

RECEIVED

APR 202007

PUBLIC SERVICE COMMISSION Kentucky Utilities Company

State Regulation and Rates 220 West Main Street PO Box 32010 Louisville, Kentucky 40232 www.eon-us.com

Rick E. Lovekamp Manager – Regulatory Affairs T 502-627-3780 F 502-627-3213 rick.lovekamp@eon-us.com

April 20, 2007

Ms. Elizabeth O'Donnell

Kentucky Public Service Commission

**Executive Director** 

211 Sower Boulevard

Frankfort, Kentucky 40602

## **RE:** The application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations (*Case No. 2007-00024*)

Dear Ms. O'Donnell:

Pursuant to Ordering Paragraph No. 8 of the Commission's Order in the aforementioned proceeding, Kentucky Utilities Company ("KU") hereby files an original and three (3) copies of information related to an issuance under said Order.

On March 30, 2007, KU borrowed \$75 million from Fidelia Corporation in accordance with the order issued March 19, 2007 in the above-referenced case. The details of the loan are shown below:

Borrower:	Kentucky Utilities Company
Lender:	Fidelia Corporation
Amount:	\$75 million
Maturity Date:	March 30, 2037
Interest Rate:	5.86%
Price Paid:	100%
Proceeds:	\$75 million
Commissions Paid:	None
Legal Costs:	None
Security for Loan:	None
Interest Payments:	March 30 and September 30 commencing
	September 30, 2007

The proceeds of the loan were used to fund capital projects described in the application.

The interest rate was set using the lowest rate quoted to KU at 1.06% above the yield on the thirty-year treasury bond (4.80%). The supporting price indications from the investment banks are attached along with a copy of a page from Bloomberg showing the yield on the treasury bond. The lowest rate quoted to KU by the investment banks was lower than the average bid quoted to E.ON A.G. Once again, the supporting price indications are attached. The bids are summarized in the table below:

	KU Pricing	E.ON AG Pricing
Low bid above thirty-year treasury	1.06%	
Thirty-year treasury rate	4.80%	
All-in cost	5.86%	
Average bid above thirty-year treasury		1.21%
Thirty-year treasury rate		4.80%
All-in cost		6.01%

The 106 basis point spread is comparable with recent ten-year debt issuances from other energy companies with a similar credit rating. (See table below along with attached support documentation).

Issuer	Moody's / S&P	Maturity	Spread
Central Hudson Gas &			
Electric	A2 / A	03/23/2037	+ 108 bps
Connecticut Light & Power	A3 / BBB+	03/01/2037	+ 110 bps
PECO Energy	A2 / A-	03/15/2037	+ 102 bps

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the envelope provided. Should you have any questions regarding this transaction or this information, please contact me or Don Harris at (502)627-2021.

Sincerely,

with E. Kuelkanp

Rick E. Lovekamp

cc: Dan Arbough Kendrick Riggs – Stoll · Keenon · Ogden

## U.S. debt capital markets update Utility & Pipeline sectors For distribution to issuer clients only

New York Week ending Mar 16, 2007 
 Peter Madonia, MD
 (212) 834-3808

 Anisha Mehra, VP
 (212) 834-4918

 Heatner Towner, VP
 (212) 834-4871

 Steve Leamer, Assoc
 (212) 834-4084

 Ed Suvada, Analyst
 (212) 834-3311

Sarah Chessin, VP-Hybrids(212) 834-4073

Economic and Treasury market update

Last week, equity markets dropped, Treasury yields fell, credit spreads widened, and volatility increased marginally
 The Treasury market caught a bid last Tuesday as world equity markets sold-off on the back of renewed concerns around the US subprime market stemming from potential bankruptcy of New Century Financial, the second largest subprime lender

- Economic data pointed to high inflation, leaving the Fed biased toward fighting inflation risks
  - Core CPI inflation was high in February, increasing 0.2%, the second strong reading this year following a series of lower prints in 4Q06
  - Producer prices were also strong in February, as the core PPI increased 0.48
  - Retail sales were soft in February, rising only 0.1%; excluding motor vehicles, retail sales fell 0.1%. The weakness was apparent in several categories, and there is some evidence that miserable February weather may have depressed sales.
  - Industrial production rase a solid 1.0% in February, as unusually cold weather boosted utility output; manufacturing output rose a respectable 0.4%
- Recently fixed income and equity markets have been highly correlated, with weakness in equities inducing rallies in the bond markets as investors seek the relative safety of Treasuries
  - This renewed flight-to-quality trade (ast Tuesday, though less pronounced than two weeks ago, resulted in Treasury yields falling 3-8 bps and the curve 4 bps steeper since the prior Friday
  - With a light economic calendar slated for this week, Wednesday's FONC statement will likely be the focus of the market

