Station Equipment				
Towers and Fixtures				
Overhead Conductors and Devices				
Total Cost				

The OVEC-IKEC Transmission Assets are fully depreciated on our books except for the Land and Land Rights and Clearing Rights of Way Costs which were considered non depreciable property in the original sinking fund amortization. The original Clearing Rights of Way Costs total \$2,182,555 and were included in the Towers and Fixtures account.

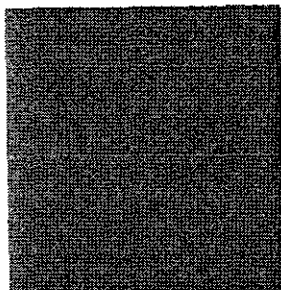
The majority of OVEC-IKEC Transmission Assets have been fully depreciated for federal income tax purposes including a portion of the Land Rights and Clearing Rights of Way Costs. The Land Rights and Clearing Rights of Way Costs are being depreciated for federal income tax purposes over a 68 year period beginning in 1971 based on an IRS audit opinion.

Station Equipment includes the cost of the four substations at the Kyger Creek Plant, the Clifty Creek Plant, Pierce and Dearborn. The Kyger Creek substation cost was \$[REDACTED] at 12/31/11 and the Clifty Creek substation cost was \$[REDACTED] at 12/31/11.

<u>Transmission Expenses</u>	<u>FERC Account #</u>
Operation Supervision and Engineering	560
Load Dispatching	581
Station Expenses	562
Overhead Line Expenses	563
Miscellaneous Transmission Expenses	566
Rents	567
Maintenance of Supervision and Engineering	568
Maintenance of Structures	569
Maintenance of Station Equipment	570
Maintenance of Overhead Lines	571
Maintenance of Miscellaneous Transmission Plant	573

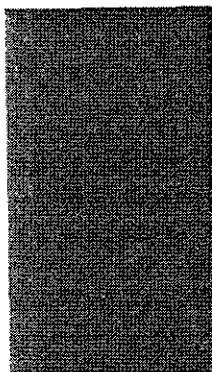
Total Transmission Expenses

OVEC and IKEC do employ station mechanics to maintain station equipment, but most transmission maintenance is performed by providers.



1.
1.

**OVEC-IKEC
Consolidated
YTD 12/31/11**



by third party

Circuit	Voltage kV	Circuit Miles	# Towers	
Clifty-Miami Fort	138	0.338	1	
Clifty-Northside	138	0.338		Shares Twr. with Miami Fort Circuit
Clifty-Carrollton	138	1.549	7	
Total		2.225	8	
Clifty-Dearborn #1 and #2	345	42.2/circuit	173	
Clifty-Pierce #1 & #2	345	69.8/circuit	282	
Dearborn-Buffington/Pierce	345	33.5/circuit	141	5 Tws. with co-located cell antennas (\$5,000/month)
Pierce-XS30 #1 and #2	345	71.5/circuit	281	
Kyger-XS30 #1 and #2	345	50.4/circuit	204	
Kyger-Pierce	345	119.8	281	# Tws. from XS33 By-pass to Pierce, remaining ckt. Shares twrs. with Kyger-Marquis
Kyger-Marquis	345	49.1	206	
Kyger-Spohn/Tri-State	345	0.251	1	
Total		703.95	1569	

Station: **KYGER**

CATEGORY	EQUIPMENT NAME/DESCRIPTION
GSU Transformers:	GSU-1, PH.1
	GSU-1, PH.2
	GSU-1, PH.3
	GSU-2, PH.1
	GSU-2, PH.2
	GSU-2, PH.3
	GSU-3, PH.1
	GSU-3, PH.2
	GSU-3, PH.3
	GSU-4, PH.1
	GSU-4, PH.2
	GSU-4, PH.3
	GSU-5, PH.1
	GSU-5, PH.2
	GSU-5, PH.3
TRANSFORMERS:	TR.101
	TR.102
	TR.A
	TR.B
	TR.6A
	TR.6B
13.8KV YARD	CB A1
CIRCUIT BKR's	CB A2
	CB A3
	CB A4
	CB A5
	CB B1
	CB B2
	CB B3
	CB B4
	CB B5
	CB C1
	CB D1
13.8 KV YARD	DISC. A1A
DISCONNECTS	DISC. A2A
	DISC. A3A
	DISC. A4A
	DISC. A5A
	DISC. A1P
	DISC. A2P
	DISC. A3P
	DISC. A4P
	DISC. A5P
	DISC. B1B
	DISC. B2B

	DISC. B3B
	DISC. B4B
	DISC. B5B
	DISC. B1P
	DISC. B2P
	DISC. B3P
	DISC. B4P
	DISC. B5P
	DISC. C1A
	DISC. C1B
	DISC. D1A
	DISC. D1B
345 KV YARD	CB AA
CIRCUIT BKR'S	CB BB
	CB A
	CB B
	CB C
	CB D
	CB E
	CB F
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	CB Q
345 KV YARD	DISC. 101
DISCONNECTS	DISC. 103
	DISC. 104
	DISC. 106
	DISC. 107
	DISC. 109
	DISC. 110
	DISC. 111
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	DISC. 187
	DISC. 189

DOCUMENT 14

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Thursday, March 07, 2013 5:26 PM
To: [REDACTED] John D. Brodt/OVEC/US [REDACTED]
Subject: RE: Invitation: OVEC ICPA Guaranty discussion (Mar 18 02:00 PM EDT in Conference Call)

For the call, we can use my dial in: 877.492.4014 (passcode [REDACTED]).

Feel free to forward to anyone I missed that should join the call. Both [REDACTED] should feel free to include internal and external counsel as you see fit.

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

-----Original Appointment-----

From: [REDACTED]
Sent: Wednesday, March 06, 2013 10:49 AM
To: [REDACTED] Chisling, Brian [REDACTED] John D. Brodt/OVEC/US; [REDACTED]
Subject: Invitation: OVEC ICPA Guaranty discussion (Mar 18 02:00 PM EDT in Conference Call)
When: Wednesday, March 20, 2013 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference Call

<< File: pic25000.gif >> << File: pic19161.gif >>

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], is issued and delivered by [redacted] a Delaware corporation (the "Guarantor"), for the account of [redacted] a Delaware limited liability company (the "Obligor"), and for the benefit of Ohio Valley Electric Corporation an Ohio corporation (the "Beneficiary").

Background Statement

WHEREAS, the Obligor proposed to become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, Beneficiary has required that the Guarantor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the Guarantor hereby agrees as follows:

1. Guaranty: Limitation of Liability. The Guarantor hereby absolutely and unconditionally guarantees the timely payment of the Obligor's payment obligations under the Agreement that are or may hereafter become due and payable (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed [U.S. Dollars (U.S. \$) [redacted]], as calculated on Exhibit A attached hereto.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement, and except as specifically provided therein, the Guarantor shall not be liable for or required to pay any consequential or indirect loss (including but not limited to loss of profits), exemplary damages, punitive damages, special damages, or any other similar damages.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of the Guarantor hereunder without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement may modify, amend and/or supplement the Agreement and that the Beneficiary may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or

any other Person and waives any defenses based on the foregoing.

3. Waiver of Rights. The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. Reservation of Defenses. Without limiting the Guarantor's own defenses and rights hereunder, the Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 3 above.

6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary or any other Person by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty,

GUARANTY AGREEMENT

which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated, as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Earlier Termination set forth in Section 17. ~~(iii) June 30, 2044, which is one year after the expiration of the QVEC ICRA dated September 10, 2010 (the "Expiration Date");~~ provided however, the Guarantor will remain liable hereunder for Guaranteed Obligations that were outstanding prior to the Expiration Date, and as set forth in Section 6.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty and it is finally determined (whether through settlement, arbitration or adjudication, including the exhaustion of all permitted appeals) that the Beneficiary is entitled to receive payment of a portion of or all of such disputed amounts. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. Submission to Jurisdiction; Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. Representations and Warranties. The Guarantor hereby represents and warrants that:

- (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
- (b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty,

and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;

- (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;
- (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);
- (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and
- (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty.

13. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. Assignment; Affiliates. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and any administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). Any purported assignment in violation of this

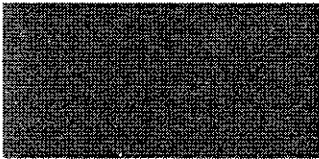
GUARANTY AGREEMENT

Section 16 shall be void and without effect. The Guarantor shall cause the Obligor to remain an "affiliate" or wholly-owned "subsidiary" of Guarantor and otherwise under the control of Guarantor as each such term (or similar term) may be defined under the Beneficiary's debt agreements for purposes of determining any change of control limitations under such agreements, as such limitations are reasonably determined by the Beneficiary.

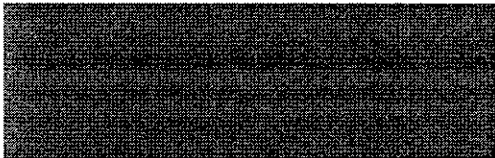
17. **Early Termination.** The Guaranty shall terminate ten (10) days after receipt by the Beneficiary of (i) satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has an investment grade rating by each of S&P and Moody's or (ii) the Guaranty is replaced by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and any Senior Agent.

18. **Notices.** Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:



With a copy to:



If to the Beneficiary, at:
Ohio Valley Electric Corporation
[ADDRESS]

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail (or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient).

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.



By: _____
Name:
Title:

419702

GUARANTY AGREEMENT

revised 8/13/12

Exhibit A	guaranty calculation
\$ 1,615,311,071	Long-term debt as of 8/13/12
\$ 300,000,000	Short-term debt
\$ 110,765,000	Two months of OVEC's total bills
\$ 2,026,076,071	Subtotal
\$	share () of Subtotal

419703

000048

[REDACTED]

From: Klauberg, John <John.Klauberg@bgllp.com>
Sent: Sunday, March 10, 2013 10:05 PM
To: [REDACTED]
Cc: Melly, John; Espinoza, Michael
Subject: RE: OVEC --- Revised Form of Parent Guaranty

DOCUMENT 15

Dina,

Set forth below are our thoughts on the latest draft of the OVEC Guaranty.

Note that Mike is out of the office a good portion of this week but you can reach either John Melly (cc'd here) or me if you have any questions on the following. John

From: [REDACTED]
Sent: Wednesday, March 06, 2013 1:58 PM
To: Klauberg, John; Espinoza, Michael
Subject: FW: OVEC --- Revised Form of Parent Guaranty

John and Mike,

Here is the latest on the OVEC guaranty issues. A subcommittee of the OVEC board discussed [REDACTED] proposed guaranty at a meeting on February 25. It is my understanding that there is still disagreement among the owners as to whether [REDACTED] but we are moving forward with trying to agree on a form. [REDACTED] and OVEC plan to have a call on Tuesday next week to walk through this latest draft. Can you let me know your thoughts on the draft?

Thanks,
Dina

From: Chisling, Brian (<mailto:bchisling@stblaw.com>)
Sent: Monday, March 04, 2013 9:57 AM
To: [REDACTED]
Cc: 'jorodt@ovec.com'; [REDACTED]
Subject: OVEC --- Revised Form of Parent Guaranty

All,

Attached is a further revised version of the proposed form of parent guaranty for the OVEC transfers. I have attached a clean version, as well as blacklines to both the last [REDACTED] markup and the version sent to the subcommittee. Please note that it remains subject to review by OVEC as well.

I have accepted the majority of [REDACTED] proposed changes in their last draft, but have also (based on comments from the other Sponsors during and after the meeting) added (1) a proposal for assignments, although we should discuss the relevant criteria; and (2) for mal requirements regarding the annual reset of the maximum amount and the revised formula; and (3) proposed language to be added to the ICPA to cover a default under the Guaranty (or by the Guarantor). Finally, I did not include any "change of control" default, although I think the subcommittee should discuss the need for such protection in general --- any such requirements would be better suited for a shareholders' agreement, which (to date) the OVEC owners have not been interested in developing.

As discussed during the subcommittee meeting, the hope is that the OVEC [REDACTED] teams could agree on a revised form (even if some issues remain for subcommittee discussion) and then send to the subcommittee before the next call in about a month.

To keep this moving, please review the attached and let me know if there is a good time for the [REDACTED] teams to discuss. In particular, please let me know if a call this Friday at 2pm ET works, or if other days/times work better for the [REDACTED] teams.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], is issued and delivered by [redacted] a Delaware corporation (the "Guarantor"), for the account of [redacted] a Delaware limited liability company (the "Obligor"), and for the benefit of **Ohio Valley Electric Corporation**, an Ohio corporation (the "Beneficiary").

Background Statement

WHEREAS, the Obligor proposed to and has become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, Beneficiary required that the Guarantor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. **Guaranty; Limitation of Liability.** The Guarantor hereby absolutely and unconditionally guarantees to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with formula provided in Exhibit A hereto and incorporated herein. As of the date of this Guaranty, such maximum amount is [U. S. Dollars (U.S. \$ [redacted])], as calculated as shown on Exhibit A. On or before January 31st of each subsequent calendar year, the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new maximum amount, the applicable maximum amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of the Guarantor hereunder without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. **Effect of Amendments.** The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other person and waives any defenses based on the foregoing.

3. **Waiver of Rights.** The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their

GUARANTY AGREEMENT

assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. **Postponement of Subrogation.** The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. **Reservation of Defenses.** The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. **Settlements Conditional.** If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.

7. **Primary Liability of the Guarantor.** The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. **Term of Guaranty.** This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Early Termination set forth in Section 17 (the "Expiration Date"). In the event this Guaranty's Expiration Date is determined pursuant to (i) or (ii) above, such termination of this Guaranty shall have the affect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, termination of this Guaranty for any reason other than pursuant to (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this

GUARANTY AGREEMENT

Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full.

9. **Governing Law.** This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. **Expenses.** The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. **Submission to Jurisdiction; Waiver of Jury Trial.** The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. **Representations and Warranties.** The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

- (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
- (b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;
- (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;
- (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);
- (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect;
- (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to

GUARANTY AGREEMENT

this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and

- (g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB-rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. **Entire Agreement; Amendments.** This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. **Headings.** The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. **No Third-Party Beneficiary.** This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

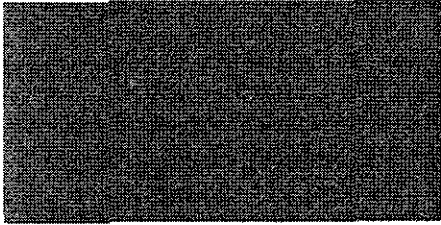
16. **Assignment.** The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and any administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). [Notwithstanding anything to the contrary in the previous sentence, Guarantor may assign this Guaranty in whole (but not in part), including all rights or obligations hereunder, without prior written consent when such assignment is to a substitute guarantor that has *[Note: OVEC and Sponsoring Companies to discuss applicable requirements for a replacement guaranty (as compared to the ability pursuant to Section 17(ii) to negotiate a substitute security reasonably acceptable to OVEC and the Senior Agent), including (a) any requirement that the replacement guarantor be an affiliate of the Obligor; and (b) the requisite creditworthiness of the replacement guarantor, which should be no less than the current requirement of long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P, and at least a rating of Baa3 from Moody's]*, and upon such assignment, Guarantor's Guaranteed Obligations hereunder (including with respect to any Guaranteed Obligations with respect to prior periods) shall be assumed by such replacement guarantor (who shall duly execute and deliver a copy of this Guaranty to the Beneficiary prior to the effective date of any such assignment) and upon such assumption Guarantor shall no longer have any rights or obligations under this Guaranty (which Guaranty as applicable to the replaced Guarantor shall be deemed terminated as to such Guarantor).] Any purported assignment in violation of this Section 16 shall be void and without effect.

