Reconciliation of Non-GAAP Financial Measures

The following tables reconcile "Operating Income" to PPL's three non-GAAP financial measures for the periods ended June 30.

	2012 Three Months					2011 Three Months				
	Kentucky Gross Margins	PA Gross Delivery Margins	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)	Kentucky Gross Margins	PA Gross Delivery Margins	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)
Operating Revenues										
Utility	$ 658	$ 403		$ 544 (c)	$ 1,605	$ 639	$ 436		$ 409 (c)	$ 1,484
PLR intersegment utility revenue (expense) (d)		(17)	$ 17				(4)	$ 4		
Unregulated retail electric and gas			192	(13)	179			180	1	181
Wholesale energy marketing										
Realized			1,075	8 (f)	1,083			716	16 (f)	732
Unrealized economic activity				(458)(g)	(458)				(44)(g)	(44)
Net energy trading margins			10		10			10		10
Energy-related businesses				130	130				126	126
Total Operating Revenues	658	386	1,294	211	2,549	639	432	910	508	2,489
Operating Expenses										
Fuel	215		170	26 (e)	411	206		250	(42)(e)	414
Energy purchases										
Realized	34	120	617	16 (f)	787	40	169	150	75 (f)	434
Unrealized economic activity				(442)(g)	(442)				(109)(g)	(109)
Other operation and maintenance	24	26	7	682	739	21	29	9	664	723
Depreciation	13			258	271	12			225	237
Taxes, other than income		20	7	60	87		20	7	48	75
Energy-related businesses				124	124				120	120
Intercompany eliminations		(1)		1			(4)	1	3	
Total Operating Expenses	286	165	801	725	1,977	279	214	417	984	1,894
Total	$ 372	$ 221	$ 493	$ (514)	$ 572	$ 360	$ 218	$ 493	$ (476)	$ 595

	2012 Six Months					2011 Six Months				
	Kentucky Gross Margins	PA Gross Delivery Margins	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)	Kentucky Gross Margins	PA Gross Delivery Margins	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)
Operating Revenues										
Utility	$ 1,363	$ 860		$ 1,096 (c)	$ 3,319	$ 1,404	$ 990		$ 626 (c)	$ 3,020
PLR intersegment utility revenue (expense) (d)		(38)	$ 38				(10)	$ 10		
Unregulated retail electric and gas			406	(4)	402			323	5	328
Wholesale energy marketing										
Realized			2,279	12 (f)	2,291			1,738	32 (f)	1,770
Unrealized economic activity				394 (g)	394				13 (g)	13
Net energy trading margins			18		18			21		21
Energy-related businesses				237	237				247	247
Total Operating Revenues	1,363	822	2,741	1,735	6,661	1,404	980	2,092	923	5,399
Operating Expenses										
Fuel	428		385	22 (e)	835	421		534	(66)(e)	889
Energy purchases										
Realized	108	273	1,251	38 (f)	1,670	147	420	377	161 (f)	1,105
Unrealized economic activity				149 (g)	149				(127)(g)	(127)
Other operation and maintenance	46	49	11	1,339	1,445	41	47	13	1,205	1,306
Depreciation	26			509	535	24			421	445
Taxes, other than income		44	16	118	178		53	14	81	148
Energy-related businesses				226	226				233	233
Intercompany eliminations		(2)	1	1			(8)	2	6	
Total Operating Expenses	608	364	1,664	2,402	5,038	633	512	940	1,914	3,999
Discontinued operations								12	(12)(h)	
Total	$ 755	$ 458	$ 1,077	$ (667)	$ 1,623	$ 771	$ 468	$ 1,164	$ (1,003)	$ 1,400

(a) Represents amounts that are excluded from Margins.
(b) As reported on the Statement of Income.
(c) Primarily represents WPD's utility revenue.
(d) Primarily related to PLR supply sold by PPL EnergyPlus to PPL Electric.
(e) Includes economic activity related to fuel as described in "Commodity Price Risk (Non-trading) - Economic Activity" within Note 14 to the Financial Statements. The three and six months ended June 30, 2012, includes a pre-tax loss of $12 million related to coal contract modification payments. The three and six months ended June 30, 2011 includes a pre-tax credit of $50 million for the spent nuclear fuel litigation settlement.
(f) Represents energy-related economic activity as described in "Commodity Price Risk (Non-trading) - Economic Activity" within Note 14 to the Financial Statements. For the three and six months ended June 30, 2012, "Wholesale energy marketing - Realized" and "Energy purchases - Realized" include net pre-tax losses of $12 million and $33 related to the monetization of certain full-requirement sales contracts and net pre-tax gains of $1 million and $1 million related to the amortization of option premiums. The three and six months ended June 30, 2011 include net pre-tax losses of $66 million and $144 million related to the monetization of certain full-requirement sales contracts and net pre-tax gains of $6 million and $11 million related to the amortization of option premiums.
(g) Represents energy-related economic activity, which is subject to fluctuations in value due to market price volatility, as described in "Commodity Price Risk (Non-trading) - Economic Activity" within Note 14 to the Financial Statements.
(h) Represents the net of certain revenues and expenses associated with certain businesses that are classified as discontinued operations. These revenues and expenses are not reflected in "Operating Income" on the Statements of Income.

Changes in Non-GAAP Financial Measures

The following table shows PPL's three non-GAAP financial measures for the periods ended June 30 as well as the change between periods. The factors that gave rise to the changes are described below the table.

	Three Months			Six Months		
	2012	2011	Change	2012	2011	Change
Kentucky Gross Margins	$ 372	$ 360	$ 12	$ 755	$ 771	$ (16)
PA Gross Delivery Margins by Component						
Distribution	$ 170	$ 173	$ (3)	$ 359	$ 381	$ (22)
Transmission	51	45	6	99	87	12
Total	$ 221	$ 218	$ 3	$ 458	$ 468	$ (10)
Unregulated Gross Energy Margins by Region						
Non-trading						
Eastern U.S.	$ 407	$ 395	$ 12	$ 896	$ 972	$ (76)
Western U.S.	76	88	(12)	163	171	(8)
Net energy trading	10	10		18	21	(3)
Total	$ 493	$ 493	$	$ 1,077	$ 1,164	$ (87)

Kentucky Gross Margins

Margins increased for the three-month period ended June 30, 2012, compared with 2011, due to $12 million of higher retail margins, as volumes were impacted by increases in production levels at some of LKE's larger industrial customers and warmer weather during the three months ended June 30, 2012. Total cooling degree days increased 9% compared to the same period in 2011.

Margins decreased for the six-month period ended June 30, 2012, compared with 2011, primarily due to $13 million of lower retail margins, as volumes were impacted by unseasonably mild weather during the first four months of 2012, and $3 million of lower wholesale margins, as volumes were impacted by lower market prices. Total heating degree days decreased 24% compared to the same period in 2011.

Pennsylvania Gross Delivery Margins

Distribution

Margins decreased for the three and six month periods ended June 30, 2012, compared with 2011, due primarily to the effects of weather.

Transmission

Margins increased for the three and six month periods ended June 30, 2012, compared with 2011, primarily due to increased investment in plant and the recovery of additional costs through the FERC formula-based rates.

Unregulated Gross Energy Margins

Eastern U.S.

The changes in non-trading margins for the periods ended June 30, 2012 compared with 2011 were due to:

	Three Months	Six Months
Baseload energy and capacity prices (a)	$ (51)	$ (137)
Intermediate and peaking energy and capacity (b)	(5)	(26)
Full-requirement sales contracts	(9)	(14)
Impact of non-core generation facilities sold in the first quarter of 2011		(12)
Ironwood Acquisition which eliminates tolling expense (c)	13	13
Net coal and hydroelectric unit availability (d)	9	19
Nuclear generation volume (e)	57	82
Other	(2)	(1)
	$ 12	$ (76)

(a) Energy prices and capacity prices were lower in both periods of 2012.
(b) Capacity prices were lower in both periods of 2012.
(c) See Note 8 to the Financial Statements for additional information.
(d) Coal unit availability was higher in both periods allowing the capture of additional margins.
(e) For the three and six month periods, volumes were higher due to a shorter outage period for blade inspections and an uprate in the third quarter of 2011. For the six month period, volumes were also higher due to an unplanned outage in March 2011.

Western U.S.

Non-trading margins for the three and six months ended June 30, 2012, compared with the same periods in 2011 were lower primarily due to $14 million related to the bankruptcy of SMGT.

Utility Revenues

The increase (decrease) in utility revenues for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Domestic:		
PPL Electric (a)	$ (33)	$ (130)
LKE (b)	20	(41)
Total Domestic	(13)	(171)
U.K.:		
PPL WW		
Price (c)	19	55
Volume (d)	(2)	(15)
Recovery of allowed revenues (e)	(4)	(11)
Foreign currency exchange rates	(5)	(8)
Other	(2)	(3)
Total PPL WW	6	18
WPD Midlands (f)	128	452
Total U.K.	134	470
Total	$ 121	$ 299

(a) See "Pennsylvania Gross Delivery Margins" for further information.
(b) See "Kentucky Gross Margins" for further information.
(c) The increase for the three and six-month periods is primarily due to price increases effective April 1, 2012 and 2011.
(d) The decrease for the six-month period is primarily due to the downturn in the economy and weather.
(e) The decrease for the three and six-month periods is primarily due to a 2012 charge to income for the over-recovery of revenues from customers, compared to a credit to income in 2011.
(f) Periods are not comparable. The periods ended June 30, 2012 include three and six months of WPD Midlands' results, compared with two months for the same periods in 2011.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance expense for the periods ended June 30, 2012 compared with 2011 were due to:

	Three Months	Six Months
Domestic:		
Uncollectible accounts (a)	$ 4	$ 18
LKE steam maintenance plant costs (b)		11
LKE storm costs (c)		6
PPL Susquehanna nuclear plant costs (d)	11	17
Vegetation management	6	9
Stock based compensation		8
Other		8
U.K.:		
PPL WW (e)	7	17
WPD Midlands (f)	(12)	45
Total	$ 16	$ 139

(a) In October 2011, SMGT filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. The increase for the six-month period reflects an $11 million increase to a reserve on unpaid amounts.
(b) Increase primarily due to steam maintenance costs, resulting from an increased scope of scheduled outages.
(c) A credit to establish a regulatory asset was recorded in the first quarter of 2011 related to 2009 storm costs.
(d) Primarily due to refueling outage costs, payroll costs and timing of projects.
(e) Increase for the three and six-month periods includes $5 million and $10 million of higher pension expense resulting from the amortization of actuarial losses and $4 million and $6 million of higher network maintenance expense.
(f) Periods are not comparable. The periods ended June 30, 2012 include three and six months of WPD Midlands' results, compared with two months for the same periods in 2011. The decrease for the three-month period was primarily due to the impact of acquisition-related adjustments.

Depreciation

The increase (decrease) in depreciation expense for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Additions to PP&E	$ 13	$ 33
WPD Midlands (a)	17	53
Ironwood Acquisition	4	4
Total	$ 34	$ 90

(a) Periods are not comparable. The periods ended June 30, 2012 include three and six months of WPD Midlands' results, compared with two months for the same periods in 2011.

Taxes, Other Than Income

The increase (decrease) in taxes, other than income for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Pennsylvania gross receipts tax (a)	$ (5)	$ (12)
Domestic property tax	5	5
WPD Midlands (b)	8	30
Other	4	7
Total	$ 12	$ 30

(a) The decrease for the three and six month periods was primarily due to a decrease in taxable electric revenue. This tax is included in "Unregulated Gross Energy Margins" and "Pennsylvania Gross Delivery Margins".
(b) Periods are not comparable. The periods ended June 30, 2012 include three and six months of WPD Midlands' results, compared with two months for the same periods in 2011.

Other Income (Expense) - net

The $64 million increase in other income (expense) - net for the three months ended June 30, 2012 compared with 2011 was primarily due to:

- $47 million of other WPD Midlands acquisition-related adjustments in 2011;
- a $23 million increase in gains from economic foreign currency exchange contracts; and

- a $58 million foreign currency loss related to the repayment of the 2011 Bridge Facility borrowing offset by a $62 million gain on foreign currency contracts that hedged the repayment of such borrowings, both in 2011.

The $52 million increase in other income (expense) - net for the six months ended June 30, 2012 compared with 2011 was primarily due to:

- $57 million of other WPD Midlands acquisition-related adjustments in 2011;
- a $7 million increase in gains from economic foreign currency exchange contracts; and
- a $58 million foreign currency loss related to the repayment of the 2011 Bridge Facility borrowing partially offset by a $55 million gain on foreign currency contracts that hedged the repayment of such borrowings, both in 2011.

See Note 12 to the Financial Statements for further details.

Interest Expense

The increase (decrease) in interest expense for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
2011 Bridge Facility costs related to financing the acquisition of WPD Midlands	$ (36)	$ (43)
2011 Equity Units (a)	1	13
Interest rates (excluding 2011 Equity Units) (b)	(15)	(26)
Debt balances (excluding 2011 Equity Units) (c)	13	17
WPD Midlands (d)	12	68
Inflation adjustment on U.K. Index-linked Senior Unsecured Notes	(5)	(8)
Hedging activity and ineffectiveness	10	19
Ironwood Acquisition (Note 8)	4	4
Other	(12)	(16)
Total	$ (28)	$ 28

(a) Interest related to the issuance in April 2011 to support the WPD Midlands acquisition.
(b) Short-term weighted average rates were 0.69% and 0.73% for the three and six months ended June 30, 2012, compared with 1.82% and 2.02% for the same periods in 2011. Long-term weighted average rates of 4.69% at June 30, 2012, compared with 4.94% at June 30, 2011.
(c) Short-term debt balances were $420 million and $83 million higher for the three and six months ended June 30, 2012, compared with the same periods in 2011. The long-term debt balance (excluding $255 million of long-term debt balance from the April 2012 Ironwood Acquisition) was $520 million higher at June 30, 2012, compared with the same period in 2011.
(d) Periods are not comparable. The periods ended June 30, 2012 include three and six months of WPD Midlands' results, compared with two months for the same periods in 2011.

Income Taxes

The increase (decrease) in income taxes for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Lower pre-tax book income	$ (30)	$ (23)
State valuation allowance adjustments (a)		(11)
Federal and state tax reserve adjustments	(2)	(2)
Federal and state tax return adjustments	(1)	2
U.S. income tax on foreign earnings net of foreign tax credit (b)	10	18
Foreign tax reserve adjustments (c)	(8)	(5)
Net operating loss carryforward adjustments (d)	(3)	(9)
Depreciation not normalized (a)		2
WPD Midlands (e)	27	61
State deferred tax rate change (f)		(11)
Other	(1)	6
Total	$ (8)	$ 28

(a) In February 2011, the Pennsylvania Department of Revenue issued interpretive guidance on the treatment of bonus depreciation for Pennsylvania income tax purposes. In accordance with Corporation Tax Bulletin 2011-01, Pennsylvania allows 100% bonus depreciation for qualifying assets in the same year bonus depreciation is allowed for federal income tax purposes. Due to the decrease in projected taxable income related to bonus depreciation, PPL recorded state deferred income tax expense during the six months ended June 30, 2011 related to valuation allowances.

Additionally, the 100% Pennsylvania bonus depreciation deduction created a current state income tax benefit for the flow-through impact of Pennsylvania regulated state tax depreciation. The federal provision for 100% bonus depreciation generally applies to property placed in service before January 1, 2012. The placed in service deadline is extended to January 1, 2013 for property that exceeds $1 million, has a production period longer than one year and has a tax life of at least 10 years.
(b) During the three and six months ended June 30, 2011, PPL recorded a $7 million and $14 million federal income tax benefit related to U.K. pension contributions.

(c) During the three and six months ended June 30, 2012, PPL recorded a tax benefit following resolution of a U.K. tax issue related to interest expense.
(d) During the three and six months ended June 30, 2012, PPL recorded adjustments to deferred taxes related to net operating loss carryforwards of LKE based on income tax return adjustments.
(e) Periods are not comparable. The periods ended June 30, 2012 include three and six months of WPD Midlands' results compared with two months for the same periods in 2011.
(f) During the six months ended June 30, 2012, PPL recorded an adjustment related to state deferred tax liabilities.

See Note 5 to the Financial Statements for additional information on income taxes.

Noncontrolling Interests

"Net Income Attributable to Noncontrolling Interests" decreased by $4 million for the three and six months ended June 30, 2012 compared with 2011. The decrease is due to PPL Electric's June 2012 redemption of all 2.5 million shares of its preference stock. The price paid was the par value, without premium ($250 million in the aggregate).

Financial Condition

Liquidity and Capital Resources

PPL had the following at:

	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 981	$ 1,202
Short-term investments		16
	$ 981	$ 1,218
Short-term debt	$ 889	$ 578

At June 30, 2012, $357 million of cash and cash equivalents were denominated in GBP. If these amounts would be remitted as dividends, PPL may be subject to additional U.S. taxes, net of allowable foreign tax credits. Historically, dividends paid by foreign subsidiaries have been distributions of the current year's earnings. See Note 5 to the Financial Statements in PPL's 2011 Form 10-K for additional information on undistributed earnings of WPD.

The $221 million decrease in PPL's cash and cash equivalents position was primarily the net result of:

- capital expenditures of $1.3 billion;
- the payment of $413 million of common stock dividends;
- the redemption of preference stock of a subsidiary of $250 million;
- the Ironwood Acquisition for $84 million, net of cash acquired;
- net cash provided by operating activities of $947 million;
- proceeds of $575 million from the issuance of long-term debt; and
- a net increase in short-term debt of $311 million.

PPL's cash provided by operating activities increased by $133 million for the six months ended June 30, 2012 compared with 2011. The increase was the net effect of:

- an increase of $211 million in net income (primarily from the U.K. Regulated segment); and
- a decrease of $57 million in defined benefit plan funding; partially offset by
- an increase in cash used by components of working capital of $117 million.

Credit Facilities

PPL maintains credit facilities to provide liquidity and to backstop commercial paper issuances. At June 30, 2012, PPL's total committed borrowing capacity under its credit facilities and the use of this borrowing capacity were:

	Committed Capacity	Borrowed	Letters of Credit Issued and Commercial Paper Backstop	Unused Capacity
PPL Energy Supply Credit Facilities	$ 3,200		$ 790	$ 2,410
PPL Electric Credit Facilities (a)	450		196	254
LG&E Credit Facility	400			400
KU Credit Facilities	598		198	400
Total Domestic Credit Facilities (b)	$ 4,648		$ 1,184	$ 3,464
PPL WW Credit Facility (c)	£ 150	£ 110	n/a	£ 40
WPD (South West) Credit Facility (d)	245		n/a	245
WPD (East Midlands) Credit Facility	300			300
WPD (West Midlands) Credit Facility	300			300
Total WPD Credit Facilities (e)	£ 995	£ 110		£ 885

(a) In April 2012, PPL Electric increased the capacity of its syndicated credit facility from $200 million to $300 million.

Committed capacity includes a $150 million credit facility related to an asset-backed commercial paper program through which PPL Electric obtains financing by selling and contributing its eligible accounts receivable and unbilled revenue to a special purpose, wholly owned subsidiary on an ongoing basis. The subsidiary pledges these assets to secure loans of up to an aggregate of $150 million from a commercial paper conduit sponsored by a financial institution. At June 30, 2012, based on accounts receivable and unbilled revenue pledged, the amount available for borrowing under the facility was limited to $87 million. In July 2012, PPL Electric and the subsidiary extended this agreement to September 2012 and reduced the capacity to $100 million.

(b) The commitments under PPL's domestic credit facilities are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than 9% of the total committed capacity.

(c) The borrowing outstanding at June 30, 2012 was a USD-denominated borrowing of $174 million, which equated to £110 million at the time of borrowing and bore interest at approximately 1.458%.

(d) In January 2012, WPD (South West) entered into a new £245 million syndicated credit facility to replace its previous £210 million syndicated credit facility. Under the new facility, WPD (South West) has the ability to make cash borrowings but cannot request the lenders to issue letters of credit. WPD (South West) pays customary commitment fees under this facility, and borrowings bear interest at LIBOR-based rates plus a margin. The facility contains financial covenants that require WPD (South West) to maintain an interest coverage ratio of not less than 3.0 times consolidated earnings before income taxes, depreciation and amortization and total net debt not in excess of 85% of its RAV, in each case calculated in accordance with the credit facility.

(e) At June 30, 2012, the U.S. dollar equivalent of unused capacity under WPD's committed credit facilities was approximately $1.4 billion. The commitments under WPD's credit facilities are provided by a diverse bank group with no one bank providing more than 16% of the total committed capacity.

See Note 7 to the Financial Statements for further discussion of PPL's credit facilities.

Commercial Paper

In February 2012, LG&E and KU each established a commercial paper program for up to $250 million to provide an additional financing source to fund their short-term liquidity needs. Commercial paper issuances are supported by LG&E's and KU's Syndicated Credit Facilities. LG&E and KU had no commercial paper outstanding at June 30, 2012.

In April 2012, PPL Energy Supply increased the capacity of its commercial paper program from $500 million to $750 million to provide an additional financing source to fund its short-term liquidity needs, if and when necessary. Commercial paper issuances are supported by PPL Energy Supply's Syndicated Credit Facility. At June 30, 2012, PPL Energy Supply had $520 million of commercial paper outstanding, included in "Short-term debt" on the Balance Sheet, at a weighted-average interest rate of approximately 0.48%.

In May 2012, PPL Electric increased the capacity of its commercial paper program from $200 million to $300 million to provide an additional financing source to fund its short-term liquidity needs, if and when necessary. Commercial paper issuances are supported by PPL Electric's Syndicated Credit Facility. At June 30, 2012, PPL Electric had $195 million of commercial paper outstanding, included in "Short-term debt" on the Balance Sheet, at a weighted-average interest rate of approximately 0.49%.

Long-term Debt and Equity Securities

In April 2012, PPL made a registered underwritten public offering of 9.9 million shares of its common stock. In conjunction with that offering, the underwriters exercised an option to purchase an additional 591 thousand shares of PPL common stock solely to cover over-allotments.

In connection with the registered public offering, PPL entered into forward sale agreements with two counterparties covering the 9.9 million shares of PPL's common stock. Settlement of these initial forward sale agreements will occur no later than April 2013. As a result of the underwriters' exercise of the overallotment option, PPL entered into additional forward sale agreements covering the additional 591 thousand shares of common stock. Settlement of the subsequent forward sale agreements will occur in July 2013. Upon any physical settlement of any forward sale agreement, PPL will issue and deliver to the forward counterparties shares of its common stock in exchange for cash proceeds per share equal to the forward sale price. The forward sale price will be calculated based on an initial forward price of $27.02 per share reduced during the period the contracts are outstanding as specified in the forward sale agreements. PPL may, in certain circumstances, elect cash settlement or net share settlement for all or a portion of its rights or obligations under the forward sale agreements.

PPL will not receive any proceeds or issue any shares of common stock until settlement of the forward sale agreements. PPL intends to use any net proceeds that it receives upon settlement to repay short-term debt obligations and for other general corporate purposes.

The forward sale agreements will be classified as equity transactions. As a result, no amounts will be recorded in the consolidated financial statements until the settlement of the forward sale agreements. Prior to those settlements, the only impact to the financial statements will be the inclusion of incremental shares within the calculation of diluted EPS using the treasury stock method.

In April 2012, an indirect, wholly owned subsidiary of PPL Energy Supply completed the Ironwood Acquisition. See Note 8 for information on the transaction and the debt of PPL Ironwood, LLC assumed through consolidation as part of the acquisition.

In April 2012, WPD (East Midlands) issued £100 million aggregate principal amount of 5.25% Senior Notes due 2023. WPD (East Midlands) received proceeds of approximately £111 million, which equated to $178 million at the time of issuance, net of underwriting fees. The net proceeds were used for general corporate purposes.

In June 2012, LKE completed an exchange of all its outstanding 4.375% Senior Notes due 2021 issued in September 2011 in a transaction not registered under the Securities Act of 1933, for similar securities that were issued in a transaction registered with the SEC. See Note 7 in PPL's and LKE's 2011 Form 10-K for additional information.

In June 2012, PPL Capital Funding issued $400 million of 4.20% Senior Notes due 2022. The notes may be redeemed at PPL Capital Funding's option any time prior to maturity at make-whole redemption prices. PPL Capital Funding received proceeds of $396 million, net of a discount and underwriting fees, that will be used for general corporate purposes.

In June 2012, PPL Electric redeemed all 2.5 million shares of its 6.25% Series Preference Stock, par value $100 per share. The price paid for the redemption was the par value, without premium ($250 million in the aggregate). At December 31, 2011, the preference stock was reflected in "Noncontrolling Interests" on PPL's Balance Sheet.

In July 2012, PPL Capital Funding gave notice of its election to redeem at par on August 14, 2012, together with interest accrued to the redemption date, the entire $99 million outstanding principal amount of its 6.85% Senior Notes due 2047.

See Note 7 in PPL's 2011 Form 10-K for information on the 2011 Bridge Facility, 2011 Equity Units and the April 2011 issuance of common stock.

Common Stock Dividends

In May 2012, PPL declared its quarterly common stock dividend, payable July 2, 2012, at 36.0 cents per share (equivalent to $1.44 per annum). Future dividends, declared at the discretion of the Board of Directors, will be dependent upon future earnings, cash flows, financial and legal requirements and other factors.

Rating Agency Actions

Moody's, S&P and Fitch periodically review the credit ratings on the debt of PPL and its subsidiaries. Based on their respective independent reviews, the rating agencies may make certain ratings revisions or ratings affirmations.

A credit rating reflects an assessment by the rating agency of the creditworthiness associated with an issuer and particular securities that it issues. The credit ratings of PPL and its subsidiaries are based on information provided by PPL and other sources. The ratings of Moody's, S&P and Fitch are not a recommendation to buy, sell or hold any securities of PPL or its subsidiaries. Such ratings may be subject to revisions or withdrawal by the agencies at any time and should be evaluated

independently of each other and any other rating that may be assigned to the securities. A downgrade in PPL's or its subsidiaries' credit ratings could result in higher borrowing costs and reduced access to capital markets.

As a result of the passage of the Dodd-Frank Act, PPL is limiting its credit rating disclosure to a description of the actions taken by the rating agencies with respect to PPL's ratings, but without stating what ratings have been assigned to PPL or its subsidiaries, or their securities. The ratings assigned by the rating agencies to PPL and its subsidiaries and their respective securities may be found, without charge, on each of the respective rating agencies' websites, which ratings together with all other information contained on such rating agency websites is, hereby, explicitly not incorporated by reference in this report.

The rating agencies took the following actions related to PPL and its subsidiaries:

In January 2012, S&P affirmed its rating and revised its outlook for PPL Montana's Pass Through Certificates due 2020.

In February 2012, Fitch assigned ratings to the two newly established commercial paper programs for LG&E and KU.

In March 2012, Moody's affirmed the following ratings:
- the long-term ratings of the First Mortgage Bonds for LG&E and KU;
- the issuer ratings for LG&E and KU; and
- the bank loan ratings for LG&E and KU.

Also in March 2012, Moody's and S&P each assigned short-term ratings to the two newly established commercial paper programs for LG&E and KU.

In March and May 2012, Moody's, S&P and Fitch affirmed the long-term ratings for LG&E's 2003 Series A and 2007 Series B pollution control bonds.

Following the announcement of the then-pending acquisition of AES Ironwood, L.L.C. in February 2012, the rating agencies took the following actions:
- In March 2012, Moody's placed AES Ironwood, L.L.C.'s senior secured bonds under review for possible ratings upgrade.
- In April 2012, S&P affirmed the rating of AES Ironwood, L.L.C.'s senior secured bonds.

In May 2012, Fitch downgraded its rating and revised its outlook for PPL Montana's Pass Through Certificates due 2020.

In June 2012, Fitch assigned a rating and outlook to PPL Capital Funding's Senior Notes.

Ratings Triggers

PPL and PPL Energy Supply have various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity and fuel, commodity transportation and storage, tolling agreements and interest rate and foreign currency instruments, which contain provisions that require PPL and PPL Energy Supply to post additional collateral or permit the counterparty to terminate the contract, if PPL's or PPL Energy Supply's credit rating were to fall below investment grade. See Note 14 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral that would have been required for derivative contracts in a net liability position at June 30, 2012. At June 30, 2012, if PPL's and its subsidiaries' credit ratings had been below investment grade, PPL would have been required to prepay or post an additional $531 million of collateral to counterparties for both derivative and non-derivative commodity and commodity-related contracts used in its generation, marketing and trading operations and interest rate and foreign currency contracts.

Capital Expenditures

Capital expenditure plans are revised periodically to reflect changes in operational, market and regulatory conditions. PPL has lowered its projected capital spending for 2012 by approximately $325 million from the previously disclosed $3.8 billion projection included in PPL's 2011 Form 10-K. The lower projected capital spending is due mainly to the terminated Bluegrass CT acquisition discussed in Notes 6 and 8 to the Financial Statements and the status of environmental projects.

For additional information on PPL's liquidity and capital resources, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in PPL's 2011 Form 10-K.

Risk Management

Market Risk

See Notes 13 and 14 to the Financial Statements for information about PPL's risk management objectives, valuation techniques and accounting designations.

The forward-looking information presented below provides estimates of what may occur in the future, assuming certain adverse market conditions and model assumptions. Actual future results may differ materially from those presented. These disclosures are not precise indicators of expected future losses, but only indicators of possible losses under normal market conditions at a given confidence level.

Commodity Price Risk (Non-trading)

PPL segregates its non-trading activities into two categories: hedge activity and economic activity. Transactions that are accounted for as hedge activity qualify for hedge accounting treatment. The economic activity category includes transactions that address a specific risk, but were not eligible for hedge accounting or for which hedge accounting was not elected. This activity includes the changes in fair value of positions used to hedge a portion of the economic value of PPL's generation assets, full-requirement sales contracts and retail contracts. This economic activity is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power). Although they do not receive hedge accounting treatment, these transactions are considered non-trading activity. The fair value of economic positions at June 30, 2012 and December 31, 2011 was a net asset/(liability) of $796 million and $(63) million. The change in fair value is largely attributable to the dedesignation of cash flow hedges that are now classified as economic hedges. See Note 14 to the Financial Statements for additional information.