Historical treasury rates (%) JPMorgan interest rate forecast (%) 4Q 07 16-Mar-07 2Q 07 30.07 5-vear 10-vear - 30-vear Fed funds rate 5.75% 5.25% 5.25% 5.75% 5.35% 5.403 5.65% 5.00% 3m CIBOR 4, 5.10% 5.45% 3vr UST 4.59% 4.935 5 5.75% Svr eC 4.5625 4 75% 4.90% 4 5.10% 4 54% 4.75% 4 85% 18vr 057 5.10% JOyf UST 4.718 4.835 4.83% 3 -25 bps -15 bps -35 bps 2s/10s curve -5 523 2 V7 bas Flat 10:730: curve 5 665 fflat Jan-91 May-95 Sep-97 Eph-00 Jup-02 Nov-84 Mar-07 PMarono tereinst as at 1156167. Toterasts are for admirter-end States die 4.500% bonds due feb-2016 Investment grade primary and secondary market update The new issue market priced \$23bn of supply last week, bringing March month-to-date supply to \$56bn With the sustained low interest rate environment, investor demand for yieldler credits have outpaced higher rated issues and this trend is expected to continue JPAiorgan was an active participant in last week's calendar, serving as bookrunner on some of the week's most notable offerings. PPL Capital Funding (Baa3/BB+) issued \$500mm (upsized from \$400mm) 60nc10 step-up hybrid securities at T+220 bps. This transaction marks the first corporate hybrid since November 2006 (See case study for additional details) JPMorgan acted as Sole Structuring Advisor and Joint Bookrunner on XL Capital Ltd's (Baa2/BBB) S1bn, "Basket D" perpetual non-call 10 step-up preferred stock affering, which priced at T-200 bps Canadian Natural Resources (Baa2/BBB) priced \$2.2bn of a 10- and 30-year (upsized from \$1.75bn) at T+118 and T+158. The company conducted a non-deal readshow in January and met with 30 accounts Since the initial equity freefall on Tuesday, February 27, investment grade credit spreads have widehed approximately 10 bps, er asing all of the spread gains from the past three months' rally Although all credit asset classes have suffered, high grade seems to be bearing the brunt of the pain due to its heavy exposure to financial institutions. In response, investors remain cautious and secondary desks are long In light of the recent subprime news, there are growing concerns that leakage into the broader ABS/COO markets may occur However, technical demand for credit exposure continues to outweigh supply, corporate earnings remain strong, and investors are still flush with cash creating an opportunistic issuing environment UPMorgan believes that this period of volatility is likely to continue as long as there is a divided opinion regarding the magnitude and resulting financial impact of the subprime mortgage problem But perhaps most importantly, JPMorgan does not believe that the subprime issue will be so great as to threaten the viability of the current economic expansion Selected recent investment grade new issuance Utility and Pipeline new issue supply (\$8n) Maturity Ratiovs Spread **Gate** issuer 512.0 Coupon **#** 2004 **#** 2005 # 2006 \* 2007 10 1712 HUNSYWELL INTERNATIONAL 227A 430 5 300 01/15/2017 27 3712 HONEYWELL INTERNATIONAL 1712 696 5 700 03/15/2032 107 ä 31/15/2012 1717 ACOONALD'S CORP. 2912 430 5 300 786 PE22 NC10 WALL SE CAPITAL Ban2/888 1.026 £ 500 200 \$18 NARY CANADIAN NATIONAL RESOURCES 1 100 3 700 05/15/2017 Exa2/REB X. 15ã 1712 CANADIAN NATIONAL RESOURCES 1.106 32/15/2017 8 to 7/868 6 250 1112 PECC ENERGY AT/A-175 5.700 01/15/2037 502 2 8027/88 3.81 + 50 1713 TXU ENERGY 1.000 FRH. 09/16/2008 n 1711 TXU ELECTRIC DELIVERY Baa1/888-800 FP11 0971672008 3PL+37.5 8az3/8• 5.900 04/01/2017 140 3714 EL PASO ENERGY 500 J.A Oct Jan. A07 3715: PPL CAPITAL FUNDING 81038+ 500 6.700 60RC10 220 Course: Securities Data Com JPMorgan 🕒 1116 COMMONWEALTH EQISON ITAPI Baa2/388 100 5.900 03/15/2016 147 range edicates highly and I measure mus

## U.S. debt capital markets update Utility & Pipeline sectors For distribution to issuer clients only

New York Week ending Mar 23, 2007 p

Peter Madonia, MD	(212) 534-3808
Anisha Mehra, VP	(212) 834-4918
Heather Towner, VP	(212) 834-4871
Steve Learner, Assoc	(212) 834-4084
Ed Suvada, Analyst	(212) 834-3311