17. **Early Termination.** This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the Guaranty by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and the Senior Agent.

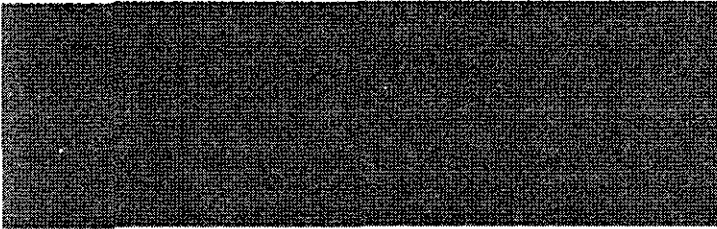
18. **Notices.** Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

GUARANTY AGREEMENT

If to the Guarantor, at:



With a copy to:



If to the Beneficiary, at:

Ohio Valley Electric Corporation
3932 U.S. Route 23
Piketon, Ohio 45661
Facsimile: (740) 289-7284
Attn: Treasurer

With a copy to:

Ohio Valley Electric Corporation
1 Riverside Plaza
Columbus, Ohio
Facsimile: (614) 716-6494
Attn: Vice President and Chief Operating Officer

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient.

GUARANTY AGREEMENT

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.

[REDACTED]

By: _____
Name:
Title:

GUARANTY AGREEMENT

Exhibit A – Annual Calculation of Maximum Guaranty Amount (Including calculation as of the date of the Guaranty until reset in accordance with Section 1 thereof)

\$1,596,484,358	Beneficiaries' aggregate, consolidated long-term debt as of December 31 st of the previous calendar year, plus any reasonably expected additional long-term debt for the current calendar year based on Beneficiaries' long-term forecast. [Note: Consider including all forecasted long-term debt through the end of the current term of the ICPA.]
\$ 300,000,000	Beneficiaries' aggregate, consolidated short-term debt as of December 31 st of the previous calendar year, plus any reasonably expected additional short-term debt for the current calendar year based on Beneficiaries' long-term forecast.
\$ 364,026,920	An amount equal to six (6) times the average monthly billable costs of the Beneficiary for the current calendar year, as approved in Beneficiary's current budget for such period (or if not yet approved, based on 110% of the last approved annual budget).
\$ 2,260,511,278	Subtotal
\$ [REDACTED]	Obligor's share [REDACTED]%) of the above subtotal based on its "Power Participation Ratio" (as defined in the Agreement) as of January 1 st of the current year.

GUARANTY AGREEMENT

Proposed Amendment to ICPA: In response to the request of several Sponsoring Companies that any default under the Guaranty (or of the Guarantor) should result in a default by the applicable Sponsoring Company under the Inter-Company Power Agreement (ICPA), below is a draft of a proposed, new subsection of the ICPA (to be added as Section 11.05) to be entered into in connection with Guaranty:

11.05. Default Regarding Applicable Credit Support Obligations. To the extent the obligations of any Sponsoring Company are supported by a corporate guaranty provided from time to time (including those existing as of ____, 2013 [Note: Date of Amendment to be inserted]) in connection with the transfer to such Sponsoring Company of an interest in this Agreement in accordance with a consent provided by the Corporation and the other Sponsoring Companies (or otherwise as agreed between the Corporation, the applicable Sponsoring Company and its guarantor), the following events shall constitute an event of default by the applicable Sponsoring Company under this Agreement and thereafter the Corporation shall have all of the rights and remedies provided at law and in equity as a result of such default as if such guaranty were incorporated herein (without regard to any limitations under, and in addition to any remedies otherwise applicable under, Sections 11.01 and 11.02 of this Agreement): (a) any representation or warranty made by the applicable guarantor ("Guarantor") under the applicable guaranty agreement ("Guaranty") is false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from the Corporation); (b) the failure of Guarantor to make any payment required or to perform any other material covenant or obligation under the Guaranty (and such failure is not remedied within three (3) business days after written notice thereof from the Corporation); (c) the Guarantor (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due; (d) the Guaranty fails to be in full force and effect (other than in accordance with its terms) prior to the termination of this Agreement; (e) the Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of the Guaranty; [(f) the occurrence and continuation of an "event of default" or other similar condition or event (but not an event or circumstance that would become an "event of default" or other similar condition or event with notice and/or the passage of time) under one or more agreements or instruments of Guarantor, individually or collectively, relating to indebtedness of the Guarantor for borrowed money in the aggregate amount of not less than [\$____]¹, which results in such indebtedness becoming, or becoming capable at such time of being declared, immediately due and payable;] [or (g) the Guarantor's long-term senior unsecured non-credit enhanced debt at any time fails to maintain at least a BBB- rating from S&P, and at least a rating of Baa3 from Moody's (and the applicable Sponsoring Company fails within ten (10) business days thereafter to provide Replacement Performance Assurance²).]

¹ [Note: Parties to consider cross default relating to Guarantor's other obligations and (if applicable) the relevant threshold amount.]

² Note: The term "Replacement Performance Assurance" would be defined as any of the following: (i) any replacement credit support (including through permitted assignment of any guaranty obligations) provided in compliance with the terms of applicable Guaranty; (ii) an irrevocable, nontransferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank with such bank whose unsecured, non-credit enhanced senior long-term debt or deposit obligations have at least "A-" rating from S&P and "A3" rating from Moody's, in a form as is reasonably acceptable to the Corporation and any administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Corporation (the "Senior Agent") in an amount equal to the then-current maximum amount payable under the applicable Guaranty (and subject to any adjustment to such maximum amount from time to time pursuant to the terms of the existing Guaranty); or (iii) other credit support arrangements or performance assurances consented to by both the Corporation (in its reasonable discretion) and the Senior Agent. If option (ii) is included, additional default provisions regarding the letter of credit (and possibly an agreed form thereof) might be included in the proposed ICPA amendment.

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "**Guaranty**"), dated as of [date], is issued and delivered by [redacted] a Delaware corporation (the "**Guarantor**"), for the account of [redacted] a Delaware limited liability company (the "**Obligor**"), and for the benefit of **Ohio Valley Electric Corporation**, an Ohio corporation (the "**Beneficiary**").

Background Statement

WHEREAS, the Obligor proposed to and has become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "**Agreement**"); and

WHEREAS, Beneficiary ~~has~~ required that the Guarantor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. **Guaranty; Limitation of Liability.** The Guarantor hereby absolutely and unconditionally guarantees ~~to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement that are or may hereafter, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "Guaranteed Obligations"), and agrees to pay any~~ Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with formula provided in Exhibit A hereto and incorporated herein. As of the date of this Guaranty, such maximum amount is [U. S. Dollars (U.S. \$ [redacted])], as calculated as shown on Exhibit A attached hereto. [Note: Calculation to be reset annually based on current year's approved budget.]. On or before January 31st of each subsequent calendar year, the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new maximum amount, the applicable maximum amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement, ~~and except as specifically provided therein, the Guarantor shall not be liable for or required to pay any consequential or indirect loss (including but not limited to loss of profits), exemplary damages, punitive damages, special damages, or any other similar damages.~~

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of the Guarantor hereunder without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. **Effect of Amendments.** The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement and that the Beneficiary, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other Person ~~person~~ and waives any defenses based on the foregoing.

GUARANTY AGREEMENT

3. Waiver of Rights. The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. Reservation of Defenses. ~~Without limiting the Guarantor's own defenses and rights hereunder, the~~ The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary ~~or any other Person~~ by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for ~~Earlier~~ Early Termination set forth in Section 17 (the "Expiration Date") ~~provided however, the~~

GUARANTY AGREEMENT

Guarantor will remain liable hereunder for Guaranteed Obligations that were outstanding prior to the Expiration Date and as set forth in Section 6. In the event this Guaranty's Expiration Date is determined pursuant to (i) or (ii) above, such termination of this Guaranty shall have the affect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, termination of this Guaranty for any reason other than pursuant to (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full.

9. **Governing Law.** This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. **Expenses.** The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. **Submission to Jurisdiction; Waiver of Jury Trial.** The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. **Representations and Warranties.** The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

- (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
- (b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;
- (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;
- (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);
- (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery,

GUARANTY AGREEMENT

performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and

- (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and
- (g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. **Entire Agreement; Amendments.** This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. **Headings.** The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. **No Third-Party Beneficiary.** This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. **Assignment.** The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and any administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). [Notwithstanding anything to the contrary in the previous sentence, Guarantor may assign this Guaranty in whole (but not in part), including all rights or obligations hereunder, without prior written consent when such assignment is to a substitute guarantor that has [Note: OVEC and Sponsoring Companies to discuss applicable requirements for a replacement guaranty (as compared to the ability pursuant to Section 17(ii) to negotiate a substitute security reasonably acceptable to OVEC and the Senior Agent); including (a) any requirement that the replacement guarantor be an affiliate of the Obligor; and (b) the requisite creditworthiness of the replacement guarantor, which should be no less than the current requirement of long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P, and at least a rating of Baa3 from Moody's], and upon such assignment, Guarantor's Guaranteed Obligations hereunder (including with respect to any Guaranteed Obligations with respect to prior periods) shall be assumed by such replacement guarantor (who shall duly execute and deliver a copy of this Guaranty to the Beneficiary prior to the effective date of any such assignment) and upon such assumption Guarantor shall no longer have any rights or obligations under this Guaranty (which Guaranty as applicable to the replaced Guarantor shall be deemed terminated as to such Guarantor).] Any purported assignment in violation of this Section 16 shall be void and without effect.¹

17. **Early Termination.** ~~The~~This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of ~~(i) reasonably~~ satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has an investment grade at least a BBB- rating by each ~~offrom~~ S&P and at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the

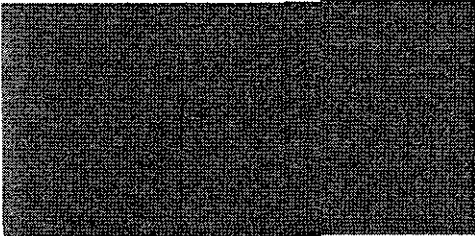
¹ Note: Sponsors and OVEC to consider any additional restrictions with respect to an assignment of the equity of the Obligor to a third party.

GUARANTY AGREEMENT

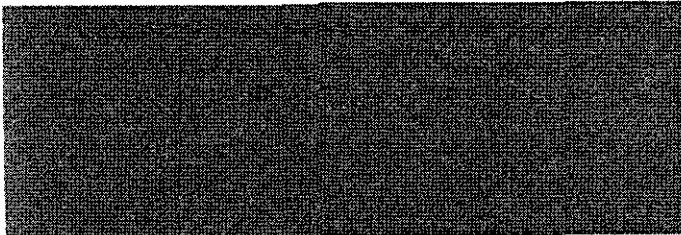
Guaranty is replaced by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and any the Senior Agent.

18. Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:



With a copy to:



If to the Beneficiary, at:

Ohio Valley Electric Corporation

3932 U.S. Route 23

Piketon, Ohio 45661

{ADDRESS} Facsimile: (740) 289-7284

Attn: Treasurer

With a copy to:

Ohio Valley Electric Corporation

1 Riverside Plaza

Columbus, Ohio

Facsimile: (614) 716-6494

Attn: Vice President and Chief Operating Officer

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail for (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on

GUARANTY AGREEMENT

or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient}.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.

[REDACTED]

By: _____
Name:
Title:

GUARANTY AGREEMENT

Exhibit A Annual Calculation of Maximum
Guaranty Amount (Including calculation as of the date
of the Guaranty until reset in accordance with Section
1 thereof)

\$ 1,596,484,358	<u>Long Beneficiaries' aggregate,</u> <u>consolidated long-term debt as of</u> <u>12/December 31/12st of the</u> <u>previous calendar year, plus any</u> <u>reasonably expected additional</u> <u>long-term debt for the current</u> <u>calendar year based on</u> <u>Beneficiaries' long-term forecast,</u> <u>[Note: Consider including all</u> <u>forecasted long-term debt through</u> <u>the end of the current term of the</u> <u>ICPA.]</u>
\$ 300,000,000	<u>Short Beneficiaries' aggregate,</u> <u>consolidated short-term debt as of</u> <u>December 31st of the previous</u> <u>calendar year, plus any reasonably</u> <u>expected additional short-term debt</u> <u>for the current calendar year based</u> <u>on Beneficiaries' long-term</u> <u>forecast.</u>
\$ 364,026,920	<u>Six months of OVEC's An amount</u> <u>equal to six (6) times the average</u> <u>monthly billable costs of the</u> <u>Beneficiary for the current calendar</u> <u>year, as approved in Beneficiary's</u> <u>current budget for such period (or if</u> <u>not yet approved, based on 110% of</u> <u>the last approved annual budget).</u>
\$ 2,260,511,278	<u>Subtotal</u>
\$	<u>Obligor's share (%) of</u> <u>Subtotal the above subtotal based</u> <u>on its "Power Participation Ratio"</u> <u>(as defined in the Agreement) as of</u> <u>January 1st of the current year.</u>

Note: Calculation to be reset annually based on current year's approved budget

GUARANTY AGREEMENT

Proposed Amendment to ICPA: In response to the request of several Sponsoring Companies that any default under the Guaranty (or of the Guarantor) should result in a default by the applicable Sponsoring Company under the Inter-Company Power Agreement (ICPA), below is a draft of a proposed, new subsection of the ICPA (to be added as Section 11.05) to be entered into in connection with Guaranty:

11.05. Default Regarding Applicable Credit Support Obligations. To the extent the obligations of any Sponsoring Company are supported by a corporate guaranty provided from time to time (including those existing as of _____, 2013 [Note: Date of Amendment to be inserted]) in connection with the transfer to such Sponsoring Company of an interest in this Agreement in accordance with a consent provided by the Corporation and the other Sponsoring Companies (or otherwise as agreed between the Corporation, the applicable Sponsoring Company and its guarantor), the following events shall constitute an event of default by the applicable Sponsoring Company under this Agreement and thereafter the Corporation shall have all of the rights and remedies provided at law and in equity as a result of such default as if such guaranty were incorporated herein (without regard to any limitations under, and in addition to any remedies otherwise applicable under, Sections 11.01 and 11.02 of this Agreement): (a) any representation or warranty made by the applicable guarantor ("Guarantor") under the applicable guaranty agreement ("Guaranty") is false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from the Corporation); (b) the failure of Guarantor to make any payment required or to perform any other material covenant or obligation under the Guaranty (and such failure is not remedied within three (3) business days after written notice thereof from the Corporation); (c) the Guarantor (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due; (d) the Guaranty fails to be in full force and effect (other than in accordance with its terms) prior to the termination of this Agreement; (e) the Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of the Guaranty; [(f) the occurrence and continuation of an "event of default" or other similar condition or event (but not an event or circumstance that would become an "event of default" or other similar condition or event with notice and/or the passage of time) under one or more agreements or instruments of Guarantor, individually or collectively, relating to indebtedness of the Guarantor for borrowed money in the aggregate amount of not less than \$ _____], which results in such indebtedness becoming, or becoming capable at such time of being declared, immediately due and payable;] [or (g) the Guarantor's long-term senior unsecured non-credit enhanced debt at any time fails to maintain at least a BBB- rating from S&P, and at least a rating of Baa3 from Moody's (and the applicable Sponsoring Company fails within ten (10) business days thereafter to provide Replacement Performance Assurance²).]