To hedge the impact of market price volatility on PPL's energy-related assets, liabilities and other contractual arrangements, PPL both sells and purchases physical energy at the wholesale level under FERC market-based tariffs throughout the U.S. and enters into financial exchange-traded and over-the-counter contracts. PPL's non-trading commodity derivative contracts mature at various times through 2019.

The following table sets forth the change in net fair value of PPL's non-trading commodity derivative contracts for the periods ended June 30. See Notes 13 and 14 to the Financial Statements for additional information.

	Gains (Losses)			
	Three Months		Six Months	
	2012	2011	2012	2011
Fair value of contracts outstanding at the beginning of the period	$ 1,215	$ 997	$ 1,082	$ 947
Contracts realized or otherwise settled during the period	(261)	(85)	(540)	(128)
Fair value of new contracts entered into during the period (a)	13	31	12	15
Other changes in fair value	(6)	(49)	407	60
Fair value of contracts outstanding at the end of the period	$ 961	$ 894	$ 961	$ 894

(a) Represents the fair value of contracts at the end of the quarter of their inception.

The following table segregates the net fair value of PPL's non-trading commodity derivative contracts at June 30, 2012, based on the level of observability of the information used to determine the fair value.

	Net Asset (Liability)				
	Maturity Less Than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years	Total Fair Value
Source of Fair Value					
Prices based on significant other observable inputs	$ 703	$ 237	$ (21)	$ 8	$ 927
Prices based on significant unobservable inputs	21	9	4		34
Fair value of contracts outstanding at the end of the period	$ 724	$ 246	$ (17)	$ 8	$ 961

PPL sells electricity, capacity and related services and buys fuel on a forward basis to hedge the value of energy from its generation assets. If PPL were unable to deliver firm capacity and energy or to accept the delivery of fuel under its agreements, under certain circumstances it could be required to pay liquidating damages. These damages would be based on the difference between the market price and the contract price of the commodity. Depending on price changes in the wholesale energy markets, such damages could be significant. Extreme weather conditions, unplanned power plant outages, transmission disruptions, nonperformance by counterparties (or their own counterparties) with which it has energy contracts

and other factors could affect PPL's ability to meet its obligations, or cause significant increases in the market price of replacement energy. Although PPL attempts to mitigate these risks, there can be no assurance that it will be able to fully meet its firm obligations, that it will not be required to pay damages for failure to perform, or that it will not experience counterparty nonperformance in the future. In connection with its bankruptcy proceedings, a significant counterparty, SMGT, had been purchasing lower volumes of electricity than prescribed in the contract and effective April 1, 2012 the contract was terminated. At this time, PPL Energy Supply cannot predict the prices or other terms on which it will be able to market to third parties the power that SMGT will not purchase from PPL EnergyPlus due to the termination of this contract. See Note 10 to the Financial Statements for additional information.

Commodity Price Risk (Trading)

PPL's trading commodity derivative contracts mature at various times through 2017. The following table sets forth changes in the net fair value of PPL's trading commodity derivative contracts for the periods ended June 30. See Notes 13 and 14 to the Financial Statements for additional information.

	Gains (Losses)			
	Three Months		Six Months	
	2012	2011	2012	2011
Fair value of contracts outstanding at the beginning of the period	$ 2	$ 7	$ (4)	$ 4
Contracts realized or otherwise settled during the period	(1)	1	(1)	3
Fair value of new contracts entered into during the period (a)	(1)	5	5	8
Other changes in fair value	17	2	17	
Fair value of contracts outstanding at the end of the period	$ 17	$ 15	$ 17	$ 15

(a) Represents the fair value of contracts at the end of the quarter of their inception.

Unrealized gains of approximately $1 million will be reversed over the next three months as the transactions are realized.

The following table segregates the net fair value of trading commodity derivative contracts at June 30, 2012, based on the level of observability of the information used to determine the fair value.

	Net Asset (Liability)				
	Maturity Less Than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years	Total Fair Value
Source of Fair Value					
Prices based on significant other observable inputs	$ 8	$ 8	$ 1		$ 17
Fair value of contracts outstanding at the end of the period	$ 8	$ 8	$ 1		$ 17

VaR Models

A VaR model is utilized to measure commodity price risk in domestic gross energy margins for the non-trading and trading portfolios. VaR is a statistical model that attempts to estimate the value of potential loss over a given holding period under normal market conditions at a given confidence level. VaR is calculated using a Monte Carlo simulation technique based on a five-day holding period at a 95% confidence level. Given the company's conservative hedging program, the non-trading VaR exposure is expected to be limited in the short-term. The VaR for portfolios using end-of-month results for the period was as follows.

	Trading VaR		Non-Trading VaR	
	Six Months Ended June 30, 2012	Twelve Months Ended December 31, 2011	Six Months Ended June 30, 2012	Twelve Months Ended December 31, 2011
95% Confidence Level, Five-Day Holding Period				
Period End	$ 5	$ 1	$ 11	$ 6
Average for the Period	2	3	9	5
High	5	6	11	7
Low	1	1	7	4

The trading portfolio includes all speculative positions, regardless of the delivery period. All positions not considered speculative are considered non-trading. The non-trading portfolio includes the entire portfolio, including generation, with delivery periods through the next 12 months. Both the trading and non-trading VaR computations exclude FTRs due to the

absence of reliable spot and forward markets. The fair value of the non-trading and trading FTR positions was insignificant at June 30, 2012.

Interest Rate Risk

PPL and its subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. PPL utilizes various financial derivative instruments to adjust the mix of fixed and floating interest rates in its debt portfolio, adjust the duration of its debt portfolio and lock in benchmark interest rates in anticipation of future financing, when appropriate. Risk limits under the risk management program are designed to balance risk exposure to volatility in interest expense and changes in the fair value of PPL's debt portfolio due to changes in the absolute level of interest rates.

At June 30, 2012, PPL's potential annual exposure to increased interest expense, based on a 10% increase in interest rates, was not significant.

PPL is also exposed to changes in the fair value of its domestic and international debt portfolios. PPL estimated that a 10% decrease in interest rates at June 30, 2012 would increase the fair value of its debt portfolio by $601 million.

At June 30, 2012, PPL had the following interest rate hedges outstanding:

	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates (b)
Cash flow hedges			
Interest rate swaps (c)	$ 300	$ (15)	$ (6)
Cross-currency swaps (d)	1,262	68	(177)
Fair value hedges			
Interest rate swaps (e)	99	1	
Economic hedges			
Interest rate swaps (f)	179	(62)	(3)

(a) Includes accrued interest, if applicable.

(b) Effects of adverse movements decrease assets or increase liabilities, as applicable, which could result in an asset becoming a liability.

(c) PPL utilizes various risk management instruments to reduce its exposure to the expected future cash flow variability of its debt instruments. These risks include exposure to adverse interest rate movements for outstanding variable rate debt and for future anticipated financing. While PPL is exposed to changes in the fair value of these instruments, any changes in the fair value of such cash flow hedges are recorded in equity. The changes in fair value of these instruments are then reclassified into earnings in the same period during which the item being hedged affects earnings. Sensitivities represent a 10% adverse movement in interest rates. The positions outstanding at June 30, 2012 mature through 2023.

(d) PPL WEM, through PPL, and PPL WW use cross-currency swaps to hedge the interest payments and principal of their U.S. dollar-denominated senior notes. While PPL is exposed to changes in the fair value of these instruments, any change in the fair value of these instruments is recorded in equity and reclassified into earnings in the same period during which the item being hedged affects earnings. Sensitivities represent a 10% adverse movement in both interest rates and foreign currency exchange rates. The positions outstanding at June 30, 2012 mature through 2028.

(e) PPL utilizes various risk management instruments to adjust the mix of fixed and floating interest rates in its debt portfolio. The change in fair value of these instruments, as well as the offsetting change in the value of the hedged exposure of the debt, is reflected in earnings. Sensitivities represent a 10% adverse movement in interest rates. In July 2012, these contracts were canceled without penalties by the counterparties.

(f) PPL utilizes various risk management instruments to reduce its exposure to the expected future cash flow variability of its debt instruments. These risks include exposure to adverse interest rate movements for outstanding variable rate debt and for future anticipated financing. While PPL is exposed to changes in the fair value of these instruments, any realized changes in the fair value of such economic hedges are recoverable through regulated rates and any subsequent changes in fair value of these derivatives are included in regulatory assets or liabilities. Sensitivities represent a 10% adverse movement in interest rates. The positions outstanding at June 30, 2012 mature through 2033.

Foreign Currency Risk

PPL is exposed to foreign currency risk, primarily through investments in U.K. affiliates. In addition, PPL's domestic operations may make purchases of equipment in currencies other than U.S. dollars.

PPL has adopted a foreign currency risk management program designed to hedge certain foreign currency exposures, including firm commitments, recognized assets or liabilities, anticipated transactions and net investments. In addition, PPL enters into financial instruments to protect against foreign currency translation risk of expected earnings.

At June 30, 2012, PPL had the following foreign currency hedges outstanding:

	Exposure Hedged	Fair Value, Net - Asset (Liability)	Effect of a 10% Adverse Movement in Foreign Currency Exchange Rates (a)
Net investment hedges (b)	£ 96	$ 3	$ (15)
Economic hedges (c)	1,022	12	(153)

(a) Effects of adverse movements decrease assets or increase liabilities, as applicable, which could result in an asset becoming a liability.

(b) To protect the value of a portion of its net investment in WPD, PPL executes forward contracts to sell GBP. The positions outstanding at June 30, 2012 mature through 2013. Excludes the amount of an intercompany loan classified as a net investment hedge. See Note 14 to the Financial Statements for additional information.

(c) To economically hedge the translation of expected income denominated in GBP to U.S. dollars, PPL enters into a combination of average rate forwards and average rate options to sell GBP. The positions outstanding at June 30, 2012 mature through 2014.

NDT Funds - Securities Price Risk

In connection with certain NRC requirements, PPL Susquehanna maintains trust funds to fund certain costs of decommissioning the PPL Susquehanna nuclear plant (Susquehanna). At June 30, 2012, these funds were invested primarily in domestic equity securities and fixed-rate, fixed-income securities and are reflected at fair value on the Balance Sheet. The mix of securities is designed to provide returns sufficient to fund Susquehanna's decommissioning and to compensate for inflationary increases in decommissioning costs. However, the equity securities included in the trusts are exposed to price fluctuation in equity markets, and the values of fixed-rate, fixed-income securities are primarily exposed to changes in interest rates. PPL actively monitors the investment performance and periodically reviews asset allocation in accordance with its NDT policy statement. At June 30, 2012, a hypothetical 10% increase in interest rates and a 10% decrease in equity prices would have resulted in an estimated $47 million reduction in the fair value of the trust assets. See Notes 13 and 17 to the Financial Statements for additional information regarding the NDT funds.

Credit Risk

See Notes 13 and 14 to the Financial Statements in this Form 10-Q and "Risk Management - Energy Marketing & Trading and Other - Credit Risk" in PPL's 2011 Form 10-K for additional information.

Foreign Currency Translation

The value of the British pound sterling fluctuates in relation to the U.S. dollar. Changes in these exchange rates resulted in a foreign currency translation loss of $104 million for the six months ended June 30, 2012, which primarily reflected a $196 million reduction to PP&E offset by a reduction of $92 million to net liabilities. Changes in these exchange rates resulted in a foreign currency translation gain of $162 million for the six months ended June 30, 2011, which primarily reflected a $336 million increase to PP&E offset by an increase of $174 million to net liabilities. The impact of foreign currency translation is recorded in AOCI.

Related Party Transactions

PPL is not aware of any material ownership interests or operating responsibility by senior management of PPL, PPL Energy Supply, PPL Electric, LKE, LG&E or KU in outside partnerships, including leasing transactions with variable interest entities or other entities doing business with PPL. See Note 11 to the Financial Statements for additional information on related party transactions.

Acquisitions, Development and Divestitures

See Note 8 to the Financial Statements for information on the April 2012 Ironwood Acquisition and LG&E's and KU's June 2012 termination of the asset purchase agreement for the Bluegrass CTs.

See Note 10 to the Financial Statements in PPL's 2011 Form 10-K and Note 8 to the Financial Statements for information on PPL's April 2011 acquisition of WPD Midlands.

Development projects are continuously reexamined based on market conditions and other factors to determine whether to proceed with the projects, sell, cancel or expand them, execute tolling agreements or pursue other options. See Note 8 to the Financial Statements for additional information on the more significant activities.

Environmental Matters

Extensive federal, state and local environmental laws and regulations are applicable to PPL's air emissions, water discharges and the management of hazardous and solid waste, among other areas; and the cost of compliance or alleged non-compliance cannot be predicted with certainty but could be material. In addition, costs may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed by the relevant regulatory agencies. Costs may take the form of increased capital or operating and maintenance expenses; monetary fines, penalties or other restrictions. Many of these environmental law considerations are also applicable to the operations of key suppliers, or customers, such as coal producers and industrial power users, and may impact the cost of their products or their demand for PPL's services. See Note 10 to the Financial Statements in this Form 10-Q and "Item 1. Business - Environmental Matters" in PPL's 2011 Form 10-K for a discussion of environmental matters.

New Accounting Guidance

See Notes 2 and 18 to the Financial Statements for a discussion of new accounting guidance adopted and pending adoption.

Application of Critical Accounting Policies

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following accounting policies are particularly important to the financial condition or results of operations, and require estimates or other judgments of matters inherently uncertain: price risk management, defined benefits, asset impairment, loss accruals, AROs, income taxes, regulatory assets and liabilities and business combinations - purchase price allocation. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in PPL's 2011 Form 10-K for a discussion of each critical accounting policy.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with PPL Energy Supply's Condensed Consolidated Financial Statements and the accompanying Notes and with PPL Energy Supply's 2011 Form 10-K. Capitalized terms and abbreviations are defined in the glossary. Dollars are in millions, unless otherwise noted.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" includes the following information:

- "Overview" provides a description of PPL Energy Supply and its business strategy, a summary of Net Income Attributable to PPL Energy Supply and a discussion of certain events related to PPL Energy Supply's results of operations and financial condition.

- "Results of Operations" provides a summary of PPL Energy Supply's earnings and a description of factors expected to impact future earnings. This section ends with explanations of significant changes in principal items on PPL Energy Supply's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.

- "Financial Condition - Liquidity and Capital Resources" provides an analysis of PPL Energy Supply's liquidity position and credit profile. This section also includes a discussion of rating agency actions.

- "Financial Condition - Risk Management" provides an explanation of PPL Energy Supply's risk management programs relating to market and credit risk.

Overview

Introduction

PPL Energy Supply is an energy company with headquarters in Allentown, Pennsylvania. Through its subsidiaries, PPL Energy Supply is primarily engaged in the generation and marketing of electricity in two key markets - the northeastern and northwestern U.S.

Business Strategy

PPL Energy Supply's overall strategy is to achieve disciplined optimization of energy supply margins while mitigating volatility in both cash flows and earnings. More specifically, PPL Energy Supply's strategy is to optimize the value from its competitive generation and marketing portfolio. PPL Energy Supply endeavors to do this by matching energy supply with load, or customer demand, under contracts of varying durations with creditworthy counterparties to capture profits while effectively managing exposure to energy and fuel price volatility, counterparty credit risk and operational risk.

To manage financing costs and access to credit markets, a key objective of PPL Energy Supply's business is to maintain a strong credit profile. PPL Energy Supply continually focuses on maintaining an appropriate capital structure and liquidity position. In addition, PPL Energy Supply has financial and operational risk management programs that, among other things, are designed to monitor and manage its exposure to earnings and cash flow volatility related to changes in energy and fuel prices, interest rates, counterparty credit quality and the operating performance of its generating units.

Financial and Operational Developments

Net Income Attributable to PPL Energy Supply

Net Income Attributable to PPL Energy Supply for the three and six months ended June 30, 2012 was $19 million and $328 million compared to $89 million and $303 million for the same periods in 2011 representing a 79% decrease and an 8% increase over the same periods in 2011.

See "Results of Operations" for details of special items and analysis of the consolidated results of operations.

Economic and Market Conditions

Unregulated gross energy margins associated with PPL Energy Supply's competitive generation and marketing business are impacted by changes in market prices and demand for electricity and natural gas, power plant availability, competition in the markets for retail customers, fuel costs and availability, fuel transportation costs and other costs. Current depressed wholesale market prices for electricity and natural gas have resulted from general weak economic conditions and other factors, including the impact of expanded domestic shale gas development. As a result of these factors, PPL Energy Supply has experienced a shift in the dispatching of its competitive generation from coal-fired to combined-cycle gas-fired generation as illustrated in the following table:

	Average Utilization Factors (a)	
	2009 - 2011	YTD 2012
Pennsylvania coal plants	90%	63%
Montana coal plants	83%	50%
Combined-cycle gas plants	64%	96%

(a) All periods reflect the six months ending June 30.

This reduction in coal-fired generation output has resulted in a surplus of coal inventory at certain of PPL Energy Supply's Pennsylvania coal plants. To mitigate the risk of exceeding available coal storage, PPL Energy Supply incurred pre-tax charges of $12 million during the six months ended June 30, 2012 to reduce its 2012 contracted coal deliveries. Because coal purchases may also exceed expected fuel needs for 2013, PPL Energy Supply continues to manage its coal inventory to mitigate the financial impact and physical implications of an oversupply, including, but not limited to, contract modifications to reduce 2013 coal deliveries.

In addition, current economic and commodity market conditions indicated a lower value of unhedged future energy margins (primarily in 2014 and forward years) compared to the hedged energy margins in 2012. As has been PPL Energy Supply's practice in periods of changing business conditions, PPL Energy Supply continues to review its future business and operational plans, including capital and operation and maintenance expenditures, as well as its hedging strategies.

PPL Energy Supply's businesses are also subject to extensive federal, state and local environmental laws, rules and regulations. PPL Energy Supply's competitive generation assets are well positioned to meet these requirements. See Note 15 to the Financial Statements in PPL Energy Supply's Form 2011 10-K for additional information on these requirements.

In light of these economic and market conditions, as well as current and projected environmental regulatory requirements, PPL Energy Supply considered whether certain of its generating assets were impaired, and determined that no impairment charges were required at June 30, 2012. PPL Energy Supply is unable to predict whether future environmental requirements or market conditions will result in impairment charges or retirements.

PPL Energy Supply and its subsidiaries may also be impacted in future periods by the uncertainty in the worldwide financial and credit markets partially caused by the European sovereign debt crisis. In addition, PPL Energy Supply may be impacted by reductions in the credit ratings of financial institutions and evolving regulations in the financial sector. Collectively, these factors could reduce availability or restrict PPL Energy Supply and its subsidiaries' ability to maintain sufficient levels of liquidity, reduce capital market activities, change collateral posting requirements and increase the associated costs to PPL Energy Supply and its subsidiaries.

PPL Energy Supply cannot predict the future impact that these economic and market conditions and regulatory requirements may have on its financial condition or results of operations.

Ironwood Acquisition

In April 2012, an indirect, wholly owned subsidiary of PPL Energy Supply completed the acquisition of the equity interests in the owner and operator of the Ironwood Facility. The Ironwood Facility began operation in 2001 and, since 2008, PPL EnergyPlus has supplied natural gas for the operation of the Ironwood Facility and received the facility's full electricity output and capacity value pursuant to a tolling agreement that expires in 2021. The acquisition provides PPL Energy Supply, through its subsidiaries, operational control of additional combined-cycle gas generation in PJM. See Note 8 to the Financial Statements for additional information.

Bankruptcy of SMGT

In October 2011, SMGT, a Montana cooperative and purchaser of electricity under a long-term supply contract with PPL EnergyPlus expiring in June 2019 (SMGT Contract), filed for protection under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Montana. At the time of the bankruptcy filing, SMGT was PPL EnergyPlus' largest unsecured credit exposure.

The SMGT Contract provided for fixed volume purchases on a monthly basis at established prices. Pursuant to a court order and subsequent stipulations entered into between the SMGT bankruptcy trustee and PPL EnergyPlus, since the date of its Chapter 11 filing through January 2012, SMGT continued to purchase electricity from PPL EnergyPlus at the price specified in the SMGT Contract, and made timely payments for such purchases, but at lower volumes than as prescribed in the SMGT Contract. In January 2012, the trustee notified PPL EnergyPlus that SMGT would not purchase electricity under the SMGT Contract for the month of February. In March 2012, the U.S. Bankruptcy Court for the District of Montana issued an order approving the request of the SMGT bankruptcy trustee and PPL EnergyPlus to terminate the SMGT Contract. As a result, the SMGT Contract was terminated effective April 1, 2012, allowing PPL EnergyPlus to resell the electricity previously contracted to SMGT under the SMGT Contract to other customers.

PPL EnergyPlus' receivable under the SMGT Contract totaled approximately $22 million at June 30, 2012, which has been fully reserved. No assurance can be given as to the collectability of the receivable.

In July 2012, PPL EnergyPlus filed its proof of claim in the SMGT bankruptcy proceeding. The total claim is approximately $375 million, predominantly an unsecured claim representing the value for energy sales that will not occur as a result of the termination of the SMGT Contract.

PPL Energy Supply cannot predict any amounts that it may recover in connection with the SMGT bankruptcy or the prices and other terms on which it will be able to market to third parties the power that SMGT will not purchase from PPL EnergyPlus due to the termination of the SMGT Contract.

Results of Operations

The following discussion provides a summary of PPL Energy Supply's earnings and a description of factors that are expected to impact future earnings. This section ends with "Statement of Income Analysis," which includes explanations of significant changes in principal items on PPL Energy Supply's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.

The results for interim periods can be disproportionately influenced by numerous factors and developments and by seasonal variations. As such, the results of operations for interim periods do not necessarily indicate results or trends for the year or future periods.

Earnings

Net Income Attributable to PPL Energy Supply for the periods ended June 30 was:

	Three Months		Six Months	
	2012	2011	2012	2011
Net Income Attributable to PPL Energy Supply	$ 19	$ 89	$ 328	$ 303

The changes in the components of Net Income Attributable to PPL Energy Supply between these periods were due to the following factors, which reflect reclassifications for items included in unregulated gross energy margins and certain items that management considers special. See additional detail of these special items in the tables below.

	Three Months	Six Months
Unregulated gross energy margins		$ (87)
Other operation and maintenance	$ (10)	(16)
Depreciation	(9)	(14)
Other Income (Expense) - net	(1)	(10)
Interest Expense	7	16
Other	(2)	(3)
Income Taxes	6	65
Discontinued operations, after-tax		3
Special items, after-tax	(61)	71
Total	$ (70)	$ 25

- See "Statement of Income Analysis - Unregulated Gross Energy Margins - Changes in Non-GAAP Financial Measures" for an explanation of Unregulated Gross Energy Margins.

- Higher other operation and maintenance expense for the three-month period primarily due to $11 million of higher costs at PPL Susquehanna, including refueling outage costs, payroll-related costs and timing of projects, and $7 million from higher system-related costs and timing of projects, partially offset by $8 million of trademark royalties with an affiliate in 2011 for which the agreement was terminated December 31, 2011.

  Higher other operation and maintenance expense for the six-month period primarily due to $17 million of higher costs at PPL Susquehanna, including refueling outage costs, payroll-related costs and timing of projects, and $14 million from higher system-related costs and timing of projects, partially offset by $17 million of trademark royalties with an affiliate in 2011 for which the agreement was terminated December 31, 2011.

- Higher depreciation expense for the three and six-month periods due to the impact of PP&E additions.

- Lower other income (expense) - net for the six-month period primarily due to lower earnings on securities in the NDT funds.

- Lower interest expense for the three and six-month period, reflecting a $5 million and $10 million impact of lower interest rates, as a result of the redemption of 7.00% Senior Unsecured Notes in July 2011.

- Lower income taxes for the six-month period primarily due to lower pre-tax income, which reduced income taxes by $48 million. The six-month period was also lower due to an $11 million deferred tax benefit from a state tax rate adjustment recorded in 2012 and $6 million of Pennsylvania net operating loss valuation allowance adjustments recorded in 2011, driven primarily by the impact of bonus depreciation.

The following after-tax amounts, which management considers special items, also impacted the results during the periods ended June 30.

	Income Statement Line Item	Three Months 2012	Three Months 2011	Six Months 2012	Six Months 2011
Special items gains (losses), net of tax (expense) benefit:					
Adjusted energy-related economic activity, net, net of tax of $23, $2, ($79), ($10)	(a)	$ (32)	$ (3)	$ 118	$ 14
Impairments:					
Emission allowances, net of tax of $0, $0, $0, $1	Other O&M				(1)
Renewable energy credits, net of tax of $0, $0, $0, $2	Other O&M				(2)
Adjustments - nuclear decommissioning trust investments, net of tax of ($1), $0, ($2), ($1)	Other Income-net			1	1
LKE acquisition-related adjustments:					
Sale of certain non-core generation facilities, net of tax of $0, $1, $0, $0	Disc. Operations		(2)		(3)
Other:					
Montana hydroelectric litigation, net of tax of $0, $0, $0, $1	Interest Expense		(1)		(1)
Litigation settlement - spent nuclear fuel storage, net of tax of $0, ($21), $0, ($21) (b)	Fuel		29		29
Counterparty bankruptcy, net of tax of $0, $0, $5, $0 (c)	Other O&M			(6)	
Wholesale supply cost reimbursement, net of tax of $0, $0, $0, $0	(d)	1		1	
Ash basin leak remediation adjustment, net of tax of $0, $0, ($1), $0	Other O&M			1	
Coal contract modification payments, net of tax of $5, $0, $5, $0 (e)	Fuel	(7)		(7)	
Total		$ (38)	$ 23	$ 108	$ 37

(a) See "Reconciliation of Economic Activity" below.

(b) In May 2011, PPL Susquehanna entered into a settlement agreement with the U.S. Government relating to PPL Susquehanna's lawsuit, seeking damages for the Department of Energy's failure to accept spent nuclear fuel from the PPL Susquehanna plant. PPL Susquehanna recorded credits to fuel expense to recognize recovery, under the settlement agreement, of certain costs to store spent nuclear fuel at the Susquehanna plant. This special item represents amounts recorded in 2011 to cover the costs incurred from 1998 through September 2009.

(c) In October 2011, a wholesale customer, SMGT, filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy code. In 2012, PPL EnergyPlus recorded an additional allowance for unpaid amounts under the long-term power contract. In March 2012, the U.S. Bankruptcy Court for the District of Montana approved the request to terminate the contract, effective April 1, 2012.

(d) Recorded in "Wholesale energy marketing - Realized" on the Statement of Income.

(e) As a result of lower electricity and natural gas prices, coal unit runtimes have decreased. Contract modification payments were incurred to reduce the contracted coal quantities scheduled for delivery.

Reconciliation of Economic Activity

The following table reconciles unrealized pre-tax gains (losses) for the periods ended June 30, from the table within "Commodity Price Risk (Non-trading) - Economic Activity" in Note 14 to the Financial Statements to the special item identified as "Adjusted energy-related economic activity, net."

	Three Months		Six Months	
	2012	2011	2012	2011
Operating Revenues				
Unregulated retail electric and gas	$ (12)	$ 1	$ (2)	$ 5
Wholesale energy marketing	(458)	(44)	394	13
Operating Expenses				
Fuel	(16)	(11)	(14)	12
Energy Purchases	442	109	(149)	127
Energy-related economic activity (a)	(44)	55	229	157
Option premiums (b)	1	6	1	11
Adjusted energy-related economic activity	(43)	61	230	168
Less: Economic activity realized, associated with the monetization of certain full-requirement sales contracts in 2010	12	66	33	144
Adjusted energy-related economic activity, net, pre-tax	$ (55)	$ (5)	$ 197	$ 24
Adjusted energy-related economic activity, net, after-tax	$ (32)	$ (3)	$ 118	$ 14

(a) See Note 14 to the Financial Statements for additional information.
(b) Adjustment for the net deferral and amortization of option premiums over the delivery period of the item that was hedged or upon realization. Option premiums are recorded in "Wholesale energy marketing - Realized" and "Energy purchases - Realized" on the Statements of Income.

Outlook

Excluding special items, PPL Energy Supply projects lower earnings in 2012 compared with 2011, primarily driven by lower energy margins as a result of lower energy and capacity prices, higher fuel costs, higher operation and maintenance expense, and higher depreciation. See "Overview" for a discussion on economic and market conditions.

Earnings in 2012 are subject to various risks and uncertainties. See "Forward-Looking Information," the rest of this Item 2 and Note 10 to the Financial Statements in this Form 10-Q and "Item 1. Business" and "Item 1A. Risk Factors" in PPL Energy Supply's 2011 Form 10-K for a discussion of the risks, uncertainties and factors that may impact future earnings.