Sarah Chessin, VP-Hybrids (212) 834-4073

## Economic and Treasury market update

- Last week's FOMC statement was more dovish than expected as the Fed maintained rates at 5.25% and revealed the committee's shift toward a more neutral state
  - The Fed omitted the phrase "the extent and timing of any additional firming" and replaced it with "future policy adjustments" would depend on the outlook for inflation and arowth
  - Inflation remains the focal point for the FORIC with its predominant concern being "that inflation will fail to moderate as expected"
- The release of the Fed decision triggered an immediate 4-5bp rally in 10- and 30-yr benchmark Treasury yields
  - Overall, 10- and 30-yr benchmark yields finished the week 7bp and 11bp higher, respectively, with the inversion between the 2s/10s curve reversing and the 2s/30s curve steepening 10bp
- a Markets revised their expectations and are pricing in 40bp of easing during 2007.
- JPMargan believes the market is overpricing a Fed ease as high frequency economic data continues to highlight solid job growth and
  - stabilization in the housing market and as neither equity nor credit markets appear overly concerned about the possibility of a recession « February nonfarm payroll growth and January revisions were up over 45,000 jobs versus the consensus forecast. Average hourly earnings remained near five-year highs at 4.1%, while hours worked fell slightly
  - Both wholesale and consumer prices remained elevated last month. While CPI rose slightly in February due to higher food and energy costs, core prices remained at a 2.7% annual growth rate