¹ [Note: Parties to consider cross default relating to Guarantor's other obligations and (if applicable) the relevant threshold amount.]

² Note: The term "Replacement Performance Assurance" would be defined as any of the following: (i) any replacement credit support (including through permitted assignment of any guaranty obligations) provided in compliance with the terms of applicable Guaranty; (ii) an irrevocable, nontransferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank with such bank whose unsecured, non-credit enhanced senior long-term debt or deposit obligations have at least "A-" rating from S&P and "A3" rating from Moody's, in a form as is reasonably acceptable to the Corporation and any administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Corporation (the "Senior Agent") in an amount equal to the then-current maximum amount payable under the applicable Guaranty (and subject to any adjustment to such maximum amount from time to time pursuant to the terms of the existing Guaranty); or (iii) other credit support arrangements or performance assurances

GUARANTY AGREEMENT

consented to by both the Corporation (in its reasonable discretion) and the Senior Agent. If option (ii) is included, additional default provisions regarding the letter of credit (and possibly an agreed form thereof) might be included in the proposed ICPA amendment.

Document comparison by Workshare Compare on Monday, March 04, 2013
9:20:26 AM

Input:	
Document 1 ID	interwovenSite://STBDMS/Active/13763381/1
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Document 2 ID	interwovenSite://STBDMS/Active/13763381/3
Description	#13763381v3<Active> - OVEC Proposed Gty for
Rendering set	Standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	62
Deletions	40
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	102

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "**Guaranty**"), dated as of [date], is issued and delivered by [redacted], a Delaware corporation (the "**Guarantor**"), for the account of [redacted] a Delaware limited liability company (the "**Obligor**"), and for the benefit of **Ohio Valley Electric Corporation**, an Ohio corporation (the "**Beneficiary**").

Background Statement

WHEREAS, the Obligor proposed to ~~and has~~ become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "**Agreement**"); and

WHEREAS, Beneficiary ~~has~~ required that the Guarantor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. **Guaranty: Limitation of Liability.** The Guarantor hereby absolutely and unconditionally guarantees ~~to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement that are or may hereafter, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "Guaranteed Obligations"), and agrees to pay any~~ Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with formula provided in Exhibit A hereto and incorporated herein. As of the date of this Guaranty, such maximum amount is [U. S. Dollars (U.S. \$ [redacted])], as calculated as shown on Exhibit A attached hereto. [Note: Calculation to be reset annually based on current year's approved budget]. On or before January 31st of each subsequent calendar year, the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new maximum amount, the applicable maximum amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement, and ~~except as specifically provided therein, the Guarantor shall not be liable for or required to pay any consequential or indirect loss (including but not limited to loss of profits), exemplary damages, punitive damages, special damages, or any other similar damages.~~

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of the Guarantor hereunder without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. **Effect of Amendments.** The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, ~~individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement and that the Beneficiary, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other Person~~ person and waives any defenses based on the foregoing.

GUARANTY AGREEMENT

3. **Waiver of Rights.** The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement. ~~4. **Postponement of Subrogation.** The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligor's rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.~~

~~4. **Postponement of Subrogation.** The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligor's rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.~~

5. **Reservation of Defenses.** ~~Without limiting the Guarantor's own defenses and rights hereunder, the~~ The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. **Settlements Conditional.** If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary ~~or any other Person~~ by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.

7. **Primary Liability of the Guarantor.** The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

GUARANTY AGREEMENT

8. **Term of Guaranty.** This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for ~~Earlier~~Early Termination set forth in Section 17 (the "Expiration Date")~~;~~ provided however, the Guarantor will remain liable hereunder for Guaranteed Obligations that were outstanding prior to the Expiration Date and as set forth in Section 6. In the event this Guaranty's Expiration Date is determined pursuant to (i) or (ii) above, such termination of this Guaranty shall have the affect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, termination of this Guaranty for any reason other than pursuant to (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full.

9. **Governing Law.** This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. **Expenses.** The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. **Submission to Jurisdiction; Waiver of Jury Trial.** The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. **Representations and Warranties.** The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

- (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
- (b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;
- (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;
- (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);

GUARANTY AGREEMENT

- (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; ~~and~~
- (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; ~~and~~
- (g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. Assignment. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and any administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). [Notwithstanding anything to the contrary in the previous sentence, Guarantor may assign this Guaranty in whole (but not in part), including all rights or obligations hereunder, without prior written consent when such assignment is to a substitute guarantor that has [Note: OVEC and Sponsoring Companies to discuss applicable requirements for a replacement guaranty (as compared to the ability pursuant to Section 17(ii) to negotiate a substitute security reasonably acceptable to OVEC and the Senior Agent), including (a) any requirement that the replacement guarantor be an affiliate of the Obligor; and (b) the requisite creditworthiness of the replacement guarantor, which should be no less than the current requirement of long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P, and at least a rating of Baa3 from Moody's], and upon such assignment, Guarantor's Guaranteed Obligations hereunder (including with respect to any Guaranteed Obligations with respect to prior periods) shall be assumed by such replacement guarantor (who shall duly execute and deliver a copy of this Guaranty to the Beneficiary prior to the effective date of any such assignment) and upon such assumption Guarantor shall no longer have any rights or obligations under this Guaranty (which Guaranty as applicable to the replaced Guarantor shall be deemed terminated as to such Guarantor).] Any purported assignment in violation of this Section 16 shall be void and without effect.¹

17. Early Termination. ~~The~~ This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of (ii) reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's

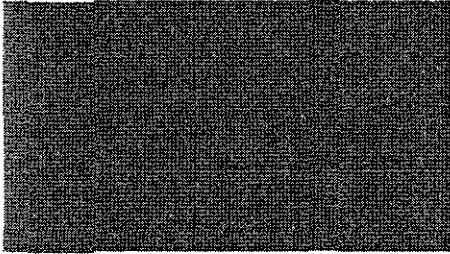
¹ Note: Sponsors and OVEC to consider any additional restrictions with respect to an assignment of the equity of the Obligor to a third party.

GUARANTY AGREEMENT

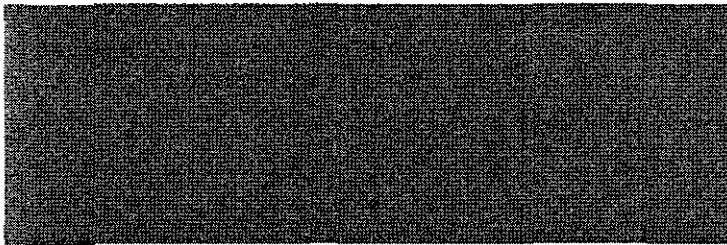
long-term senior unsecured non-credit enhanced debt has an investment-grade at least a BBB- rating by each of from S&P and at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the Guaranty is replaced by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and any the Senior Agent.

18. Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:



With a copy to:



If to the Beneficiary, at:

Ohio Valley Electric Corporation

3932 U.S. Route 23

Piketon, Ohio 45661

[ADDRESS] Facsimile: (740) 289-7284

Attn: Treasurer

With a copy to:

Ohio Valley Electric Corporation

1 Riverside Plaza

Columbus, Ohio

Facsimile: (614) 716-6494

Attn: Vice President and Chief Operating Officer

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered

GUARANTY AGREEMENT

mail for (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.

[REDACTED]

By: _____
Name:
Title:

12

GUARANTY AGREEMENT

Exhibit A guaranty calculation =
Annual Calculation of Maximum Guaranty Amount
(Including calculation as of the date of the Guaranty
until reset in accordance with Section 1 thereof)

\$ 1,596,484,358	<u>Long Beneficiaries' aggregate,</u> <u>consolidated long-term debt as of</u> <u>12/December 31/12st of the</u> <u>previous calendar year, plus any</u> <u>reasonably expected additional</u> <u>long-term debt for the current</u> <u>calendar year based on</u> <u>Beneficiaries' long-term forecast.</u> <u>[Note: Consider including all</u> <u>forecasted long-term debt through</u> <u>the end of the current term of the</u> <u>ICPA.]</u>
\$ 300,000,000	<u>Short Beneficiaries' aggregate,</u> <u>consolidated short-term debt as of</u> <u>December 31st of the previous</u> <u>calendar year, plus any reasonably</u> <u>expected additional short-term debt</u> <u>for the current calendar year based</u> <u>on Beneficiaries' long-term</u> <u>forecast.</u>
\$ 364,026,920	<u>Six months of OVEC's</u> <u>An amount</u> <u>equal to six (6) times the average</u> <u>monthly billable costs of the</u> <u>Beneficiary for the current calendar</u> <u>year, as approved in Beneficiary's</u> <u>current budget for such period (or if</u> <u>not yet approved, based on 110% of</u> <u>the last approved annual budget).</u>
\$ 2,260,511,278	<u>Subtotal</u>
\$	<u>Obigor's share (%) of</u> <u>Subtotal the above subtotal based on</u> <u>its "Power Participation Ratio" (as</u> <u>defined in the Agreement) as of</u> <u>January 1st of the current year.</u>

Note: Calculation to be reset annually based on current year's approved budget

GUARANTY AGREEMENT

Proposed Amendment to ICPA: In response to the request of several Sponsoring Companies that any default under the Guaranty (or of the Guarantor) should result in a default by the applicable Sponsoring Company under the Inter-Company Power Agreement (ICPA), below is a draft of a proposed, new subsection of the ICPA (to be added as Section 11.05) to be entered into in connection with Guaranty:

11.05. *Default Regarding Applicable Credit Support Obligations.* To the extent the obligations of any Sponsoring Company are supported by a corporate guaranty provided from time to time (including those existing as of _____, 2013 [Note: Date of Amendment to be inserted]) in connection with the transfer to such Sponsoring Company of an interest in this Agreement in accordance with a consent provided by the Corporation and the other Sponsoring Companies (or otherwise as agreed between the Corporation, the applicable Sponsoring Company and its guarantor), the following events shall constitute an event of default by the applicable Sponsoring Company under this Agreement and thereafter the Corporation shall have all of the rights and remedies provided at law and in equity as a result of such default as if such guaranty were incorporated herein (without regard to any limitations under, and in addition to any remedies otherwise applicable under, Sections 11.01 and 11.02 of this Agreement): (a) any representation or warranty made by the applicable guarantor ("Guarantor") under the applicable guaranty agreement ("Guaranty") is false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from the Corporation); (b) the failure of Guarantor to make any payment required or to perform any other material covenant or obligation under the Guaranty (and such failure is not remedied within three (3) business days after written notice thereof from the Corporation); (c) the Guarantor (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due; (d) the Guaranty fails to be in full force and effect (other than in accordance with its terms) prior to the termination of this Agreement; (e) the Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of the Guaranty; [(f) the occurrence and continuation of an "event of default" or other similar condition or event (but not an event or circumstance that would become an "event of default" or other similar condition or event with notice and/or the passage of time) under one or more agreements or instruments of Guarantor, individually or collectively, relating to indebtedness of the Guarantor for borrowed money in the aggregate amount of not less than [\$ _____]¹, which results in such indebtedness becoming, or becoming capable at such time of being declared, immediately due and payable;] or (g) the Guarantor's long-term senior unsecured non-credit enhanced debt at any time fails to maintain at least a BBB- rating from S&P, and at least a rating of Baa3 from Moody's (and the applicable Sponsoring Company fails within ten (10) business days thereafter to provide Replacement Performance Assurance²).]

¹ [Note: Parties to consider cross default relating to Guarantor's other obligations and (if applicable) the relevant threshold amount.]

² Note: The term "Replacement Performance Assurance" would be defined as any of the following: (i) any replacement credit support (including through permitted assignment of any guaranty obligations) provided in compliance with the terms of applicable Guaranty; (ii) an irrevocable, nontransferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank with such bank whose unsecured, non-credit enhanced senior long-term debt or deposit obligations have at least "A-" rating from S&P and "A3" rating from Moody's, in a form as is reasonably acceptable to the Corporation and any administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Corporation (the "Senior Agent") in an amount equal to the then-current maximum amount payable under the applicable Guaranty (and subject to any adjustment to such maximum amount from time to time pursuant to the terms of the existing Guaranty); or (iii) other credit support arrangements or performance assurances consented to by both the Corporation (in its reasonable discretion) and the Senior Agent. If option (ii) is included, additional default provisions regarding the letter of credit (and possibly an agreed form thereof) might be included in the proposed ICPA amendment.

GUARANTY AGREEMENT

Document comparison by Workshare Compare on Monday, March 04, 2013
9:37:07 AM

Input:	
Document 1 ID	file://C:\Users\02023\Documents\██████ Guaranty Form of Draft - comments - 02-19-2013 (2).doc
Description	██████ Guaranty Form of Draft - comments - 02-19-2013 (2)
Document 2 ID	interwovenSite://STBDMS/Active/13763381/3
Description	#13763381v3<Active> - OVEC ██████ Proposed Gty for
Rendering set	Standard

Legend:	
<u>Insertion</u>	
<u>Deletion</u>	
<u>Moved from</u>	
<u>Moved to</u>	
<u>Style change</u>	
<u>Format change</u>	
<u>Moved-deletion</u>	
Inserted cell	████████████████████
Deleted cell	████████████████████
Moved cell	████████████████████
Split/Merged cell	████████████████████
Padding cell	████████████████████

Statistics:	
	Count
Insertions	62
Deletions	38
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	102

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Thursday, March 07, 2013 3:32 PM
To: [REDACTED]
Subject: RE: OVEC --- Revised Form of Parent Guaranty
Attachments: Rescheduled: OVEC ICPA Guaranty discussion (Mar 20 03:00 PM EDT in Conference Call)

Nick,

I think Steve was talking about the 20th (since [REDACTED] said the 18th would not work)? Steve sent the attached invite for 3pm on the 20th. If that works, maybe just update your invite to adjust everyone's calendar. Or any I missing something?

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

-----Original Message-----

From: [REDACTED]
Sent: Thursday, March 07, 2013 3:28 PM
To: Chisling, Brian
Subject: RE: OVEC --- Revised Form of Parent Guaranty

Brian,

Does 18th 8-9 or 3-4 work for you?

Nick

-----Original Message-----

From: [REDACTED]
Sent: Thursday, March 07, 2013 8:37 AM
To: [REDACTED]
Cc: [REDACTED] Chisling, Brian [REDACTED]

Subject: RE: OVEC --- Revised Form of Parent Guaranty

Nick, as Steve is out of the office. I took the liberty of checking his calendar, he can do anything between 8-9 or 3-4 otherwise he is booked that day. Thanks.