Statement of Income Analysis --

Unregulated Gross Energy Margins

Non-GAAP Financial Measure

The following discussion includes financial information prepared in accordance with GAAP, as well as a non-GAAP financial measure, "Unregulated Gross Energy Margins." "Unregulated Gross Energy Margins" is a single financial performance measure of PPL Energy Supply's competitive energy non-trading and trading activities. In calculating this measure, PPL Energy Supply's energy revenues, which include operating revenues associated with certain PPL Energy Supply businesses that are classified as discontinued operations, are offset by the cost of fuel, energy purchases, certain other operation and maintenance expenses, primarily ancillary charges, gross receipts tax, which is recorded in "Taxes, other than income," and operating expenses associated with certain PPL Energy Supply businesses that are classified as discontinued operations. This performance measure is relevant to PPL Energy Supply due to the volatility in the individual revenue and expense lines on the Statements of Income that comprise "Unregulated Gross Energy Margins." This volatility stems from a number of factors, including the required netting of certain transactions with ISOs and significant swings in unrealized gains and losses. Such factors could result in gains or losses being recorded in either "Wholesale energy marketing" or "Energy purchases" on the Statements of Income. This performance measure includes PLR revenues from energy sales to PPL Electric by PPL EnergyPlus, which are recorded in "Wholesale energy marketing to affiliate" revenue. PPL Energy Supply excludes from "Unregulated Gross Energy Margins" energy-related economic activity, which includes the changes in fair value of positions used to economically hedge a portion of the economic value of PPL Energy Supply's competitive generation assets, full-requirement sales contracts and retail activities. This economic value is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power) prior to the delivery period that was hedged. Also included in this energy-related economic activity is the ineffective portion of qualifying cash flow hedges, the monetization of certain full-requirement sales contracts and premium amortization associated with options. This economic activity is deferred, with the exception of the full-requirement sales contracts that were monetized, and included in

"Unregulated Gross Energy Margins" over the delivery period that was hedged or upon realization. This measure is not intended to replace "Operating Income," which is determined in accordance with GAAP, as an indicator of overall operating performance. Other companies may use different measures to analyze and to report on the results of their operations. PPL Energy Supply believes that "Unregulated Gross Energy Margins" provides another criterion to make investment decisions. This performance measure is used, in conjunction with other information, internally by senior management and PPL's Board of Directors to manage PPL Energy Supply's operations, analyze actual results compared with budget and measure certain corporate financial goals used in determining variable compensation.

Reconciliation of Non-GAAP Financial Measures

The following table reconciles "Operating Income" to "Unregulated Gross Energy Margins" as defined by PPL Energy Supply for the periods ended June 30.

	2012 Three Months			2011 Three Months		
	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)
Operating Revenues						
Wholesale energy marketing						
Realized	$ 1,075	$ 8 (c)	$ 1,083	$ 716	$ 16 (c)	$ 732
Unrealized economic activity		(458) (d)	(458)		(44) (d)	(44)
Wholesale energy marketing to affiliate	17		17	4		4
Unregulated retail electric and gas	192	(12)	180	180	1	181
Net energy trading margins	10		10	10		10
Energy-related businesses		112	112		114	114
Total Operating Revenues	1,294	(350)	944	910	87	997
Operating Expenses						
Fuel	170	26 (e)	196	250	(42) (e)	208
Energy purchases						
Realized	617	18 (c)	635	150	76 (c)	226
Unrealized economic activity		(442) (d)	(442)		(109) (d)	(109)
Energy purchases from affiliate				1		1
Other operation and maintenance	7	287	294	9	279	288
Depreciation		69	69		60	60
Taxes, other than income	7	10	17	7	9	16
Energy-related businesses		109	109		112	112
Total Operating Expenses	801	77	878	417	385	802
Total	$ 493	$ (427)	$ 66	$ 493	$ (298)	$ 195

	2012 Six Months			2011 Six Months		
	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)	Unregulated Gross Energy Margins	Other (a)	Operating Income (b)
Operating Revenues						
Wholesale energy marketing						
Realized	$ 2,279	$ 12 (c)	$ 2,291	$ 1,738	$ 32 (c)	$ 1,770
Unrealized economic activity		394 (d)	394		13 (d)	13
Wholesale energy marketing to affiliate	38		38	10		10
Unregulated retail electric and gas	406	(2)	404	323	5	328
Net energy trading margins	18		18	21		21
Energy-related businesses		208	208		224	224
Total Operating Revenues	2,741	612	3,353	2,092	274	2,366
Operating Expenses						
Fuel	385	22 (e)	407	534	(66) (e)	468
Energy purchases						
Realized	1,251	43 (c)	1,294	377	163 (c)	540
Unrealized economic activity		149 (d)	149		(127) (d)	(127)
Energy purchases from affiliate	1		1	2		2
Other operation and maintenance	11	538	549	13	520	533
Depreciation		133	133		119	119
Taxes, other than income	16	19	35	14	18	32
Energy-related businesses		201	201		220	220
Total Operating Expenses	1,664	1,105	2,769	940	847	1,787
Discontinued Operations				12	(12) (f)	
Total	$ 1,077	$ (493)	$ 584	$ 1,164	$ (585)	$ 579

(a) Represents amounts excluded from Margins.
(b) As reported on the Statements of Income.
(c) Represents energy-related economic activity as described in "Commodity Price Risk (Non-trading) - Economic Activity" within Note 14 to the Financial Statements. For the three and six months ended June 30, 2012, "Wholesale energy marketing - Realized" and "Energy purchases - Realized" include net pre-tax losses of $12 million and $33 related to the monetization of certain full-requirement sales contracts and net pre-tax gains of $1 million and $1 million related to the amortization of option premiums. The three and six months ended June 30, 2011 include net pre-tax losses of $66 million and $144 million related to the monetization of certain full-requirement sales contracts and net pre-tax gains of $6 million and $11 million related to the amortization of option premiums.
(d) Represents energy-related economic activity, which is subject to fluctuations in value due to market price volatility, as described in "Commodity Price Risk (Non-trading) - Economic Activity" within Note 14 to the Financial Statements.
(e) Includes economic activity related to fuel as described in "Commodity Price Risk (Non-trading) - Economic Activity" within Note 14 to the Financial Statements. The three and six months ended June 30, 2012, includes a pre-tax loss of $12 million related to coal contract modification payments. The three and six months ended June 30, 2011 includes a pre-tax credit of $50 million for the spent nuclear fuel litigation settlement.
(f) Represents the net of certain revenues and expenses associated with certain businesses that are classified as discontinued operations. These revenues and expenses are not reflected in "Operating Income" on the Statements of Income.

Changes in Non-GAAP Financial Measures

Unregulated Gross Energy Margins are generated through PPL Energy Supply's competitive non-trading and trading activities. PPL Energy Supply's non-trading energy business is managed on a geographic basis that is aligned with its generation fleet. The following table shows PPL Energy Supply's non-GAAP financial measure, Unregulated Gross Energy Margins, for the periods ended June 30, as well as the change between periods. The factors that gave rise to the changes are described below the table.

	Three Months			Six Months		
	2012	2011	Change	2012	2011	Change
Non-trading						
Eastern U.S.	$ 407	$ 395	$ 12	$ 896	$ 972	$ (76)
Western U.S.	76	88	(12)	163	171	(8)
Net energy trading	10	10		18	21	(3)
Total	$ 493	$ 493	$	$ 1,077	$ 1,164	$ (87)

Eastern U.S.

The changes in non-trading margins for the periods ended June 30, 2012 compared with 2011 were due to:

	Three Months	Six Months
Baseload energy and capacity prices (a)	$ (51)	$ (137)
Intermediate and peaking energy and capacity (b)	(5)	(26)
Full-requirement sales contracts	(9)	(14)
Impact of non-core generation facilities sold in the first quarter of 2011		(12)
Ironwood Acquisition which eliminates tolling expense (c)	13	13
Net coal and hydroelectric unit availability (d)	9	19
Nuclear generation volume (e)	57	82
Other	(2)	(1)
	$ 12	$ (76)

(a) Energy prices and capacity prices were lower in both periods of 2012.
(b) Capacity prices were lower in both periods of 2012.
(c) See Note 8 to the Financial Statements for additional information.
(d) Coal unit availability was higher in both periods allowing the capture of additional margins.
(e) For the three and six month periods, volumes were higher due to a shorter outage period for blade inspections and an uprate in the third quarter of 2011. For the six month period, volumes were also higher due to an unplanned outage in March 2011.

Western U.S.

Non-trading margins for the three and six months ended June 30, 2012, compared with the same periods in 2011 were lower primarily due to $14 million related to the bankruptcy of SMGT.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance expense for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Susquehanna nuclear plant costs (a)	$ 11	$ 17
Uncollectible accounts (b)		11
Costs at Western fossil and hydroelectric plants	(3)	(5)
Trademark royalties (c)	(8)	(17)
Corporate service costs (d)	7	14
Other	(1)	(4)
Total	$ 6	$ 16

(a) Primarily due to refueling outage costs, payroll-related costs and timing of projects.
(b) In October 2011, SMGT filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. The increase for the six-month period reflects an $11 million increase to a reserve on unpaid amounts.
(c) In 2011, PPL Energy Supply was charged trademark royalties by an affiliate. The agreement was terminated December 31, 2011.
(d) Primarily due to systems-related costs and timing of projects.

Depreciation

The increase (decrease) in depreciation expense for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Additions to PP&E	$ 5	$ 10
Ironwood Acquisition	4	4
Total	$ 9	$ 14

Other Income (Expense) - net

The $8 million decrease in other income (expense) - net for the six months ended June 30, 2012 compared with 2011 was primarily due to a $6 million decrease in earnings on securities in the NDT funds.

See Note 12 to the Financial Statements for further details.

Interest Expense

The increase (decrease) in interest expense for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Interest rates (a)	$ (5)	$ (10)
Debt balances	(2)	(5)
Ironwood Acquisition (Note 8)	4	4
Other	(5)	(7)
Total	$ (8)	$ (18)

(a) Long-term weighted average rates of 5.88% at June 30, 2012 compared with 6.24% at June 30, 2011.

Income Taxes

The increase (decrease) in income taxes for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Higher (lower) pre-tax book income	$ (50)	$ 2
State valuation allowance adjustments (a)		(6)
State deferred tax rate change (b)		(11)
Total	$ (50)	$ (15)

(a) In February 2011, the Pennsylvania Department of Revenue issued interpretive guidance on the treatment of bonus depreciation for Pennsylvania income tax purposes. In accordance with Corporation Tax Bulletin 2011-01, Pennsylvania allows 100% bonus depreciation for qualifying assets in the same year bonus depreciation is allowed for Federal tax purposes. Due to the decrease in projected taxable income related to bonus depreciation, PPL Energy Supply recorded state deferred income tax expense during the six months ended June 30, 2011 related to valuation allowances.
(b) During the six months ended June 30, 2012, PPL Energy Supply recorded an adjustment related to state deferred tax liabilities.

See Note 5 to the Financial Statements for additional information on income taxes.

Financial Condition

Liquidity and Capital Resources

PPL Energy Supply had the following at:

	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 446	$ 379
Short-term debt	$ 520	$ 400

The $67 million increase in PPL Energy Supply's cash and cash equivalents position was primarily the net result of:

- contributions from Member of $472 million;
- net cash provided by operating activities of $308 million;
- a net decrease in note receivable from affiliate of $198 million;
- a net increase in short-term debt of $120 million;
- distributions to Member of $657 million;
- capital expenditures of $316 million; and
- the Ironwood Acquisition for $84 million, net of cash acquired.

PPL Energy Supply's cash provided by operating activities increased by $120 million for the six months ended June 30, 2012, compared with 2011. This was primarily due to a $68 million decrease in defined benefit plan funding and a $104 million increase in cash from components of working capital (primarily due to changes in counterparty collateral, partially offset by changes in accounts receivable, unbilled revenue and accrued taxes).

Credit Facilities

PPL Energy Supply maintains credit facilities to provide liquidity and to backstop commercial paper issuances. At June 30, 2012, PPL Energy Supply's total committed borrowing capacity under its credit facilities and the use of this borrowing capacity were:

	Committed Capacity	Borrowed	Letters of Credit Issued and Commercial Paper Backstop	Unused Capacity
Syndicated Credit Facility	$ 3,000		$ 662	$ 2,338
Letter of Credit Facility	200	n/a	128	72
Total PPL Energy Supply Credit Facilities (a)	$ 3,200		$ 790	$ 2,410

(a) The commitments under PPL Energy Supply's credit facilities are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than 11% of the total committed capacity.

See Note 7 to the Financial Statements for further discussion of PPL Energy Supply's credit facilities.

Commercial Paper

In April 2012, PPL Energy Supply increased the capacity of its commercial paper program from $500 million to $750 million to provide an additional financing source to fund its short-term liquidity needs, if and when necessary. Commercial paper issuances are supported by PPL Energy Supply's Syndicated Credit Facility. At June 30, 2012, PPL Energy Supply had $520 million of commercial paper outstanding, included in "Short-term debt" on the Balance Sheet, at a weighted-average interest rate of approximately 0.48%.

Long-term Debt Securities

In April 2012, an indirect, wholly owned subsidiary of PPL Energy Supply completed the Ironwood Acquisition. See Note 8 to the Financial Statements for information on the transaction and the debt of PPL Ironwood, LLC assumed through consolidation as part of the acquisition.

Rating Agency Actions

Moody's, S&P and Fitch periodically review the credit ratings on the debt securities of PPL Energy Supply and its subsidiaries. Based on their respective independent reviews, the rating agencies may make certain ratings revisions or ratings affirmations.

A credit rating reflects an assessment by the rating agency of the creditworthiness associated with an issuer and particular securities that it issues. The credit ratings of PPL Energy Supply and its subsidiaries are based on information provided by PPL Energy Supply and other sources. The ratings of Moody's, S&P and Fitch are not a recommendation to buy, sell or hold any securities of PPL Energy Supply or its subsidiaries. Such ratings may be subject to revisions or withdrawal by the agencies at any time and should be evaluated independently of each other and any other rating that may be assigned to the securities. A downgrade in PPL Energy Supply's or its subsidiaries' credit ratings could result in higher borrowing costs and reduced access to capital markets.

As a result of the passage of the Dodd-Frank Act, PPL Energy Supply is limiting its credit rating disclosure to a description of the actions taken by the rating agencies with respect to PPL Energy Supply's ratings, but without stating what ratings have been assigned to PPL Energy Supply or its subsidiaries, or their securities. The ratings assigned by the rating agencies to PPL Energy Supply and its subsidiaries and their respective securities may be found, without charge, on each of the respective rating agencies' websites, which ratings together with all other information contained on such rating agency websites is, hereby, explicitly not incorporated by reference in this report.

The rating agencies took the following actions related to PPL Energy Supply and its subsidiaries.

In January 2012, S&P affirmed its rating and revised its outlook for PPL Montana's Pass Through Certificates due 2020.

Following the announcement of the then-pending acquisition of AES Ironwood, L.L.C. in February 2012, the rating agencies took the following actions:

- In March 2012, Moody's placed AES Ironwood, L.L.C.'s senior secured bonds under review for possible ratings upgrade.

- In April 2012, S&P affirmed the rating of AES Ironwood, L.L.C.'s senior secured bonds.

In May 2012, Fitch downgraded its rating and revised its outlook for PPL Montana's Pass Through Certificates due 2020.

Ratings Triggers

PPL Energy Supply has various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity and fuel, commodity transportation and storage, tolling agreements and interest rate instruments, which contain provisions that require PPL Energy Supply to post additional collateral or permit the counterparty to terminate the contract, if PPL Energy Supply's credit rating were to fall below investment grade. See Note 14 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral that would have been required for derivative contracts in a net liability position at June 30, 2012. At June 30, 2012, if PPL Energy Supply's credit rating had been below investment grade, PPL Energy Supply would have been required to prepay or post an additional $427 million of collateral to counterparties for both derivative and non-derivative commodity and commodity-related contracts used in its generation, marketing and trading operations and interest rate contracts.

For additional information on PPL Energy Supply's liquidity and capital resources, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in PPL Energy Supply's 2011 Form 10-K.

Risk Management

Market Risk

See Notes 13 and 14 to the Financial Statements for information about PPL Energy Supply's risk management objectives, valuation techniques and accounting designations.

The forward-looking information presented below provides estimates of what may occur in the future, assuming certain adverse market conditions and model assumptions. Actual future results may differ materially from those presented. These disclosures are not precise indicators of expected future losses, but only indicators of possible losses under normal market conditions at a given confidence level.

Commodity Price Risk (Non-trading)

PPL Energy Supply segregates its non-trading activities into two categories: hedge activity and economic activity. Transactions that are accounted for as hedge activity qualify for hedge accounting treatment. The economic activity category includes transactions that address a specific risk, but were not eligible for hedge accounting or for which hedge accounting was not elected. This activity includes the changes in fair value of positions used to hedge a portion of the economic value of PPL Energy Supply's competitive generation assets, full-requirement sales contracts and retail contracts. This economic activity is subject to changes in fair value due to market price volatility of the input and output commodities (e.g., fuel and power). Although they do not receive hedge accounting treatment, these transactions are considered non-trading activity. The fair value of economic positions at June 30, 2012 and December 31, 2011 was a net asset/(liability) of $796 million and $(63) million. The change in fair value is largely attributable to the dedesignation of cash flow hedges that are now classified as economic hedges. See Note 14 to the Financial Statements for additional information.

To hedge the impact of market price volatility on PPL Energy Supply's energy-related assets, liabilities and other contractual arrangements, PPL Energy Supply both sells and purchases physical energy at the wholesale level under FERC market-based tariffs throughout the U.S. and enters into financial exchange-traded and over-the-counter contracts. PPL Energy Supply's non-trading commodity derivative contracts range in maturity through 2019.

The following table sets forth the changes in net fair value of PPL Energy Supply's non-trading commodity derivative contracts for the periods ended June 30. See Notes 13 and 14 to the Financial Statements for additional information.

	Gains (Losses)			
	Three Months		Six Months	
	2012	2011	2012	2011
Fair value of contracts outstanding at the beginning of the period	$ 1,215	$ 998	$ 1,082	$ 958
Contracts realized or otherwise settled during the period	(261)	(83)	(540)	(135)
Fair value of new contracts entered into during the period (a)	13	32	12	15
Other changes in fair value	(6)	(51)	407	58
Fair value of contracts outstanding at the end of the period	$ 961	$ 896	$ 961	$ 896

(a) Represents the fair value of contracts at the end of the quarter of their inception.

The following table segregates the net fair value of non-trading commodity derivative contracts at June 30, 2012, based on the level of observability of the information used to determine the fair value.

	Net Asset (Liability)				
	Maturity Less Than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years	Total Fair Value
Source of Fair Value					
Prices based on significant other observable inputs	$ 703	$ 237	$ (21)	$ 8	$ 927
Prices based on significant unobservable inputs	21	9	4		34
Fair value of contracts outstanding at the end of the period	$ 724	$ 246	$ (17)	$ 8	$ 961

PPL Energy Supply sells electricity, capacity and related services and buys fuel on a forward basis to hedge the value of energy from its generation assets. If PPL Energy Supply were unable to deliver firm capacity and energy or to accept the delivery of fuel under its agreements, under certain circumstances it could be required to pay liquidating damages. These damages could be based on the difference between the market price and the contract price of the commodity. Depending on price changes in the wholesale energy markets, such damages could be significant. Extreme weather conditions, unplanned power plant outages, transmission disruptions, nonperformance by counterparties (or their own counterparties) with which it

has energy contracts and other factors could affect PPL Energy Supply's ability to meet its obligations, or cause significant increases in the market price of replacement energy. Although PPL Energy Supply attempts to mitigate these risks, there can be no assurance that it will be able to fully meet its firm obligations, that it will not be required to pay damages for failure to perform, or that it will not experience counterparty nonperformance in the future. In connection with its bankruptcy proceedings, a significant counterparty, SMGT, had been purchasing lower volumes of electricity than prescribed in the contract and effective April 1, 2012 the contract was terminated. PPL Energy Supply cannot predict the prices or other terms on which it will be able to market to third parties the power that SMGT will not purchase from PPL EnergyPlus due to the termination of this contract. See Note 10 to the Financial Statements for additional information.

Commodity Price Risk (Trading)

PPL Energy Supply's trading commodity derivative contracts range in maturity through 2017. The following table sets forth changes in the net fair value of PPL Energy Supply's trading commodity derivative contracts for the periods ended June 30. See Notes 13 and 14 to the Financial Statements for additional information.

	Gains (Losses)			
	Three Months		Six Months	
	2012	2011	2012	2011
Fair value of contracts outstanding at the beginning of the period	$ 2	$ 7	$ (4)	$ 4
Contracts realized or otherwise settled during the period	(1)	1	(1)	3
Fair value of new contracts entered into during the period (a)	(1)	5	5	8
Other changes in fair value	17	2	17	
Fair value of contracts outstanding at the end of the period	$ 17	$ 15	$ 17	$ 15

(a) Represents the fair value of contracts at the end of the quarter of their inception.

Unrealized gains of approximately $1 million will be reversed over the next three months as the transactions are realized.

The following table segregates the net fair value of trading commodity derivative contracts at June 30, 2012, based on the level of observability of the information used to determine the fair value.

	Net Asset (Liability)				
	Maturity Less Than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years	Total Fair Value
Source of Fair Value					
Prices based on significant other observable inputs	$ 8	$ 8	$ 1		$ 17
Fair value of contracts outstanding at the end of the period	$ 8	$ 8	$ 1		$ 17

VaR Models

A VaR model is utilized to measure commodity price risk in domestic gross energy margins for the non-trading and trading portfolios. VaR is a statistical model that attempts to estimate the value of potential loss over a given holding period under normal market conditions at a given confidence level. VaR is calculated using a Monte Carlo simulation technique based on a five-day holding period at a 95% confidence level. Given the company's conservative hedging program, the non-trading VaR exposure is expected to be limited in the short-term. The VaR for portfolios using end-of-month results for the period was as follows.

	Trading VaR		Non-Trading VaR	
	Six Months Ended June 30, 2012	Twelve Months Ended December 31, 2011	Six Months Ended June 30, 2012	Twelve Months Ended December 31, 2011
95% Confidence Level, Five-Day Holding Period				
Period End	$ 5	$ 1	$ 11	$ 6
Average for the Period	2	3	9	5
High	5	6	11	7
Low	1	1	7	4

The trading portfolio includes all speculative positions, regardless of the delivery period. All positions not considered speculative are considered non-trading. The non-trading portfolio includes the entire portfolio, including generation, with delivery periods through the next 12 months. Both the trading and non-trading VaR computations exclude FTRs due to the

absence of reliable spot and forward markets. The fair value of the non-trading and trading FTR positions was insignificant at June 30, 2012.

Interest Rate Risk

PPL Energy Supply and its subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. PPL and PPL Energy Supply utilize various financial derivative instruments to adjust the mix of fixed and floating interest rates in PPL Energy Supply's debt portfolio, adjust the duration of its debt portfolio and lock in benchmark interest rates in anticipation of future financing, when appropriate. Risk limits under the risk management program are designed to balance risk exposure to volatility in interest expense and changes in the fair value of PPL Energy Supply's debt portfolio due to changes in the absolute level of interest rates. PPL Energy Supply had no interest rate hedges outstanding at June 30, 2012.

At June 30, 2012, PPL Energy Supply's potential annual exposure to increased interest expense, based on a 10% increase in interest rates, was not significant.

PPL Energy Supply is also exposed to changes in the fair value of its debt portfolio. PPL Energy Supply estimated that a 10% decrease in interest rates at June 30, 2012 would increase the fair value of its debt portfolio by $56 million.

NDT Funds - Securities Price Risk

In connection with certain NRC requirements, PPL Susquehanna maintains trust funds to fund certain costs of decommissioning the PPL Susquehanna nuclear plant (Susquehanna). At June 30, 2012, these funds were invested primarily in domestic equity securities and fixed-rate, fixed-income securities and are reflected at fair value on the Balance Sheet. The mix of securities is designed to provide returns sufficient to fund Susquehanna's decommissioning and to compensate for inflationary increases in decommissioning costs. However, the equity securities included in the trusts are exposed to price fluctuation in equity markets, and the values of fixed-rate, fixed-income securities are primarily exposed to changes in interest rates. PPL actively monitors the investment performance and periodically reviews asset allocation in accordance with its NDT policy statement. At June 30, 2012, a hypothetical 10% increase in interest rates and a 10% decrease in equity prices would have resulted in an estimated $47 million reduction in the fair value of the trust assets. See Notes 13 and 17 to the Financial Statements for additional information regarding the NDT funds.

Credit Risk

See Notes 11, 13 and 14 to the Financial Statements in this Form 10-Q and "Risk Management - Energy Marketing & Trading and Other - Credit Risk" in PPL Energy Supply's 2011 Form 10-K for additional information.

Related Party Transactions

PPL Energy Supply is not aware of any material ownership interests or operating responsibility by senior management of PPL Energy Supply in outside partnerships, including leasing transactions with variable interest entities or other entities doing business with PPL Energy Supply. See Note 11 to the Financial Statements for additional information on related party transactions.

Acquisitions, Development and Divestitures

Development projects are continuously reexamined based on market conditions and other factors to determine whether to proceed with the projects, sell, cancel or expand them, execute tolling agreements or pursue other options. See Note 8 to the Financial Statements for information on the more significant activities, including the April 2012 Ironwood Acquisition.

Environmental Matters

Extensive federal, state and local environmental laws and regulations are applicable to PPL Energy Supply's air emissions, water discharges and the management of hazardous and solid waste, among other areas; and the costs of compliance or alleged non-compliance cannot be predicted with certainty but could be material. In addition, cost may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed by the relevant regulatory agencies. Costs may take the form of increased capital or operating and maintenance expenses; monetary fines, penalties or other restrictions. Many of these environmental law considerations are also applicable to the operations of key suppliers, or customers, such as coal producers and industrial power users, and may impact the costs of their products or their demand for PPL Energy Supply's services. See Note 10 to the Financial Statements in this Form 10-Q and "Item 1. Business - Environmental Matters" in PPL Energy Supply's 2011 Form 10-K for a discussion of environmental matters.

New Accounting Guidance

See Notes 2 and 18 to the Financial Statements for a discussion of new accounting guidance adopted and pending adoption.

Application of Critical Accounting Policies

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following accounting policies are particularly important to the financial condition or results of operations, and require estimates or other judgments of matters inherently uncertain: price risk management, defined benefits, asset impairment, loss accruals, AROs and income taxes. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in PPL Energy Supply's 2011 Form 10-K for a discussion of each critical accounting policy.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with PPL Electric's Condensed Consolidated Financial Statements and the accompanying Notes and with PPL Electric's 2011 Form 10-K. Capitalized terms and abbreviations are defined in the glossary. Dollars are in millions, unless otherwise noted.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" includes the following information:

- "Overview" provides a description of PPL Electric and its business strategy, a summary of Net Income Available to PPL Corporation and a discussion of certain events related to PPL Electric's results of operations and financial condition.

- "Results of Operations" provides a summary of PPL Electric's earnings and a description of factors expected to impact future earnings. This section ends with explanations of significant changes in principal items on PPL Electric's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.

- "Financial Condition - Liquidity and Capital Resources" provides an analysis of PPL Electric's liquidity position and credit profile. This section also includes a discussion of rating agency actions.

- "Financial Condition - Risk Management" provides an explanation of PPL Electric's risk management programs relating to market and credit risk.

Overview

Introduction

PPL Electric is an electricity delivery service provider in eastern and central Pennsylvania with headquarters in Allentown, Pennsylvania. PPL Electric is subject to regulation as a public utility by the PUC, and certain of its transmission activities are subject to the jurisdiction of FERC under the Federal Power Act. PPL Electric delivers electricity in its Pennsylvania service area and provides electricity supply to retail customers in that area as a PLR under the Customer Choice Act.

Business Strategy

PPL Electric's strategy and principal challenge is to own and operate its electricity delivery business at the most efficient cost while maintaining high quality customer service and reliability. PPL Electric anticipates that it will have significant capital expenditure requirements in the future. In order to manage financing costs and access to credit markets, a key objective for PPL Electric's business is to maintain a strong credit profile. PPL Electric continually focuses on maintaining an appropriate capital structure and liquidity position.

Timely recovery of costs to maintain and enhance the reliability of its delivery system including the replacement of aging distribution assets is required in order to maintain strong cash flows and a strong credit profile. Traditionally, such cost recovery would be pursued through periodic base rate case proceedings with the PUC. As such costs continue to increase, more frequent rate case proceedings may be required or an alternative rate making process would need to be implemented in order to achieve more timely recovery. See "Regulatory Matters - Pennsylvania Activities - Legislation - Regulatory Procedures and Mechanisms" in Note 6 to the Financial Statements for information on Pennsylvania's new alternative rate-making mechanism.

Transmission costs are recovered through a FERC Formula Rate mechanism, which is updated annually for costs incurred and assets placed in service. Accordingly, increased costs including those related to the replacement of aging transmission assets and the PJM-approved Regional Transmission Line Expansion Plan are recovered on a timely basis.

Financial and Operational Developments

Net Income Available to PPL Corporation

Net Income Available to PPL Corporation for the three and six months ended June 30, 2012 was $29 million and $62 million compared to $36 million and $88 million for the same periods in 2011 representing a 19% and 30% decrease from the same periods in 2011.

See "Results of Operations" for a discussion and analysis of PPL Electric's earnings.

Redemption of Preference Stock

In June 2012, PPL Electric redeemed all 2.5 million shares of its 6.25% Series Preference Stock, par value $100 per share. The price paid for the redemption was the par value, without premium ($250 million in the aggregate). At December 31, 2011, the preference stock was reflected on PPL Electric's Balance Sheets in "Preference stock."

Regional Transmission Line Expansion Plan

PPL Electric has experienced delays in obtaining necessary National Park Service (NPS) approvals for the Susquehanna-Roseland transmission line and anticipates a delay of the line's in-service date to 2015. In March 2012, the NPS announced that the route proposed by PPL Electric and PSE&G, previously approved by the Pennsylvania and New Jersey public utility commissions, is the preferred route for the line under the NPS's National Environmental Policy Act review. The NPS has stated that it expects to issue its record of decision in October 2012. An appeal of the New Jersey Board of Public Utilities approval of the line is pending before the New Jersey Superior Court Appellate Division. PPL Electric cannot predict the ultimate outcome or timing of the NPS approval or any further legal challenges to the project. PJM has developed a strategy to manage potential reliability problems until the line is built. PPL Electric cannot predict what additional actions, if any, PJM might take in the event of a further delay to its scheduled in-service date for the new line.

At June 30, 2012, PPL Electric's estimated share of the project cost has increased to $560 million from approximately $500 million at December 31, 2011, mainly due to increased material costs. In July 2012, PPL Electric began pre-construction activities including tree and vegetation removal from the transmission line's right of way and construction of access roads. See Note 8 in PPL Electric's 2011 Form 10-K for additional information.