		ecast (%)				listoric		MAL RAD			AL EVENING	£ 716 v. 62	Section of the second sec	international design
	23-Mar-07	20.07	30 07	40	0		· .			year :	10	•year		t.
Fed funds rate	5.25%	5.25%	5.25%	5.7		1. 1	57	185 2					-	
Im LIBOR	5.35%	5 <b>403</b>	5.65X	6.0		Nº12	" <b>H</b> o	飛校	4		1			
lvt UST	4 60%	4.90%	5.10%	9.4		1.374	- <b>*</b> *?		The way	and Y	"On all	AM.	A. A.	
evr UST	4.51%	1 75%	4.90%	5.2		1 W			i î	T	1639	angles.	VAL AND AL	مېنې <sup>يدو</sup> ري
Ovr US7	4.51%	4,75%	4.85%	5.1 5.1		4			۲		L,	" Ivm		/ ·
90vr UST*	4 87%	4.80%	4.85%		un J bos	1997 - 19						- Vin	strat -	
257105 burve Mox710x reave	1 385 23 365	-15 bbs 5 hos	-25 bos Flat		at 2	+	;						<u> </u>	
.505% bands due F					Squn	an-93 e: thanserg	May-95	5e	p•97	Feb-	00	Jun-02	Nov-04	Ma
nvestment g	arade primany	and second	lany mai	rket úp	odate					7. 1. fe t				
	grade new issuan													
	rate notes and f													
	itor market cond													
= 5 stility i	issuers tapped th	e market for	over \$18	In last w	veek, inclu	ding an e	extendib	le offer	ing, th	ree 30	yr tran	ches, ai	nd two 10-y	r trànc
	n served as book													
	bp, respectively													
	nguiry for a 10-y													
	supply is expected													
the Designation of a second						: A VARU Z								
												storat	u mutari lat	r waak
Although the	equity markets	rattied follow	ring the F	fed is po	Nicymaking	climb-d	own, the					elativel	y muted las	t week
Although the with high gra	equity markets ade corporate bi	rallied follow	ring the F Inishing u	red is po inchang	nicymaking ed to just s	climb d lightly w	own, the ider	e credit	marke	ts rem	ained re			
Although the with high gra JPMorgan be	equity markets ade corporate by theves that a car	rattied follow and spreads fi utious stance	ring the F Inishing u will be n	Fed's po inchang- naintain	olicymaking ed to just s ned for inve	climb d tightly w stors in I	own, the ider the high	e credit grade a	marke sset cl	ts rem ass, as	ained re in the v	ery ne		
<ul> <li>Although the with high gra</li> <li>JPMorgan be strengthen n</li> </ul>	equity markets ade corporate by dieves that a ca- nodestly as mark	rallied follow and spreads fi utious stance let participar	ring the F inishing u will be n its contin	fed's po inchang naintain iue to pi	dicymaking ed to just a ned for inve rice in a hi	climb-d tightly w stors in I gher prot	own, the ider the high sability c	e credit grade a of an ea	marke sset cl se in ú	ts rem ass, as storest	ained re in the v rates	ery nei	ar ter m, spi	reads m
Although the with high gra JPMorgan be strengthen o =Howeve	equity markets ade corporate by theves that a ca- nodestly as mark m, the prospect	rallied follow and spreads fi utious stance liet participar of interest ra	ring the F Inishing u will be n its contin te policy	red's po inchang naintain we to pi uncerta	blicymaking ed to just a hed for inve rice in a hi ainty, real	climb-d tightly w stors in I gher prot	own, the ider the high sability c	e credit grade a of an ea	marke sset cl se in ú	ts rem ass, as storest	ained re in the v rates	ery nei	ar ter m, spi	reads n
Although the with high gra JPMorgan be strengthen n ::Howeve suggest t	equity markets ade corporate by deves that a ca- nodestly as marker, the prospect hat there are sig	rattied follow and spreads fi utious stance let participar of interest ra mificant risks	ving the F inishing u will be n its contin te policy of sprea	fed is po inchang naintain lue to pi uncerta d widen	blicymaking ed to just a hed for inve rice in a hi ainty, real hing	climb-d tightly w stors in I gher prol decelera	own, the ider the high sability o tion in c	e credit grade a of an ea orporat	marke sset cl se in ii e eam	ts rem ass, as storest	ained re in the v rates	ery nei	ar ter m, spi	reads n
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac	equity markets ade corporate by deves that a ca- nodestly as marker, the prospect hat there are sig- le credit spreads	rattied follow and spreads fi- utious stance let participar of interest ra pificant risks a are also unli	ving the F inishing u will be n its contin te policy of sprea ikely to e	Fed's po mohang naintain aue to pi uncerta d widen njoy a f	blicymaking ed to just a hed for inve rice in a hi ainty, real hing full retrace	Climb-d lightly w stors in I gher prof decelera ment of	own, the ider the high sability o tion in c the rece	e credit grade a of an ea orporat ent wide	marke sset cl se in ir e eam ning	ts rem ass, as nterest ings ar	ained re in the v rates Id dimin	ished h	ar ter m, spi nvestor sent	reads n timent
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac	equity markets ade corporate by deves that a ca- nodestly as marker, the prospect hat there are sig	rattied follow and spreads fi- utious stance let participar of interest ra pificant risks a are also unli	ving the F inishing u will be n its contin te policy of sprea ikely to e	Fed's po mohang naintain aue to pi uncerta d widen njoy a f	blicymaking ed to just a hed for inve rice in a hi ainty, real hing full retrace	Climb-d lightly w stors in I gher prof decelera ment of	own, the ider the high sability o tion in c the rece	e credit grade a of an ea orporat ent wide	marke sset cl se in ir e eam ning	ts rem ass, as nterest ings ar	ained re in the v rates Id dimin	ished h	ar ter m, spi nvestor sent	reads n timeot