[REDACTED]

To

03/07/2013 08:02 AM [REDACTED] "Chisling, Brian" <bchisling@stblaw.com>

cc

[REDACTED]

"jbrodt@ovec.com"
<jbrodt@ovec.com>,
[REDACTED]

Subject

RE: OVEC --- Revised Form of Parent Guaranty

I saw Steve's meeting invite for March 18th, but unfortunately [REDACTED] is not available on this day. Does March 20th, anytime between 8am-4pm work for [REDACTED] and OVEC?

From: [REDACTED]

Sent: Monday, March 04, 2013 5:01 PM

To: Chisling, Brian

Cc: [REDACTED] 'jbrodt@ovec.com'; [REDACTED]

Subject: RE: OVEC --- Revised Form of Parent Guaranty

I am out all next week. Let me see if I can get other folks at AEP to participate in my place.

Thanks, Steve

[REDACTED]

[REDACTED]

"Chisling,
Brian" <
bchisling@stb
law.com>

To

[REDACTED]

03/04/2013 [REDACTED]
03:11 PM [REDACTED] "jbrodt@ovec.com" <
jbrodt@ovec.com>

cc

[REDACTED]

Subject

RE: OVEC --- Revised Form of Parent Guaranty

I can participate at those times on the 12th or on the 13th from 11am Et to 2pm ET.

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075

Fax: (212) 455-2502
bchisling@stblaw.com

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From: [REDACTED]
Sent: Monday, March 04, 2013 2:57 PM
To: Chisling, Brian [mailto:bchisling@stblaw.com]; 'jbrodt@ovec.com'
Cc: [REDACTED]
Subject: RE: OVEC --- Revised Form of Parent Guaranty

[REDACTED] is available to discuss on Tuesday, March 12th between 2:30p-4:00p or Wednesday, March 13th 9:30a-2:00p.
Does this work for OVEC, [REDACTED]?



From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Monday, March 04, 2013 9:57 AM
To: [REDACTED]
Cc: 'jbrodt@ovec.com'; [REDACTED]
Subject: OVEC --- Revised Form of Parent Guaranty

All,

Attached is a further revised version of the proposed form of parent guaranty for the OVEC transfers. I have attached a clean version, as well as blacklines to both the last [REDACTED] markup and the version sent to the subcommittee. Please note that it remains subject to review by OVEC as well.

I have accepted the majority of [REDACTED] proposed changes in their last draft, but have also (based on comments from the other Sponsors during and after the meeting) added (1) a proposal for assignments, although we should discuss the relevant criteria; and (2) for mal requirements regarding the annual reset of the maximum amount and the revised formula; and (3) proposed language to be added to the ICPA to cover a default under the Guaranty (or by the Guarantor). Finally, I did not include any "change of control" default, although I think the subcommittee should discuss the need for such protection in general --- any such requirements would be better suited for a shareholders' agreement, which (to date) the OVEC owners have not been interested in developing.

As discussed during the subcommittee meeting, the hope is that the OVEC [REDACTED] teams could agree on a revised form (even if some issues remain for subcommittee discussion) and then send to the subcommittee before the next call in about a month.

To keep this moving, please review the attached and let me know if there is a good time for the AEP and Duke teams to discuss. In particular, please let me know if a call this Friday at 2pm ET works, or if other days/times work better for the AEP and Duke teams.

Thank you,

- Brian

Brian Chisling
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425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

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DOCUMENT 17

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Friday, March 22, 2013 2:44 PM
To: [REDACTED] John D. Brodt/OVEC/US; [REDACTED]
Cc: [REDACTED] Chisling, Brian
Subject: OVEC Revised Form of Parent Guaranty
Attachments: #13763381v4_Active_ - OVEC [REDACTED] Proposed Gty for [REDACTED] DOCX;
DVComparison_#13763381v3_Active_ - OVEC [REDACTED] Proposed Gty for [REDACTED]
[REDACTED] - 13763381v4_OVEC [REDACTED] Proposed Gty for [REDACTED] docx

All,

As discussed, attached is a revised version of the form of guaranty. I have replaced the final section regarding proposed amendments to the ICPA with a section regarding the proposed terms for consents to the proposed assignments. As noted, this consent likely would be considered a technical amendment to the ICPA.

I look forward to discussing this form with you on the call next Thursday (and hopefully agreeing on an agreed draft for the full Subcommittee), but please let me know if you have any edits, questions or comments in the meantime.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.



GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], 2013, is issued and delivered by [redacted] a Delaware corporation (the "Guarantor"), for the account of [redacted] a Delaware limited liability company (the "Obligor"), and for the benefit of Ohio Valley Electric Corporation, an Ohio corporation (the "Beneficiary").

Background Statement

WHEREAS, the Obligor proposed to and has become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, Beneficiary required that the Guarantor/Obligor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. Guaranty; Limitation of Liability. The Guarantor hereby absolutely and unconditionally guarantees to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with formula provided in Exhibit A hereto and incorporated herein. As of the date of this Guaranty, such maximum amount is {U.S. Dollars (U.S. [redacted]) as calculated as shown on Exhibit A.¹ On or before January 31st of each subsequent calendar year (commencing with calendar year 2014), the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new maximum amount, the applicable maximum amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the maximum liability of the Guarantor hereunder without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other person and waives any defenses based on the foregoing.

¹ Now: Maximum Amount is based on a calculation for the 2013 calendar year.

GUARANTY AGREEMENT

3. Waiver of Rights. The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.
4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations under the Agreement, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.
5. Reservation of Defenses. The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.
6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary or any other Person by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.
7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.
8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Early Termination set forth in Section 17 (the "Expiration Date"). In the event this Guaranty's Expiration

GUARANTY AGREEMENT

Date is determined pursuant to clause (i) or (ii) above, such termination of this Guaranty shall have the affect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, that termination of this Guaranty for any reason other than pursuant to clause (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. Submission to Jurisdiction; Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. Representations and Warranties. The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

- (a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
- (b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;
- (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;
- (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);
- (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery,

GUARANTY AGREEMENT

performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect;

- (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and
- (g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

15. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

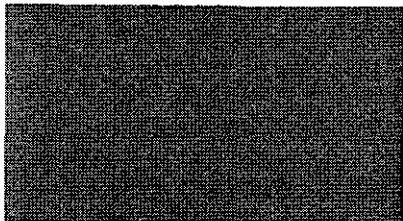
16. Assignment. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and ~~any each~~ administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). ~~(Notwithstanding anything to the contrary in the previous sentence, Guarantor may assign this Guaranty in whole (but not in part), including all rights or obligations hereunder, without prior written consent when such assignment is to a substitute guarantor that has (Note: OVEC and Sponsoring Companies to discuss applicable requirements for a replacement guaranty (as compared to the ability pursuant to Section 17(ii) to negotiate a substitute security reasonably acceptable to OVEC and the Senior Agent), including (a) any requirement that the replacement guarantor be an affiliate of the Obligor; and (b) the requisite creditworthiness of the replacement guarantor, which should be no less than the current requirement of long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P, and at least a rating of Baa3 from Moody's); and upon such assignment, Guarantor's Guaranteed Obligations hereunder (including with respect to any Guaranteed Obligations with respect to prior periods) shall be assumed by such replacement guarantor (who shall duly execute and deliver a copy of this Guaranty to the Beneficiary prior to the effective date of any such assignment) and upon such assumption Guarantor shall no longer have any rights or obligations under this Guaranty (which Guaranty as applicable to the replaced Guarantor shall be deemed terminated as to such Guarantor).]~~ Any purported assignment in violation of this Section 16 shall be void and without effect.

17. Early Termination. This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the Guaranty by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and the Senior Agent.

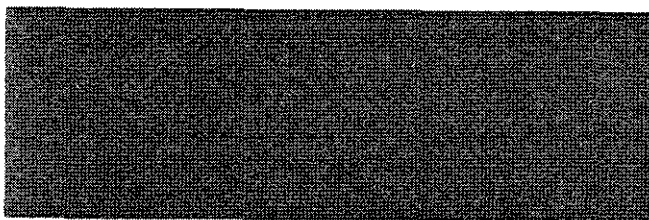
GUARANTY AGREEMENT

18. **Notices.** Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:



With a copy to:



If to the Beneficiary, at:

**Ohio Valley Electric Corporation
3932 U.S. Route 23
Piketon, Ohio 45661
Facsimile: (740) 289-7284
Attn: Treasurer**

With a copy to:

**Ohio Valley Electric Corporation
1 Riverside Plaza
Columbus, Ohio
Facsimile: (614) 716-6494
Attn: Vice President and Chief Operating Officer**

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient.

GUARANTY AGREEMENT

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.



By: _____
Name:
Title:

GUARANTY AGREEMENT

Exhibit A – Annual Calculation of Maximum Guaranty Amount (Including calculation as of the date of the Guaranty until reset in accordance with Section 1 thereof)

\$1,596,484,358
1,596,486,240

Beneficiaries' aggregate,
consolidated long-term debt as of
December 31st of the previous
calendar year, ~~plus any,~~

\$ 0

Beneficiary's reasonably expected
additional long-term debt for the
current calendar year based on
Beneficiaries' long-term forecast.
~~[Note: Consider including all
forecasted long term debt through
the end of the current term of the
ICPA.]~~

\$ 300,000,000

Beneficiaries' aggregate,
consolidated short-term debt as of
December 31st of the previous
calendar year, ~~plus any (including
all amounts available under
revolving credit or similar
facilities, whether currently drawn
or not).~~

\$ 0

Beneficiary's reasonably expected
additional short-term debt for the
current calendar year based on
Beneficiaries' long-term forecast.

\$
364,026,920
732.08
4,000

An amount equal to ~~six~~ twelve (612)
times the average monthly billable
costs of the Beneficiary for the
current calendar year, as approved
in Beneficiary's current budget for
such period (or if not yet approved,
based on 110% of the last approved
annual budget).

\$
2,260,511,278
2,628
,570,240

Subtotal

Obligor's share ~~(%)~~ of the
above subtotal based on its
"Power Participation Ratio" (as
defined in the Agreement) as of

GUARANTY AGREEMENT

January 1st of the current year.

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Proposed Amendment to ICPA: In response to the request of several Sponsoring Companies that any default under the Guaranty (or of the Guarantor) should result in a default *Consent Agreement:* The Guaranty would be entered into in connection with documents consenting to the assignment of the interests by the applicable Sponsoring Company under the Inter-Company Power Agreement (ICPA), below is a draft of a proposed, new subsection of the ICPA (to be added as Section 11.05) to be entered into in connection with Guaranty "ICPA") to the identified new Sponsoring Company. Consent to such assignment would be necessary from each of the other Sponsoring Companies under the ICPA, and from the administrative agent for any lenders or noteholders under OVEC's senior credit facilities and other senior debt. For discussion purposes and based on preliminary feedback from some of the Sponsoring Companies, below is an outline of the basic terms of a proposed consent agreement.

1. *Consent to Assignment.* The applicable parties would consent to the proposed assignment and the form of the relevant documents to be executed as of the effective date of the assignment. A separate consent (on substantially the same form) would be used among each of the Sponsoring Companies proposing to assign its interests and the other Sponsoring Companies, as well as a separate consent from each applicable administrative agent for each such proposed assignment (on forms agreed with each such agent). The consent agreements would specify the parties to the assignment and the guarantor, as well as the agreed form of the guaranty and the assignment and assumption agreement. The consent agreements would be effective, subject to any necessary regulatory approvals, immediately upon execution by all parties; provided that, if the proposed assignment is not consummated by an agreed outside date, the consent would automatically expire.

11.05-2. *Effect of Default Regarding Applicable under Guaranty or Replacement Credit Support Obligations.* To the extent the obligations of any Sponsoring Company are supported by a corporate guaranty provided from time to time (including those existing as of _____, 2013 [Note: Date of Amendment to be inserted]) in connection with the transfer to such Sponsoring Company of an interest in this Agreement in accordance with a consent provided by the Corporation and the other Sponsoring Companies (or otherwise as agreed between the Corporation, the applicable Sponsoring Company and its guarantor), the following events shall constitute an event of default by the applicable Sponsoring Company under this Agreement and thereafter the Corporation shall have all of the rights and remedies provided. If there exists an uncured default under or with respect to the Guaranty (or any replacement credit support, as discussed below), then such default would be considered a "Payment Default" of the applicable Sponsoring Company pursuant to Section 11.01 of the ICPA, and (unless and until cured) OVEC would be able to exercise all available remedies at law and in equity as a result of such default as if such guaranty were incorporated herein (without regard to any limitations under, and in addition to any remedies otherwise applicable under, Sections 11.01 and 11.02 of this Agreement); or in equity, including (without limitation) suspension of service to the defaulting Sponsoring Company under the ICPA. In addition, OVEC shall be entitled to make a claim under the credit support then in effect for all damages relating to such default and any other costs, indemnities and expenses incurred or owing in connection with such default and the exercise of such remedies. The applicable events of default (and cure periods, if any) with respect to the Guaranty (or replacement security) would be as follows:

(a) any representation or warranty made by the applicable guarantor ("Guarantor") under the applicable guaranty agreement ("entity issuing the Guaranty") is (or replacement credit support) was false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from the Corporation OVEC);

² Note: Subject to the scope of the proposed consent and further discussion, it is likely that the consent agreement among all of the Sponsoring Companies could be considered a technical amendment to the ICPA, and thus it would be advisable to obtain FERC approval for the applicable portions thereof. OVEC is reviewing the need for any other regulatory approvals, including from state commissions in Kentucky and Virginia (who have approved recent material amendments to the ICPA).

GUARANTY AGREEMENT

(b) the failure of Guarantor the entity issuing the Guaranty (or replacement credit support) to make any payment required or to perform any other material covenant or obligation under the Guaranty applicable credit support agreement (and such failure is not remedied within three (3) business days after written notice thereof from the Corporation OVEC);

(c) the Guarantor entity issuing the Guaranty (or replacement credit support) (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall become due;

(d) the Guaranty (or replacement credit support) fails to be in full force and effect (other than in accordance with its terms) in any material respect, including (without limitation, in an amount equal to the then-current maximum amount) prior to the termination of this Agreement; (e) the Guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of the Guaranty; (f) the occurrence and continuation of an "event of default" or other similar condition or event (but not an event or circumstance that would become an "event of default" or other similar condition or event with notice and/or the passage of time) under one or more agreements or instruments of Guarantor, individually or collectively, relating to indebtedness of the Guarantor for borrowed money in the aggregate amount of not less than [\$_____]¹, which results in such indebtedness becoming, or becoming capable at such time of being declared, immediately due and payable; (g) the Guarantor's long-term senior unsecured non-credit-enhanced debt at any time fails to maintain at least a BBB- rating from S&P, and at least a rating of Baa3 from Moody's (and/or expiration of all of the applicable Sponsoring Company fails within ten (10) business days thereafter to provide Replacement Performance Assurance)²; its obligations under the ICPA (the "Permitted Expiry"); [assume you agreed to take out the cross default and ratings downgrade]

(e) the entity issuing the Guaranty (or replacement credit support) repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenge the validity of the applicable credit support agreement; or

(f) with respect to a letter of credit issued as a replacement credit support (as described below), (i) if the letter of credit has an expiration date earlier than the Permitted Expiry, a substitute letter of credit (satisfying all of the applicable requirements for a replacement credit support), which may include an amendment to the then-current letter of credit, in the required amount and with an expiration date that is at least one year after the expiration date of the then-current letter of credit is not delivered to OVEC at least

¹ [Note: Parties to consider cross default relating to Guarantor's other obligations and (if applicable) the relevant threshold amount.]