FERC Formula Rates

In March 2012, PPL Electric filed a request with the FERC seeking recovery, over a 34-year period beginning in June 2012, of its unrecovered regulatory asset related to the deferred state tax liability that existed at the time of the transition from the flow-through treatment of state income taxes to full normalization. This change in tax treatment occurred in 2008 as a result of prior FERC initiatives that transferred regulatory jurisdiction of certain transmission assets from the PUC to FERC. A regulatory asset of approximately $50 million related to this transition, classified as taxes recoverable through future rates, is included in "Other Noncurrent Assets - Regulatory assets" on the Balance Sheets at June 30, 2012 and December 31, 2011. In May 2012, the FERC issued an order approving PPL Electric's request effective June 1, 2012.

Results of Operations

The following discussion provides a summary of PPL Electric's earnings and a description of factors that management expects may impact future earnings. This section ends with "Statement of Income Analysis," which includes explanations of significant changes in principal items on PPL Electric's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.

The results for interim periods can be disproportionately influenced by numerous factors and developments and by seasonal variations. As such, the results of operations for interim periods do not necessarily indicate results or trends for the year or future periods.

Earnings

Net Income Available to PPL Corporation for the periods ended June 30 was:

	Three Months		Six Months	
	2012	2011	2012	2011
Net Income Available to PPL Corporation	$ 29	$ 36	$ 62	$ 88

The changes in the components of Net Income Available to PPL Corporation between these periods were due to the following factors which reflect reclassifications for items included in gross delivery margins.

	Three Months	Six Months
Pennsylvania gross delivery margins	$ 3	$ (10)
Other operation and maintenance	(19)	(25)
Depreciation	(2)	(8)
Other	(1)	2
Income Taxes	8	11
Distributions on preference stock	4	4
Total	$ (7)	$ (26)

- See "Statement of Income Analysis - Pennsylvania Gross Delivery Margins - Changes in Non-GAAP Financial Measures" for an explanation of Pennsylvania Gross Delivery Margins.

- Higher other operation and maintenance expense for the three-month period, primarily due to $6 million of higher payroll and benefit related costs, $6 million of higher vegetation management costs and $3 million of higher corporate service costs.

  Higher other operation and maintenance expense for the six-month period, primarily due to $8 million of higher payroll and benefit related costs, $8 million of higher vegetation management costs and $5 million of higher corporate service costs.

- Higher depreciation expense for the six-month period, primarily due to the impact of PP&E additions related to the ongoing efforts to ensure the reliability of the delivery system, and replace aging infrastructure.

- Lower income taxes for the three and six-month periods, primarily due to the change in pre-tax income, which reduced income taxes by $7 million and $16 million.

- Lower distributions on preference stock for the three and six-month periods due to the preference stock redemption in June 2012.

Outlook

PPL Electric projects lower earnings in 2012 compared with 2011, primarily driven by higher operation and maintenance expense, higher depreciation and lower distribution revenue, which are expected to be partially offset by higher transmission revenue, lower financing costs, and lower income taxes.

In March 2012, PPL Electric filed a request with the PUC to increase distribution rates by approximately $105 million. The proposed distribution revenue rate increase would result in a 2.9% increase over PPL Electric's total rates at the time of filing and be effective January 1, 2013. PPL Electric's application includes a request for an authorized return-on-equity of 11.25%. Hearings on this matter are scheduled during August 2012 and a decision is expected in the fourth quarter of 2012. PPL Electric cannot predict the outcome of this proceeding.

Earnings in 2012 are subject to various risks and uncertainties. See "Forward-Looking Information," the rest of this Item 2 and Notes 6 and 10 to the Financial Statements in this Form 10-Q and "Item 1. Business" and "Item 1A. Risk Factors" in PPL Electric's 2011 Form 10-K for a discussion of the risks, uncertainties and factors that may impact future earnings.

Statement of Income Analysis --

Pennsylvania Gross Delivery Margins

Non-GAAP Financial Measure

The following discussion includes financial information prepared in accordance with GAAP, as well as a non-GAAP financial measure, "Pennsylvania Gross Delivery Margins." "Pennsylvania Gross Delivery Margins" is a single financial performance measure of PPL Electric's Pennsylvania regulated electric delivery operations, which includes transmission and distribution activities. In calculating this measure, utility revenues and expenses associated with approved recovery mechanisms, including energy provided as a PLR, are offset with minimal impact on earnings. Costs associated with these mechanisms are recorded in "Energy purchases," "Energy purchases from affiliate," "Other operation and maintenance" expense, which is primarily Act 129 costs, and "Taxes, other than income" which is primarily gross receipts tax. As a result, this measure represents the net revenues from PPL Electric's Pennsylvania regulated electric delivery operations. This measure is not intended to replace "Operating Income," which is determined in accordance with GAAP, as an indicator of overall operating performance. Other companies may use different measures to analyze and to report on the results of their operations. PPL Electric believes that "Pennsylvania Gross Delivery Margins" provides another criterion to make investment decisions. This performance measure is used, in conjunction with other information, internally by senior management and PPL's Board of Directors to manage PPL Electric's operations and analyze actual results to budget.

Reconciliation of Non-GAAP Financial Measures

The following tables reconcile "Operating Income" to "Pennsylvania Gross Delivery Margins" as defined by PPL Electric for the periods ended June 30.

	2012 Three Months			2011 Three Months		
	PA Gross Delivery Margins	Other (a)	Operating Income (b)	PA Gross Delivery Margins	Other (a)	Operating Income (b)
Operating Revenues						
Retail electric	$ 403		$ 403	$ 436		$ 436
Electric revenue from affiliate	1		1	4		4
Total Operating Revenues	404		404	440		440
Operating Expenses						
Energy purchases	120		120	169		169
Energy purchases from affiliate	17		17	4		4
Other operation and maintenance	26	$ 117	143	29	$ 97	126
Depreciation		39	39		37	37
Taxes, other than income	20	2	22	20	2	22
Total Operating Expenses	183	158	341	222	136	358
Total	$ 221	$ (158)	$ 63	$ 218	$ (136)	$ 82

	2012 Six Months			2011 Six Months		
	PA Gross Delivery Margins	Other (a)	Operating Income (b)	PA Gross Delivery Margins	Other (a)	Operating Income (b)
Operating Revenues						
Retail electric	$ 860		$ 860	$ 990		$ 990
Electric revenue from affiliate	2		2	8		8
Total Operating Revenues	862		862	998		998
Operating Expenses						
Energy purchases	273		273	420		420
Energy purchases from affiliate	38		38	10		10
Other operation and maintenance	49	$ 234	283	47	$ 209	256
Depreciation		78	78		70	70
Taxes, other than income	44	4	48	53	4	57
Total Operating Expenses	404	316	720	530	283	813
Total	$ 458	$ (316)	$ 142	$ 468	$ (283)	$ 185

(a) Represents amounts that are excluded from Margins.
(b) As reported on the Statement of Income.

Changes in Non-GAAP Financial Measures

The following table shows PPL Electric's non-GAAP financial measure, "Pennsylvania Gross Delivery Margins" for the periods ended June 30, as well as the change between periods. The factors that gave rise to the change are described below the table.

	Three Months			Six Months		
	2012	2011	Change	2012	2011	Change
PA Gross Delivery Margins by Component						
Distribution	$ 170	$ 173	$ (3)	$ 359	$ 381	$ (22)
Transmission	51	45	6	99	87	12
Total	$ 221	$ 218	$ 3	$ 458	$ 468	$ (10)

Distribution

Margins decreased for the three and six month periods ended June 30, 2012, compared with 2011, due primarily to the effects of weather.

Transmission

Margins increased for the three and six month periods ended June 30, 2012, compared with 2011, primarily due to increased investment in plant and the recovery of additional costs through the FERC formula-based rates.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance expense for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Payroll-related costs	$ 4	$ 7
Vegetation management	6	8
PUC-reportable storm costs, net of insurance recovery	(2)	(7)
Uncollectible accounts	2	4
Allocation of certain corporate support group costs	2	5
Other	5	10
Total	$ 17	$ 27

Depreciation

Depreciation increased by $8 million for the six months ended June 30, 2012 compared with 2011, primarily due to PP&E additions related to PPL Electric's ongoing efforts to ensure the reliability of its delivery system and replace aging infrastructure.

Taxes, Other Than Income

Taxes, other than income for the six months ended June 30, 2012 compared with 2011 decreased by $9 million, primarily due to lower Pennsylvania gross receipts tax expense due to a decrease in taxable electric revenue. This tax is included in "Pennsylvania Gross Delivery Margins."

Financing Costs

The increase (decrease) in financing costs for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Long-term debt balances	$ 4	$ 7
Interest rates	(5)	(9)
Distributions on preference stock (a)	(4)	(4)
Amortization of debt issuance costs	1	2
Total	$ (4)	$ (4)

(a) Decreases for both periods are due to the June 2012 redemption of all 2.5 million shares of preference stock.

Income Taxes

The increase (decrease) in income taxes for the periods ended June 30, 2012 compared with 2011 was due to:

	Three Months	Six Months
Lower pre-tax book income	$ (7)	$ (16)
Federal and state tax reserve adjustments		1
Federal and state tax return adjustments (a)		2
Depreciation not normalized (a)	(1)	1
Other		1
Total	$ (8)	$ (11)

(a) In February 2011, the Pennsylvania Department of Revenue issued interpretive guidance on the treatment of bonus depreciation for Pennsylvania income tax purposes. In accordance with Corporation Tax Bulletin 2011-01, Pennsylvania allows 100% bonus depreciation for qualifying assets in the same year bonus depreciation is allowed for Federal income tax purposes. The 100% Pennsylvania bonus depreciation deduction created a current state income tax benefit for the flow-through impact of Pennsylvania regulated state tax depreciation. The federal provision for 100% bonus depreciation generally applies to property placed in service before January 1, 2012.

See Note 5 to the Financial Statements for additional information on income taxes.

Financial Condition

Liquidity and Capital Resources

PPL Electric had the following at:

	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 45	$ 320
Short-term debt	$ 195	$

The $275 million decrease in PPL Electric's cash and cash equivalents position was primarily the net result of:

- capital expenditures of $256 million;
- redemption of preference stock of $250 million;
- the payment of $56 million of common stock dividends to parent;
- the net increase in short-term debt of $195 million; and
- net cash provided by operating activities of $101 million.

PPL Electric's cash provided by operating activities increased by $38 million for the six months ended June 30, 2012, compared with 2011, primarily due to a $48 million decrease in defined benefit plan funding.

Credit Facilities

PPL Electric maintains credit facilities to provide liquidity and to backstop commercial paper issuances. At June 30, 2012, PPL Electric's total committed borrowing capacity under its credit facilities and the use of this borrowing capacity were:

	Committed Capacity	Borrowed	Letters of Credit Issued and Commercial Paper Backstop	Unused Capacity
Syndicated Credit Facility (a)	$ 300		$ 196	$ 104
Asset-backed Credit Facility (b)	150		n/a	150
Total PPL Electric Credit Facilities	$ 450		$ 196	$ 254

(a) The commitments under this credit facility are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than 7% of the total committed capacity.

(b) PPL Electric obtains financing by selling and contributing its eligible accounts receivable and unbilled revenue to a special purpose, wholly owned subsidiary on an ongoing basis. The subsidiary pledges these assets to secure loans of up to an aggregate of $150 million from a commercial paper conduit sponsored by a financial institution. At June 30, 2012, based on accounts receivable and unbilled revenue pledged, the amount available for borrowing under this facility was limited to $87 million. In July 2012, PPL Electric and the subsidiary extended this agreement from July 2012 to September 2012 and reduced the capacity to $100 million.

See Note 7 to the Financial Statements for further discussion of PPL Electric's credit facilities.

Commercial Paper

In May 2012, PPL Electric increased the capacity of its commercial paper program from $200 million to $300 million to provide an additional financing source to fund its short-term liquidity needs, if and when necessary. Commercial paper issuances are supported by PPL Electric's Syndicated Credit Facility. At June 30, 2012, PPL Electric had $195 million of commercial paper outstanding, included in "Short-term debt" on the Balance Sheet, at a weighted-average interest rate of approximately 0.49%.

Equity Securities

In June 2012, PPL Electric redeemed all 2.5 million shares of its 6.25% Series Preference Stock, par value $100 per share. The price paid for the redemption was the par value, without premium ($250 million in the aggregate). At December 31, 2011, the preference stock was reflected in "Preference stock" on PPL Electric's Balance Sheet.

Rating Agency Actions

Moody's, S&P and Fitch periodically review the credit ratings on the debt of PPL Electric. Based on their respective independent reviews, the rating agencies may make certain ratings revisions or ratings affirmations.

A credit rating reflects an assessment by the rating agency of the creditworthiness associated with an issuer and particular securities that it issues. The credit ratings of PPL Electric are based on information provided by PPL Electric and other sources. The ratings of Moody's, S&P and Fitch are not a recommendation to buy, sell or hold any securities of PPL Electric. Such ratings may be subject to revisions or withdrawal by the agencies at any time and should be evaluated independently of each other and any other rating that may be assigned to the securities. A downgrade in PPL Electric's credit ratings could result in higher borrowing costs and reduced access to capital markets.

As a result of the passage of the Dodd-Frank Act, PPL Electric is limiting its credit rating disclosure to a description of the actions taken by the rating agencies with respect to PPL Electric's ratings, but without stating what ratings have been assigned to PPL Electric or its securities. The ratings assigned by the rating agencies to PPL Electric and its respective securities may be found, without charge, on each of the respective rating agencies' websites, which ratings together with all other information contained on such rating agency websites is, hereby, explicitly not incorporated by reference in this report.

The rating agencies did not take any actions related to PPL Electric in 2012.

For additional information on PPL Electric's liquidity and capital resources, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in PPL Electric's 2011 Form 10-K.

Risk Management

Market Risk and Credit Risk

PPL Electric issues debt to finance its operations, which exposes it to interest rate risk. PPL Electric had no potential annual exposure to increased interest expense, based on a 10% increase in interest rates, at June 30, 2012. PPL Electric estimated that a 10% decrease in interest rates at June 30, 2012 would increase the fair value of its debt portfolio by $77 million.

See Notes 13 and 14 to the Financial Statements in this Form 10-Q and "Risk Management" in PPL Electric's 2011 Form 10-K for additional information on market and credit risk.

Related Party Transactions

PPL Electric is not aware of any material ownership interests or operating responsibility by senior management of PPL Electric in outside partnerships, including leasing transactions with variable interest entities or other entities doing business with PPL Electric. See Note 11 to the Financial Statements for additional information on related party transactions.

Environmental Matters

See Note 10 to the Financial Statements in this Form 10-Q and "Item 1. Business - Environmental Matters" in PPL Electric's 2011 Form 10-K for a discussion of environmental matters.

New Accounting Guidance

See Notes 2 and 18 to the Financial Statements for a discussion of new accounting guidance adopted and pending adoption.

Application of Critical Accounting Policies

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following accounting policies are particularly important to the financial condition or results of operations, and require estimates or other judgments of matters inherently uncertain: defined benefits, loss accruals, income taxes, regulatory assets and liabilities and revenue recognition - unbilled revenue. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in PPL Electric's 2011 Form 10-K for a discussion of each critical accounting policy.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with LKE's Condensed Consolidated Financial Statements and the accompanying Notes and with LKE's 2011 Form 10-K. Capitalized terms and abbreviations are defined in the glossary. Dollars are in millions, unless otherwise noted.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" includes the following information:

- "Overview" provides a description of LKE and its business strategy, a summary of Net Income and a discussion of certain events related to LKE's results of operations and financial condition.
- "Results of Operations" provides a summary of LKE's earnings and a description of factors expected to impact future earnings. This section ends with explanations of significant changes in principal items on LKE's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.
- "Financial Condition - Liquidity and Capital Resources" provides an analysis of LKE's liquidity position and credit profile. This section also includes a discussion of rating agency actions.
- "Financial Condition - Risk Management" provides an explanation of LKE's risk management programs relating to market and credit risk.

Overview

Introduction

LKE, headquartered in Louisville, Kentucky, is a holding company with utility operations through its subsidiaries, LG&E and KU. LG&E and KU, which constitute substantially all of LKE's operations, are regulated utilities engaged in the generation, transmission, distribution and sale of electricity, in Kentucky, Virginia and Tennessee. LG&E also engages in the distribution and sale of natural gas in Kentucky.

Business Strategy

LKE's overall strategy is to provide reliable, safe and competitively priced energy to its customers.

A key objective for LKE is to maintain a strong credit profile through managing financing costs and access to credit markets. LKE continually focuses on maintaining an appropriate capital structure and liquidity position.

Financial and Operational Developments

Net Income

Net Income for the three and six months ended June 30, 2012 was $44 million and $97 million compared to $41 million and $128 million for the same periods in 2011 representing a 7% increase and a 24% decrease over the same periods in 2011.

See "Results of Operations" for a discussion and analysis of LKE's earnings.

Terminated Bluegrass CTs Acquisition

In September 2011, LG&E and KU entered into an asset purchase agreement with Bluegrass Generation for the purchase of the Bluegrass CTs, aggregating approximately 495 MW, plus limited associated contractual arrangements required for operation of the units, for a purchase price of $110 million, pending receipt of applicable regulatory approvals. In May 2012, the KPSC issued an order approving the request to purchase the Bluegrass CTs. Also in May 2012, the FERC issued an order conditionally authorizing the acquisition of the Bluegrass CTs, subject to approval by the FERC of satisfactory mitigation measures to address market-power concerns. After a review of potentially available mitigation options, LG&E and KU determined that the options were not commercially justifiable. In June 2012, LG&E and KU terminated the asset purchase agreement for the Bluegrass CTs in accordance with its terms and made applicable filings with

the KPSC and FERC. LG&E and KU are currently assessing the impact of the Bluegrass contract termination and potential future generation capacity options.

NGCC Construction

In September 2011, LG&E and KU filed a CPCN with the KPSC requesting approval to build a 640 MW NGCC at the existing Cane Run plant site in Kentucky. In May 2012, the KPSC issued an order approving the request. Subject to finalizing contracting agreements and permitting activities, construction is expected to begin in 2012 and be completed during 2015. The project, which includes building a natural gas supply pipeline and related transmission projects, has an estimated cost of approximately $600 million ($130 million for LG&E and $470 million for KU).

In conjunction with this construction and to meet new, stricter federal EPA regulations with a 2015 compliance date, LG&E and KU anticipate retiring six older coal-fired electric generating units at the Cane Run, Green River and Tyrone plants, which have a combined summer capacity rating of 797 MW. The Cane Run and Green River coal units are anticipated to remain operational until the NGCC generation and associated transmission project is completed.

Registered Debt Exchange Offer by LKE

In June 2012, LKE completed an exchange of all its outstanding 4.375% Senior Notes due 2021 issued in September 2011 in a transaction not registered under the Securities Act of 1933, for similar securities that were issued in a transaction registered with the SEC. See Note 7 in LKE's 2011 Form 10-K for additional information.

Commercial Paper

In February 2012, LG&E and KU each established a commercial paper program for up to $250 million to provide an additional financing source to fund their short-term liquidity needs. Commercial paper issuances will be supported by LG&E's and KU's Syndicated Credit Facilities. LG&E and KU had no commercial paper outstanding at June 30, 2012.

Results of Operations

The following discussion provides a summary of LKE's earnings and a description of factors that management expects may impact future earnings. This section ends with "Statement of Income Analysis," which includes explanations of significant changes in principal items on LKE's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.

The results for interim periods can be disproportionately influenced by numerous factors and developments and by seasonal variations. As such, the results of operations for interim periods do not necessarily indicate results or trends for the year or future periods.

Earnings

Net Income for the periods ended June 30 was:

	Three Months		Six Months	
	2012	2011	2012	2011
Net Income	$ 44	$ 41	$ 97	$ 128

The changes in the components of Net Income between these periods were due to the following factors, which reflect reclassifications for items included in margins and certain items that management considers special. See additional detail of these special items in the table below.

	Three Months	Six Months
Margins	$ 12	$ (16)
Other operation and maintenance	4	(17)
Depreciation	(1)	(5)
Taxes, other than income	(3)	(5)
Other	(1)	(4)
Other Income (Expense) - net	(7)	(9)
Income Taxes	4	26
Special items	(5)	(1)
Total	$ 3	$ (31)

- See "Statement of Income Analysis - Margins - Changes in Non-GAAP Financial Measures" for an explanation of margins.

- Higher other operation and maintenance for the six-month period, primarily due to $11 million of higher steam maintenance costs resulting from an increased scope of scheduled plant outages. Also, a $6 million credit was recorded in 2011 to establish a regulatory asset related to 2009 storm costs.

- Lower other income (expense) - net for the three and six-month periods primarily due to equity losses from an unconsolidated affiliate.

- Lower income taxes for the six-month period, primarily due to the change in pre-tax income.

The following after-tax amounts, which management considers special items, also impacted earnings during the periods ended June 30:

	Income Statement Line Item	Three Months 2012	Three Months 2011	Six Months 2012	Six Months 2011
Special items gains (losses), net of tax (expense) benefit:					
Acquisition-related adjustments:					
Net operating loss carryforward and other tax related adjustments	Income Taxes and Other O&M			$ 4	
Other:					
Discontinued Operations, net of tax of $4, $0, $4, $0 (a)	Discontinued Operations	$ (5)		(5)	
Total		$ (5)		$ (1)	

(a) Represents an adjustment to an indemnification liability.

Outlook

Excluding special items, LKE projects lower earnings in 2012 compared with 2011, as margin increases are not expected to offset operating expense increases, including depreciation. Actual results will be dependent on the effects of the economy and the impact of weather on retail sales among other variables.

In June 2012, LG&E and KU filed requests with the KPSC for increases in annual base electric rates of approximately $62 million at LG&E and approximately $82 million at KU and an increase in annual base gas rates of approximately $17 million at LG&E. The proposed base rate increases would result in electric rate increases of 6.9% at LG&E and 6.5% at KU and a gas rate increase of 7.0% at LG&E and would be effective in January 2013. LG&E's and KU's applications include requests for authorized returns-on-equity at LG&E and KU of 11% each. A hearing on these matters is expected to be scheduled during the fourth quarter of 2012. LG&E and KU cannot predict the outcome of these proceedings.

Earnings in 2012 are subject to various risks and uncertainties. See "Forward-Looking Information," the rest of this Item 2, Notes 6 and 10 to the Financial Statements in this Form 10-Q and "Item 1. Business" and "Item 1A. Risk Factors" in LKE's 2011 Form 10-K for a discussion of the risks, uncertainties and factors that may impact future earnings.

Statement of Income Analysis --

Margins

Non-GAAP Financial Measure

The following discussion includes financial information prepared in accordance with GAAP, as well as a non-GAAP financial measure, "Margins." Margins is not intended to replace "Operating Income," which is determined in accordance with GAAP as an indicator of overall operating performance. Other companies may use different measures to analyze and to report on the results of their operations. Margins is a single financial performance measure of LKE's operations. In calculating this measure, utility revenues and expenses associated with approved cost recovery tracking mechanisms are offset. These mechanisms allow for recovery of certain expenses, returns on capital investments associated with environmental regulations and performance incentives. Certain costs associated with these mechanisms, primarily ECR and DSM, are recorded as "Other operation and maintenance" and "Depreciation." As a result, this measure represents the net revenues from LKE's operations. This performance measure is used, in conjunction with other information, internally by senior management to manage LKE's operations and analyze actual results compared to budget.

Reconciliation of Non-GAAP Financial Measures

The following tables reconcile "Operating Income" to "Margins" as defined by LKE for the periods ended June 30.

	2012 Three Months			2011 Three Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 658		$ 658	$ 639	$ (1)	$ 638
Operating Expenses						
Fuel	215		215	206		206
Energy purchases	34		34	40		40
Other operation and maintenance	24	$ 173	197	21	177	198
Depreciation	13	73	86	12	72	84
Taxes, other than income		12	12		9	9
Total Operating Expenses	286	258	544	279	258	537
Total	$ 372	$ (258)	$ 114	$ 360	$ (259)	$ 101

	2012 Six Months			2011 Six Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 1,363		$ 1,363	$ 1,404		$ 1,404
Operating Expenses						
Fuel	428		428	421		421
Energy purchases	108		108	147		147
Other operation and maintenance	46	$ 357	403	41	$ 338	379
Depreciation	26	146	172	24	141	165
Taxes, other than income		23	23		18	18
Total Operating Expenses	608	526	1,134	633	497	1,130
Total	$ 755	$ (526)	$ 229	$ 771	$ (497)	$ 274

(a) Represents amounts that are excluded from Margins.
(b) As reported on the Statements of Income.

Changes in Non-GAAP Financial Measures

Margins increased by $12 million for the three-month period due to higher retail margins, as volumes were impacted by increases in production levels at some of LKE's larger industrial customers and warmer weather during the three months ended June 30, 2012. Total cooling degree days increased 9% compared to the same period in 2011.

Margins decreased by $16 million for the six-month period primarily due to $13 million of lower retail margins, as volumes were impacted by unseasonably mild weather during the first four months of 2012, and $3 million of lower wholesale margins, as volumes were impacted by lower market prices. Total heating degree days decreased 24% compared to the same period in 2011.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance expense for the periods ended June 30, 2012, compared with 2011, was due to:

	Three Months	Six Months
Steam maintenance (a)		$ 11
Distribution maintenance (b)	$ (1)	8
DSM	2	3
Other	(2)	2
Total	$ (1)	$ 24

(a) Steam maintenance costs increased $11 million during the six months ended June 30, 2011, primarily resulting from an increased scope of scheduled outages.
(b) A $6 million credit to establish a regulatory asset was recorded in the first quarter of 2011 related to 2009 storm costs.

Depreciation

Depreciation increased by $2 million and $7 million for the three and six months ended June 30, 2012 compared with 2011, primarily due to PP&E additions.

Other Income (Expense) - net

The increase (decrease) in other income (expense) - net for the periods ended June 30, 2012, compared with 2011, was due to:

	Three Months	Six Months
Equity losses from an unconsolidated affiliate	$ (4)	$ (6)
Other	(3)	(3)
Total	$ (7)	$ (9)

Income Taxes

The increase (decrease) in income taxes for the periods ended June 30, 2012, compared with 2011, was due to:

	Three Months	Six Months
Higher (lower) pre-tax book income	$ 2	$ (22)
Net operating loss carryforward adjustments (a)	(3)	(9)
Other	(3)	(1)
Total	$ (4)	$ (32)

(a) During the three and six months ended June 30, 2012, LKE recorded adjustments to deferred taxes related to net operating loss carryforwards based on income tax return adjustments.

See Note 5 to the Financial Statements for additional information on income taxes.

Income (Loss) from Discontinued Operations (net of income taxes)

Loss from discontinued operations increased by $6 million for the three and six months ended June 30, 2012, compared with 2011. The increase was primarily related to an adjustment to the estimated liability for indemnifications.

Financial Condition

Liquidity and Capital Resources

LKE had the following at:

	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 29	$ 59

The $30 million decrease in LKE's cash and cash equivalents position was primarily the net result of:

- capital expenditures of $324 million and
- the payment of $60 million of distributions to PPL, partially offset by
- cash provided by operating activities of $354 million.

LKE's cash provided by operating activities decreased by $53 million for the six months ended June 30, 2012, compared with 2011, primarily due to:

- a decrease in net income of $31 million due to unseasonably mild weather during the first four months of 2012 and higher operation and maintenance expenses, adjusted for non-cash effects of $74 million (deferred income taxes and investment tax credits of $90 million and defined benefit plans - expense of $5 million, partially offset by depreciation of $7 million and other noncash items of $14 million) and
- a decrease in coal consumption resulting from lower coal-fired generation due to the mild winter weather and an increase in combustion turbine generation that led to an increase of $34 million in coal inventory, along with an increase in price per ton of coal in comparison to 2011; partially offset by
- a decrease in cash outflows of $95 million due to a reduction in discretionary defined benefit plan contributions.

LKE's cash used in investing activities increased by $273 million for the six months ended June 30, 2012, compared with 2011, primarily due to proceeds from the sale of other investments of $163 million in 2011 and an increase in capital

expenditures of $144 million as a result of increased environmental spending, primarily related to landfills, and infrastructure improvements at generation, distribution and transmission facilities.

LKE's cash used in financing activities decreased by $251 million for the six months ended June 30, 2012, compared with 2011, primarily due to a repayment on a revolving line of credit of $163 million in 2011 and lower distributions to PPL of $86 million in 2012.

Credit Facilities

At June 30, 2012, LKE's total committed borrowing capacity under its credit facilities and the use of this borrowing capacity were:

	Committed Capacity	Borrowed	Letters of Credit Issued	Unused Capacity
LKE Credit Facility with a subsidiary of PPL Energy Supply	$ 300			$ 300
LG&E Credit Facility	400			400
KU Credit Facilities	598		$ 198	400
Total Credit Facilities (a)	$ 1,298		$ 198	$ 1,100

(a) The commitments under LKE's domestic credit facilities are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than 10% of the total committed capacity; however, the PPL affiliate provides a commitment of approximately 23% of the total facilities listed above.

See Note 7 to the Financial Statements for further discussion of LKE's credit facilities and long-term debt securities.

LKE's long-term debt securities activity through June 30, 2012 was:

	Debt Issuances	Debt Retirement
Non-cash Exchanges (a)		
LKE Senior Unsecured Notes	$ 250	$ (250)

(a) In June 2012, LKE completed an exchange of all of its outstanding 4.375% Senior Notes due 2021 issued in September 2011 in a transaction not registered under the Securities Act of 1933, for similar securities that were issued in a transaction registered with the SEC.

See Note 7 to the Financial Statements for additional information about long-term debt securities.

Rating Agency Actions

Moody's, S&P and Fitch periodically review the credit ratings on the debt securities of LKE and its subsidiaries. Based on their respective independent reviews, the rating agencies may make certain ratings revisions or ratings affirmations.

A credit rating reflects an assessment by the rating agency of the creditworthiness associated with an issuer and particular securities that it issues. The credit ratings of LKE and its subsidiaries are based on information provided by LKE and other sources. The ratings of Moody's, S&P and Fitch are not a recommendation to buy, sell or hold any securities of LKE or its subsidiaries. Such ratings may be subject to revisions or withdrawal by the agencies at any time and should be evaluated independently of each other and any other rating that may be assigned to the securities. A downgrade in LKE's or its subsidiaries' credit ratings could result in higher borrowing costs and reduced access to capital markets.