Although the with high gas JPMorgan be strengthen o :Howeve suggest t : High grac The recent J	equity markets ade corporate by deves that a ca- nodestly as marker, the prospect hat there are sig- le credit spreads	rattied follow and spreads fi utious stance set participar of interest ra gnificant risks a are also unli Client Survey	ring the F inishing u will be n its contin te policy of sprea- kely to e depicted	fed's po inchang naintain lue to pi uncerta d widen njoy a f d invest	olicymaking ed to just s hed for inve rice in a hi ainty, real hing full retrace ors having	climb-d lightly w estors in I gher prol decelera ment of less weig	own, the ider the high sability o tion in c the rece ihting to	e credit grade a of an ea orporat int wide wards c	marke sset ol se in ir e eam ning orpora	ts rem ass, as storest ings ar te bon	ained re in the v rates id dimin ds and e	very ner ished h n negati	ar ter m, spi nvestor sent ive spread c	reads n timent sutiook
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac The recent J Given the re	equity markets ade corporate by theyes that a ca- nodestly as mark- rr, the prospect hat there are sig to credit spread PMorgan Credit	rallied follow and spreads f utious stance let participar of interest ra gnificant risks a are also unli Client Survey alendar, Invo	ning the F inishing u will be n its contin te policy of sprea kely to e depicted stors are	red's po inchang naintain lue to pi uncerta d widen njoy a f d invest expect	olicymaking ed to just s hed for inve rice in a hi ainty, real hing full retrace ors having	climb-d lightly w estors in I gher prol decelera ment of less weig	own, the ider the high sability o tion in c the rece the rece posure ti	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset ol se in ir e earn ning orpora new ist	ts rem ass, as nterest ings ar te ben sues ra	ained re in the v rates id dimin ds and r ther the	very nei lished h n negati an the s	ar ter m, spi nvestor sent ive spread c	reads n timeat autiock
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac The recent J Given the re Selected rec	equity markets and corporate by deves that a ca- nodestly as mark- or, the prospect hat there are sh to credit spreach PMorgan Credit bust new issue c	rallied follow and spreads f utious stance let participar of interest ra gnificant risks a are also unli Client Survey alendar, Invo	ring the F inishing u will be n its contin te policy of sprea kely to e depicted stors are <b>Wiccus</b>	red's po inchang naintain lue to pi uncerta d widen njoy a f d invest expect	olicymaking ed to just s hed for inve rice in a hi ainty, real hing full retrace ors having	climb-d lightly w estors in I gher prol decelera ment of less weig	own, the ider the high sability o tion in c the rece the rece the rece the rece the rece	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset ol se in ir e earn ning orpora new ist	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates id dimin ds and r ther the	very nei lished h n negati an the s	ar ter m, spi nvestor sent ive spread c secondary m sply (SBn)	reads n timent putlock parket
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac The recent J Given the re Selected rec	equity markets and corporate by deves that a ca- nodestly as mark- or, the prospect hat there are sh to credit spreach PMorgan Credit bust new issue c	rallied follow and spreads f utious stance set participar of interest ra splificant risks is are also unli Client Survey alendar, Inva itgrademe	ving the F inishing u will be a tts contin te policy of sprea kely to e depicted stors are <b>WISSUA</b>	Ted's por inchanginaintain nue to pri uncerta di widen njoy a f di investi expecti <b>nce</b>	licymaking ed to just a hed for inve- rice in a hi- ainty, real- hing full retrace ors having ed to add of <u>Maturity</u> 01/22/2012	climb-d lightly w istors in I gher prol decelera ment of less weig tredit ex <u>Spread</u> 48	own, the ider the high sability o tion in c the rece the rece posure ti	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads n timent putlock parket
Although the with high gras JPMorgan be strengthen o Howeve suggest t Howeve suggest t Howeve 	equity markets ade corporate by theves that a ca- codestly as mark- m, the prospect hat there are sig- to credit spread- iPMorgan Credit bust new issue c- ent Sinvestmet	rallied follow and spreads f julious stance let participar of interest ra splificant risks i are also unli Client Survey alendar, Invo tegrade ne Ratings 201/04 0000000000000000000000000000000000	ring the F inishing u will be n its contin te policy of sprea- kely to e depicted stors are <u>Size (C</u> 500 750	Ted's por michang maintain use to pi uncerta d widen njoy a f d invest- expect ice ice ice ice ice ice ice ice ice	Alicymaking ed to just a hed for inve- rice in a hi ainty, real- hing full retrace ors having ed to add <u>Materity</u> 01/22/2012 01/22/2012	climb-d tightly w estars in I gher prol decelera ment of less weig tredit ex <u>Spread</u> 43 63	own, the ider the high sability o tion in c the rece the rece the rece the rece the rece	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads n timent nutlook narket
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac The recent J Given the re Selected here te issuer 19 SheLL INTER 19 SHELL INTER 19 SHELL INTER 19 SHELL INTER	equity markets and corporate by theyes that a ca- nodestly as mark- er, the prospect that there are shall be credit spread ie Credit spread ie Credit spread ie Credit spread is new issue c ent investment intional Fisance intional Fisance	rallied follow and spreads f utious stance tet participan of interest ra splificant risks are also unli Client Survey alendar, inve Ratings Aa1/AA Aa1/AA A1/A+	ring the F inishing u will be n its contin te policy of sprea- kely to e depicted stors are <u>size</u> ( <u>Size</u> ( <u>Size</u> ( <u>Size</u> ) <u>Size</u> ( <u>Size</u> )	Ted's poinchang maintain nue to pi uncerta d widen njoy a f d invest- expects Coupon 4.930	Alicymaking ed to just a hed for inve- rice in a hi ainty, real- hing full retrace ors having ed to add a <u>Maturity</u> 01/22/2017 01/22/2017	climb-d tightly w stors in f gher prol decelera ment of less weig tredit ex. <u>Spread</u> 48 48	own, the ider the high sability of tion in c the rece (hting to posure th UH UH 5 -	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads n timent nutlook narket