² [Note: The term "Replacement Performance Assurance" would be defined as any of the following: (i) any replacement credit support (including through permitted assignment of any guaranty obligations) provided in compliance with the terms of applicable Guaranty; (ii) an irrevocable, nontransferable standby letter of credit issued by a U.S. commercial bank or a U.S. branch of a foreign bank with such bank whose unsecured, non-credit-enhanced senior long-term debt or deposit obligations have at least "A-" rating from S&P and "A2" rating from Moody's, in a form as is reasonably acceptable to the Corporation and any administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Corporation (the "Senior Agent") in an amount equal to the then-current maximum amount payable under the applicable Guaranty (and subject to any adjustment to such maximum amount from time to time pursuant to the terms of the existing Guaranty); or (iii) other credit support arrangements or performance assurances consented to by both the Corporation (in its reasonable discretion) and the Senior Agent. If option (ii) is included, additional default provisions regarding the letter of credit (and possibly an agreed form thereof) might be included in the proposed ICPA amendment.]

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thirty (30) days prior to the expiration date of the then-current letter of credit and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC prior to such 30-day period; or (B) if, at any time prior to the Permitted Expiry, the letter of credit issuer is no longer an "Acceptable Letter of Credit Provider" (as set forth below) or is subject to a bankruptcy or insolvency event and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC within 10 days after such event; provided that, OVEC shall be permitted to draw on the applicable letter of credit to the extent not replaced as described above and hold the cash proceeds from any draw, and in such event such cash shall satisfy, in whole or in part, the requirement of replacement credit support until replaced as provided below.

As noted above, upon an uncured default as described above with respect to a letter of credit, the entire available amount of such letter of credit may be drawn by OVEC and used as replacement credit support, without limitation or duplication of any other rights or remedies that may be available to it, with the right to draw upon such cash security deposit in accordance with the terms hereof at any time prior to the Permitted Expiry to the same extent that the letter of credit could have been drawn upon had it remained in force and effect (and assuming that the expiration date of the letter of credit was the Permitted Expiry); provided that, if subsequent to such draw down of a cash security deposit from the letter of credit, the applicable Sponsoring Company provides a replacement credit support (satisfying all of the applicable requirements for a replacement credit support), OVEC shall return to the applicable Sponsoring Company (or its designee) a sum of cash equal to (i) the amount of the cash security deposit obtained as a result of such draw down, minus (ii) the aggregate amount of any and all drawings made by OVEC on such cash security deposit as permitted hereunder, including for reimbursement of covered out-of-pocket expenses in connection with enforcement actions. In connection with the foregoing, OVEC shall be required to keep any cash security deposit in a separate interest bearing account, and, shall not be entitled to use, possess, invest, commingle, assign, sell, or pledge such cash security deposit for any purpose other than drawing upon such cash security deposit in accordance with the terms hereof, and any interest on such cash security deposit shall be the sole property of OVEC and shall be payable by OVEC to the applicable Sponsoring Company (or its designee) on the date, if any, on which the cash security deposit is required to be returned in full to such Sponsoring Company (or its designee) hereunder.

3. Replacement Credit Support. At any time, the applicable Sponsoring Company is permitted to replace the Guaranty (or other replacement credit support then in effect) with other acceptable, replacement credit support as follows:

(a) a guaranty, in form and substance substantially similar to the Guaranty or otherwise satisfactory to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, issued by an affiliate of the applicable Sponsoring Company with long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's;

(b) an irrevocable, standby letter of credit (x) issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, which, in either case, (1) has counters for presentment and payment in the City of New York, (2) an asset base of at least \$10 billion and (3) with long-term senior unsecured non-credit enhanced debt rating (or, if it does not have rated debt, an issuer rating) of at least A- from S&P and at least A3 from Moody's (an "Acceptable Letter of Credit Provider"), and (y) in a form reasonably acceptable to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, including the following terms: (A) the amount of the letter of credit must be at least the amount of the then-applicable maximum liability cap under the Guaranty and subject to the same annual adjustments for timely replacement or supplement (which may be an amendment to

GUARANTY AGREEMENT

the stated amount of such letter of credit) with a substantially similar letter of credit in such adjusted amount); (B) such letter of credit names OVEC as the beneficiary thereunder; (C) drawings under the letter of credit are permitted upon a signed statement from an officer of the beneficiary of the letter of credit that the amount of drawing is owed to the beneficiary pursuant to the JCPA; (D) the applicable Sponsoring Company's agreement to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of OVEC's counsel) relating to the enforcement of OVEC's rights under the letter of credit; (E) the applicable Sponsoring Company shall not have any reimbursement obligations under such letter of credit; (F) the letter of credit shall provide that the beneficiary may draw the full amount of the letter of credit if the issuer is no longer an Acceptable Letter of Credit Provider; and (G) the letter of credit requires the issuer thereof to provide at least 60 days' notice to OVEC of the renewal or non-renewal thereof and provides that the beneficiary may draw the full amount of the letter of credit if such letter of credit is not renewed or extended; or

(c) other replacement credit support in form and substance reasonably acceptable to OVEC and with the prior written consent (in its sole discretion) of each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt,

Upon any such replacement, the obligations of the applicable Sponsoring Company covered by such credit support (including with respect to prior periods and including all enforcement and other expenses relating to any replaced credit support) shall be assumed in full under such replacement credit support agreement and the former credit support agreement shall be terminated.

Document comparison by Workshare Compare on Friday, March 22, 2013 2:34:45 PM

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Rendering set	Standard

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Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	4
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From: Chisling, Brian <bchisling@stblaw.com>
Sent: Thursday, March 28, 2013 3:35 PM
To: [REDACTED] John D.
Brodt/OVEC/US;
Cc: [REDACTED]
Subject: RE: OVEC Revised Form of Parent Guaranty
Attachments: DVComparison_13763381v4_OVEC [REDACTED] Proposed Gty for [REDACTED] -
13763381v5_OVEC [REDACTED] Proposed Gty for [REDACTED]

All,

Attached is a further revised version of the form of guaranty and proposed terms for consent agreements. As discussed, please let me know if [REDACTED] have any final comments or questions and provide an email sign off to send to the ICPA Subcommittee by the end of the day on Monday.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

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From: Chisling, Brian
Sent: Friday, March 22, 2013 2:44 PM
To: [REDACTED] John D.
Brodt/OVEC/US
Cc: [REDACTED]; Chisling, Brian
Subject: OVEC Revised Form of Parent Guaranty

All,

As discussed, attached is a revised version of the form of guaranty. I have replaced the final section regarding proposed amendments to the ICPA with a section regarding the proposed terms for consents to the proposed assignments. As noted, this consent likely would be considered a technical amendment to the ICPA.

I look forward to discussing this form with you on the call next Thursday (and hopefully agreeing on an agreed draft for the full Subcommittee), but please let me know if you have any edits, questions or comments in the meantime.

Thank you,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
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New York, New York 10017

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bchisling@stblaw.com

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<< File: #13763381v4_Active_ - OVEC [REDACTED] Proposed Gty for [REDACTED] OOCX >> << File:
DVComparison #13763381v3 Active_ - OVEC [REDACTED] Proposed Gty for [REDACTED] - 13763381v4_OVEC [REDACTED] Proposed Gty
for [REDACTED]

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], 2013, is issued and delivered by [redacted] a Delaware corporation (the "Guarantor"), for the account of [redacted] a Delaware limited liability company (the "Obligor"), and for the benefit of Ohio Valley Electric Corporation, an Ohio corporation (the "Beneficiary").

Background Statement

WHEREAS, the Obligor proposed to and has become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, Beneficiary required that the Obligor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. Guaranty: Limitation of Liability. The Guarantor hereby absolutely and unconditionally guarantees to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with the formula provided in Exhibit A hereto and incorporated herein (the "Maximum Amount"). As of the date of this Guaranty, such ~~maximum amount~~ Maximum Amount is U.S. [redacted] as calculated as shown on Exhibit A.¹ On or before January 31st of each subsequent calendar year (commencing with calendar year 2014), the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new ~~maximum amount~~ Maximum Amount, the applicable ~~maximum amount~~ Maximum Amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement.

¹ Note: ~~Maximum amount~~ Amount is based on a calculation for the 2013 calendar year.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the ~~amount of the maximum liability of the Guarantor hereunder~~ Maximum Amount without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other person and waives any defenses based on the foregoing.

3. Waiver of Rights. The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations under the Agreement, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. Reservation of Defenses. The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary or any other Person~~person~~ by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Early Termination set forth in Section 17 (the "Expiration Date"). In the event this Guaranty's Expiration Date is determined pursuant to clause (i) or (ii) above, such termination of this Guaranty shall have the affect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, that termination of this Guaranty for any reason other than pursuant to clause (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. Submission to Jurisdiction: Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the

non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. Representations and Warranties. The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect;

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and

(g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of The

McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. Entire Agreement; Amendments. This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. Headings. The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

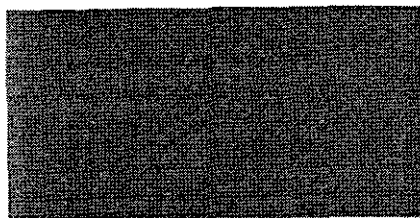
15. No Third-Party Beneficiary. This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. Assignment. The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and each administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). Any purported assignment in violation of this Section 16 shall be void and without effect.

17. Early Termination. This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the Guaranty by substitute security in an amount and in form and substance reasonably acceptable to the Beneficiary and the Senior Agent.

18. Notices. Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:



With a copy to:





If to the Beneficiary, at:

Ohio Valley Electric Corporation
3932 U.S. Route 23
Piketon, Ohio 45661
Facsimile: (740) 289-7284
Attn: Treasurer

With a copy to:

Ohio Valley Electric Corporation
1 Riverside Plaza
Columbus, Ohio
Facsimile: (614) 716-6494
Attn: Vice President and Chief Operating Officer

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient.

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IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the day and year first above written.



By: _____
Name:
Title:

Exhibit A - Annual Calculation of Maximum Guaranty Amount (Including calculation as of the date of the Guaranty until reset in accordance with Section 1 thereof)

\$ 1,596,486,240	Beneficiaries' aggregate, consolidated long-term debt as of December 31st of the previous calendar year.
\$ 0	Beneficiary's reasonably expected additional long-term debt for the current calendar year based on Beneficiaries' long-term forecast.
\$ 300,000,000	Beneficiaries' aggregate, consolidated short-term debt as of December 31st of the previous calendar year (including all amounts available under revolving credit or similar facilities, whether currently drawn or not).
\$ 0	Beneficiary's reasonably expected additional short-term debt for the current calendar year based on Beneficiaries' long-term forecast.
\$ 732,084,000	An amount equal to twelve (12) times the average monthly billable costs of the Beneficiary for the current calendar year, as approved in Beneficiary's current budget for such period (or if not yet approved, based on 110% of the last approved annual budget).
<u>\$ 2,628,570,240</u>	<u>Subtotal</u>
\$ [REDACTED]	Obligor's share ([REDACTED]) of the above subtotal based on its "Power Participation Ratio" (as defined in the Agreement) as of January 1st of the current year.

Proposed Consent Agreement/Agreements: The Guaranty would be entered into in connection with documents consenting to the assignment of the interests by the applicable Sponsoring Company under the Inter-Company Power Agreement ("ICPA") to the identified new Sponsoring Company. Consent to such assignment would be necessary from each of the other Sponsoring Companies under the ICPA, and from the administrative agent for any lenders or noteholders under OVEC's senior credit facilities and other senior debt. For discussion purposes and based on preliminary feedback from some of the Sponsoring Companies, below is an outline of the basic terms of a proposed consent agreement.

1. **Consent to Assignment.** The applicable parties would consent to the proposed assignment and the form of the relevant documents to be executed as of the effective date of the assignment. A separate consent (on substantially the same form) would be used among each of the Sponsoring Companies proposing to assign its interests and the other Sponsoring Companies, as well as a separate consent from each applicable administrative agent for each such proposed assignment (on forms agreed with each such agent). The consent agreements would specify the parties to the assignment and the guarantor, as well as the agreed form of the guaranty and the assignment and assumption agreement. The consent agreements would acknowledge that upon the permitted assignment, the assigning entity would no longer be liable under the ICPA (and the assignee entity would assume all such liabilities). The consent agreements would be effective, subject to any necessary regulatory approvals,² immediately upon execution by all parties; provided that, if the proposed assignment is not consummated by an agreed outside date, the consent would automatically expire.

2. **Effect of Default under Guaranty or Replacement Credit Support.** If there exists an uncured default under or with respect to the Guaranty (or any replacement credit support, as discussed below), then such default would be considered a "Payment Default" of the applicable Sponsoring Company pursuant to Section 11.01 of the ICPA, and (unless and until cured) OVEC would be able to exercise all available remedies at law or in equity, including (without limitation) suspension of service to the defaulting Sponsoring Company under the ICPA. In addition, OVEC shall be entitled to make a claim under the credit support then in effect for all damages relating to such default and any other costs, indemnities and expenses incurred or owing in connection with such default and the exercise of such remedies. The applicable events of default (and cure periods, if any) with respect to the Guaranty (or replacement security) would be as follows:

(a) any representation or warranty made by the entity issuing the Guaranty (or replacement credit support) was false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from OVEC);

² Note: Subject to the scope of the proposed consent and further discussion, it is likely that the consent agreement among all of the Sponsoring Companies could be considered a technical amendment to the ICPA, and thus it would be advisable to obtain FERC approval for the applicable portions thereof. OVEC is reviewing the need for any other regulatory approvals, including from state commissions in Kentucky and Virginia (who have approved recent material amendments to the ICPA).

(b) the failure of the entity issuing the Guaranty (or replacement credit support) to make any payment required or to perform any other material covenant or obligation under the applicable credit support agreement (and such failure is not remedied within three (3) business days after written notice thereof from OVEC);

(c) the entity issuing the Guaranty (or replacement credit support) (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they become due;

(d) the Guaranty (or replacement credit support) fails to be in full force and effect (other than in accordance with its terms) in any material respect, including (without limitation, in an amount equal to the then-current ~~maximum amount~~ Maximum Amount) prior to the termination or expiration of all of the applicable Sponsoring Company's obligations under the ICPA (the "Permitted Expiry"); ~~{assume you agreed to take out the cross default and ratings downgrade}~~

(e) the entity issuing the Guaranty (or replacement credit support) repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenge the validity of the applicable credit support agreement; or

(f) with respect to a letter of credit issued as a replacement credit support (as described below), (i) if the letter of credit has an expiration date earlier than the Permitted Expiry, a substitute letter of credit (satisfying all of the applicable requirements for a replacement credit support), which may include an amendment to the then-current letter of credit, in the required amount and with an expiration date that is at least one year after the expiration date of the then-current letter of credit is not delivered to OVEC at least thirty (30) days prior to the expiration date of the then-current letter of credit and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC prior to such 30-day period; or (B) if, at any time prior to the Permitted Expiry, the letter of credit issuer is no longer an "Acceptable Letter of Credit Provider" (as set forth below) or is subject to a bankruptcy or insolvency event and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC within 10 days after such event; provided that, OVEC shall be permitted to draw on the applicable letter of credit to the extent not replaced as described above and hold the cash proceeds from any draw, and in such event such cash shall satisfy, in whole or in part, the requirement of replacement credit support until replaced as provided below.