As a result of the passage of the Dodd-Frank Act and the attendant uncertainties relating to the extent to which issuers of non-asset backed securities may disclose credit ratings without being required to obtain rating agency consent to the inclusion of such disclosure, or incorporation by reference of such disclosure, in a registrant's registration statement or section 10(a) prospectus, LKE is limiting its credit rating disclosure to a description of the actions taken by the rating agencies with respect to LKE's ratings, but without stating what ratings have been assigned to LKE or its subsidiaries, or their securities. The ratings assigned by the rating agencies to LKE and its subsidiaries and their respective securities may be found, without charge, on each of the respective rating agencies' websites, which ratings together with all other information contained on such rating agency websites is, hereby, explicitly not incorporated by reference in this report.

The rating agencies took the following actions related to LKE and its subsidiaries:

In February 2012, Fitch assigned ratings to the two newly established commercial paper programs for LG&E and KU.

In March 2012, Moody's affirmed the following ratings:

- the long-term ratings of the First Mortgage Bonds for LG&E and KU;
- the issuer ratings for LG&E and KU; and
- the bank loan ratings for LG&E and KU.

Also in March 2012, Moody's and S&P each assigned short-term ratings to the two newly established commercial paper programs for LG&E and KU.

In March and May 2012, Moody's, S&P and Fitch affirmed the long-term ratings for LG&E's 2003 Series A and 2007 Series B pollution control bonds.

Ratings Triggers

LKE and its subsidiaries have various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity, fuel, commodity transportation and storage and interest rate instruments, which contain provisions requiring LKE and its subsidiaries to post additional collateral, or permitting the counterparty to terminate the contract, if LKE's or its subsidiaries' credit ratings were to fall below investment grade. See Note 14 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral that would have been required for derivative contracts in a net liability position at June 30, 2012. At June 30, 2012, if LKE and its subsidiaries' credit ratings had been below investment grade, the maximum amount that LKE would have been required to post as additional collateral to counterparties was $100 million for both derivative and non-derivative commodity and commodity-related contracts used in its generation and marketing operations, gas supply and interest rate contracts.

Capital Expenditures

LKE has lowered its projected capital spending for 2012 by approximately $325 million from the previously disclosed $1.2 billion projection included in LKE's 2011 Form 10-K. The lower projected capital spending is due mainly to the terminated Bluegrass CTs acquisition discussed in Notes 6 and 8 to the Financial Statements and the status of environmental projects.

Risk Management

Market Risk

See Notes 13 and 14 to the Financial Statements for information about LKE's risk management objectives, valuation techniques and accounting designations.

The forward-looking information presented below provides estimates of what may occur in the future, assuming certain adverse market conditions and model assumptions. Actual future results may differ materially from those presented. These disclosures are not precise indicators of expected future losses, but only indicators of possible losses under normal market conditions at a given confidence level.

Commodity Price Risk

LG&E's and KU's rates are set by regulatory commissions and the fuel costs incurred are directly recoverable from customers. As a result, LG&E and KU are subject to commodity price risk for only a small portion of on-going business operations. LKE conducts energy trading and risk management activities to maximize the value of the physical assets at times when the assets are not required to serve LG&E's and KU's customers. See Note 14 to the Financial Statements for additional disclosures.

Interest Rate Risk

LKE and its subsidiaries issue debt to finance their operations, which exposes them to interest rate risk. LKE utilizes various financial derivative instruments to adjust the mix of fixed and floating interest rates in its debt portfolio when appropriate. Risk limits under LKE's risk management program are designed to balance risk, exposure to volatility in interest expense and changes in the fair value of LKE's debt portfolio due to changes in the absolute level of interest rates.

At June 30, 2012, LKE's potential annual exposure to increased interest expense, based on a 10% increase in interest rates, was not significant.

LKE is also exposed to changes in the fair value of its debt portfolio. LKE estimated that a 10% decrease in interest rates at June 30, 2012, would increase the fair value of its debt portfolio by $120 million.

At June 30, 2012, LKE had the following interest rate hedges outstanding:

	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates
Economic hedges			
Interest rate swaps (b)	$ 179	$ (63)	$ (3)

(a) Includes accrued interest.
(b) LKE utilizes various risk management instruments to reduce its exposure to the expected future cash flow variability of its debt instruments. These risks include exposure to adverse interest rate movements for outstanding variable rate debt and for future anticipated financing. While LKE is exposed to changes in the fair value of these instruments, any realized changes in the fair value of such economic hedges are recoverable through regulated rates and any subsequent changes in fair value of these derivatives are included in regulatory assets or liabilities. Sensitivities represent a 10% adverse movement in interest rates. The positions outstanding at June 30, 2012 mature through 2033.

Credit Risk

See Notes 13 and 14 to the Financial Statements in this Form 10-Q and "Risk Management - Energy Marketing & Trading and Other - Credit Risk" in PPL's and LKE's 2011 Form 10-K for additional information.

Related Party Transactions

LKE is not aware of any material ownership interest or operating responsibility by senior management of LKE, LG&E or KU in outside partnerships, including leasing transactions with variable interest entities, or other entities doing business with LKE. See Note 11 to the Financial Statements for additional information on related party transactions.

Environmental Matters

Protection of the environment is a major priority for LKE and a significant element of its business activities. Extensive federal, state and local environmental laws and regulations are applicable to LKE's air emissions, water discharges and the management of hazardous and solid waste, among other areas, and the costs of compliance or alleged non-compliance cannot be predicted with certainty but could be material. In addition, costs may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed from prior versions by the relevant agencies. Costs may take the form of increased capital or operating and maintenance expenses; monetary fines, penalties or forfeitures; or other restrictions. Many of these environmental law considerations are also applicable to the operations of key suppliers, or customers, such as coal producers, industrial power users, etc. and may impact the costs for their products or their demand for LKE's services. See "Item 1. Business - Environmental Matters" in LKE's 2011 Form 10-K and Note 10 to the Financial Statements for a discussion of environmental matters.

New Accounting Guidance

See Notes 2 and 18 to the Financial Statements for a discussion of new accounting guidance adopted and pending adoption.

Application of Critical Accounting Policies

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following accounting policies are particularly important to the financial condition or results of operations and require estimates or other judgments of matters inherently uncertain: revenue recognition - unbilled revenue, price risk management, defined benefits, asset impairment, loss accruals, AROs, income taxes, and regulatory assets and liabilities. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in LKE's 2011 Form 10-K for a discussion of each critical accounting policy.

LOUISVILLE GAS AND ELECTRIC COMPANY

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with LG&E's Condensed Financial Statements and the accompanying Notes and with LG&E's 2011 Form 10-K. Capitalized terms and abbreviations are defined in the glossary. Dollars are in millions, unless otherwise noted.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" includes the following information:

- "Overview" provides a description of LG&E and its business strategy, a summary of Net Income and a discussion of certain events related to LG&E's results of operations and financial condition.

- "Results of Operations" provides a summary of LG&E's earnings and a description of factors expected to impact future earnings. This section ends with explanations of significant changes in principal items on LG&E's Statements of Income, comparing the three and six months ended three and six months ended June 30, 2012 with the same periods in 2011.

- "Financial Condition - Liquidity and Capital Resources" provides an analysis of LG&E's liquidity position and credit profile. This section also includes a discussion of rating agency actions.

- "Financial Condition - Risk Management" provides an explanation of LG&E's risk management programs relating to market and credit risk.

Overview

Introduction

LG&E, headquartered in Louisville, Kentucky, is a regulated utility engaged in the generation, transmission, distribution and sale of electricity and the distribution and sale of natural gas in Kentucky.

Business Strategy

LG&E's overall strategy is to provide reliable, safe and competitively priced energy to its customers.

A key objective for LG&E is to maintain a strong credit profile through managing financing costs and access to credit markets. LG&E continually focuses on maintaining an appropriate capital structure and liquidity position.

Financial and Operational Developments

Net Income

Net Income for the three and six months ended June 30, 2012 was $26 million and $51 million compared to $20 million and $59 million for the same periods in 2011 representing a 30% increase and a 14% decrease over the same periods in 2011.

See "Results of Operations" for a discussion and analysis of LG&E's earnings.

Terminated Bluegrass CTs Acquisition

In September 2011, LG&E and KU entered into an asset purchase agreement with Bluegrass Generation for the purchase of the Bluegrass CTs, aggregating approximately 495 MW, plus limited associated contractual arrangements required for operation of the units, for a purchase price of $110 million, pending receipt of applicable regulatory approvals. In May 2012, the KPSC issued an order approving the request to purchase the Bluegrass CTs. Also in May 2012, the FERC issued an order conditionally authorizing the acquisition of the Bluegrass CTs, subject to approval by the FERC of satisfactory mitigation measures to address market-power concerns. After a review of potentially available mitigation options, LG&E and KU determined that the options were not commercially justifiable. In June 2012, LG&E and KU terminated the asset purchase agreement for the Bluegrass CTs in accordance with its terms and made applicable filings with

the KPSC and FERC. LG&E and KU are currently assessing the impact of the Bluegrass contract termination and potential future generation capacity options.

NGCC Construction

In September 2011, LG&E and KU filed a CPCN with the KPSC requesting approval to build a 640 MW NGCC at the existing Cane Run plant site in Kentucky. In May 2012, the KPSC issued an order approving the request. Subject to finalizing contracting agreements and permitting activities, construction is expected to begin in 2012 and be completed during 2015. The project, which includes building a natural gas supply pipeline and related transmission projects, has an estimated cost of approximately $600 million ($130 million for LG&E and up to $470 million for KU).

In conjunction with this construction and to meet new, stricter federal EPA regulations with a 2015 compliance date, LG&E and KU anticipate retiring six older coal-fired electric generating units at the Cane Run, Green River and Tyrone plants, which have a combined summer capacity rating of 797 MW. The Cane Run and Green River coal units are anticipated to remain operational until the NGCC generation and associated transmission project is completed.

Commercial Paper

In February 2012, LG&E established a commercial paper program for up to $250 million to provide an additional financing source to fund its short-term liquidity needs. Commercial paper issuances will be supported by LG&E's Syndicated Credit Facility. LG&E had no commercial paper outstanding at June 30, 2012.

Results of Operations

The following discussion provides a summary of LG&E's earnings and a description of factors that management expects may impact future earnings. This section ends with "Statement of Income Analysis," which includes explanations of significant changes in principal items on LG&E's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.

The results for interim periods can be disproportionately influenced by numerous factors and developments and by seasonal variations. As such, the results of operations for interim periods do not necessarily indicate results or trends for the year or for future periods.

Earnings

Net Income for the periods ended June 30 was:

	Three Months		Six Months	
	2012	2011	2012	2011
Net Income	$ 26	$ 20	$ 51	$ 59

The changes in the components of Net Income between these periods were due to the following factors, which reflect reclassification for items included in margins.

	Three Months	Six Months
Margin	$ 8	$ (3)
Other operation and maintenance	2	(7)
Depreciation	(1)	(3)
Taxes, other than income	(1)	(2)
Other Income (Expense) - net	(2)	
Interest Expense	2	2
Income Taxes	(2)	5
Total	$ 6	$ (8)

- See "Statement of Income Analysis - Margins - Changes in Non-GAAP Financial Measures" for an explanation of margins.
- Higher other operation and maintenance for the six-month period, due to $7 million of higher steam maintenance costs primarily resulting from an increased scope of scheduled plant outages.

Outlook

LG&E projects lower earnings in 2012 compared with 2011, as margin increases are not expected to offset operating expense increases, including depreciation. Actual results will be dependent on the effects of the economy and the impact of weather on retail sales among other variables.

In June 2012, LG&E filed a request with the KPSC for an increase in annual base electric rates of approximately $62 million and an increase in annual base gas rates of approximately $17 million. The proposed request would result in a 6.9% increase in the base electric rates and a 7.0% increase in the base gas rates, and would be effective in January 2013. LG&E's application includes a request for authorized return-on-equity of 11%. A hearing on these matters is expected to be scheduled during the fourth quarter of 2012. LG&E cannot predict the outcome of this proceeding.

Earnings in 2012 are subject to various risks and uncertainties. See "Forward-Looking Information," the rest of this Item 2, Notes 6 and 10 to the Financial Statements in this Form 10-Q and "Item 1. Business" and "Item 1A. Risk Factors" in LG&E's 2011 Form 10-K for a discussion of the risks, uncertainties and factors that may impact future earnings.

Statement of Income Analysis --

Margins

Non-GAAP Financial Measure

The following discussion includes financial information prepared in accordance with GAAP, as well as a non-GAAP financial measure, "Margins." Margins is not intended to replace "Operating Income," which is determined in accordance with GAAP as an indicator of overall operating performance. Other companies may use different measures to analyze and to report on the results of their operations. Margins is a single financial performance measure of LG&E's operations. In calculating this measure, utility revenues and expenses associated with approved cost recovery tracking mechanisms are offset. These mechanisms allow for recovery of certain expenses, returns on capital investments associated with environmental regulations and performance incentives. Certain costs associated with these mechanisms, primarily ECR and DSM, are recorded as "Other operation and maintenance" and "Depreciation". As a result, this measure represents the net revenues from LG&E's operations. This performance measure is used, in conjunction with other information, internally by senior management to manage operations and analyze actual results compared to budget.

Reconciliation of Non-GAAP Financial Measures

The following tables reconcile "Operating Income" to "Margins" as defined by LG&E for the periods ended June 30.

	2012 Three Months			2011 Three Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 304		$ 304	$ 297		$ 297
Operating Expenses						
Fuel	92		92	82		82
Energy purchases	25		25	39		39
Other operation and maintenance	11	$ 81	92	8	$ 83	91
Depreciation	1	37	38	1	36	37
Taxes, other than income		6	6		5	5
Total Operating Expenses	129	124	253	130	124	254
Total	$ 175	$ (124)	$ 51	$ 167	$ (124)	$ 43

	2012 Six Months			2011 Six Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 657		$ 657	$ 695		$ 695
Operating Expenses						
Fuel	181		181	167		167
Energy purchases	98		98	149		149
Other operation and maintenance	21	$ 169	190	19	$ 162	181
Depreciation	1	75	76	1	72	73
Taxes, other than income		11	11		9	9
Total Operating Expenses	301	255	556	336	243	579
Total	$ 356	$ (255)	$ 101	$ 359	$ (243)	$ 116

(a) Represents amounts excluded from Margins.
(b) *As reported on the Statement of Income.*

Changes in Non-GAAP Financial Measures

Margins increased by $8 million and decreased by $3 million during the three and six months ended June 30, 2012, compared with the same periods in 2011. The positive impact during the three-month period primarily resulted from $8 million of higher retail margins, as volumes were impacted by increases in production levels at some of LG&E's larger industrial customers and warmer weather during the three months ended June 30, 2012. Total cooling degree days increased by 14% compared to the same period in 2011. The negative impact during the six-month period primarily resulted from $3 million of lower wholesale margins, as volumes were impacted by lower market prices.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance expense for the periods ended June 30, 2012, compared with 2011, was due to:

	Three Months	Six Months
Steam maintenance (a)	$ (2)	$ 7
Other	3	2
Total	$ 1	$ 9

(a) Higher steam maintenance costs of $7 million for the six-month period due to an increased scope of scheduled outages.

Income Taxes

The increase (decrease) in income taxes for the periods ended June 30, 2012, compared with 2011, was due to:

	Three Months	Six Months
Higher (lower) pre-tax book income	$ 3	$ (5)
Other	(1)	
Total	$ 2	$ (5)

See Note 5 to the Financial Statements for additional information on income taxes.

Financial Condition

Liquidity and Capital Resources

LG&E had the following at:

	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 25	$ 25

LG&E's cash and cash equivalents position was primarily the net result of:

- cash provided by operating activities of $160 million, partially offset by
- capital expenditures of $120 million;
- the payment of $31 million of common stock dividends; and
- notes receivable from affiliates of $6 million.

LG&E's cash provided by operating activities decreased by $17 million for the six months ended June 30, 2012, compared with 2011, primarily due to:

- a net increase in cash outflows related to working capital, excluding fuel, materials and supplies, of $37 million due to the timing of cash receipts and payments, including an $8 million increase in accounts payable invoices paid on behalf of KU and an $8 million increase in tax settlements with LKE;
- a decrease in coal consumption resulting from lower coal-fired generation due to the mild winter weather and an increase in combustion turbine generation that led to an increase of $30 million in coal inventory, along with an increase in price per ton of coal in comparison to 2011; and

- a decrease in net income of $8 million due to unseasonably mild weather during the first four months of 2012, lower off-system sales and higher operation and maintenance expenses, adjusted for non-cash effects of $4 million (defined benefit plans - expense of $2 million and other noncash items of $6 million, partially offset by depreciation of $3 million and deferred income taxes and investment tax credits of $1 million); partially offset by
- a decrease in cash outflows of $42 million due to a reduction in discretionary defined benefit plan contributions and
- a decrease in cash outflows related to accrued taxes of $15 million primarily due to the timing of property tax payments.

LG&E's cash used in investing activities increased by $208 million for the six months ended June 30, 2012, compared with 2011, primarily due to proceeds from the sale of other investments of $163 million in 2011 and an increase in capital expenditures of $41 million as a result of increased environmental spending, primarily related to landfills, and infrastructure improvements at generation, distribution, transmission and gas storage facilities.

LG&E's cash used in financing activities decreased by $186 million for the six months ended June 30, 2012, compared with 2011, primarily due to a repayment on a revolving line of credit of $163 million and a net decrease in notes payable with affiliates of $12 million in 2011, along with lower common stock dividends paid to LKE of $11 million in 2012.

Credit Facilities

At June 30, 2012, LG&E's committed borrowing capacity under its credit facilities and the use of this borrowing capacity were:

	Committed Capacity	Borrowed	Letters of Credit Issued	Unused Capacity
Syndicated Credit Facility (a)	$ 400			$ 400

(a) The commitments under LG&E's Syndicated Credit Facility are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than 6% of the total committed capacity available to LG&E.

LG&E participates in an intercompany money pool agreement whereby LKE and/or KU make available to LG&E funds up to $500 million at an interest rate based on a market index of commercial paper issues. At June 30, 2012 and December 31, 2011, there was no balance outstanding.

See Note 7 to the Financial Statements for further discussion of LG&E's credit facilities.

Rating Agency Actions

Moody's, S&P and Fitch periodically review the credit ratings on the debt securities of LG&E. Based on their respective independent reviews, the rating agencies may make certain ratings revisions or ratings affirmations.

A credit rating reflects an assessment by the rating agency of the creditworthiness associated with an issuer and particular securities that it issues. The credit ratings of LG&E are based on information provided by LG&E and other sources. The ratings of Moody's, S&P and Fitch are not a recommendation to buy, sell or hold any securities of LG&E. Such ratings may be subject to revisions or withdrawal by the agencies at any time and should be evaluated independently of each other and any other rating that may be assigned to the securities. A downgrade in LG&E's credit ratings could result in higher borrowing costs and reduced access to capital markets.

As a result of the passage of the Dodd-Frank Act and the attendant uncertainties relating to the extent to which issuers of non-asset backed securities may disclose credit ratings without being required to obtain rating agency consent to the inclusion of such disclosure, or incorporation by reference of such disclosure, in a registrant's registration statement or section 10(a) prospectus, LG&E is limiting its credit rating disclosure to a description of the actions taken by the rating agencies with respect to LG&E's ratings, but without stating what ratings have been assigned to LG&E's securities. The ratings assigned by the rating agencies to LG&E and its securities may be found, without charge, on each of the respective rating agencies' websites, which ratings together with all other information contained on such rating agency websites is, hereby, explicitly not incorporated by reference in this report.

The rating agencies took the following actions related to LG&E:

In February 2012, Fitch assigned ratings to LG&E's newly established commercial paper program.

In March 2012, Moody's affirmed the following ratings:
- the long-term ratings of the First Mortgage Bonds for LG&E;

- the issuer ratings for LG&E; and
- the bank loan ratings for LG&E.

Also in March 2012, Moody's and S&P each assigned short-term ratings to LG&E's newly established commercial paper programs.

In March and May 2012, Moody's, S&P and Fitch affirmed the long-term ratings for LG&E's 2003 Series A and 2007 Series B pollution control bonds.

Ratings Triggers

LG&E has various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity, fuel, commodity transportation and storage and interest rate instruments, which contain provisions requiring LG&E to post additional collateral, or permitting the counterparty to terminate the contract, if LG&E's credit rating were to fall below investment grade. See Note 14 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral that would have been required for derivative contracts in a net liability position at June 30, 2012. At June 30, 2012, if LG&E's credit ratings had been below investment grade, the maximum amount that LG&E would have been required to post as additional collateral to counterparties was $79 million for both derivative and non-derivative commodity and commodity-related contracts used in its generation and marketing operations, gas supply and interest rate contracts.

Capital Expenditures

LG&E has lowered its projected capital spending for 2012 by approximately $215 million from the previously disclosed $554 million projection included in LG&E's 2011 Form 10-K. The lower projected capital spending is due mainly to the terminated Bluegrass CTs acquisition discussed in Notes 6 and 8 to the Financial Statements and the status of environmental projects.

Risk Management

Market Risk

See Notes 13 and 14 to the Financial Statements for information about LG&E's risk management objectives, valuation techniques and accounting designations.

The forward-looking information presented below provides estimates of what may occur in the future, assuming certain adverse market conditions and model assumptions. Actual future results may differ materially from those presented. These disclosures are not precise indicators of expected future losses, but only indicators of possible losses under normal market conditions at a given confidence level.

Commodity Price Risk

LG&E's rates are set by a regulatory commission and the fuel costs incurred are directly recoverable from customers. As a result, LG&E is subject to commodity price risk for only a small portion of on-going business operations. LG&E conducts energy trading and risk management activities to maximize the value of the physical assets at times when the assets are not required to serve LG&E's or KU's customers. See Note 14 to the Financial Statements for additional disclosures.

Interest Rate Risk

LG&E issues debt to finance its operations, which exposes it to interest rate risk. LG&E utilizes various financial derivative instruments to adjust the mix of fixed and floating interest rates in its debt portfolio when appropriate. Risk limits under LG&E's risk management program are designed to balance risk, exposure to volatility in interest expense and changes in the fair value of LG&E's debt portfolio due to changes in the absolute level of interest rates.

At June 30, 2012, LG&E's potential annual exposure to increased interest expense, based on a 10% increase in interest rates, was not significant.

LG&E is also exposed to changes in the fair value of its debt portfolio. LG&E estimated that a 10% decrease in interest rates at June 30, 2012, would increase the fair value of its debt portfolio by $28 million.

At June 30, 2012, LG&E had the following interest rate hedges outstanding:

	Exposure Hedged	Fair Value, Net - Asset (Liability) (a)	Effect of a 10% Adverse Movement in Rates
Economic hedges			
Interest rate swaps (b)	$ 179	$ (63)	$ (3)

(a) Includes accrued interest.
(b) LG&E utilizes various risk management instruments to reduce its exposure to the expected future cash flow variability of its debt instruments. These risks include exposure to adverse interest rate movements for outstanding variable rate debt and for future anticipated financing. While LG&E is exposed to changes in the fair value of these instruments, any realized changes in the fair value of such economic hedges are recoverable through regulated rates and any subsequent changes in fair value of these derivatives are included in regulatory assets or liabilities. Sensitivities represent a 10% adverse movement in interest rates. The positions outstanding at June 30, 2012 mature through 2033.

Credit Risk

See Notes 13 and 14 to the Financial Statements in this Form 10-Q and "Risk Management - Energy Marketing & Trading and Other - Credit Risk" in PPL's and LG&E's 2011 Form 10-K for additional information.

Related Party Transactions

LG&E is not aware of any material ownership interest or operating responsibility by senior management of LG&E in outside partnerships, including leasing transactions with variable interest entities, or other entities doing business with LG&E. See Note 11 to the Financial Statements for additional information on related party transactions.

Environmental Matters

Protection of the environment is a major priority for LG&E and a significant element of its business activities. Extensive federal, state and local environmental laws and regulations are applicable to LG&E's air emissions, water discharges and the management of hazardous and solid waste, among other areas, and the costs of compliance or alleged non-compliance cannot be predicted with certainty but could be material. In addition, costs may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed from prior versions by the relevant agencies. Costs may take the form of increased capital or operating and maintenance expenses; monetary fines, penalties or forfeitures; or other restrictions. Many of these environmental law considerations are also applicable to the operations of key suppliers, or customers, such as coal producers, industrial power users, etc. and may impact the costs for their products or their demand for LG&E's services. See "Item 1. Business - Environmental Matters" in LG&E's 2011 Form 10-K and Note 10 to the Financial Statements for a discussion of environmental matters.

New Accounting Guidance

See Notes 2 and 18 to the Financial Statements for a discussion of new accounting guidance adopted and pending adoption.

Application of Critical Accounting Policies

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following accounting policies are particularly important to the financial condition or results of operations and require estimates or other judgments of matters inherently uncertain: revenue recognition - unbilled revenue, price risk management, defined benefits, asset impairment, loss accruals, AROs, income taxes, and regulatory assets and liabilities. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in LG&E's 2011 Form 10-K for a discussion of each critical accounting policy.

KENTUCKY UTILITIES COMPANY

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with KU's Condensed Financial Statements and the accompanying Notes and with KU's 2011 Form 10-K. Capitalized terms and abbreviations are defined in the glossary. Dollars are in millions, unless otherwise noted.

"Management's Discussion and Analysis of Financial Condition and Results of Operations" includes the following information:

- "Overview" provides a description of KU and its business strategy, a summary of Net Income and a discussion of certain events related to KU's results of operations and financial condition.

- "Results of Operations" provides a summary of KU's earnings and a description of factors expected to impact future earnings. This section ends with explanations of significant changes in principal items on KU's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.

- "Financial Condition - Liquidity and Capital Resources" provides an analysis of KU's liquidity position and credit profile. This section also includes a discussion of rating agency actions.

- "Financial Condition - Risk Management" provides an explanation of KU's risk management programs relating to market and credit risk.

Overview

Introduction

KU, headquartered in Lexington, Kentucky, is a regulated utility engaged in the generation, transmission, distribution and sale of electricity, in Kentucky, Virginia and Tennessee.

Business Strategy

KU's overall strategy is to provide reliable, safe and competitively priced energy to its customers.

A key objective for KU is to maintain a strong credit profile through managing financing costs and access to credit markets. KU continually focuses on maintaining an appropriate capital structure and liquidity position.

Financial and Operational Developments

Net Income

Net Income for the three and six months ended June 30, 2012 was $30 million and $68 million compared to $30 million and $88 million for the same periods in 2011 representing a 23% decrease for the six-month period.

See "Results of Operations" for a discussion and analysis of KU's earnings.

Terminated Bluegrass CTs Acquisition

In September 2011, KU and LG&E entered into an asset purchase agreement with Bluegrass Generation for the purchase of the Bluegrass CTs, aggregating approximately 495 MW, plus limited associated contractual arrangements required for operation of the units, for a purchase price of $110 million, pending receipt of applicable regulatory approvals. In May 2012, the KPSC issued an order approving the request to purchase the Bluegrass CTs. Also in May 2012, the FERC issued an order conditionally authorizing the acquisition of the Bluegrass CTs, subject to approval by the FERC of satisfactory mitigation measures to address market-power concerns. After a review of potentially available mitigation options, KU and LG&E determined that the options were not commercially justifiable. In June 2012, KU and LG&E terminated the asset purchase agreement for the Bluegrass CTs in accordance with its terms and made applicable filings with the KPSC and FERC. KU and LG&E are currently assessing the impact of the Bluegrass contract termination and potential future generation capacity options.

NGCC Construction

In September 2011, KU and LG&E filed a CPCN with the KPSC requesting approval to build a 640 MW NGCC at the existing Cane Run plant site in Kentucky. In May 2012, the KPSC issued an order approving the request. Subject to finalizing contracting agreements and permitting activities, construction is expected to begin in 2012 and be completed during 2015. The project, which includes building a natural gas supply pipeline and related transmission projects, has an estimated cost of approximately $600 million ($470 million for KU and up to $130 million for LG&E).

In conjunction with this construction and to meet new, stricter federal EPA regulations with a 2015 compliance date, KU and LG&E anticipate retiring six older coal-fired electric generating units at the Cane Run, Green River and Tyrone plants, which have a combined summer capacity rating of 797 MW. The Cane Run and Green River coal units are anticipated to remain operational until the NGCC generation and associated transmission project is completed.

Commercial Paper

In February 2012, KU established a commercial paper program for up to $250 million to provide an additional financing source to fund its short-term liquidity needs. Commercial paper issuances will be supported by KU's Syndicated Credit Facility. KU had no commercial paper outstanding at June 30, 2012.

Results of Operations

The following discussion provides a summary of KU's earnings and a description of factors that management expects may impact future earnings. This section ends with "Statement of Income Analysis," which includes explanations of significant changes in principal items on KU's Statements of Income, comparing the three and six months ended June 30, 2012 with the same periods in 2011.

The results for interim periods can be disproportionately influenced by numerous factors and developments and by seasonal variations. As such, the results of operations for interim periods do not necessarily indicate results or trends for the year or future periods.

Earnings

Net Income for the periods ended June 30 was:

	Three Months		Six Months	
	2012	2011	2012	2011
Net Income	$ 30	$ 30	$ 68	$ 88

The changes in the components of Net Income between these periods were due to the following factors, which reflect reclassifications for items included in margins.

	Three Months	Six Months
Margin	$ 5	$ (12)
Other operation and maintenance	2	(6)
Depreciation	(1)	(3)
Taxes, other than income	(2)	(3)
Other	1	1
Other Income (Expense) - net	(5)	(7)
Income Taxes		10
Total	$	$ (20)

- See "Statement of Income Analysis - Margins - Changes in Non-GAAP Financial Measures" for an explanation of margins.
- Higher other operation and maintenance for the six-month period primarily due to a $6 million credit recorded in 2011 to establish a regulatory asset related to 2009 storm costs.
- Higher other income (expense) - net for the three and six-month periods primarily due to equity losses from an unconsolidated affiliate.