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac The recent J Given the re Selected rec te Issuer 19 SHELL INTER 19 SHELL INTER 19 SHELL INTER 19 SHELL INTER 19 SHELL INTER	equity markets ade corporate by theyes that a ca- nodestly as mark- in, the prospect that there are sis the credit spreads the credit spreads for credit spreads iPMorgan Credit bust new issue c entSinvestinet institues, finance institues, finance institues, finance institues, finance	rallied follow ond spreads f utious stance (et participar of interest ra- gnificant risks is are also unli Client Survey alendar, inve (Egrade ne Ratings Aa1/AA A1/A- Baa1/SBB+	ving the F inishing u will be n its contin te policy of sprea- kely to e v depicted stors are <u>wissuan</u> <u>Size</u> ( <u>Size</u> ( <u>Size</u> ) <u>Size</u> ( <u>Size</u> ) <u>Size</u> ( <u>Size</u> ) <u>Size</u> ) (Size) ) <u>Size</u> ) (Size)	red's po michang maintain use to pi uncerta di widen njoy a f di investi expecti Coupen 4.920 5.200 4.935 5.200	Alicymaking ed to just a hed for inve- rice in a hi ainty, real- hing full retrace ors having ed to add of <u>Maturity</u> 01/22/2012 01/22/2011 01/22/2011	climb-d tightly w istors in t gher prot decelera ment of less weig tredit ex. <u>Spread</u> 43 43 43 43 43	own, the ider the high sability of tion in o the rece the rece the rece the rece to the rece to the rece to the rece to the rece to the rece	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads n timent nutlook narket
Although the with high gra JPMorgan be strengthen o "Howeve suggest t " High grac The recent J Given the re Selected rec Selected r	equity markets ade corporate by theves that a ca- nodestly as mark- m, the prospect hat there are sig- to credit spread- iPMorgan Credit bust new issue of entSinvestmen introval Finance introval Finance introval Finance introval Finance introval Finance introval Finance introval Finance	rallied follow and spreads f julious stance (et participar of interest ra- gnificant risks is are also unli Client Survey alendar, invo <b>theorem interest</b> <b>Ratings</b> Aa1/AA Aa1/AA Baa1/SBB+ A3/BBE+	ving the F inishing u will be n its contin te policy of sprea kely to e v depicter stors are <u>v (FSUAL)</u> <u>Size (C</u> 500 500 500 150	red's po mchang naintain ue to pi uncerta d widen njoy a f d invest expect <b>icce</b> laupos 4.930 5.375 5.375	Alicymaking ed to just a hed for inve- rice in a hi- ainty, real- hing full retrace ors having ed to add o <u>Maturity</u> 01/22/2012 01/22/2012 01/22/2012 01/22/2017 01/2017	climb-d tightly w estors in t gher prot deceleration ment of less weig tredit ex <u>Spread</u> 43 43 43 43 43 43 43 43 43 43 43 43 43	own, the ider the high sability of tion in c the rece (hting to posure th UH UH 5 -	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads n timent nutlook narket
Although the with high gras JPMorgan be strengthen o =Howeve suggest t = High grac The recent J Given the re Selected tree te issuer 19 SHELT INTER 19 SHELT INTER 19 SHELT INTER 19 SHELT INTER 19 SHELT INTER 19 SHELT INTER 19 SHELT INTER 20 CONNECTICU 20 CONNECTICU	equity markets ade corporate by theves that a ca- codestly as mark- m, the prospect hat there are sig- le credit spread- iPMorgan Credit bust new issue c entsinvestmen introval Fisabor (attowal Fisabor (attowal Fisabor (attowal Fisabor (attowal Fisabor (attowal Fisabor (attowal Fisabor (attowal Fisabor (attowal Fisabor) (attowal Fisabor) (attowal Fisabor)	rallied follow and spreads f julious stance let participar of interest ra- gnificant risks i are also unli Client Survey alendar, Invo tetrade file Ratings Aa1/AA Aa1/AA Aa1/AA Aa1/AA Aa1/AA Aa1/ABB4 Aa3/BB4 Aa3/BB4	ring the F inishing u will be n its contin te policy of sprea- kely to e depicted stors are <u>withStVAL</u> <u>Size (C</u> 500 750 500 130 130	Ted's po mchang naintain nue to pi uncerta d widen njoy a f d investi expect toupon 4.930 5.875 5.875 5.375	licymaking ed to just a hed for inve- rice in a hi- ainty, real- hing full retrace ors having ed to add of <u>Maturity</u> 01/22/2012 01/22/2017 01/22/2017 01/21/2017 01/01/2017	climb-d lightly w estors in I gher prot decelera ment of less weig credit ex, <u>Spread</u> 43 43 43 43 43 37 110	own, the ider the high sability of tion in o the rece shting to posure the USI	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads n timent nutlook narket
Although the with high gras JPMorgan be strengthen o "Howeve suggest t " High grac The recent J Given the re Selecter free te issuer 19 Shell INTER- 19 Shell INTER- 19 Shell INTER- 19 Shell INTER- 19 Shell INTER- 19 Shell INTER- 20 CORRECTION 20 CENTRAL HUE	equity markets ade corporate by theyes that a ca- nodestly as mark- rr, the prospect hat there are sig- le credit spread- iPMorgan Credit bust new issue c entsinvestmen institute, fixance institute, fixa	rallied follow and spreads f jutious stance tet participar of interest ra- spificant risks i are also unli Client Survey alendar, Invo te greecene Ratings Aa17AA Aa17AA Aa17AA Aa17AB Aa178BB- A378BB- A378BB- A378BB-	ring the F inishing u will be n its contin te policy of sprea kely to e depicted stors are <u>will Scitch</u> <u>Size</u> ( <u>Size</u>	Ted's point in the second seco	Alicymaking ed to just a hed for inve- rice in a hi- ainty, real- hing full retrace ors having ed to add of Maturity 01/22/2012 01/22/2012 01/22/2011 01/02/2017 01/01/2017 01/01/2017 01/01/2017	climb-d lightly w stars in I gher prol decelera ment of less weig tredit ex <u>Spread</u> 43 43 43 43 43 115 87 110 108	own, the ider the high sability of tion in o the rece thing to posure the util Util	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads n timent nutlook narket