As noted above, upon an uncured default as described above with respect to a letter of credit, the entire available amount of such letter of credit may be drawn by OVEC and used as replacement credit support, without limitation or duplication of any other rights or remedies that may be

available to it, with the right to draw upon such cash security deposit in accordance with the terms hereof at any time prior to the Permitted Expiry to the same extent that the letter of credit could have been drawn upon had it remained in force and effect (and assuming that the expiration date of the letter of credit was the Permitted Expiry); provided that, if subsequent to such draw down of a cash security deposit from the letter of credit, the applicable Sponsoring Company provides a replacement credit support (satisfying all of the applicable requirements for a replacement credit support), OVEC shall return to the applicable Sponsoring Company (or its designee) a sum of cash equal to (i) the amount of the cash security deposit obtained as a result of such draw down, minus (ii) the aggregate amount of any and all drawings made by OVEC on such cash security deposit as permitted hereunder, including for reimbursement of covered out-of-pocket expenses in connection with enforcement actions. In connection with the foregoing, OVEC shall be required to keep any cash security deposit in a separate interest bearing account, and, shall not be entitled to use, possess, invest, commingle, assign, sell, or pledge such cash security deposit for any purpose other than drawing upon such cash security deposit in accordance with the terms hereof, and any interest on such cash security deposit shall be the sole property of OVEC and shall be payable by OVEC to the applicable Sponsoring Company (or its designee) on the date, if any, on which the cash security deposit is required to be returned in full to such Sponsoring Company (or its designee) hereunder.

3. Replacement Credit Support. At any time, the applicable Sponsoring Company is permitted to replace the Guaranty (or other replacement credit support then in effect) with other acceptable, replacement credit support as follows:

(a) a guaranty, in form and substance substantially similar to the Guaranty or otherwise satisfactory to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, issued by an affiliate of the applicable Sponsoring Company with long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's (or, if not then rated by both such rating agencies, having the requisite rating one of such agencies);

(b) an irrevocable, standby letter of credit (x) issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, which, in either case, (1) has counters for presentment and payment in the City of New York, (2) an asset base of at least \$10 billion and (3) with long-term senior unsecured non-credit enhanced debt rating (or, if it does not have rated debt, an issuer rating) of at least A- from S&P and at least A3 from Moody's (an "Acceptable Letter of Credit Provider"), and (y) in a form reasonably acceptable to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, including the following terms: (A) the amount of the letter of credit must be at least the amount of the then-applicable maximum liability cap under the Guaranty and subject to the same annual adjustments (or timely replacement or supplement (which may be an amendment to the stated amount of such letter of credit) with a substantially similar letter of credit in such adjusted amount); (B) such letter of credit names OVEC as the beneficiary thereunder; (C) drawings under the letter of credit are permitted upon a signed statement from an officer of the beneficiary of the letter of credit that the amount of drawing is owed to the beneficiary pursuant to the ICPA; (D) the applicable Sponsoring Company's agreement to pay all

reasonable out-of-pocket expenses (including the reasonable fees and expenses of OVEC's counsel) relating to the enforcement of OVEC's rights under the letter of credit; (E) the applicable Sponsoring Company shall not have any reimbursement obligations under such letter of credit; (F) the letter of credit shall provide that the beneficiary may draw the full amount of the letter of credit if the issuer is no longer an Acceptable Letter of Credit Provider, subject to any cure rights; and (G) the letter of credit requires the issuer thereof to provide at least 60 days' notice to OVEC of the renewal or non-renewal thereof and provides that the beneficiary may draw the full amount of the letter of credit if such letter of credit is not renewed or extended; or

(c) other replacement credit support in form and substance reasonably acceptable to OVEC and with the prior written consent (in its sole discretion) of each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt.

Upon any such replacement, the obligations of the applicable Sponsoring Company covered by such credit support (including with respect to prior periods and including all enforcement and other expenses relating to any replaced credit support) shall be assumed in full under such replacement credit support agreement and the former credit support agreement shall be terminated.

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty"), dated as of [date], 2013, is issued and delivered by [redacted] a Delaware corporation (the "Guarantor"), for the account of [redacted] a Delaware limited liability company (the "Obligor"), and for the benefit of Ohio Valley Electric Corporation, an Ohio corporation (the "Beneficiary").

Background Statement

WHEREAS, the Obligor proposed to and has become a party by assignment to that certain Amended and Restated Inter-Company Power Agreement dated as of September 10, 2010 with the Beneficiary and the other parties thereto (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, Beneficiary required that the Obligor deliver to the Beneficiary this Guaranty as a condition to and inducement to Beneficiary to consent to the Obligor becoming a party to the Agreement with the Beneficiary.

Agreement

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration received, the Guarantor hereby agrees as follows:

1. **Guaranty; Limitation of Liability.** The Guarantor hereby absolutely and unconditionally guarantees to the Beneficiary, with effect from the date of the Agreement, the timely payment of the Obligor's payment obligations under the Agreement, as or when such amounts become due and payable, whether at their scheduled due dates, upon acceleration or otherwise (the "Guaranteed Obligations"), and agrees to pay any Guaranteed Obligations within three (3) business days of demand by Beneficiary; provided, however, that the Guarantor's aggregate liability hereunder shall not exceed the maximum amount, calculated on an annual basis by the Beneficiary, in accordance with the formula provided in Exhibit A hereto and incorporated herein (the "Maximum Amount"). As of the date of this Guaranty, such Maximum Amount is U.S. [redacted], as calculated as shown on Exhibit A.¹ On or before January 31st of each subsequent calendar year (commencing with calendar year 2014), the Beneficiary shall calculate the applicable amount for the then-current calendar year in accordance with Exhibit A and based on the Beneficiary's records and provide notice thereof to the Guarantor; provided that, until the determination and notice to the Guarantor of the new Maximum Amount, the applicable Maximum Amount for the previous year shall continue to apply.

Subject to the other terms of this Guaranty, the liability of the Guarantor under this Guaranty is limited to payment obligations required to be made under the Agreement.

¹ Note: Maximum Amount is based on a calculation for the 2013 calendar year.

The Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the Maximum Amount without impairing the guaranty hereunder or affecting the rights or remedies of the Beneficiary hereunder.

2. Effect of Amendments. The Guarantor agrees that the Beneficiary and the Obligor and the other parties to the Agreement, individually or together (as applicable under the Agreement), may modify, amend and/or supplement the Agreement, may delay or extend the date on which any payment must be made pursuant to the Agreement or delay or extend the date on which any act must be performed by the Obligor thereunder or any demand for payment under the Agreement may be rescinded, or the liability of any person for any part of any payment or any collateral security or other guarantee or right of offset with respect to any payment may be renewed, accelerated, compromised, waived, surrendered or released by the Beneficiary or any other person, all without notice to or further assent by the Guarantor, who shall remain bound by this Guaranty, notwithstanding any such act by the Beneficiary or any other person and waives any defenses based on the foregoing.

3. Waiver of Rights. The Guarantor expressly waives notice of acceptance of this Guaranty, diligence, presentment, protest, demand for payment or notice of default or nonpayment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Obligor or their assets or any other guarantor or person, provided, however, that any failure of Beneficiary to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives any and all notices of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Beneficiary upon this Guaranty, and the Guaranteed Obligations shall conclusively be deemed to have been contracted, incurred, renewed, extended, amended, or waived in reliance on this Guaranty. The Guarantor waives all defenses based on, and this Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment without regard to, (i) the validity or enforceability of the Agreement or any Guaranteed Obligations or any other collateral security, other guarantee or right of set off with respect thereto or lack of power or authority of, or change, restructuring or termination of the company existence or structure of, Obligor, (ii) any defense, set-off or counterclaim other than those to which the Obligor may be entitled to under the Agreement and (iii) suretyship defenses or impairment of collateral, in bankruptcy or any other circumstance, except any claims or defenses of Obligor under the Agreement in respect of payment or performance of its obligations under the Agreement.

4. Postponement of Subrogation. The Guarantor hereby postpones and subordinates in favor of the Beneficiary any and all rights which the Guarantor may have to (a) assert any claim against the Obligor based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Obligor, including participation in any marshalling of the Obligor's assets, until all Guaranteed Obligations have been paid in full and Obligors rights and obligations under the Agreement have been terminated. Upon payment in full of such Guaranteed Obligations and termination of the Obligor's rights and obligations under the Agreement, Beneficiary agrees that Guarantor shall be subrogated to the rights of Beneficiary against Obligor to the extent of Guarantor's payment to Beneficiary.

5. Reservation of Defenses. The Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses that the Obligor may have expressly under the Agreement to

payment of all or any portion of the Guaranteed Obligations, except defenses arising from the bankruptcy, insolvency, dissolution or liquidation of the Obligor and other defenses expressly waived in this Guaranty, including under Section 2 and Section 3 above.

6. Settlements Conditional. If any monies paid to the Beneficiary in reduction of the Guaranteed Obligations of the Obligor under the Agreement have to be repaid by the Beneficiary or any other person by virtue of any provision or enactment relating to bankruptcy, insolvency or liquidation for the time being in force or otherwise, the liability of the Guarantor under this Guaranty shall be computed, notwithstanding the termination or revocation of this Guaranty, which shall be reinstated and continue to be effective, as if such monies had never been paid to the Beneficiary; provided, however, if this Guaranty is replaced by a substitute guaranty pursuant to Section 17(ii), this provision shall only be applicable to such substitute guaranty and this Guaranty shall not be reinstated.

7. Primary Liability of the Guarantor. The Guarantor agrees that the Beneficiary may enforce this Guaranty without the necessity at any time of resorting to or exhausting any other rights or remedies, security or collateral or guarantees. This is a continuing Guaranty of payment and not merely of collection. This Guaranty shall not be affected by any change in the relationship between the Guarantor and the Obligor.

8. Term of Guaranty. This Guaranty shall remain in full force and effect until the earlier of (i) such time as all the Guaranteed Obligations have been discharged in full or terminated (including any potential for reinstatement pursuant to Section 6), as confirmed in writing by the Beneficiary, or (ii) in accordance with the terms for Early Termination set forth in Section 17 (the "Expiration Date"). In the event this Guaranty's Expiration Date is determined pursuant to clause (i) or (ii) above, such termination of this Guaranty shall have the effect of terminating the Guaranteed Obligations outstanding or contracted or committed for as of the time of termination, provided, however, that termination of this Guaranty for any reason other than pursuant to clause (i) or (ii) above shall not affect any Guaranteed Obligations outstanding or contracted or committed for at the time of termination, and this Guaranty shall remain in full force and effect with respect to such Guaranteed Obligations until finally and irrevocably paid in full.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York.

10. Expenses. The Guarantor agrees to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of the Beneficiary's counsel) relating to the enforcement of the Beneficiary's rights hereunder in the event the Guarantor disputes its obligations under this Guaranty. All payments under this Section 10 together with any payment of the Guaranteed Obligations shall remain subject to the aggregate amount limitations set forth in Section 1.

11. Submission to Jurisdiction; Waiver of Jury Trial. The Guarantor and the Beneficiary, through acceptance of this Guaranty, submit for any legal action relating to this Guaranty or for recognition or enforcement of any judgment in respect thereof, to the non-exclusive jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof, and

consents that any such action may be brought in such courts and waives any objection it may now or hereafter have to the venue of any such action in any such court or such action was brought in an inconvenient court. The Guarantor and the Beneficiary, through acceptance of this Guaranty, waive all rights to trial by jury in any action, proceeding or counterclaim arising or relating to this Guaranty.

12. Representations and Warranties. The Guarantor hereby represents and warrants that, as of the date of this Guaranty:

(a) it is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;

(b) it has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guaranty;

(c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Beneficiary's rights generally and general equitable principles;

(d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor's ability to perform this Guaranty);

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect;

(f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor relating to this Guaranty or that would have a material adverse effect on the Guarantor's ability to perform this Guaranty; and

(g) Guarantor has long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), and at least a rating of Baa3 from Moody's Investors Service, Inc. ("Moody's").

13. **Entire Agreement; Amendments.** This Guaranty integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. This Guaranty may only be amended or modified by an instrument in writing signed by each of the Guarantor and the Beneficiary.

14. **Headings.** The headings of the various Sections of this Guaranty are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

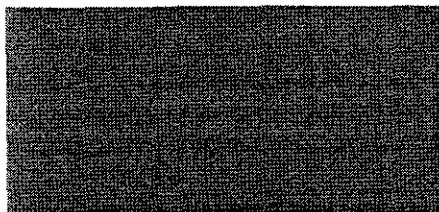
15. **No Third-Party Beneficiary.** This Guaranty is given by the Guarantor solely for the benefit of the Beneficiary and its successors, transferees and assigns, and is not to be relied upon by any other person or entity other than any Senior Agent (as defined below).

16. **Assignment.** The Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Beneficiary (which consent may not be unreasonably withheld or delayed) and each administrative agent for any lenders or noteholders under senior credit facilities and other senior debt of the Beneficiary (each a "Senior Agent"). Any purported assignment in violation of this Section 16 shall be void and without effect.

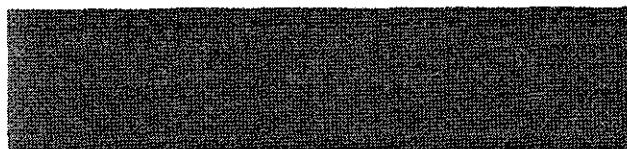
17. **Early Termination.** This Guaranty shall terminate (i) ten (10) days after receipt by the Beneficiary of reasonably satisfactory written evidence from the Guarantor notifying the Beneficiary that the Obligor's long-term senior unsecured non-credit enhanced debt has at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's; or (ii) immediately, upon the replacement of the Guaranty by substitute security as set forth in the consent agreements executed in connection herewith, under which the Senior Agent and the Beneficiary consent to the assignment of the Agreement to the Obligor, or in an amount and in form and substance reasonably acceptable to the Beneficiary and the Senior Agent.

18. **Notices.** Any communication, demand or notice to be given hereunder will be duly given when delivered in writing or sent by facsimile to the Guarantor or to the Beneficiary, as applicable, at its address as indicated below:

If to the Guarantor, at:



With a copy to:





If to the Beneficiary, at:

Ohio Valley Electric Corporation
3932 U.S. Route 23
Piketon, Ohio 45661
Facsimile: (740) 289-7284
Attn: Treasurer

With a copy to:

Ohio Valley Electric Corporation
1 Riverside Plaza
Columbus, Ohio
Facsimile: (614) 716-6494
Attn: Vice President and Chief Operating Officer

or such other address as the Guarantor or the Beneficiary shall from time to time specify. Notice shall be deemed given (a) when received, as evidenced by signed receipt, if sent by hand delivery, overnight courier or registered mail or (b) when received, as evidenced by transmission confirmation report, if sent by facsimile and received on or before 4 pm local time of recipient, or (c) the next business day, as evidenced by transmission confirmation report, if sent by facsimile and received after 4 pm local time of recipient.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the
day and year first above written.