- Lower income taxes for the six-month period primarily due to the change in pre-tax income.

Outlook

KU projects lower earnings in 2012 compared with 2011, as margin increases are not expected to offset operating expense increases, including depreciation. Actual results will be dependent on the effects of the economy and the impact of weather on retail sales among other variables.

In June 2012, KU filed a request with the KPSC for an increase in annual base electric rates of approximately $82 million. The proposed base electric rate increase would result in a 6.5% increase over KU's present rate and would be effective in January 2013. KU's application includes a request for authorized return-on-equity of 11%. A hearing on these matters is expected to be scheduled during the fourth quarter of 2012. KU cannot predict the outcome of this proceeding.

Earnings in 2012 are subject to various risks and uncertainties. See "Forward-Looking Information," the rest of this Item 2, Notes 6 and 10 to the Financial Statements in this Form 10-Q and "Item 1. Business" and "Item 1A. Risk Factors" in KU's 2011 Form 10-K for a discussion of the risks, uncertainties and factors that may impact future earnings.

Statement of Income Analysis --

Margins

Non-GAAP Financial Measure

The following discussion includes financial information prepared in accordance with GAAP, as well as a non-GAAP financial measure, "Margins." Margins is not intended to replace "Operating Income," which is determined in accordance with GAAP as an indicator of overall operating performance. Other companies may use different measures to analyze and to report on the results of their operations. Margins is a single financial performance measure of KU's operations. In calculating this measure, utility revenues and expenses associated with approved cost recovery tracking mechanisms are offset. These mechanisms allow for recovery of certain expenses, returns on capital investments associated with environmental regulations and performance incentives. Certain costs associated with these mechanisms, primarily ECR and DSM, are recorded as "Other operation and maintenance" and "Depreciation". As a result, this measure represents the net revenues from KU's operations. This performance measure is used, in conjunction with other information, internally by senior management to manage operations and analyze actual results compared to budget.

Reconciliation of Non-GAAP Financial Measures

The following tables reconcile "Operating Income" to "Margins" as defined by KU for the periods ended June 30.

	2012 Three Months			2011 Three Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 374		$ 374	$ 366	$ (1)	$ 365
Operating Expenses						
Fuel	123		123	124		124
Energy purchases	29		29	25		25
Other operation and maintenance	12	$ 86	98	12	88	100
Depreciation	12	36	48	12	35	47
Taxes, other than income		6	6		4	4
Total Operating Expenses	176	128	304	173	127	300
Total	$ 198	$ (128)	$ 70	$ 193	$ (128)	$ 65

	2012 Six Months			2011 Six Months		
	Margins	Other (a)	Operating Income (b)	Margins	Other (a)	Operating Income (b)
Operating Revenues	$ 754		$ 754	$ 771		$ 771
Operating Expenses						
Fuel	247		247	254		254
Energy purchases	58		58	60		60
Other operation and maintenance	25	$ 168	193	22	$ 162	184
Depreciation	24	72	96	23	69	92
Taxes, other than income		12	12		9	9
Total Operating Expenses	354	252	606	359	240	599
Total	$ 400	$ (252)	$ 148	$ 412	$ (240)	$ 172

(a) Represents amounts excluded from Margins.
(b) As reported on the Statement of Income.

Changes in Non-GAAP Financial Measures

Margins increased by $5 million and decreased by $12 million during the three and six months ended June 30, 2012, compared with the same periods in 2011. The positive impact during the three-month period primarily resulted from $4 million of higher retail margins, as volumes were impacted by increases in production levels at some of KU's larger industrial customers and warmer weather during the three months ended June 30, 2012. Total cooling degree days increased 2% compared to the same period in 2011. The negative impact during the six-month period primarily resulted from $12 million of lower retail margins, as volumes were impacted by unseasonably mild weather during the first four months of 2012. Total heating degree days decreased 21% compared to the same period in 2011.

Other Operation and Maintenance

The increase (decrease) in other operation and maintenance expense for the periods ended June 30, 2012, compared with 2011, was due to:

	Three Months	Six Months
Distribution maintenance (a)		$ 7
Other	$ (2)	2
Total	$ (2)	$ 9

(a) Higher distribution maintenance primarily due to a $6 million credit to establish a regulatory asset that was recorded in the first quarter of 2011 related to 2009 storm costs.

Other Income (Expense) - net

The increase (decrease) in Other Income (Expense) for the periods ended June 30, 2012, compared with 2011, was due to:

	Three Months	Six Months
Equity losses from an unconsolidated affiliate	$ (4)	$ (6)
Other	(1)	(1)
Total	$ (5)	$ (7)

Income Taxes

Income taxes decreased by $10 million for the six months ended June 30, 2012, compared with 2011, primarily due to the change in pre-tax income.

See Note 5 to the Financial Statements for additional information on income taxes.

Financial Condition

Liquidity and Capital Resources

KU had the following at:

	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 3	$ 31

The $28 million decrease in KU's cash and cash equivalents position was the net result of:

- capital expenditures of $203 million and
- the payment of $48 million of common stock dividends, partially offset by
- cash provided by operating activities of $217 million and
- notes payable with affiliates of $6 million.

KU's cash provided by operating activities increased by $32 million for the six months ended June 30, 2012, compared with 2011, primarily due to a decrease in cash outflows of $27 million due to a reduction in discretionary defined benefit plan contributions.

KU's cash used in investing activities increased by $102 million for the six months ended June 30, 2012, compared with 2011, due to an increase in capital expenditures of $102 million as a result of increased environmental spending, primarily related to landfills, and infrastructure improvements at generation, distribution and transmission facilities.

KU's cash used in financing activities decreased by $38 million for the six months ended June 30, 2012, compared with 2011, primarily due to lower common stock dividends paid to LKE of $20 million in 2012 and a higher notes payable with affiliates.

Credit Facilities

At June 30, 2012, KU's committed borrowing capacity under its credit facilities and the use of this borrowing capacity were:

	Committed Capacity	Borrowed	Letters of Credit Issued	Unused Capacity
Syndicated Credit Facility	$ 400			$ 400
Letter of Credit Facility	198		$ 198	
Total Credit Facilities (a)	$ 598		$ 198	$ 400

(a) The commitments under KU's credit facilities are provided by a diverse bank group, with no one bank and its affiliates providing an aggregate commitment of more than 19% of the total committed capacity available to KU.

KU participates in an intercompany money pool agreement whereby LKE and/or LG&E make available to KU funds up to $500 million at an interest rate based on a market index of commercial paper issues. At June 30, 2012, KU owed $6 million and at December 31, 2011, there was no balance outstanding.

See Notes 7 and 11 to the Financial Statements for further discussion of KU's credit facilities.

Rating Agency Actions

Moody's, S&P and Fitch periodically review the credit ratings on the debt securities of KU. Based on their respective independent reviews, the rating agencies may make certain ratings revisions or ratings affirmations.

A credit rating reflects an assessment by the rating agency of the creditworthiness associated with an issuer and particular securities that it issues. The credit ratings of KU are based on information provided by KU and other sources. The ratings of Moody's, S&P and Fitch are not a recommendation to buy, sell or hold any securities of KU. Such ratings may be subject to revisions or withdrawal by the agencies at any time and should be evaluated independently of each other and any other rating that may be assigned to the securities. A downgrade in KU's credit ratings could result in higher borrowing costs and reduced access to capital markets.

As a result of the passage of the Dodd-Frank Act and the attendant uncertainties relating to the extent to which issuers of non-asset backed securities may disclose credit ratings without being required to obtain rating agency consent to the inclusion of such disclosure, or incorporation by reference of such disclosure, in a registrant's registration statement or section 10(a) prospectus, KU is limiting its credit rating disclosure to a description of the actions taken by the rating agencies with respect to KU's ratings, but without stating what ratings have been assigned to KU's securities. The ratings assigned by the rating agencies to KU and its securities may be found, without charge, on each of the respective rating agencies' websites, which ratings together with all other information contained on such rating agency websites is, hereby, explicitly not incorporated by reference in this report.

The rating agencies took the following actions related to KU:

In February 2012, Fitch assigned ratings to KU's newly established commercial paper program.

In March 2012, Moody's affirmed the following ratings:

- the long-term ratings of the First Mortgage Bonds for KU;
- the issuer ratings for KU; and
- the bank loan ratings for KU.

Also in March 2012, Moody's and S&P each assigned short-term ratings to KU's newly established commercial paper programs.

Ratings Triggers

KU has various derivative and non-derivative contracts, including contracts for the sale and purchase of electricity, fuel, and commodity transportation and storage, which contain provisions requiring KU to post additional collateral, or permitting the counterparty to terminate the contract, if KU's credit rating were to fall below investment grade. See Note 14 to the Financial Statements for a discussion of "Credit Risk-Related Contingent Features," including a discussion of the potential additional collateral that would have been required for derivative contracts in a net liability position at June 30, 2012. At June 30, 2012, if KU's credit ratings had been below investment grade, the maximum amount that KU would have been required to post as additional collateral to counterparties was $21 million for both derivative and non-derivative commodity and commodity-related contracts used in its generation and marketing operations.

Capital Expenditures

KU has lowered its projected capital spending for 2012 by approximately $110 million from the previously disclosed $656 million projection included in KU's 2011 Form 10-K. The lower projected capital spending is due mainly to the terminated Bluegrass CTs acquisition discussed in Notes 6 and 8 to the Financial Statements and the status of environmental projects.

Risk Management

Market Risk

See Notes 13 and 14 to the Financial Statements for information about KU's risk management objectives, valuation techniques and accounting designations.

The forward-looking information presented below provides estimates of what may occur in the future, assuming certain adverse market conditions and model assumptions. Actual future results may differ materially from those presented. These disclosures are not precise indicators of expected future losses, but only indicators of possible losses under normal market conditions at a given confidence level.

Commodity Price Risk

KU's rates are set by regulatory commissions and the fuel costs incurred are directly recoverable from customers. As a result, KU is subject to commodity price risk for only a small portion of on-going business operations. KU conducts energy trading and risk management activities to maximize the value of the physical assets at times when the assets are not required to serve KU's or LG&E's customers. See Note 14 to the Financial Statements for additional disclosures.

Interest Rate Risk

KU issues debt to finance its operations, which exposes it to interest rate risk. At June 30, 2012, KU's potential annual exposure to increased interest expense, based on a 10% increase in interest rates, was not significant.

KU is also exposed to changes in the fair value of its debt portfolio. KU estimated that a 10% decrease in interest rates at June 30, 2012, would increase the fair value of its debt portfolio by $71 million.

Credit Risk

See Notes 13 and 14 to the Financial Statements in this Form 10-Q and "Risk Management - Energy Marketing & Trading and Other - Credit Risk" in PPL's and KU's 2011 Form 10-K for additional information.

Related Party Transactions

KU is not aware of any material ownership interest or operating responsibility by senior management of KU in outside partnerships, including leasing transactions with variable interest entities, or other entities doing business with KU. See Note 11 to the Financial Statements for additional information on related party transactions.

Environmental Matters

Protection of the environment is a major priority for KU and a significant element of its business activities. Extensive federal, state and local environmental laws and regulations are applicable to KU's air emissions, water discharges and the management of hazardous and solid waste, among other areas, and the costs of compliance or alleged non-compliance cannot be predicted with certainty but could be material. In addition, costs may increase significantly if the requirements or scope of environmental laws or regulations, or similar rules, are expanded or changed from prior versions by the relevant agencies. Costs may take the form of increased capital or operating and maintenance expenses; monetary fines, penalties or forfeitures; or other restrictions. Many of these environmental law considerations are also applicable to the operations of key suppliers, or customers, such as coal producers, industrial power users, etc. and may impact the costs for their products or their demand for KU's services. See "Item 1. Business - Environmental Matters" in KU's 2011 Form 10-K and Note 10 to the Financial Statements for a discussion of environmental matters.

New Accounting Guidance

See Notes 2 and 18 to the Financial Statements for a discussion of new accounting guidance adopted and pending adoption.

Application of Critical Accounting Policies

Financial condition and results of operations are impacted by the methods, assumptions and estimates used in the application of critical accounting policies. The following accounting policies are particularly important to the financial condition or results of operations and require estimates or other judgments of matters inherently uncertain: revenue recognition - unbilled revenue, price risk management, defined benefits, asset impairment, loss accruals, AROs, income taxes, and regulatory assets and liabilities. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in KU's 2011 Form 10-K for a discussion of each critical accounting policy.

PPL Corporation
PPL Energy Supply, LLC
PPL Electric Utilities Corporation
LG&E and KU Energy LLC
Louisville Gas and Electric Company
Kentucky Utilities Company

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to "Risk Management" in each Registrant's "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company

The registrants' principal executive officers and principal financial officers, based on their evaluation of the registrants' disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934) have concluded that, as of June 30, 2012, the registrants' disclosure controls and procedures are effective to ensure that material information relating to the registrants and their consolidated subsidiaries is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, particularly during the period for which this quarterly report has been prepared. The aforementioned principal officers have concluded that the disclosure controls and procedures are also effective to ensure that information required to be disclosed in reports filed under the Exchange Act is accumulated and communicated to management, including the principal executive and principal financial officers, to allow for timely decisions regarding required disclosure.

(b) Change in internal controls over financial reporting.

PPL Corporation

The registrant's principal executive officer and principal financial officer have concluded that there were no changes in the registrant's internal control over financial reporting during the registrant's second fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

As reported in the 2011 Form 10-K, PPL's principal executive officer and principal financial officer concluded that a systems migration related to the WPD Midlands acquisition created a material change to its internal control over financial reporting. Specifically, on December 1, 2011, the use of legacy information technology systems at WPD Midlands was discontinued and the related data, processes and internal controls were migrated to the systems, processes and controls currently in place at PPL WW.

Risks related to the system migration were partially mitigated by PPL's expanded internal control over financial reporting that were implemented subsequent to the acquisition and PPL's existing policy of consolidating foreign subsidiaries on a one-month lag, which provided management additional time for review and analysis of WPD Midlands' results and their incorporation into PPL's consolidated financial statements.

PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company

The registrants' principal executive officers and principal financial officers have concluded that there were no changes in the registrants' internal control over financial reporting during the registrants' second fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrants' internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For additional information regarding various pending administrative and judicial proceedings involving regulatory, environmental and other matters, which information is incorporated by reference into this Part II, see:

- "Item 3. Legal Proceedings" in each Registrant's 2011 Form 10-K; and
- Notes 5, 6 and 10 to the Financial Statements.

Item 1A. Risk Factors

There have been no material changes in the Registrant's risk factors from those disclosed in "Item 1A. Risk Factors" of the 2011 Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

The following Exhibits indicated by an asterisk preceding the Exhibit number are filed herewith. The balance of the Exhibits have heretofore been filed with the Commission and pursuant to Rule 12(b)-32 are incorporated herein by reference. Exhibits indicated by a [_] are filed or listed pursuant to Item 601(b)(10)(iii) of Regulation S-K.

*4(a)	- Amendment No. 7 to PPL Employee Stock Ownership Plan, dated May 30, 2012
*4(b)	- Amendment No. 8 to PPL Employee Stock Ownership Plan, dated July 17, 2012
4(c)	- Supplemental Indenture No. 8, dated as of June 14, 2012, among PPL Capital Funding, Inc., PPL Corporation and The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N. A. (formerly known as The Chase Manhattan Bank)), as Trustee (Exhibit 4(b) to PPL Corporation Form 8-K Report (File No. 1-11459) dated June 14, 2012)
[_]10(a)	- PPL Corporation 2012 Stock Incentive Plan (Annex A to Proxy Statement of PPL Corporation, dated April 3, 2012)
*10(b)	- Uncommitted Line of Credit Letter Agreement, dated as of July 1, 2012, between PPL Energy Supply, LLC, the Borrower, and Banco Bilbao Vizcaya Argentaria, S.A., the Bank
*10(c)	- Reimbursement Agreement, dated as of July 1, 2012, between PPL Energy Supply, LLC and Banco Bilbao Vizcaya Argentaria, S.A.
*[_]10(d)	- PPL Corporation Executive Severance Plan, effective as of July 26, 2012
*10(e)	- Letter of Credit Issuance and Reimbursement Agreement, dated as of July 27, 2012, between PPL Energy Supply, LLC and Canadian Imperial Bank of Commerce, New York Agency
*12(a)	- PPL Corporation and Subsidiaries Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
*12(b)	- PPL Energy Supply, LLC and Subsidiaries Computation of Ratio of Earnings to Fixed Charges
*12(c)	- PPL Electric Utilities Corporation and Subsidiaries Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
*12(d)	- LG&E and KU Energy LLC and Subsidiaries Computation of Ratio of Earnings to Fixed Charges
*12(e)	- Louisville Gas and Electric Company Computation of Ratio of Earnings to Fixed Charges
*12(f)	- Kentucky Utilities Company Computation of Ratio of Earnings to Fixed Charges

Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended June 30, 2012, filed by the following officers for the following companies:

*31(a)	- PPL Corporation's principal executive officer
*31(b)	- PPL Corporation's principal financial officer
*31(c)	- PPL Energy Supply, LLC's principal executive officer
*31(d)	- PPL Energy Supply, LLC's principal financial officer
*31(e)	- PPL Electric Utilities Corporation's principal executive officer
*31(f)	- PPL Electric Utilities Corporation's principal financial officer
*31(g)	- LG&E and KU Energy LLC's principal executive officer
*31(h)	- LG&E and KU Energy LLC's principal financial officer
*31(i)	- Louisville Gas and Electric Company's principal executive officer
*31(j)	- Louisville Gas and Electric Company's principal financial officer
*31(k)	- Kentucky Utilities Company's principal executive officer
*31(l)	- Kentucky Utilities Company's principal financial officer

Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for the quarterly period ended June 30, 2012, furnished by the following officers for the following companies:

*32(a)	- PPL Corporation's principal executive officer
*32(b)	- PPL Corporation's principal financial officer
*32(c)	- PPL Energy Supply, LLC's principal executive officer
*32(d)	- PPL Energy Supply, LLC's principal financial officer
*32(e)	- PPL Electric Utilities Corporation's principal executive officer
*32(f)	- PPL Electric Utilities Corporation's principal financial officer
*32(g)	- LG&E and KU Energy LLC's principal executive officer
*32(h)	- LG&E and KU Energy LLC's principal financial officer
*32(i)	- Louisville Gas and Electric Company's principal executive officer
*32(j)	- Louisville Gas and Electric Company's principal financial officer
*32(k)	- Kentucky Utilities Company's principal executive officer
*32(l)	- Kentucky Utilities Company's principal financial officer
101.INS	- XBRL Instance Document for PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.SCH	- XBRL Taxonomy Extension Schema for PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.CAL	- XBRL Taxonomy Extension Calculation Linkbase for PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.DEF	- XBRL Taxonomy Extension Definition Linkbase for PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.LAB	- XBRL Taxonomy Extension Label Linkbase for PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company
101.PRE	- XBRL Taxonomy Extension Presentation Linkbase for PPL Corporation, PPL Energy Supply, LLC, PPL Electric Utilities Corporation, LG&E and KU Energy LLC, Louisville Gas and Electric Company and Kentucky Utilities Company

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

PPL Corporation
(Registrant)

PPL Energy Supply, LLC
(Registrant)

Date: August 8, 2012

/s/ Vincent Sorgi
Vincent Sorgi
Vice President and Controller
(Principal Accounting Officer)

PPL Electric Utilities Corporation
(Registrant)

Date: August 8, 2012

/s/ Vincent Sorgi
Vincent Sorgi
Vice President and
Chief Accounting Officer
(Principal Financial and Accounting Officer)

LG&E and KU Energy LLC
(Registrant)

Louisville Gas and Electric Company
(Registrant)

Kentucky Utilities Company
(Registrant)

Date: August 8, 2012

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 4(a)

AMENDMENT NO. 7
TO
PPL EMPLOYEE STOCK OWNERSHIP PLAN

WHEREAS, PPL Services Corporation ("PPL") has adopted the PPL Employee Stock Ownership Plan ("Plan") effective January 1, 2000; and

WHEREAS, the Plan was amended and restated effective January 1, 2002, and subsequently amended by Amendment No. 1, 2, 3, 4, 5, and 6; and

NOW, THEREFORE, the Plan is hereby amended as follows:

I. Effective June 23, 2011, Appendix A is amended to read as follows:

Appendix A

Participating Company

	Name	Effective Date
1.	PPL Services Corporation	July 1, 2000
2.	PPL Electric Utilities Corporation	January 1, 1975
3.	PPL EnergyPlus, LLC	July 14, 1998
4.	PPL Generation, LLC	July 1, 2000
5.	PPL Brunner Island, LLC	July 1, 2000
6.	PPL Holtwood, LLC	July 1, 2000
7.	PPL Martins Creek, LLC	July 1, 2000
8.	PPL Montour, LLC	July 1, 2000
9.	PPL Susquehanna, LLC	July 1, 2000
10.	PPLSolutions, LLC	January 1, 2002
11.	PPL Telcom, LLC	February 5, 2001
12.	Lower Mount Bethel Energy, LLC	September 30, 2002
13.	PPL Edgewood Energy, LLC	April 1, 2003
14.	PPL Maine, LLC	April 1, 2003
15.	PPL Wallingford Energy, LLC	April 1, 2003
16.	PPL Development Company, LLC	January 1, 2006
17.	PPL Global, LLC	January 1, 2006
18.	PPL Energy Services Group, LLC	September 25, 2006
19.	PPL Interstate Energy Company	January 1, 2008
20.	PPL Strategic Development, LLC	January 1, 2012
21.	PPL EnergyPlus Retail, LLC	June 23, 2011

II. Except as provided in this Amendment No. 7, all other provisions of the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 7 is executed this _____ day of _____________ , 2012.

PPL SERVICES CORPORATION

By:____________________________________
Stephen R. Russo
Vice President-Human Resources
and Services

Exhibit 4(b)

AMENDMENT NO. 8
TO
PPL EMPLOYEE STOCK OWNERSHIP PLAN

WHEREAS, PPL Services Corporation ("PPL") has adopted the PPL Employee Stock Ownership Plan ("Plan") effective January 1, 2000; and

WHEREAS, the Plan was amended and restated effective January 1, 2002, and subsequently amended by Amendment No. 1, 2, 3, 4, 5, 6 and 7; and

NOW, THEREFORE, the Plan is hereby amended as follows:

I. Effective May 30, 2012, Article I, Section 8.1 is amended to read as follows:

ARTICLE I
ADMINISTRATION

8.1 Administration by Employee Benefit Plan Board.

(a) The Plan shall be administered by an Employee Benefit Plan Board, consisting of not fewer than three persons. Members of the Employee Benefit Plan Board shall be appointed from time to time by the Board of Directors of PPL Corporation and shall serve at the pleasure of the Board of Directors of PPL Corporation. Vacancies shall be filled in the same manner as appointments. Any member of the Employee Benefit Plan Board may resign by delivering a written resignation to the Board of Directors or to the Secretary of the Employee Benefit Plan Board effective upon delivery or at any other future date specified therein.

II. Except as provided in this Amendment No. 8, all other provisions of the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 8 is executed this _______day of _____________, 2012.

Employee Benefit Plan Board

By:____
Karla A. Durn
Chair – Employee Benefit Plan Board

Exhibit 10(b)

EXECUTION VERSION

UNCOMMITTED LINE OF CREDIT LETTER AGREEMENT

dated as of

July 1, 2012

PPL ENERGY SUPPLY, LLC
Two North Ninth Street (GENTW14)
Allentown, PA 18101-1179

Ladies and Gentlemen:

We take pleasure in advising you that we are prepared to extend to you, on an uncommitted basis, the credit facilities described below, subject to and on the terms and conditions set forth in this Uncommitted Line of Credit Letter Agreement (this " Agreement "):

Definitions:	Capitalized terms shall have the meaning specified herein including Exhibit A hereto.
Borrower:	PPL Energy Supply, LLC, a Delaware limited liability company (the " Borrower ").
Bank:	Banco Bilbao Vizcaya Argentaria, S.A. (the " Bank "). For purposes of this Agreement, the Bank is acting through its New York branch (the " Branch ").
Type and Amount of Facility:	Uncommitted revolving letter of credit facility in an aggregate principal amount not to exceed $100,000,000 (the " Facility Amount ") at any one time outstanding. Under the line of credit, the Borrower may obtain letters of credit (each a " Letter of Credit "). No Letter of Credit shall be issued if, after giving effect thereto (i) the aggregate unpaid principal amount of all unreimbursed drawings under Letters of Credit plus (ii) the aggregate amount then available for drawing under all Letters of Credit would exceed the Facility Amount.
Availability Period:	On or prior to the date that is 30 days prior to the Final Maturity Date or, if such date is not a Business Day, the next following Business Day (the " Expiry Date ").
Procedure for Letters of Credit:	Without limiting the uncommitted nature of the facilities described herein, Letters of Credit may be issued on any Business Day upon the giving of three (3) Business Days prior written notice to the Bank stating the date, amount, expiration date and beneficiary of such Letter of Credit, together with all other particulars necessary to complete such Letter of Credit and the drawing certificate to be attached thereto. The amount of each Letter of Credit shall not be less than the Minimum Amount. The Bank may issue the Letters of Credit or arrange for the issuance thereof by another banking institution. Each Letter of Credit must be in form and substance satisfactory to the Bank (in its sole discretion) and, unless otherwise agreed to by the Bank, expire no later than the Expiry Date or, if earlier, on the first anniversary of the issuance of such Letter of Credit. In addition to the foregoing, the Borrower shall have executed and delivered to the Bank a reimbursement agreement substantially in the form of Exhibit B (the " Reimbursement Agreement ") and such applications (each, an " Application " and, together with the Reimbursement Agreement, the " Letter of Credit Documents ") as the Bank shall require in connection with each such Letter of Credit.
Purpose:	General corporate purposes.
Final Maturity Date:	The third anniversary of the date hereof or, if such date is not a Business Day, the next following Business Day (or such later date as the Bank may agree in writing in its sole discretion) (the " Final Maturity Date ").
Reimbursement	Reimbursement of drawings under Letters of Credit shall be made in accordance with the Reimbursement Agreement.
Interest:	Interest on unreimbursed drawings under any Letter of Credit shall accrue and be payable in accordance with the Reimbursement Agreement.

Fees: As agreed by the parties in connection with each Letter of Credit.

Computation Basis: Interest, fees and other charges accruing on a per annum basis shall be computed on the number of days actually elapsed on the basis of a 360-day year.

Representations and Warranties: The Borrower hereby makes to the Bank the representations and warranties made by it as "Borrower" in Article V of the $3,000,000,000 Revolving Credit Agreement dated as of October 19, 2010 by and among PPL Energy Supply, LLC, as Borrower, the Lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent (as amended, restated, supplemented or otherwise modified to the date hereof, the " Syndicated Credit Agreement "). Such representations and warranties are incorporated hereto by reference *mutatis mutandis* as if fully set forth herein. Such representations and warranties shall be deemed made as of each date an Application is submitted and as of each date a Letter of Credit is issued, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date and except for the representations in Section 5.04(c), Section 5.06, Section 5.15 and Section 5.16 of the Syndicated Credit Agreement (as incorporated herein), which shall be deemed only to relate to the matters referred to therein on and as of the date hereof.

Conditions to Effectiveness: This Agreement shall be effective as of the date hereof, subject to the satisfaction of the following conditions precedent:

(i) Each of this Agreement and the Reimbursement Agreement shall have been duly authorized, executed and delivered by the parties thereto;

(ii) There shall exist no Default or Event of Default;

(iii) All representations and warranties contained herein shall be true and correct in all respects, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date and except for the representations in Section 5.04(c), Section 5.06, Section 5.15 and Section 5.16 of the Syndicated Credit Agreement (as incorporated herein), which shall be deemed only to relate to the matters referred to therein on and as of the date hereof; and

(iv) The Bank shall have received a certificate from the Borrower dated the date hereof, signed by a duly authorized officer of the Borrower, substantially in the form of Exhibit C , with appropriate insertions, together with copies of the charter documents of the Borrower and the necessary resolutions of the Borrower and other documents referred to in such certificate.

Conditions to each Issuance of Letters of Credit: The facilities described herein are uncommitted and only available to the Borrower under such conditions and on such terms as may be satisfactory to the Bank. In any event, the Bank will not issue Letters of Credit until the following conditions have been met:

(i) After giving effect to the Letter of Credit being requested, (i) the aggregate unpaid principal amount of all unreimbursed drawings under Letters of Credit plus (ii) the aggregate amount then available for drawing under all Letters of Credit shall not exceed the Facility Amount;

(ii) Immediately before and after giving effect to such Letter of Credit, there shall exist no Default or Event of Default;

(iii) All representations and warranties contained herein shall be true and correct, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date and except for the representations in Section 5.04(c), Section 5.06, Section 5.15 and Section 5.16 of the Syndicated Credit Agreement (as incorporated herein), which shall be deemed only to relate to the matters referred to therein on and as of the date hereof;

(iv) The Bank shall have received and accepted a duly completed Application in respect of such Letter of Credit, signed by an authorized officer of the Borrower (which authority shall have been previously certified to the Bank in writing); and

(v) Such Letter of Credit shall be satisfactory in form and substance to such Bank.

The Bank will not issue any Letter of Credit if: any order, judgment or decree of any governmental authority shall by its terms purport to enjoin or restrain the Bank from issuing such Letter of Credit, or any requirement of law applicable to the Bank or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over the Bank shall prohibit, or request that the Bank refrain from, the issuance of

letters of credit generally or such Letter of Credit in particular or shall impose upon the Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Bank is not otherwise compensated hereunder) not in effect on the date hereof, or shall impose upon the Bank any unreimbursed loss, cost or expense which was not applicable on the date hereof and which the Bank in good faith deems material to it.