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac The recent J Given the re Selected rec Selected r	equity markets ade corporate by theyes that a ca- nodestly as mark- in, the prospect that there are sha to credit spreads iPMorgan Credit bust new issue c entSinvestine instroad, Finance instroad, Finance instr	rallied follow ond spreads f utious stance (et participan of interest ra- pificant risks is are also unli Client Survey alendar, inve Ratings Aa17AA Aa17AA Baa1788B4 A378B4- A378B4- C A27A A374-	ving the F inishing u will be n its contin te policy of sprea- kely to e depicted stors are <u>Size (</u> <u>Size (</u> ) <u>Size (</u> <u>Size (</u> ) <u>Size (</u> ) <u>Si</u>	red's po michang naintain use to pi uncerta di widen njoy a f di nvesti expecti coupon 4.930 5.200 4.930 5.375 5.375 5.375 5.375 5.375	Alicymaking ed to just a hed for inve- rice in a hi- ainty, real- ning full retrace ors having ed to add or <u>Maturity</u> 01/22/2017 01/22/2017 01/22/2017 01/22/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017	climb-d lightly w stors in f gher prol decelera ment of less weig tredit ex. <u>Sprexd</u> 48 48 48 43 43 43 43 43 43 43 43 43 43 43 43 43	own, the ider the high sability of tion in o the rece thing to posure the util Util	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads n timent nutlook narket
Although the with high gra JPMorgan be strengthen n =Howeve suggest t = High grac The recent J = Given the re SARCTEAL INTER 19 SHELL INTER 19 SHELL INTER 19 SHELL INTER 19 SHELL INTER 19 SHELL INTER 19 SHELL INTER 20 CONHECTION 20 CONHECTION 20 CONHECTION 20 CONTECTION 20 CONTECTION 20 CONTECTION 20 CONTECTION 20 CONTECTION 20 CONTECTION 20 CONTECTION 20 CONTECTION 20 CONTECTION 20 CONTECTION	equity markets ade corporate by theyes that a ca- nodestly as mark- in, the prospect that there are sha to credit spreads iPMorgan Credit bust new issue c entSinvestine instroad, Finance instroad, Finance instr	rallied follow ond spreads f utious stance (et participar of interest ra- gnificant risks is are also unli Client Survey alendar, Inva (Client Survey (Client Survey) (Client Su	ving the F inishing u will be n its contin te palicy of sprea- kely to e v depicted stors are <u>WISSUAN</u> <u>Size</u> ( <u>Size</u> ( <u>Size</u> ) <u>500</u> 500 500 150 150 150 250	red's po mehang maintain use to pi uncerta d widen njoy a f d invest expects <b>RCOJ</b> <b>RCOJ</b> <b>RCOJ</b> <b>RCOJ</b> <b>S</b> 200 <b>S</b> 2	Alicymaking ed to just a hed for inve- rice in a hi- ainty, real- hing full retrace ors having ed to add of <u>Maturity</u> 01/22/2012 01/22/2012 01/22/2017 01/22/2017 01/22/2017 01/22/2017 01/22/2017 01/22/2017 01/22/2017 01/22/2017 01/22/2017	climb-d tightly w istors in t gher prot decelera ment of less weig credit ex. <u>Spread</u> 43 43 43 43 43 43 43 43 43 43 43 43 43	own, the ider the high sability of tion in o the rece thing to posure the util Util	e credit grade a of an ea orporat int wide wards c hrough iloy chr	marke sset cl se in ir e earn ning orpora new is: <b>i Pipe</b>	ts rem ass, as nterest ings ar te bon sues ra <b>linen</b> 004	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very new inshed h innegation the s i(ci-ti) 2( i) 2(	ar ter m, spi nvestor sent ive sprend c iecondary m iply (SBD) 106 # 200	reads o timeat autionk arket 07
Although the with high gras JPMorgan be strengthen o suggest t - High grac The recent J Given the re Selected free te issuer 19 SHELE INTER 19 SHELE INTER 19 SHELE INTER 19 SHELE INTER 19 SHELE INTER 19 SHELE INTER 19 SHELE INTER 20 CONNECTICU 20 CONNECTICU	equity markets ade corporate by theyes that a ca- nodestly as mark- in, the prospect that there are sha to credit spreads iPMorgan Credit bust new issue c entSinvestine instroad, Finance instroad, Finance instr	rallied follow ond spreads f utious stance (et participan of interest ra- pificant risks is are also unli Client Survey alendar, inve Ratings Aa17AA Aa17AA Baa1788B4 A378B4- A378B4- C A27A A374-	ving the F inishing u will be n its contin te policy of sprea- kely to e v depicter stors are <u>v depicter</u> stors <u>v depicter</u>	Ted's po michang naintain uue to pi uncerta di widen njoy a f di fivesti expecti Coupon 4.930 5.200 4.930 5.375 5.375 5.375 5.375 5.375	Alicymaking ed to just a hed for inve- rice in a hi- ainty, real- ning full retrace ors having ed to add or <u>Maturity</u> 01/22/2017 01/22/2017 01/22/2017 01/22/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017 01/01/2017	climb-d lightly w stors in f gher prol decelera ment of less weig tredit ex. <u>Sprexd</u> 48 48 48 43 43 43 43 43 43 43 43 43 43 43 43 43	own, the ider the high sability of tion in o the rece thing to posure the used to the soure the used to the soure th	e credit grade a of an ea orporat ent wide wards c hrough :	marke sset cl se in in e eam process sopora new is: I Cipe	ts rem ass, as nterest ings ar te bon sues ra ilinein	ained re in the v rates ad dimin ds and r ther the <b>iew(iss</b>	very nes lished h n negation an the s licestiff	ar ter m, spi nvestor sent ive spread c econdary m iply (SBn)	reads m timeat sutlock sarket )7 t