By: _____
Name:
Title:

Exhibit A - Annual Calculation of Maximum Amount (Including calculation as of the date of the Guaranty until reset in accordance with Section 1 thereof)

\$ 1,596,486,240	Beneficiaries' aggregate, consolidated long-term debt as of December 31st of the previous calendar year.
\$ 0	Beneficiary's reasonably expected additional long-term debt for the current calendar year based on Beneficiaries' long-term forecast.
\$ 300,000,000	Beneficiaries' aggregate, consolidated short-term debt as of December 31st of the previous calendar year (including all amounts available under revolving credit or similar facilities, whether currently drawn or not).
\$ 0	Beneficiary's reasonably expected additional short-term debt for the current calendar year based on Beneficiaries' long-term forecast.
\$ 732,084,000	An amount equal to twelve (12) times the average monthly billable costs of the Beneficiary for the current calendar year, as approved in Beneficiary's current budget for such period (or if not yet approved, based on 110% of the last approved annual budget).
<u>\$ 2,628,570,240</u>	<u>Subtotal</u>
\$ [REDACTED]	Obligor's share [REDACTED] of the above subtotal based on its "Power Participation Ratio" (as defined in the Agreement) as of January 1st of the current year.

Proposed Consent Agreements: The Guaranty would be entered into in connection with documents consenting to the assignment of the interests by the applicable Sponsoring Company under the Inter-Company Power Agreement ("ICPA") to the identified new Sponsoring Company. Consent to such assignment would be necessary from each of the other Sponsoring Companies under the ICPA, and from the administrative agent for any lenders or noteholders under OVEC's senior credit facilities and other senior debt. For discussion purposes and based on preliminary feedback from some of the Sponsoring Companies, below is an outline of the basic terms of a proposed consent agreement.

1. **Consent to Assignment.** The applicable parties would consent to the proposed assignment and the form of the relevant documents to be executed as of the effective date of the assignment. A separate consent (on substantially the same form) would be used among each of the Sponsoring Companies proposing to assign its interests and the other Sponsoring Companies, as well as a separate consent from each applicable administrative agent for each such proposed assignment (on forms agreed with each such agent). The consent agreements would specify the parties to the assignment and the guarantor, as well as the agreed form of the guaranty and the assignment and assumption agreement. The consent agreements would acknowledge that upon the permitted assignment, the assigning entity would no longer be liable under the ICPA (and the assignee entity would assume all such liabilities). The consent agreements would be effective, subject to any necessary regulatory approvals,² immediately upon execution by all parties; provided that, if the proposed assignment is not consummated by an agreed outside date, the consent would automatically expire.

2. **Effect of Default under Guaranty or Replacement Credit Support.** If there exists an uncured default under or with respect to the Guaranty (or any replacement credit support, as discussed below), then such default would be considered a "Payment Default" of the applicable Sponsoring Company pursuant to Section 11.01 of the ICPA, and (unless and until cured) OVEC would be able to exercise all available remedies at law or in equity, including (without limitation) suspension of service to the defaulting Sponsoring Company under the ICPA. In addition, OVEC shall be entitled to make a claim under the credit support then in effect for all damages relating to such default and any other costs, indemnities and expenses incurred or owing in connection with such default and the exercise of such remedies. The applicable events of default (and cure periods, if any) with respect to the Guaranty (or replacement security) would be as follows:

(a) any representation or warranty made by the entity issuing the Guaranty (or replacement credit support) was false or misleading in any material respect when made or deemed made or repeated (and such breach is not remedied within thirty (30) days after receipt of notice thereof from OVEC);

²

Note: Subject to the scope of the proposed consent and further discussion, it is likely that the consent agreement among all of the Sponsoring Companies could be considered a technical amendment to the ICPA, and thus it would be advisable to obtain FERC approval for the applicable portions thereof. OVEC is reviewing the need for any other regulatory approvals, including from state commissions in Kentucky and Virginia (who have approved recent material amendments to the ICPA).

(b) the failure of the entity issuing the Guaranty (or replacement credit support) to make any payment required or to perform any other material covenant or obligation under the applicable credit support agreement (and such failure is not remedied within three (3) business days after written notice thereof from OVEC);

(c) the entity issuing the Guaranty (or replacement credit support) (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they become due;

(d) the Guaranty (or replacement credit support) fails to be in full force and effect (other than in accordance with its terms) in any material respect, including (without limitation, in an amount equal to the then-current Maximum Amount) prior to the termination or expiration of all of the applicable Sponsoring Company's obligations under the ICPA (the "Permitted Expiry");

(e) the entity issuing the Guaranty (or replacement credit support) repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenge the validity of the applicable credit support agreement; or

(f) with respect to a letter of credit issued as a replacement credit support (as described below), (i) if the letter of credit has an expiration date earlier than the Permitted Expiry, a substitute letter of credit (satisfying all of the applicable requirements for a replacement credit support), which may include an amendment to the then-current letter of credit, in the required amount and with an expiration date that is at least one year after the expiration date of the then-current letter of credit is not delivered to OVEC at least thirty (30) days prior to the expiration date of the then-current letter of credit and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC prior to such 30-day period; or (B) if, at any time prior to the Permitted Expiry, the letter of credit issuer is no longer an "Acceptable Letter of Credit Provider" (as set forth below) or is subject to a bankruptcy or insolvency event and a replacement credit support (satisfying all of the applicable requirements for a replacement credit support) is not delivered to OVEC within 10 days after such event; provided that, OVEC shall be permitted to draw on the applicable letter of credit to the extent not replaced as described above and hold the cash proceeds from any draw, and in such event such cash shall satisfy, in whole or in part, the requirement of replacement credit support until replaced as provided below.

As noted above, upon an uncured default as described above with respect to a letter of credit, the entire available amount of such letter of credit may be drawn by OVEC and used as replacement credit support, without limitation or duplication of any other rights or remedies that may be available to it, with the right to draw upon such cash security deposit in accordance with the terms

hereof at any time prior to the Permitted Expiry to the same extent that the letter of credit could have been drawn upon had it remained in force and effect (and assuming that the expiration date of the letter of credit was the Permitted Expiry); provided that, if subsequent to such draw down of a cash security deposit from the letter of credit, the applicable Sponsoring Company provides a replacement credit support (satisfying all of the applicable requirements for a replacement credit support), OVEC shall return to the applicable Sponsoring Company (or its designee) a sum of cash equal to (i) the amount of the cash security deposit obtained as a result of such draw down, minus (ii) the aggregate amount of any and all drawings made by OVEC on such cash security deposit as permitted hereunder, including for reimbursement of covered out-of-pocket expenses in connection with enforcement actions. In connection with the foregoing, OVEC shall be required to keep any cash security deposit in a separate interest bearing account, and, shall not be entitled to use, possess, invest, commingle, assign, sell, or pledge such cash security deposit for any purpose other than drawing upon such cash security deposit in accordance with the terms hereof, and any interest on such cash security deposit shall be the sole property of OVEC and shall be payable by OVEC to the applicable Sponsoring Company (or its designee) on the date, if any, on which the cash security deposit is required to be returned in full to such Sponsoring Company (or its designee) hereunder.

3. Replacement Credit Support. At any time, the applicable Sponsoring Company is permitted to replace the Guaranty (or other replacement credit support then in effect) with other acceptable, replacement credit support as follows:

(a) a guaranty, in form and substance substantially similar to the Guaranty or otherwise satisfactory to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, issued by an affiliate of the applicable Sponsoring Company with long-term senior unsecured non-credit enhanced debt having at least a BBB- rating from S&P and at least a rating of Baa3 from Moody's (or, if not then rated by both such rating agencies, having the requisite rating one of such agencies);

(b) an irrevocable, standby letter of credit (x) issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, which, in either case, (1) has counters for presentment and payment in the City of New York, (2) an asset base of at least \$10 billion and (3) with long-term senior unsecured non-credit enhanced debt rating (or, if it does not have rated debt, an issuer rating) of at least A- from S&P and at least A3 from Moody's (an "Acceptable Letter of Credit Provider"), and (y) in a form reasonably acceptable to OVEC and each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt, including the following terms: (A) the amount of the letter of credit must be at least the amount of the then-applicable maximum liability cap under the Guaranty and subject to the same annual adjustments (or timely replacement or supplement (which may be an amendment to the stated amount of such letter of credit) with a substantially similar letter of credit in such adjusted amount); (B) such letter of credit names OVEC as the beneficiary thereunder; (C) drawings under the letter of credit are permitted upon a signed statement from an officer of the beneficiary of the letter of credit that the amount of drawing is owed to the beneficiary pursuant to the ICPA; (D) the applicable Sponsoring Company's agreement to pay all reasonable out-of-pocket expenses (including the reasonable fees and expenses of OVEC's

counsel) relating to the enforcement of OVEC's rights under the letter of credit; (E) the applicable Sponsoring Company shall not have any reimbursement obligations under such letter of credit; (F) the letter of credit shall provide that the beneficiary may draw the full amount of the letter of credit if the issuer is no longer an Acceptable Letter of Credit Provider, subject to any cure rights; and (G) the letter of credit requires the issuer thereof to provide at least 60 days' notice to OVEC of the renewal or non-renewal thereof and provides that the beneficiary may draw the full amount of the letter of credit if such letter of credit is not renewed or extended; or

(c) other replacement credit support in form and substance reasonably acceptable to OVEC and with the prior written consent (in its sole discretion) of each administrative agent for any of OVEC's lenders or noteholders under senior credit facilities and other senior debt.

Upon any such replacement, the obligations of the applicable Sponsoring Company covered by such credit support (including with respect to prior periods and including all enforcement and other expenses relating to any replaced credit support) shall be assumed in full under such replacement credit support agreement and the former credit support agreement shall be terminated.

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Monday, April 01, 2013 1:37 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Revised Form of Parent Guaranty

Sure, I am glad to participate. Please let me know when it is set up. I will send out the form to the subcommittee shortly and ask for the next meeting (by phone on March 17, 2013 at 11am ET). Hopefully we can discuss later this week or early next week.

Let me know if I can do anything to help.

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Monday, April 01, 2013 1:35 PM
To: Chisling, Brian
Cc: [REDACTED]
Subject: RE: OVEC Revised Form of Parent Guaranty

Brian,

[REDACTED] thinks it would be helpful if you participated in the "preliminary" discussion of the latest version of the guaranty with [REDACTED]. If you are agreeable, I can try to set-up a call with [REDACTED] and include you. Are you OK with this?

Thanks,

[REDACTED]

From: [REDACTED]
Sent: Monday, April 01, 2013 1:05 PM
To: Chisling, Brian; [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Revised Form of Parent Guaranty

Brian,

Thanks for your call. [REDACTED] is okay with moving forward with your latest draft of the guaranty. As I mentioned, when it comes time to draft the consent, we'd like to include [REDACTED] as a signatory.

Dina

From: [REDACTED]
Sent: Monday, April 01, 2013 11:18 AM
To: 'Chisling, Brian'; [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Revised Form of Parent Guaranty

Brian,

[REDACTED]

Thanks,
Dina

[REDACTED]

From: Chisling, Brian (mailto:bchisling@stblaw.com)
Sent: Monday, April 01, 2013 10:25 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Revised Form of Parent Guaranty

[REDACTED] Team:

As discussed, please let me know later today if you are signed off on the form, or let me know asap if we need to discuss any points.

Thanks,

- Brian

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Thursday, March 28, 2013 4:50 PM
To: Chisling, Brian
Cc: [REDACTED]

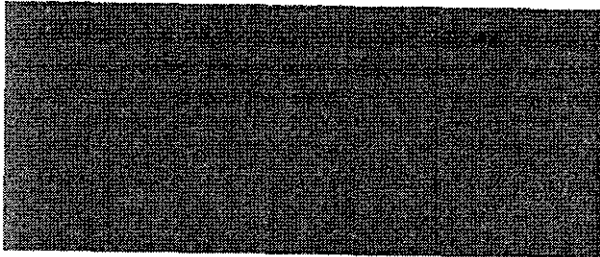
John D. Brodt/OVEC/US; [REDACTED]

Subject: RE: OVEC Revised Form of Parent Guaranty

[REDACTED] is ok with this form being distributed to the subcommittee.

Have a great weekend.

Thanks, Steve



From: [REDACTED]
Sent: Thursday, July 11, 2013 2:26 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Guaranty - Follow up on Make Whole Premium and Defeasance Costs

Nick, is [REDACTED] available for a conference call either at 4:30pm today or any time 2pm or beyond tomorrow, Friday afternoon? We would like to discuss with [REDACTED] where [REDACTED] is at with regard to discussing consent and assignment at the OVEC Board Meeting next week.

[REDACTED]

From: [REDACTED]
Sent: Monday, July 08, 2013 4:52 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Guaranty - Follow up on Make Whole Premium and Defeasance Costs

This is an EXTERNAL email. STOP. THINK before you CLICK links or OPEN attachments.

Meeting has been rescheduled to Wednesday

From: [REDACTED]
Sent: Monday, July 08, 2013 4:50 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Guaranty - Follow up on Make Whole Premium and Defeasance Costs

Any updates on where [REDACTED] is with including the make whole premium and defeasance costs?

[REDACTED]

[REDACTED]
From: [REDACTED]
Sent: Tuesday, July 02, 2013 6:05 PM
To: [REDACTED]
Cc: [REDACTED]

Subject: Re: OVEC Guaranty - Follow up on Make Whole Premium and Defeasance Costs

Thanks for letting me know.

Sent from my iPhone

On Jul 2, 2013, at 5:34 PM, [REDACTED] wrote:

This is an EXTERNAL email. STOP. THINK before you CLICK links or OPEN attachments.

Lisa,

[REDACTED] thinks it is important to go into the OVEC board meeting with a united [REDACTED] proposal. We will discuss the make whole premiums again internally on Monday, July 8th and get back with you.

Nick

From: [REDACTED]
Sent: Tuesday, July 02, 2013 10:49 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Guaranty - Follow up on Make Whole Premium and Defeasance Costs

Nick and company, I spoke with [REDACTED] and he strongly believes this amount should be included regardless of whether or not the bonds are actually called on upon a default by [REDACTED]. In addition, I've attached a revised guaranty where Patty has attempted to modify Section 8 regarding termination to clarify that the "Guaranty terminates upon payment of the Guaranteed Obligations up to the Maximum Amount" in an effort to limit the amount of the Guaranty and give [REDACTED] credit for any amounts paid (identified in Exhibit 8) so that we would only pay the incremental amount in the event we paid less than an identified Maximum Amount for a year.

I'm still trying to get feedback on our approach at the OVEC board meeting given that now [REDACTED] do not necessarily agree on how this amount is calculated. I'd like to recommend the approach that we present that [REDACTED] agree on many things with regard to the mechanics and format of the guaranty as outlined below with the exception on how the cap on the guaranty is calculated.

[REDACTED] agree on the following:

- 1) The guaranty must have a monetary cap and is evergreen until all the guaranteed obligations have been discharged in full up to the maximum amount (monetary cap).
- 2) The Guarantor's aggregate liability shall not exceed the maximum amount (monetary cap) of the guaranty which is calculated on an annual basis by OVEC.
- 3) There is representation in the guaranty that the Guarantor must remain investment grade as defined below and the consent agreement provides substitution to meet this requirement.
- 4) If the Obligor [REDACTED] obtains a long-term senior unsecured non-credit enhanced debt rating of at least BBB-/Baa3 from S&P and Moody's respectively, or if rated by

only one agency but not both having the requisite rating, the Guaranty would terminate upon written notice and evidence of the credit rating.