Covenants:	Until all commitments to issue Letters of Credit (if any) have been terminated and all of the Obligations have been satisfied in full, the Borrower shall perform the covenants that apply to it as "Borrower" under Article VI of the Syndicated Credit Agreement. Such covenants are incorporated herein by reference *mutatis mutandis* as if fully set forth herein, provided that (i) Section 6.07(aa) shall permit the granting of Liens (as defined in the Syndicated Credit Agreement) to the Administrative Agent in accordance with the terms of the Syndicated Credit Agreement, (ii) the first sentence of Section 6.06 of the Syndicated Credit Agreement shall be excluded for purposes hereof, (iii) the Borrower shall be deemed to have complied with the obligations set forth in Section 6.01 of the Syndicated Credit Agreement as long as it delivers the requisite information in accordance with the terms of such Section 6.01, (iv) references to Sections of the Syndicated Credit Agreement that are incorporated by reference in this Agreement shall be deemed references to such Sections as so incorporated herein, and (v) for purposes of this Agreement, a new Section 6.07(bb) shall be added at the end of Section 6.07 of the Syndicated Credit Agreement, which shall read as follows: "(bb) Liens on cash securing the Obligations hereunder granted to the Bank pursuant to the provisions set forth next to the caption "Cash Collateral.""
Events of Default:	Each of the events set forth in Section 7.01(a) through 7.01(l) (inclusive) of the Syndicated Credit Agreement shall constitute an " Event of Default " under this Agreement and the other Letter of Credit Documents, subject to the next following sentence. Such sections are incorporated herein by reference *mutatis mutandis* as if fully set forth herein, provided that (i) references to the "Loans" shall be disregarded for purposes hereof, (ii) references to the "Required Lenders" shall be a reference to the Bank, and (iii) references to "Reimbursement Obligations" shall refer to the Obligations.
Remedies:	If an Event of Default shall have occurred and be continuing, then, and in every such event, while such event is continuing, the Bank may (A) by notice to the Borrower terminate any commitment to issue Letters of Credit, and such commitments shall thereupon terminate, and (B) by notice to the Borrower declare all of the Obligations (whether absolute or contingent and whether or not due at such time) to be, and such Obligations shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind (except as set forth in clause (A) above), all of which are hereby waived by the Borrower and require the Borrower to, and the Borrower shall, cash collateralize all such Obligations in accordance with the provisions set forth next to the caption "Cash Collateral" below; provided, that, in the case of any Default or any Event of Default specified in clauses 7.01(h) or 7.01(i) of the Syndicated Credit Agreement (as incorporated herein) with respect to the Borrower, without any notice to the Borrower or any other act by the Bank, any then outstanding commitments to issue Letters of Credit shall thereupon terminate and all of the Obligations (whether absolute or contingent and whether or not due at such time) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, and the Borrower shall cash collateralize all such Obligations in accordance with the provisions set forth next to the caption "Cash Collateral" below. No failure by the Bank to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege hereunder or under any Letter of Credit Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein and in the Letter of Credit Documents shall be cumulative and not exclusive of any rights or remedies provided by law.
Cash Collateral:	Upon the occurrence of any of the following: (i) the stated amount of issued and outstanding Letters of Credit exceeds the Facility Amount, (ii) an Event of Default, or (iii) the Expiry Date, the Borrower shall cash collateralize all of the Letters of Credit by depositing into a cash collateral account established and maintained (including the investments made pursuant thereto) by the Bank pursuant to a cash collateral agreement in form and substance satisfactory to the Bank an amount in cash equal to the stated amount of the then outstanding Letters of Credit.
Other Incorporated Provisions:	The following additional provisions from the Syndicated Credit Agreement are hereby incorporated by reference *mutatis mutandis* as if fully set forth herein:

- Section 2.16,
- Section 2.17,
- Section 9.01, provided that all notices to the Bank shall be sent to:

  Banco Bilbao Vizcaya Argentaria, S.A., New York Branch
  1345 Avenue of the Americas
  New York, NY 10105
  Attention: Nietzsche Rodricks
  Tel: (212) 728-2380
  Fax: (212) 333-2904
  E-mail: nietzsche.rodricks@bbvany.com

- Section 9.03, but excluding clause (i) of subsection 9.03(a) and the proviso to such subsection,
- Section 9.09,
- Section 9.12, and
- Section 9.14.

Interpretation:

In case of conflict between any provision of the Reimbursement Agreement and the provisions of this Agreement (including, for the avoidance of doubt, those provisions included herein by reference to the Syndicated Credit Agreement), the provisions of this Agreement shall prevail. Letters of Credit issued under this Agreement are expressly intended not to be issued under the Syndicated Credit Agreement (and not to constitute "Letters of Credit" thereunder). This Agreement and any Letters of Credits issued under this Agreement and the Letter of Credit Documents shall not constitute "Loan Documents" for any purpose under the Syndicated Credit Agreement.

Unless otherwise stated in this Agreement, whenever a provision of the Syndicated Credit Agreement is incorporated by reference:

(i) references to "this Agreement," or to any "Notes" or "Loan Documents" shall be deemed a reference to this Agreement and the Letter of Credit Documents,

(ii) such provision shall be deemed to include, mutatis mutandis, all related definitions and interpretive provisions,

(iii) references to "Default" and "Event of Default" shall be deemed a reference to a Default or an Event of Default under this Agreement,

(iv) references to the "Administrative Agent," any "Lender," and any "Issuing Lender" shall be a reference to the Bank,

(v) any requirement that a notice or communication be given or other action be taken among the Administrative Agent, the Lenders, any Issuing Lender, a certain majority of Lenders, the Required Lenders or any party other than the Borrower, no such notice, communication or action shall be required for purposes hereof,

(vi) references therein to "Letters of Credit" shall be deemed references to the Letters of Credit under this Agreement,

(vii) references to the "Escrow Closing Date" and the "Effective Date" shall be deemed references to the date hereof;

(viii) the Bank's "Applicable Lending Office" for purposes hereof, shall be the Branch, and

(ix) references to sections or clauses of the Syndicated Credit Agreement that are incorporated by reference in this Agreement shall be deemed references to such sections or clauses as so incorporated herein.

GOVERNING LAW; JURISDICTION; WAIVER OF IMMUNITY:

THIS AGREEMENT AND THE LETTER OF CREDIT DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK. THE BORROWER HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE LETTER OF CREDIT DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

JURY WAIVER: **BORROWER AND BANK WAIVE TRIAL BY JURY IN CONNECTION WITH ANY ACTION OR PROCEEDING OF ANY NATURE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, ANY COUNTERCLAIM, OFFSET OR DEFENSE) ARISING UNDER, OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE LETTER OF CREDIT DOCUMENTS.**

Survival; Amendments; etc. All indemnities set forth herein shall survive the execution and delivery of this Agreement, the issuance of the Letters of Credit, and the expiration or termination of this Agreement. Neither this Agreement nor any Letter of Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the parties thereto. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Agreement and the Letter of Credit Documents represent the final and complete agreement of the parties hereto, and all prior negotiations, representations, understandings, writings and statements of any nature are hereby superseded in their entirety by the terms of this Agreement and the Letter of Credit Documents.

Patriot Act Notice: The Bank hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended and supplemented from time to time (the "Patriot Act"), the Bank may be required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Bank to identify the Borrower in accordance with the Patriot Act. The Borrower shall provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by the Bank in order to assist the Bank in maintaining compliance with the Patriot Act.

UNCOMMITTED FACILIY: **THIS AGREEMENT DOES NOT AND IS NOT INTENDED TO CONSTITUTE OR INCLUDE A LEGALLY BINDING COMMITMENT BY THE BANK TO EXTEND CREDIT TO THE BORROWER. THE LINE OF CREDIT PROVIDED BY THIS AGREEMENT AND THE EXTENSIONS OF CREDIT CONTEMPLATED HEREBY ARE UNCONDITIONALLY CANCELLABLE BY THE BANK AT ANY TIME, WITHOUT CAUSE AND WITHOUT ANY PRIOR NOTICE OF ANY KIND TO THE BORROWER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR ANY OTHER LETTER OF CREDIT DOCUMENT, EACH EXTENSION OF CREDIT HEREUNDER IS SUBJECT TO THE PRIOR APPROVAL OF THE BANK'S CREDIT COMMITTEE OR THE OFFICER OR OFFICERS OF THE BANK TO WHOM AUTHORITY FOR SUCH APPROVAL HAS BEEN GRANTED; SUCH APPROVAL MAY BE GRANTED OR WITHHELD IN THE SOLE DISCRETION OF THE APPROPRIATE PARTY, REGARDLESS OF ANY PRIOR DEALINGS OR COURSE OF CONDUCT.**

[SIGNATURE PAGES FOLLOW]

Sincerely,

BANCO BILBAO VIZCAYA ARGENTARIA, S.A., the Bank

By: ___________________________
Name: _________________________
Title: __________________________

By: ___________________________
Name: _________________________
Title: __________________________

[PPL UNCOMMITTED LINE OF CREDIT AGREEMENT]

Accepted and Agreed as of the date first written above:

PPL ENERGY SUPPLY, LLC, the Borrower

By: ___________________________
Name: _________________________
Title: __________________________

[PPL UNCOMMITTED LINE OF CREDIT AGREEMENT]

EXHIBIT A
(Additional Definitions)

The following additional terms as used in this Agreement shall have the following meanings:

(a) Business Day shall mean a day on which the main office of the Bank in New York, New York is open for business.

(b) Default shall mean any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

(c) Obligations shall means the obligations and liabilities of the Borrower to the Bank under this Agreement and the Letter of Credit Documents and all of the Bank's claims against the Borrower, whether arising or incurred under this Agreement or the Letter of Credit Documents or relating to any Letter of Credit or otherwise, whether now existing or hereafter incurred, and whether now or hereafter owing to or acquired in any manner by the Bank.

Exhibit 10(c)

EXECUTION VERSION

REIMBURSEMENT AGREEMENT

Dated as of July 1, 2012

TO: BANCO BILBAO VIZCAYA ARGENTARIA, S.A. New York Branch
1345 Avenue of the Americas
New York, New York 10105

Gentlemen:

In consideration of your opening from time to time, at our request and in your discretion in each instance, pursuant to the terms and conditions of this Agreement and the Credit Agreement (defined below), one or more of your Credits (this and other terms used in this Agreement shall have the meaning set forth in Section 21 of this Agreement, unless otherwise defined herein), we hereby agree with you as follows with respect to each Credit now or hereafter opened by you:

1. All drafts or acceptances under or purporting to be under the Credit shall be payable in Dollars. Accordingly, we agree to reimburse you at your office at 1345 Avenue of the Americas, New York, New York or such other office as you may specify in writing (the "Payment Office"), in Dollars, the amount paid on such draft (i) at or before 1:00 P.M. (New York, New York time) on the date the Bank notifies us of such drawing, if such notice is given at or before 10:00 A.M. (New York, New York time) on such date or (ii) at or before 10:00 A.M. (New York, New York time) on the next succeeding Business Day; provided, that no payment otherwise required by this sentence to be made by us at or before 1:00 P.M. (New York, New York time) on any day shall be overdue hereunder if arrangements for such payment satisfactory to the Bank, in its reasonable discretion, shall have been made by us at or before 1:00 P.M. (New York, New York time) on such day and such payment is actually made at or before 3:00 P.M. (New York, New York time) on such day.

2. [DELETED]

3. The Bank may - for the undersigned's account at any time - provide in the Credit or otherwise agree to discount an accepted draft or deferred obligation incurred under such Credit.

4. We agree to pay to you, on demand, your commissions and/or fees applicable to Credits from time to time (those in place as of the date hereof are set forth in schedule 1 hereto) and all charges and expenses (including, without limitation, all of your standard charges relating to letters of credit from time to time in effect and all charges for legal services) charged, paid or incurred by you in connection with any Credit, plus the charges and expenses, if any, of any person relating to the advising, confirming, negotiating, paying, collection, correspondent or similar act with respect to any Credit. In addition, we agree to pay interest on any amounts not paid when due hereunder at a rate per annum equal to 2% above your Prime Lending Rate as in effect from time to time. Interest shall be computed on the number of days actually elapsed on the basis of a 360-day year. All payments due under this Agreement shall be made without deduction or set-off.

5. [DELETED]

6. We agree to the prompt and unconditional payment of all of our obligations and liabilities to you and all of your claims against us arising or incurred under this Agreement or relating to any Credit, whether now existing or hereafter incurred, and whether now or hereafter owing to or acquired in any manner by you (all such obligations, liabilities and claims being hereinafter referred to as the " Obligations "); provided, however, that subject to Section 14 below, the foregoing shall not release you from such liability to us as may be judicially determined in a final, non-appealable judgment by a court of competent jurisdiction pursuant to Section 18 below) against you following reimbursement and/or payment of the Obligations.

7. Except so far as otherwise expressly stated in any Credit, we agree that such Credit shall be subject to the New York Uniform Commercial Code (herein called the " UCC ") and to the International Standby Practices 1998 (International Chamber of Commerce Publication No. 590) and any subsequent revision thereof adopted by the International Chamber of Commerce on the date such Credit is issued (the " ISP ") (or as an alternative to the ISP if specified by us in writing in any application or request to issue a Credit, the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 and any subsequent revision thereof adopted by the International Chamber of Commerce on the date such Credit is issued (the " UCP ")). Bank's privileges, rights and remedies under the ISP (or the UCP, as the case may be) shall be in addition to, and not in limitation of, its privileges, rights, and remedies expressly provided for herein. The ISP (or the UCP, as the case may be) shall serve, in the absence of proof to the contrary, as evidence of Standard Letter of Credit Practice (as defined below) with respect to matters covered therein. To the extent permitted by applicable law, (i) this Agreement shall prevail in case of conflict between this Agreement, the UCC and/or Standard Letter of Credit Practice, and (ii) the ISP (or the UCP, as the case may be) shall prevail in case of conflict between the ISP (or the UCP, as the case may be) and the UCC or other Standard Letter of Credit Practice.

8. We assume all risks of the acts or omissions of the users of any Credit and all risks of the misuse of any Credit. Neither you nor any of your correspondents shall be responsible for any of the following:

(a) honor of any presentation that substantially complies with a Credit, even if that Credit requires strict compliance by the beneficiary, or in accordance with our waiver of discrepancies and authorization to pay;

(b) electronic presentation, if authorized by any Credit;

(c) the nature, form, sufficiency, accuracy, genuineness, legal effect, or collectability of any draft or any endorsement thereon;

(d) the solvency or responsibility of any party issuing any draft;

(e) honor of drafts, acceptances or other items signed or presented by or on behalf of, or requesting payment to a person or entity that is the purported successor to, the beneficiary, or payment of proceeds to a purported assignee of proceeds;

(f) failure of any advising bank accurately to advise the terms of a Credit;

(g) honor of a presentation on the basis of a forged draft, acceptance, other item or signature or a presentation made in bad faith or as the result of illegal conduct by the beneficiary or a third person;

(h) honor of a presentation up to the amount outstanding on a Credit, even though the draft claims an amount in excess thereof;

(i) honor of a presentation after the expiration date of any Credit notwithstanding that a presentation was made prior to such expiration date and dishonored by you if subsequently you or any court or other finder of fact determines such presentation is in accordance with this Agreement and should have been honored;(j) dishonor of any presentation that does not strictly comply;

(k) retention of proceeds based on a blocking regulation, or assertion of the rights of a purported governmental entity or a third party to the proceeds;

(l) consequences arising from Act of God, weather condition, riot, civil commotion, insurrection, war, political disturbance, strike, lockout, computer hardware or software failure or error in or inaccessibility of data, interruption in electric or telephone service, any censorship, law, control or restriction rightfully or wrongfully exercised by any *de facto* or *de jure* domestic or foreign government or agency, or other causes beyond your or its control, delay or loss in transit of any letter, draft, acceptance or other item, or loss, delay, or error in the transmission of any electronic message, irrespective of the cause of such event;

(m) failure of any draft to bear adequate reference to any Credit, or failure of any person to note the amount of any draft on the reverse side of any Credit or to surrender or to take up any Credit as required by the terms of any Credit, each of which provisions, if contained in any Credit itself, it is agreed may be waived by you;

(n) honoring or dishonoring of any Credit containing a condition that does not state the drafts(s) and/or other item(s) to be presented in compliance therewith, it being solely in your discretion as to whether you wish to disregard any such condition or require evidence of compliance with such condition;

(o) the fact that any instructions, oral or written, given to you purporting to be by us or on our behalf and believed by you in good faith and the exercise of ordinary care to be valid which pertain to the opening of any Credit, any extension, increase or other modification of any Credit or other action to be taken or omitted with reference thereto, were wholly or in part insufficient, erroneous, unauthorized, fraudulent or otherwise invalid; or

(p) any other act or omission as to which banks are relieved from responsibility under the terms of the ISP (or the UCP, as applicable, or such other Standard Letter of Credit Practice that expressly applies to the relevant Credit) or UCC.

The happening of any one or more of the above-mentioned contingencies shall not affect, impair or prevent the vesting of any of your rights or powers under this Agreement, provided that, you will be liable to us for any direct losses, costs, expenses, damages or liabilities suffered or incurred by us as a result of, or attributable to, your gross negligence or willful misconduct (as judicially determined in a final, non-appealable judgment by a court of competent jurisdiction). " Standard Letter of Credit Practice " means any domestic or foreign law or standby letter of credit practices applicable in the city in which you issue the applicable Credit or in which you or any of your correspondents advises, confirms or negotiates such Credit, as the case may be. Such practices shall be (A) of banks that regularly issue standby letters of credits in the particular city, and (B) required or permitted under the ISP (or the UCP, as the case may be). We shall be deemed conclusively to have waived any right to object to any variation between draft(s), acceptance(s), or other item(s) called for by any Credit or instructions by us and any draft(s), acceptance(s) or other item(s) accepted by you or your correspondents and to have ratified and approved such action as having been taken at our direction, unless we, promptly, but not later than one Business Day after receipt of such drafts, acceptances or other items or acquisition of knowledge of such variation, notify you in writing of our objection, specifying in reasonable detail, the reasons therefor; provided, however the foregoing shall not increase your responsibilities pursuant to (a) through (p) of this Section 8.

9. Notwithstanding suggestions or recommendations made by Bank personnel, we are solely responsible for the content of a Credit, and assume all risks that: (a) reference to nondocumentary requirements will be ignored when presentment is made, or may cause a Credit to be interpreted by a court as a guarantee; (b) ambiguous or inconsistent requirements may be interpreted in a manner not intended by us; (c) permitted payment at a foreign location may invoke the application of laws or rules of practice unfamiliar to us; (d) a Credit is not consistent with or does not satisfy the underlying obligation or any other aspect of the transaction between us and the beneficiary; and (e) any other risks that may be imposed on us under the rules and laws to which any Credit is subject. No recommendation or drafting of text or the use or nonuse

or refusal to use text submitted by the undersigned shall affect the undersigned's ultimate responsibility for the final text or its receipt.

10. Unless you otherwise agree in writing, you: (a) may issue a Credit by an appropriate S.W.I.F.T. message type and bind us directly and as indemnitor to the rules applicable to S.W.I.F.T. messages; (b) may select any branch or affiliate of yours or any other bank to act as an advising, confirming, and/or negotiating bank under the law and practice of the place where it is located; (c) may assume, unless honor of a presentation is enjoined by a court of competent jurisdiction, that such presentation or other demand or request is nonfraudulent; (d) need not ascertain the authenticity or authority of any purported beneficiary signature, even if you have previously requested a signature guaranty or if in other transactions the beneficiary is a customer or its signature or the authority of any signatory is otherwise known or should be known to you; (e) may, but need not, notify us of your receipt of a request for an amendment or assignment of proceeds, receipt of a presentation, detection of a discrepancy, notification of actions taken to cure, dishonor, or other action, inaction, or communication with or with respect to the beneficiary (other than your decision to honor the presentation); and (f) need not consent to a proposed amendment of any Credit; and (g) may take at least three business days (as defined in the ISP) or banking days (as defined in the UCP), as applicable, to examine a presentation. Your action in one or more instances shall not waive your right, without notice to us, to use your discretion differently in other instances.

11. We agree that the balance of every account of ours with you and each of our claims against you (including, in each case, any of your offices or branches) existing from time to time may - at your option and without notice of any kind (presentment, protest and other notice of any kind being hereby waived) - be appropriated and applied toward, or set off against, any of the Obligations and we will continue to be liable for any deficiency.

12. [DELETED]

13. The indemnity provisions provided for the benefit of the Bank in the Credit Agreement (as incorporated by reference to Section 9.03 of the Syndicated Credit Agreement (as defined in the Credit Agreement)) include, without limitation, instances in which (a) a beneficiary seeks to enforce a Credit or any advice thereof, sue for wrongful dishonor, seek a judicial determination, or bring any other action or proceeding relating thereto; (b) an advising bank, confirming bank, negotiating bank, or other intermediary seeks to be reimbursed, indemnified or compensated; (c) a third party seeks to enforce our rights or the rights of any beneficiary, negotiating bank or other intermediary, transferee, assignee of proceeds, or holder of a draft, acceptance or other item, or to question, delay, or prevent the honor of any Credit; (d) a government (or other *de facto* or *de jure* political body) or governmental agency seeks to regulate, investigate, delay, or prevent honor of a Credit; (e) you undertake the preparation, negotiation, amendment, or "workout"/restructuring of this Agreement or any Credit; or seek to determine, protect, or enforce your rights and remedies under any Credit, this Agreement, or any security agreement, guaranty, credit support, or other undertaking entered into in connection with this Agreement or any Credit; (f) you respond to any notice of alleged fraud, forgery, or illegality in any presentation, including active defense by you in any action in which we seek an injunction against presentation, honor, or payment of any Credit or draft; (g) you are obligated by a court order to pay legal fees or court costs paid, or incurred by us, the beneficiary, or any other party in any dispute involving any Credit, any draft or this Agreement; (h) we fail to duly perform our agreements herein; and/or (i) there occurs any action taken or omitted by you or any such correspondent at our request. In furtherance and extension and not in limitation of the specific provisions set forth in this Agreement, any action taken or omitted by you or by any correspondent of yours, under or in connection with any Credit or the related drafts, other items or property, shall be binding upon us and shall not put you or your correspondent under any resulting liability to us, provided, that we shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses, and, subject to section 14, we shall have a claim against the Bank for direct (but not consequential) damages suffered by us, to the extent found by a court of competent jurisdiction in a final, non-appealable judgment or order to have been caused by (i) the willful misconduct or gross negligence of the Bank in determining whether a request presented under any Credit complied with the terms of such Credit or (ii) the Bank's failure to pay under any Credit after the presentation to it of a request strictly complying with the terms and conditions of such Credit. Our agreements in this Section 13 shall survive any payment of the Obligations and any termination of this Agreement.

14. (a) You shall not be liable to us in contract, tort, or otherwise, for any special, indirect, consequential, punitive, or exemplary damages, however arising, whether for wrongful honor, wrongful dishonor, or any other action taken or omitted with respect to any Credit or this Agreement. (b) We must take all reasonable and appropriate action to reduce the amount of damages to be claimed against you. (c) Our aggregate remedies against you for wrongfully honoring a presentation are limited to the amount paid or required to be paid by us with respect to that presentation. (d) We hereby waive the right to obtain an injunction against honor of any Credit or any draft drawn thereunder (or any form of legal relief whose purpose is to prevent payment to the beneficiary) once you or any bank has accepted or negotiated a draft drawn thereunder.

15. [DELETED]

16. [DELETED]

17. Your options, powers and rights specified herein are in addition to those otherwise created or existing.

18. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS TO BE PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT AGAINST US MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK LOCATED IN THE COUNTY OF NEW YORK, OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AS YOU MAY ELECT; AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE UNDERSIGNED HEREBY ACCEPTS, FOR THE UNDERSIGNED AND IN RESPECT OF THE UNDERSIGNED'S PROPERTY, GENERALLY AND UNCONDITIONALLY THE JURISDICTION AND VENUE OF SUCH COURTS AND HEREBY WAIVES ANY OBJECTION THAT THE UNDERSIGNED MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING IN SUCH COURT AND ANY CLAIM THAT ANY SUCH

ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW OR TO COMMENCE ANY LEGAL ACTION OR PROCEEDING IN ANY OTHER JURISDICTION. ANY ACTION OR PROCEEDING BY US AGAINST YOU OR ANY OF YOUR CORRESPONDENTS RELATING TO THIS AGREEMENT OR ANY CREDIT OR ANY OTHER TRANSACTION CONTEMPLATED BY THIS AGREEMENT SHALL BE BROUGHT IN THE COURTS MENTIONED ABOVE IN THIS SECTION AND SUCH COURTS SHALL HAVE EXCLUSIVE JURISDICTION WITH RESPECT TO ANY SUCH ACTION OR PROCEEDING.

19. All provisions of this Agreement are subject to variation only by your and the undersigned's express written agreement.

20. This Agreement is that certain "Reimbursement Agreement" referenced in the Credit Agreement and constitutes a "Letter of Credit Document" thereunder. All Credits issued pursuant to this Agreement shall constitute "Letters of Credit" under the Credit Agreement. This Agreement does not obligate you to issue any proposed Credit for which application has been made until you have agreed in writing to do so and we have complied with any requirement relating to conditions precedent, collateral security, guaranty or credit support established for that Credit.

21. The following terms and provisions shall apply to this Agreement:

The meaning of any term in this or any other Section of this Agreement expressed in the singular shall apply, mutatis mutandis , to the same term expressed in the plural and vice versa ; all definitions of agreements, notes or other instruments shall mean such agreements, notes or other instruments as modified or amended in accordance with the terms thereof and all definitions of promissory notes shall include all promissory notes issued in replacement or substitution thereof.

" Agreement " shall mean this Reimbursement Agreement.

" Bank " shall mean Banco Bilbao Vizcaya Argentaria, S.A. and its successors and assigns.

" Business Day " shall have the meaning provided in the Credit Agreement.

" Credit Agreement " shall mean the Uncommitted Line of Credit Letter Agreement dated the date hereof between the Bank and us, as Borrower, as amended from time to time.

" Credits " shall mean all standby letters of credit issued by, or caused to be issued by, the Bank for our account pursuant to this Agreement and the Credit Agreement.

" Dollars " or " $ " means lawful currency of the United States of America.

" draft " means and includes any draft or drawing certificate or statement and any and all documents and instruments required to be presented for payment under any Credit and includes a written request, order or demand for the payment of money, whether or not negotiable.

" property " includes (i) goods and merchandise as well as any and all documents relative to, and any right to or interest in, any goods and merchandise or documents and (ii) all instruments, drafts, securities, security entitlements, financial assets, choses in action and any and all other forms of property, whether real or personal.

" Prime Lending Rate " shall mean the rate announced by the Bank from time to time at its principal office as its prime lending rate; any change in the interest rate resulting from a change in the Prime Lending Rate shall be effective on the effective date of each change in such Prime Lending Rate so announced by the Bank; it is understood and agreed that such rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer.

" written " or " in writing " means notice given in any form of writing however transmitted (whether by mail, telex, telefax, electronic or otherwise).

22. WAIVER OF JURY TRIAL . EXCEPT TO THE EXTENT PROHIBITED BY LAW WHICH CANNOT BE WAIVED, WE AND YOU HEREBY WAIVE TRIAL BY JURY IN CONNECTION WITH ANY ACTION OR PROCEEDING OF ANY NATURE WHATSOEVER ARISING UNDER, OUT OF OR IN CONNECTION WITH THIS AGREEMENT, ANY CREDIT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY AND IN CONNECTION WITH ANY CLAIM, COUNTERCLAIM, OFFSET OR DEFENSE ARISING IN CONNECTION WITH SUCH ACTION OR PROCEEDING, WHETHER ARISING (X) IN CONNECTION WITH ANY ACTION INSTITUTED BY OR ON BEHALF OF YOU, US OR ANY OTHER PERSON OR (Y) UNDER STATUTE (INCLUDING ANY FEDERAL OR STATE CONSTITUTION) OR UNDER THE LAW OF CONTRACT, TORT OR OTHERWISE.

23. Patriot Act Notice . The undersigned hereby acknowledges that it has been notified by the Bank that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended and supplemented from time to time (the "Patriot Act"), the Bank may be required to obtain, verify and record information that identifies the undersigned, which information includes the name and address of the undersigned and other information that will allow the Bank to identify the undersigned in accordance with the Patriot Act. The undersigned shall provide, to the extent commercially reasonable, such information and take such actions as are reasonably requested by the Bank in order to assist the Bank in maintaining compliance with the Patriot Act.

[Signature pages follow]

PPL ENERGY SUPPLY, LLC

By______________________
Name:
Title:

[PPL REIMBURSEMENT AGREEMENT]

ACCEPTED AND AGREED as of the date first written above:

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

By_________________________
Name:
Title:

By_________________________
Name:
Title:

[PPL REIMBURSEMENT AGREEMENT]

SCHEDULE 1

INDICATIVE FEE SCHEDULE AS OF July 1, 2012

Applicable Letter of Credit fees are indicated in the table below and are based on PPL ENERGY SUPPLY, LLC's ratings of BBB from S&P and Baa2 from Moody's. The below Letter of Credit fees are provided for informational purposes only and are subject to change at any time prior to issuance of a Letter of Credit.

Borrower's Ratings	**Applicable Percentage for Letter of Credit Fees**	**Applicable Percentage for Letter of Credit Fees**	**Applicable Percentage for Letter of Credit Fees**
Letter of Credit Tenor	Less than 1 year	1 - 2 years	Up to 3 years
BBB from S&P & Baa2 from Moody's	1.000%	1.100%	1.200%

Exhibit 10(d)

PPL CORPORATION
EXECUTIVE SEVERANCE PLAN

THIS SEVERANCE PLAN, adopted by PPL Corporation, a Pennsylvania corporation, is being established to provide for the payment of severance benefits to certain of its eligible employees in the event of an involuntary termination of employment meeting the conditions described herein.

Section 1. Definitions. Unless the context clearly indicates otherwise, when used in this Plan:

(a) "Act" shall mean the Securities Exchange Act of 1934, as amended, or any successor statute thereto.