and the state of the	neute built 15.91 15.882 3.70 000 M 000 M	360 Davs 1 Carry P&L -12.43 -12.96	0, 551105 42 105 Bloomberd L.P. 14:50:30
60vt CUSIP912810PT (4,80/80) BGN PROCEEDS FROCEEDS	Workout         Metulic           2/15/37         0AS           2/15/37         0AS           15,74         15,91           15,713         15,682           15,713         15,682           15,713         15,682           15,313         15,682           15,313         15,682           15,313         15,682           15,313         15,682           15,313         15,682           15,313         15,682           15,313         15,682           15,313         15,682           15,313         15,000           0ut HEDGE Amount:1,000           0AS HEDGE Amount:1,000	FINANCING 180 (360/365) 860 131.22 -143.65 -143.65 -0.53<-> 99.282493 -0.53<->	Unop top         Tutut           Accrued Interest         /100         0.551105           Accrued Interest         /100         0.551105           Number         Of         Days         Accrued         42           Europe         44 20 7330 7500         Copyright 2007         Bloomberg L.P.           1000         U/s., 1 212         318 2000         Capyright 2007         Bloomberg L.P.
LS 99-09 01 M or PR RLSK & T	HEDUE RATIOS Ratios Risk Convexity Uorkout OAS	5) FPA Int Income Fin Cost Forurd Pro	
22) 22) 22) 22) 23)	No Rounding N st p yld-decimals <mark>3/3</mark> BENCHMARK Save Delete sd: 3/29/07		INTERFULAT 02/29/12 02/15/17 02/15/37 11 3048 4500 00 Singapore 65
SPR 14 VIELDS	4.795 Ust 0.00 bp 7505 Vst 715/37 4.795 X Samt_0mm	SPREADS SPREADS ZSPR - zspr - sprd - sprd - US T	v 29.9yr (4.795 %) v 5yr (4.58) 74 % v 10yr (4.58) 74 % v 30yr (4.60) 74 % v 30yr (4.60) 74 %
GRAB Screen Printed YIELD & IUS TREASURY N/B SETTLE 3/29/		The Letters and Example       3) DAS:       0AS:       0AS:	+         0         v         29           +         34         v         59           +         21         v         10           +         0         v         30           +         0         v         30