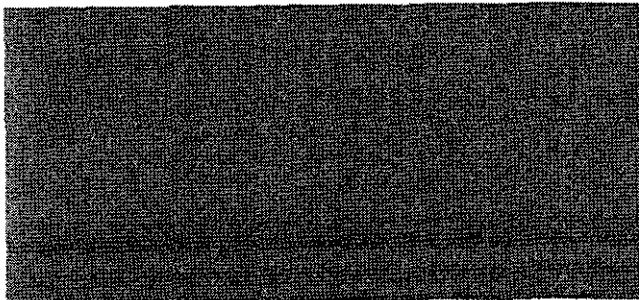
5) A consent agreement will be attached to the guaranty which specifies the following:

- a. Events that would trigger the guaranty or replacement credit to be drawn.
- b. Replacement Credit Support:
 - i. Allows for a substitution of guaranty as long as new guarantor is an affiliate and meets the rating criteria
 - ii. Allows for substitution of the guaranty with a letter of credit

[REDACTED] differ on the how the monetary cap is calculated in Exhibit A:

- 1) [REDACTED] would like to include make whole premiums and amounts required to be deposited with trustee to defease the bonds. OVEC may not call the bonds, but [REDACTED] believes it is their obligation to cover the principal and interest of our share of the bonds.
- 2) [REDACTED] only wants to add these costs if OVEC would incur these expenses as a result of [REDACTED] default. If not, [REDACTED] suggests increasing the average monthly billable costs from 12 to 15 or 16 months.

How does [REDACTED] feel about this approach? I'm meeting on Tuesday, July 8th with Executive Management here at [REDACTED] to get their feedback. It would be helpful to know what [REDACTED] thinks for this meeting. Thanks.



From: [REDACTED]
Sent: Tuesday, June 25, 2013 5:00 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: OVEC Guaranty - Follow up on Make Whole Premium and Defeasance Costs

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[REDACTED] is OK adding the make whole premium and defeasance line item if OVEC would be likely to incur these costs as the result of a default of one of the owners. If not, we do not think this line item should be included. We suggest asking John Brodt at OVEC if these costs would likely be incurred.

If it is determined the make whole premium and defeasance costs would not be incurred under a default, we would be OK with increasing the total guaranty amount by increasing the months from 12 to 15 or 16 months.

Nick

From: [REDACTED]
Sent: Tuesday, June 25, 2013 3:01 PM
To: [REDACTED]

Subject: OVEC Guaranty - Follow up on Make Whole Premium and Defeasance Costs

My Industry Colleagues,

Patty and I discussed it further. I think we are missing the fact that the guaranty hereby absolutely and unconditionally guarantees to the Beneficiary all payment obligations of Obligor under the agreement up to the maximum amount regardless of obligations. Exhibit A is just a way to calculate that maximum amount. OVEC has the ability to draw for any obligation up to that amount not only the obligations we specified in Exhibit A.

By including the make whole and defeasance costs, it doesn't mean that we expect OVEC to accelerate and call the debt upon one of our defaults. It covers the amounts of these costs should OVEC decide regardless of our default to accelerate or call the debt.

The way this guaranty is drafted is to cover any and all obligations we have as Obligor; we simply are trying to put a number on it and something more than we offered before.

You mentioned increasing the 12 times the average monthly billable costs of OVEC for the current calendar year as approved in their calendar budget. What are you recommending, an increase of 1.5 or 2 times the amount? I would be weary of this. If they put an unexpected large cost in the budget as Dina mentioned, we would be guarantying 1.5 times or 2 times of this amount which could be an unmanageable target.

I would argue that the make whole premium and defeasance costs are more reasonable and it keeps going down. Any thoughts. Please keep in mind again that we aren't saying that they will ever accelerate or call the bonds, but this is a way of increasing the guaranty to cover a larger amount of our obligations as the sponsoring companies of OVEC requested.

Attached is our analysis of these costs. Please let me know your thoughts.

From: [REDACTED]
Sent: Friday, July 12, 2013 4:52 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: OVEC ICPA: [REDACTED] Proposal
Attachments: [REDACTED] Proposal for OVEC.DOC; OVEC Proposed Gty Template [REDACTED] Draft7-9-13.Exhibit 1.DOC; OVEC Proposed Gty Template [REDACTED] Draft7-9-13.Exhibit 1.DOC; Proposed Consent Agreements related to [REDACTED] Proposal.Exhibit 2.DOC

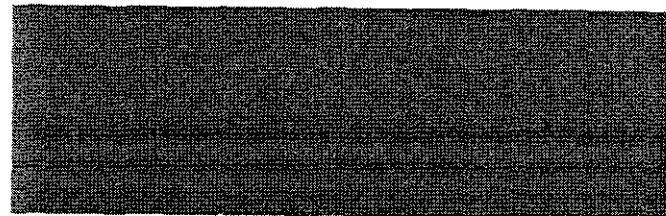
All -

As discussed, please see attached a drafted [REDACTED] Proposal, as well as the related Guaranty Agreement and Consent Agreements Term Sheet, for your review.

Also attached to the [REDACTED] Proposal is a drafted Sponsoring Company Acknowledgment form to be executed by each Sponsoring Company in response to their review of the [REDACTED] Proposal.

Questions/comments, let me know. Plan is to have similar proposal forms on behalf of [REDACTED] and [REDACTED] to send out after the meeting on Tuesday.

Best regards,
-Patty



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[REDACTED]

From:

Sent:

[REDACTED]
Thursday, July 18, 2013 3:31 PM

DOCUMENT 23

To:

Cc:

Subject:

[REDACTED]
Re: OVEC ICPA: [REDACTED] Proposal
signature.txt

Ok, great. Just to confirm we are in agreement with your modifications and appreciate your review. We just had executed by [REDACTED] and we are scanning as one document to email to Brian Chisling for his further distribution as discussed. I understand [REDACTED] is following a similar path.

Best regards,
-Patty

Sent from my iPhone

On Jul 18, 2013, at 11:03 AM, [REDACTED] wrote:

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>

> *****

> The week of August 5 is fine. Most of us will be unavailable on August 6 but other days that week should work.

>

> -----Original Message-----

> From:

> Sent: Thursday, July 18, 2013 12:24 PM

> To:

> Cc:

> Subject: Re: OVEC ICPA: [REDACTED] Proposal

>

> Dina-

>

> Thank you. We are reviewing. One change we have made here is that we would like to propose to have the call the week of August 5th due to multiple scheduling problems and have changed the reference time from July 29th week to August 5th. Would that be ok?

>

> Will follow up as soon as we can should anything other arise in review.

>

> Thank you.

> -Patty

>

> Sent from my iPhone

>

> On Jul 18, 2013, at 9:39 AM, [REDACTED] wrote:

>

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>>

>> *****

>> *

>> Patty,

>>

>> Attached are [REDACTED] comments to the documents. With respect to the proposal, I have attached a clean copy of [REDACTED] proposal and a redline of our proposal against [REDACTED] proposal. I've also attached a markup of the consent agreement. As we discussed, I have inserted a new [REDACTED] related to a [REDACTED] and I did not include the [REDACTED] Guaranty. Given the new language in the consent agreement, we did not [REDACTED].

>>

>> I've also made a couple of clean up changes in the guarantees as we discussed.

>>

>> Please let us know your thoughts on our proposed changes.

>>

>> Thanks,

>> Dina

>>

>> From: [REDACTED]

>> Sent: Thursday, July 18, 2013 9:36 AM

>> To: [REDACTED]

>> Cc: [REDACTED]

>> [REDACTED]

>> Subject: Re: OVEC ICPA: [REDACTED] Proposal

>>

>> Dina -

>>

>> Just wanted to follow-up to see where [REDACTED] is on the proposal. If you have any comments on the proposal please send them to us so we can address today. We have lined up our signatory for today, so we need to have things final in preparation for signature, scan as one doc, and send our [REDACTED] Proposal to Brian Chisling and provide him time for distribution in Friday to the Board and the members of the subcommittee that we were working with earlier this Spring.

>>

>> We have made some slight edits to our proposal to catch some mistakes (correct ref to Exhibit 1, correct ref in (iv) of the calculation amount and added a date for signature). We also updated our form of Guaranty in representation (g) to state "continuing for the term of the Guaranty" to confirm that this requirement is a continuing obligation.

>>

>> As I mentioned in a previous email on the Consent Agreement Term Sheet, our credit raised concern for a 30 day remedy to cure a false rep of Guarantor having an Investment Grade Rating, after discussions here, we have incorporated a change on the time period to state three (3) business days.

>>

>> Please let us know this morning if you are not in agreement with the above, or if you have substantive changes that you are considering incorporating in the [REDACTED] Proposal. If there are matters of priority, please contact me at [REDACTED] or if I miss it because I am out of the office, please contact [REDACTED] or [REDACTED].

>>

>> Best regards,

>> [REDACTED]

>>

>>

>>

>>

>>

>> Sent from my iPhone

>>

>> On Jul 16, 2013, at 1:04 PM, [REDACTED] wrote:

>> Dina,

>>

>> Just following-up on our conversation from earlier on two items.

>>

>> (1) Thanks for making the notation regarding the [REDACTED]. That is a great catch. Yes, I agree the parties discussed that the [REDACTED], and I believe

>>

>>

>>

>> Regards,

>> Patty

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>> From: [REDACTED]

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>> [REDACTED]
>> [REDACTED]
>> Date: 07/16/2013 01:42 PM
>> Subject: RE: OVEC ICPA [REDACTED] Proposal

>> _____
>>
>>
>>
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>> _____
>>

>> Patty,
>>

>> [REDACTED]
>> Dina

>>
>> From: [REDACTED]
>> [mailto:[REDACTED]]
>> Sent: Tuesday, July 16, 2013 12:28 PM

>> [REDACTED]
>> [REDACTED]
>> [REDACTED]
>> [REDACTED]
>> Subject: OVEC ICPA: [REDACTED] Proposal

>>
>> Follow-up to the Board Meeting that took place this morning:

>>
>> I understand that [REDACTED] are aligned in our approach and
>> proposal going forward regarding the OVEC ICPA. Therefore, I wanted to
>> check on whether [REDACTED] had any comments to provide on the draft form of
>> the [REDACTED] Proposal we sent last Friday. I have attached a new form of
>> [REDACTED] Proposal, since there have been three edits since then,
>>

>> (1) a to Section 4.b.(vi) to reference the correct maximum amount
>> calculation line item (otherwise it was a repeat of (iv))
>> (2) an execution date for signature by [REDACTED] and
>> (3) to include the contact for the Sponsoring Companies to send their executed Acknowledgment Form.
>>

>> Our plan is to finalize and execute the [REDACTED] Proposal this week, provide the documents to Brian Chisling, and
>> request Brian to distribute the Proposal/Package to the Sponsoring Companies since he has all the contacts and
>> company information.

>>
>> Please let us know if you have comments and if you will be following the same path.
>>

>> Regards,
>> Patty

>> <overc proposed gty template [REDACTED] draft 7-18-13 exhibit 1.doc> <overc
>> proposed gty template [REDACTED] ([REDACTED] comments 7-18-13) exhibit 1.doc>
>> <proposed consent agreements related to proposal exhibit 1.doc> <[REDACTED]
>> proposal for overc (7-18-13).doc>

From: [REDACTED]
Sent: Thursday, July 18, 2013 8:19 AM
To: [REDACTED]
Subject: FW: OVEC gty

I'll talk to Bryan next week about the OVEC gty clause that requires [REDACTED] to remain investment grade...but as discussed, for now we will proceed with this clause in the offer.

From: [REDACTED]
Sent: Thursday, July 18, 2013 8:17 AM
To: [REDACTED]
Subject: RE: OVEC gty

Yes...enjoy the time off!

From: [REDACTED]
Sent: Thursday, July 18, 2013 8:16 AM
To: [REDACTED]
Subject: Re: OVEC gty

Nick - I'm on vacation this week. Can we talk on Monday?

Sent from my BlackBerry Wireless Device

From: [REDACTED]
Sent: Wednesday, July 17, 2013 03:10 PM Eastern Standard Time
To: [REDACTED]
Subject: OVEC gty

Bryan,

When you get a couple minutes can you call to chat about OVEC?

[REDACTED]

From: Chisling, Brian <bchisling@stblaw.com>
Sent: Friday, July 19, 2013 1:11 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: [REDACTED] Transfer Proposal for Distribution to OVEC Board and Subcommittee

Thanks Nick [REDACTED] has asked that their letter go out today, and I will add [REDACTED] letter on Monday once you forward it.

Please let me know if you have any questions.

Brian

On Jul 19, 2013, at 12:35 PM, [REDACTED] wrote:

Brian,

The [REDACTED] document is ready for signature, but [REDACTED] is out of the office all day. [REDACTED] will sign on Monday morning and [REDACTED] will email to you.

Thanks,
Nick

From: [REDACTED]
Sent: Thursday, July 18, 2013 5:49 PM
To: Chisling, Brian
Cc: [REDACTED]
Subject: RE: [REDACTED] Transfer Proposal for Distribution to OVEC Board and Subcommittee

Yes. We are ok with that as well. There should be a couple of changes.

From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Thursday, July 18, 2013 5:43 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: [REDACTED] Transfer Proposal for Distribution to OVEC Board and Subcommittee

Ok. Please let me know if you are ok with me providing PDFs of guaranty and consent proposal exhibits against last proposal sent to Subcommittee (if any). [REDACTED] has signed off on this. I am running PDFs to see if there are any changes.

On Jul 18, 2013, at 5:34 PM, [REDACTED] wrote:

<image002.gif>
Brian,

We plan to have our proposal signed in the morning. Nick will forward it as soon as possible. If we determine we will not be able to get it signed by tomorrow afternoon, we will let you know.

I have confirmed that, with the exception of paragraphs 1 and 2 in the proposal (which discuss the regulatory approvals for our internal transfers), the [REDACTED] proposal is the same as the [REDACTED] proposal.

If you have any questions, please let me know.

Dina

From: Chisling, Brian [mailto:bchisling@stblaw.com]
Sent: Thursday, July 18, 2013 4:18 PM
To: [REDACTED]
Subject: FW: [REDACTED] Transfer Proposal for Distribution to OVEC Board and Subcommittee

Brian Chisling
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

Tel: (212) 455-3075
Fax: (212) 455-2502
bchisling@stblaw.com

Please consider the environment before printing this email.

From: [REDACTED]
Sent: Thursday, July 18, 2013 4:08 PM
To: Chisling, Brian
Cc: [REDACTED]
Subject: [REDACTED] Transfer Proposal for Distribution to OVEC Board and Subcommittee

Brian, I appreciate your help in distributing the attached letter and attachments to the OVEC Board with a cc to the Subcommittee.

We also request your help setting up a call the week of August 5. [REDACTED] is not available August 6. While the other dates work, the first choice for dates/times will be between 8 am-5 pm Monday the 5th and Wednesday the 7th for [REDACTED]. If those don't work, then we will make Thursday-Friday the 8th-9th work.

Thanks, Steve