(b) "Affiliate" shall mean, with respect to any Person, any other Person, directly or indirectly, controlling, controlled by, or under common control with such Person or any other Person designated by the Committee in which any Person has an interest.

(c) "Base Salary" means Employee's annual rate of base salary in effect on the date in question.

(d) "Board" means the Board of Directors of PPL Corporation.

(e) "Cause" for termination by the Company of the Employee's employment shall mean the occurrence of any of the following:

(i) the Employee's engagement in misconduct which is materially injurious to the Company or any of its Affiliates;

(ii) the Employee's insubordination after clear and lawful direction;

(iii) the Employee's commission of a felony in the performance of duties to the Company of any of its Affiliates;

(iv) the Employee's commission of an act or acts constituting any fraud against or embezzlement from the Company or any of its Affiliates;

(v) the Employee's material breach of any confidentiality or non-competition covenant entered into between the Employee and the Company or any of its Affiliates;

(vi) the Employee's employment with a competitor while employed by the Company or any of its Affiliates; or

(vii) egregious violation of Company policy resulting in termination.

The determination of the existence of Cause shall be made by the Committee in good faith, which determination shall be conclusive for the purpose of this Plan.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor thereto, and the regulations and guidance promulgated thereunder.

(g) "Committee" means the Chief Executive Officer of PPL Corporation and the Vice President of Human Resources & Services of PPL Services Corporation, or such other person or persons designated by the Compensation, Governance and Nominating Committee of the Board (the "Compensation Committee") from time to time; provided, however, that if any member of the Committee is directly affected by an exercise of discretion, the Compensation Committee shall act as the Committee with respect to that matter.

(h) "Company" shall mean PPL Corporation and shall include its subsidiaries and any successor to its business and/or assets which assumes and agrees to perform this Plan by operation of law, or otherwise. For purposes of this Plan, an Employee's employment by (including termination of such employment) and compensation from any subsidiary of the Company shall be deemed employment by and compensation from the Company.

(i) "Eligible Employee" means an Employee whose employment with their Employer is terminated due to a Qualifying Termination; provided, however, that, notwithstanding the foregoing:

(1) the term "Eligible Employee" shall not include:

(i) any Employee who is eligible to receive in connection with the same Qualifying Termination severance or similar type payments under the provisions of any other severance pay plan of, or any agreement (including but not limited to any employment or severance agreement) with, the Employer or an Affiliate;

(ii) a "specific professional" or part time Employee, of an Employer or any other Employee who is not a

regular, full-time Employee (as determined by the Employer in accordance with employment policies and practices established by such Employer);

(iii) any Employee who is not, as of the date immediately prior to his or her termination of employment, being paid on the Employer's U.S.A. payroll;

(iv) any individual performing services for an Employer who is treated by such Employer as a leased worker or an independent contractor; or

(v) an Employee who is a member of a collective bargaining unit with which an Employer negotiates and with respect to whom no coverage under this Plan has been provided by a collective bargaining agreement; and

(2) the employment of an Employee shall not be considered to have been "involuntarily terminated" (and therefore will not be deemed to have a Qualifying Termination) in any of the following circumstances:

(i) an Employee whose employment with an Employer is terminated by reason of a transfer to the employ of another Employer or an Affiliate;

(ii) an Employee whose employment with an Employer is terminated by reason of a transfer to the employ of another entity into which the Employer is merged or otherwise consolidated; provided such entity adopts this Plan;

(iii) an Employee whose employment is terminated upon the expiration of a leave of absence by reason of his or her failure to return to work at such time;

(iv) an Employee whose employment with an Employer is terminated in connection with the sale of stock or the sale by such Employer of all or part of its assets if (i) such Employer determines in its sole discretion that either (A) in connection with such sale such Employee was offered employment for a comparable position at a comparable salary, annual bonus opportunity and employee benefits with the purchaser of the Employer's stock or assets or (B) such Employee voluntarily elected not to participate in the selection process for such employment and (ii) the purchaser adopts this Plan; or

(v) an Employee whose employment is terminated due to death or Total Disability or voluntary termination.

(j) "Employee" means an employee of an Employer who holds one of the position classifications specified in Schedule A annexed hereto or an equivalent position, as determined from time to time for individual positions by the Committee.

(k) "Employer" means the Company and any other Affiliate of the Company which adopts this Plan with the consent of their Board.

(l) "Plan" means this PPL Corporation Executive Severance Plan as in effect from time to time.

(m)"Qualifying Termination" means a termination of an Eligible Employee's employment by the Employer without Cause.

(n) "Release" means a release to be signed by an Eligible Employee in such form as the Company shall determine, which shall, to the extent permitted by law, waive all claims and actions against the Employers and Affiliates and such other related parties and entities as the Company chooses to include in the release except for claims and actions for benefits provided under the terms of this Plan (which Release is not revoked by the Eligible Employee).

(o) "Total Disability" means the Employee is unable to perform with or without reasonable accommodation in all material respects his or her duties and responsibilities to the Company and its Affiliates, by reason of a physical or mental disability or infirmity, which inability is reasonably expected to be permanent and has continued for a period of 12 consecutive months, as reasonably determined by the Company.

Section 2. Severance Benefits. Each Eligible Employee who executes a Release prescribed by the Company within 45 days following a Qualifying Termination (and who does not revoke such Release) shall be entitled to the lump sum cash payment and continuing benefits set forth in Schedule A that corresponds to the Eligible Employee's position classification as of the date of termination. In addition to the severance benefits described in Schedule A, each Eligible Employee shall be entitled to receive any unpaid Base Salary through the date of such Eligible Employee's termination, and prompt reimbursement of any unreimbursed expenses properly incurred by such Eligible Employee in accordance with Company policies prior to the date of such Eligible Employee's termination. Such Eligible Employee shall also receive such other benefits, if any, to which such Eligible Employee may be entitled pursuant to the terms and conditions of the employee compensation, incentive, equity, benefit or fringe benefit plans, policies or programs of the Company, other than any Company severance policy.

Section 3. Form and Time of Payment. The cash severance pay benefits payable to an Eligible Employee by his or her Employer under Section 2 shall be paid to such Eligible Employee in a single lump sum less applicable withholdings, except as provided pursuant to

Section 4, within 60 days after the Eligible Employee's date of Qualifying Termination; provided, however, that if such 60-day period begins in one calendar year and ends in a second calendar year, then such severance pay benefits shall not be paid until the second of such two calendar years (regardless of whether the Eligible Employee delivers the Release in the first calendar year or in the second calendar year).

Section 4. Tax and Other Withholding . Each Employer shall withhold from any amount payable to an Eligible Employee pursuant to this Plan, and shall remit to the appropriate governmental authority or the Company, any income, employment or other tax the Employer is required by applicable law to so withhold and remit on behalf of such Eligible Employee, and any amounts owed to the Company.

Section 5. Plan Administration . This Plan shall be administered by the Committee. The Committee shall have discretionary and final authority to interpret and implement the provisions of this Plan and to determine eligibility for benefits under the Plan. The Committee shall perform all of the duties and exercise all of the powers and discretion that the Committee deems necessary or appropriate for the proper administration of this Plan. Every interpretation, choice, determination or other exercise by the Committee of any power or discretion given either expressly or by implication to it shall be conclusive and binding upon all parties having or claiming to have an interest under this Plan or otherwise directly or indirectly affected by such action, without restriction, however, upon the right of the Committee to reconsider or redetermine such action. The Committee may adopt such rules and regulations for the administration of this Plan as are consistent with the terms hereof, and shall keep adequate records of its proceedings and acts. The Committee may employ such agents, accountants and legal counsel (who may be agents, accountants and legal counsel for an Employer) as may be appropriate for the administration of the Plan. All reasonable administration expenses incurred by the Committee in connection with the administration of the Plan shall be paid by the Employer.

Section 6. Claims Procedure . If any person (hereinafter called the "Claimant") feels he or she is being denied a benefit to which he or she is entitled under this Plan, such Claimant may file a written claim for said benefit with the Committee. Within 90 days of the receipt of such claim the Committee shall determine and notify the Claimant as to whether he or she is entitled to such benefit. Such notification shall be in writing and, if denying the claim for benefit, shall set forth the specific reason or reasons for the denial, make specific reference to the pertinent Plan provisions, and advise the Claimant that he or she may, within 60 days of the receipt of such notice, request in writing to appear before the Committee or its designated representative for a hearing to review such denial. Any such hearing shall be scheduled at the mutual convenience of the Committee or its designated representative and the Claimant, and at such hearing the Claimant and/or his or her duly authorized representative may examine any relevant documents and present evidence and arguments to support the granting of the benefit being claimed. The final decision of the Committee with respect to the claim being reviewed shall be made within 60 days following the hearing thereon, and the Committee shall in writing notify the Claimant of its final decision, again specifying the reasons therefor and the pertinent Plan provisions upon which such decision is based. The final decision of the Committee shall be conclusive and binding upon all parties having or claiming to have an interest in the matter being reviewed. The Claimant shall have the right to be provided, on request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim for benefits. All documents, comments, records, and other information will be considered for review, regardless of whether such information was previously considered or not in the initial denial of a claim.

Section 7. Plan Amendment and Termination . The Company shall have the right and power at any time and from time to time to amend this Plan, in whole or in part, by written document executed by its duly authorized representative and at any time to terminate this Plan; provided, however, that no such amendment or termination shall reduce the amount of severance pay payable under this Plan to a former Employee whose employment with an Employer terminated prior to the date of such amendment or termination, or defer the date for the payment of such former Employee's benefit hereunder , without the consent of such former Employee.

Section 8. Nature of Plan and Rights . This Plan is an unfunded employee welfare benefit plan and no provision of this Plan shall be deemed or construed to create a trust fund of any kind or to grant a property interest of any kind to any Employee or former Employee. Any payment which becomes due under this Plan to an Eligible Employee shall be made by his or her Employer out of its general assets, and the right of any Eligible Employee to receive a payment hereunder from his or her Employer shall be no greater than the right of any unsecured general creditor of such Employer.

Section 9. No Right to Employment . Except as expressly provided herein, this Plan shall not interfere in any way with the right of the Company to reduce Employee's compensation or other benefits or terminate Employee's employment, with or without Cause. Any rights that Employee shall have in that regard shall be as set forth in any applicable employment agreement between Employee and the Company.

Section 10. Spendthrift Provision . No right or interest of an Eligible Employee under this Plan may be assigned, transferred or alienated, in whole or in part, either directly or by operation of law, and no such right or interest shall be liable for or subject to any debt, obligation or liability of such Eligible Employee.

Section 11. Applicable Law . This Plan shall be governed and construed in accordance with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and, where not pre-empted by ERISA, the laws of the Commonwealth of Pennsylvania, without regard to conflicts of laws principles thereof.

Section 12. Effectiveness . This Plan shall be effective as of the date of adoption by the Compensation Committee on July 26, 2012 and shall remain in effect until terminated pursuant to Section 7 of this Plan.

Section 13. Section 409A of the Code .

(a) Although the Employer does not guarantee to an Eligible Employee any particular tax treatment relating to the payments and benefits under this Plan, it is intended that such payments and benefits be exempt from, or comply with, Section 409A of Code and the regulations and guidance promulgated thereunder (collectively "Code Section 409A"), and all provisions of

this Plan shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A. Notwithstanding any provision herein to the contrary, in no event shall the Employer be liable for, or be required to indemnify the Eligible Employee for, any liability of the Eligible Employee for taxes or penalties under Code Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Plan providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Plan, references to a "termination," "termination of employment" or like terms shall mean "separation from service".

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided, that the foregoing clause (iii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (iv) such payments shall be made on or before the last day of the Eligible Employee's taxable year following the taxable year in which the expense was incurred.

(d) Whenever a payment under this Plan specifies a payment period with reference to a number of days (e.g., "payment shall be made within sixty (60) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Employer.

(e) If under this Plan, an amount is to be paid in two or more installments, for purposes of Code Section 409A, each installment shall be treated as a separate payment.

(f) Notwithstanding anything herein to the contrary, if the Eligible Employee is, as of the date of termination, a "specified employee" for purposes of Treas. Reg. § 1.409A-1(i), then any amount of deferred compensation that is payable to the Eligible Employee hereunder that is neither a short-term deferral within the meaning of Treas. Reg. § 1.409A-1(b)(4) nor within the involuntary separation pay limit under Treas. Reg. § 1.409A-1(b)(9)(iii)(A) will not be paid before the date that is six months after the date of termination, or if earlier, the date of the Eligible Employee's death. Any payments to which the Eligible Employee would otherwise be entitled during such non-payment period will be accumulated and paid or otherwise provided to the Eligible Employee on the first day of the seventh month following such date of termination, or if earlier, within 30 days of the Eligible Employee's death to his or her surviving spouse (or to the Eligible Employee's estate if the Eligible Employee's spouse does not survive the Eligible Employee).

IN WITNESS WHEREOF, this Plan has been executed as of this 26 th day of July, 2012.

PPL CORPORATION

By:____________________________________

William H. Spence
Chairman, President and Chief Executive Officer

Schedule A

	Severance Benefits
Position Classification Tier 1	• Severance pay : 2 years of Eligible Employee's Base Salary • Group benefit continuation : For Employee and covered family members, a lump sum amount, in cash, equal to the aggregate amount of COBRA premiums otherwise payable by Eligible Employee (based upon the COBRA rate in effect on the date of such termination of employment) for the twenty-four (24) month period immediately following the date of termination (assuming for this purpose that COBRA continuation coverage would have been available for such twenty-four (24) month period). • Career services : Outplacement assistance at the level offered to executive level employees for a period of 2 years, up to a maximum in fees of $50,000.
Position Classification Tier 2	• Severance pay : 12 months of Eligible Employee's Base Salary • Group benefit continuation : For Employee and covered family members, a lump sum amount, in cash, equal to the aggregate amount of COBRA premiums otherwise payable by Eligible Employee (based upon the COBRA rate in effect on the date of such termination of employment) for the twelve (12) month period immediately following the date of termination (assuming for this purpose that COBRA continuation coverage would have been available for such twelve (12) month period). • Career services : Outplacement assistance at the level offered to executive level employees for a period of 12 months, up to a maximum in fees of $25,000.

Exhibit 10(e)

EXECUTION VERSION

LETTER OF CREDIT ISSUANCE AND REIMBURSEMENT AGREEMENT

between

PPL ENERGY SUPPLY, LLC

and

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY

dated as of
July 27, 2012

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THIS LETTER OF CREDIT ISSUANCE AND REIMBURSEMENT AGREEMENT dated as of July 27, 2012, by and between PPL ENERGY SUPPLY, LLC, a Delaware limited liability company (the " Company "), and Canadian Imperial Bank of Commerce, New York Agency (" CIBC ").

ARTICLE I

SCOPE OF AGREEMENT

The Company has requested CIBC to issue one or more standby letters of credit in an Aggregate Stated Amount not to exceed the Maximum Stated Amount, for the account of the Company to support the Company's obligation to post collateral in support of its energy hedging activities. CIBC may (but shall not be obligated to) issue from time to time letters of credit for such purpose, and the Company and CIBC agree that the issuance of such letters of credit, and the obligations of the Company to CIBC with respect thereto, shall be governed by the terms and conditions of this Agreement.

ARTICLE II

DEFINITIONS; INTERPRETATION

Section 2.1 Defined Terms . For the purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings assigned to them in this Article II or in the section or recital referred to:

" Affiliate " means, with respect to any Person, any other Person who is directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through the ownership of stock or its equivalent, by contract or otherwise.

" Aggregate Stated Amount " means, as of any date, the aggregate Stated Amount of all Letters of Credit issued hereunder that remain outstanding as of such date.

" Agreement " shall mean this Letter of Credit Issuance and Reimbursement Agreement, together with all amendments, waivers and modifications, and with all Letter of Credit Requests submitted by the Company.

" Applicable Lending Office " means CIBC's office located at its address set forth in Section 9.1 or such other office as CIBC may hereafter designate by notice to the Company.

" Applicable Rate " means, as of any day, a rate per annum equal to the sum of (a) the higher of (i) the Prime Rate for such day, and (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day, plus (b) 2.00%.

" Availability Termination Date " means the earlier of (i) the date that is the first anniversary of the Closing Date, (ii) the date that the commitment of CIBC under the Existing Credit Agreement terminates or is reduced to zero, (iii) the date that shall have been advised as such date to the Company in writing by CIBC, being a date not less than sixty (60) days after an effective amendment or waiver of any provision of the Existing Credit Agreement, and (iv) the date referred in Section 8.1 .

" Available Amount " means, as of any date, the sum of the Maximum Stated Amount minus the Aggregate Stated Amount as of such date.

" Bankruptcy Code " means Title 11 of the United States Code, as now or hereafter in effect, or any successor thereto.

" Business Day " means a day, other than a Saturday or a Sunday, on which commercial banks are not authorized or required to be closed in New York, New York and Toronto, Canada.

" Cash Collateralize " means the provision of funds to CIBC by the Company by way of a deposit account at CIBC, or a blocked account arrangement for the sole benefit of CIBC, or such other arrangements as shall be acceptable to CIBC in its sole discretion.

" Change of Control " has the meaning set forth in the Existing Credit Agreement.

" CIBC " has the meaning set forth in the preamble .

" Closing Date " means the date that all the conditions in Section 5.1 shall have been satisfied, or waived by CIBC.

" Code " or " Internal Revenue Code " shall mean the Internal Revenue Code of 1986, as amended from time to time.

" Company " shall have the meaning assigned to it in the preamble hereof.

" Consolidated Subsidiaries " has the meaning set forth in the Existing Credit Agreement.

" Credit Obligation " shall mean any and all obligations (including, without limitation, Reimbursement Obligations) of the Company to CIBC arising under or related to this Agreement, including, but not limited to, all present or future taxes, levies, imposts, duties, deductions, charges, liabilities or withholdings imposed, levied, collected, withheld or assessed by any governmental authority on CIBC.

" Debt " has the meaning set forth in the Existing Credit Agreement.

" Default " means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

" Dollars " " $ " and " USD " shall mean the lawful currency of the United States of America.

" Drawing " shall mean a demand for payment under any Letter of Credit in accordance with its terms.

" Environmental Laws " has the meaning set forth in the Existing Credit Agreement.

" Environmental Liability " has the meaning set forth in the Existing Credit Agreement.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

" ERISA Group " has the meaning set forth in the Existing Credit Agreement.

" Event of Default " shall have the meaning assigned to it in Section 8.1 hereof.

" Existing Credit Agreement " means that certain $3,000,000,000 Revolving Credit Agreement, dated as of October 19, 2010, by and among the Company, the lenders from time to time party thereto, and Wells Fargo Bank, National Association, as amended by Amendment No.1 thereto, dated as of October 19, 2011, without giving effect to any further amendments, waivers or consents in relation thereto, other than such amendments, waivers and consents as shall have been affirmatively granted by CIBC.

" FATCA " means Sections 1471 through 1474 of the Internal Revenue Code and any regulations (whether final, temporary or proposed) that are issued thereunder or official government interpretations thereof.

" Federal Funds Rate " means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average of quotations for such day on such transactions received by CIBC from three federal funds brokers of recognized standing selected by CIBC.

" Foreign Subsidiary " means a Subsidiary which is not formed under the laws of the United States or any territory thereof.

" GAAP " means United States generally accepted accounting principles applied on a consistent basis.

" Governmental Authority" means any federal, state or local government, authority, agency, central bank, quasi-governmental authority, court or other body or entity, and any arbitrator with authority to bind a party at law.

" Guarantee " has the meaning set forth in the Existing Credit Agreement.

" Hazardous Substance " has the meaning set forth in the Existing Credit Agreement.

" Indemnitee " has the meaning set forth in Section 9.3 .

" Letter of Credit " shall mean any letter of credit issued pursuant to this Agreement, which letters of credit shall be documented in CIBC's customary form.

" Letter of Credit Request " means a request and letter of credit application in CIBC's customary form, duly completed and delivered by the Company to CIBC in accordance with Section 3.1 hereof.

" Material Adverse Effect " means (i) any material adverse effect upon the business, assets, financial condition or operations of the Company or the Company and its Subsidiaries, taken as a whole; (ii) a material adverse effect on the ability of the Company to perform its obligations under this Agreement, or (iii) a material adverse effect on the validity or enforceability of this Agreement.

" Material Debt " means Debt of the Company and/or one or more of its Restricted Subsidiaries in a principal or face amount exceeding $40,000,000.

" Material Plan " has the meaning set forth in the Existing Credit Agreement.

" Maximum Stated Amount " means $75,000,000.

" Multiemployer Plan " has the meaning set forth in the Existing Credit Agreement.

" OFAC " means the U.S. Department of the Treasury's Office of Foreign Assets Control.

" Other Taxes " has the meaning set forth in Section 4.7(b) .

" PBGC " means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

" Person " shall mean an individual, sole proprietorship, partnership, joint venture, association, trust, estate, business trust, corporation, not-for-profit corporation, sovereign government or agency, instrumentality, or political subdivision thereof, or any similar entity or organization.

" Prime Rate " means the rate of interest publicly announced by CIBC from time to time as its Prime Rate for US credits.

" Reimbursement Obligations " means at any time all obligations of the Company to reimburse CIBC pursuant to Section 4.1 for amounts paid by CIBC in respect of drawings under Letters of Credit.

" Restricted Subsidiaries " means each Subsidiary listed on Schedule 6.11 and each other Subsidiary designated by the Company as a "Restricted Subsidiary" in writing to CIBC, in either case, for so long as such Restricted Subsidiary shall be a direct Wholly Owned Subsidiary of the Company or a direct Wholly Owned Subsidiary of a Restricted Subsidiary.

" Sanctioned Entity " shall mean (i) an agency of the government of, (ii) an organization directly or indirectly controlled by, or (iii) a Person resident in, a country that is subject to a sanctions program identified on the list maintained by OFAC and available at *http://www.treas.gov/offices/enforcement/ofac/sanctions/index.html* , or as otherwise published from time to time as such program may be applicable to such agency, organization or Person.

" Sanctioned Person " shall mean a Person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at *http://www.treas.gov/offices/enforcement/ofac/sdn/index.html* , or as otherwise published from time to time.

" Stated Amount " shall mean, as of any date and with respect to any Letter of Credit, the aggregate maximum amount that is available to be paid under such Letter of Credit.

" Subsidiary " means, with respect to any Person, another Person the majority of the outstanding equity interest of which are owned, directly or indirectly, by such Person or one or more other Subsidiaries of such Person.

" Taxes " has the meaning set forth in Section 4.7(a) .

" Termination Date " means the date that is the second anniversary of the Closing Date.

" Unreimbursed Amount " means the principal amount of all Drawings in respect of which the Company shall not have satisfied its Reimbursement Obligations.

" Wholly Owned Subsidiary " has the meaning set forth in the Existing Credit Agreement.

Section 2.2 Other Definitional Provisions .

(a) All terms defined in this Agreement shall have the above-defined meanings when used in any certificate, report or other document made or delivered pursuant to this Agreement, unless the context therein shall otherwise require.

(b) Defined terms used in the singular shall import the plural and vice versa.

(c) The terms "hereof," "herein," "hereunder," and similar terms when used in this Agreement shall refer to this Agreement as whole and not to any particular provisions of this Agreement.

(d) Any reference in this Agreement to a document or an instrument shall mean such document or instrument and all exhibits thereto as amended or supplemented from time to time. Any reference in this Agreement to any Person as a party to any document or instrument shall include its successors and assigns to such status.

Section 2.3 Incorporation by Reference to Existing Credit Agreement . The following rules of construction shall apply:

(a) Terms defined in the Existing Credit Agreement and used in the provisions incorporated herein, unless otherwise defined herein or the context otherwise requires, shall have the definitions set forth in Section 1.01 of the Existing Credit Agreement, and such definitions are hereby incorporated herein by reference, mutatis mutandis , and the Existing Credit Agreement will be deemed to be and to continue to be (for purposes hereof) in effect for the benefit of CIBC whether or not the Existing Credit Agreement remains outstanding or in effect, except as expressly agreed otherwise by CIBC. Without limitation of the foregoing, all definitions and covenants therein that are incorporated herein, shall be incorporated as of the date hereof and for purposes of this Agreement shall not be subject to any subsequent

modification, supplement, amendment or waiver by the lenders under or other parties to the Existing Credit Agreement, unless CIBC agrees in writing to such modification, supplement, amendment or waiver in its capacity as a lender thereunder, or, if CIBC shall no longer be a lender thereunder, or the Existing Credit Agreement shall no longer remain outstanding, CIBC agrees in writing that any modification, supplement, amendment or waiver thereto shall apply to such provisions as incorporated herein.

(b) In addition, the parties hereto agree that, for the purposes of Article VII, references in the Existing Credit Agreement to (i) "the Borrower" shall be references to the Company, (ii) "this Agreement" or "the Loan Document(s)" shall be references to this Agreement, (iii) "the Lenders" or the "Administrative Agent" shall be references to CIBC, (iv) references to the "Issuing Lender" shall be references to CIBC, and (v) a "Default" or "Event of Default" shall be references to a Default or Event of Default under this Agreement.

(c) Unless the context otherwise requires, whenever any statement is qualified by "to the best knowledge of" or "known to" (or a similar phrase) any Person that is not a natural person, it is intended to indicate that the senior management of such Person has conducted a commercially reasonable inquiry and investigation prior to making such statement and no member of the senior management of such Person (including managers, in the case of limited liability companies, and general partners, in the case of partnerships) has current actual knowledge of the inaccuracy of such statement.

ARTICLE III

LETTER OF CREDIT FACILITY

Section 3.1 Method of Issuance of Letters of Credit. At any time on or after the Closing Date until the Availability Termination Date, the Company may request CIBC issue one or more Letters of Credit hereunder. The Company shall give CIBC a Letter of Credit Request, requesting the issuance or extension of a Letter of Credit, prior to 1:00 P.M. New York time on the proposed date of issuance or extension of any Letter of Credit (which shall be a Business Day) (or such shorter period as may be agreed by CIBC in any particular instance), specifying the date such Letter of Credit is to be issued or extended and describing the terms of such Letter of Credit and the nature of the transactions to be supported thereby. The extension or renewal of any Letter of Credit shall be deemed to be an issuance of such Letter of Credit, and no Letter of Credit shall contain a provision pursuant to which it is deemed to be extended or shall automatically extend. Accordingly, CIBC shall timely give such notice of termination unless it has theretofore timely received a Letter of Credit Request and the other conditions to issuance of a Letter of Credit have theretofore been met with respect to such extension.

Section 3.2 Conditions to Issuance of Letters of Credit. The issuance by CIBC of each Letter of Credit shall, in addition to the conditions precedent set forth in Article V, be subject to the conditions precedent that (i) such Letter of Credit shall be satisfactory in form and substance to CIBC, (ii) the Company shall have executed and delivered such other instruments and agreements relating to such Letter of Credit as CIBC shall have reasonably requested, (iii) the term of such Letter of Credit does not extend beyond 12 months after the date of issuance (after giving effect to any and all auto-renewal or extension provisions within such Letter of Credit), and does not extend beyond the Termination Date; and (iv) CIBC shall have confirmed on the date of (and after giving effect to) such issuance that the Aggregate Stated Amount will not exceed Maximum Stated Amount. Notwithstanding any other provision of this Section 3.2, CIBC shall not be under any obligation to issue any Letter of Credit if: any order, judgment or decree of any governmental authority shall by its terms purport to enjoin or restrain CIBC from issuing such Letter of Credit, or any requirement of law applicable to CIBC or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over CIBC shall prohibit, or request that CIBC refrain from, the issuance of letters of credit generally or such Letter of Credit in particular, or shall impose upon CIBC with respect to such Letter of Credit any restriction, reserve or capital requirement (for which CIBC is not otherwise compensated hereunder) not in effect on the date hereof, or shall impose upon CIBC any unreimbursed loss, cost or expense which was not applicable on the date hereof and which CIBC in good faith deems material to it.

Section 3.3 Drawings under Letters of Credit. Upon receipt from the beneficiary of any Letter of Credit of any notice of a Drawing under any Letter of Credit, CIBC shall determine in accordance with the terms of such Letter of Credit whether such Drawing should be honored. If CIBC determines that any such Drawing shall be honored, CIBC shall make available to such beneficiary in accordance with the terms of such Letter of Credit the amount of the Drawing and shall notify the Company of the amount to be paid as a result of such Drawing and the payment date.

Section 3.4 ISP98. The rules of the "International Standby Practices 1998" as published by the International Chamber of Commerce most recently at the time of issuance of any Letter of Credit shall apply to such Letter of Credit unless otherwise expressly provided in such Letter of Credit.

Section 3.5 Proof of Credit Obligations. This Agreement, the executed Letter of Credit Requests, executed Letters of Credit issued pursuant to such Letter of Credit Requests, and executed Drawings presented under such Letters of Credit shall be presumptive evidence of the Company's Credit Obligations.

ARTICLE IV

REIMBURSEMENT AND PAYMENT OBLIGATIONS

Section 4.1 Reimbursement Obligations. The Company shall be irrevocably and unconditionally obligated forthwith to reimburse CIBC for any amounts paid by CIBC upon any Drawing under any Letter of Credit, together with any and all reasonable charges and expenses which CIBC may pay or incur relative to such Drawing and interest on the amount drawn at the Applicable Rate for each day from and including the date such amount is drawn to but excluding the date such reimbursement payment is due and payable. Such reimbursement

payment shall be due and payable (i) at or before 12:00 Noon New York time on the date CIBC notifies the Company of such Drawing, if such notice is given at or before 10:00 A.M. New York time on such date, or (ii) at or before 10:00 A.M. New York time on the next succeeding Business Day, if such notice is given after 10:00 A.M. New York time on such date; provided , that no payment otherwise required by this sentence to be made by the Company at or before 12:00 Noon New York time on any day shall be overdue hereunder if arrangements for such payment satisfactory to CIBC, in its reasonable discretion, shall have been made by the Company at or before 12:00 Noon. New York time on such day and such payment is actually made at or before 3:00 P.M. New York time on such day. In addition, the Company agrees to pay to CIBC interest, which shall accrue and be payable daily, on any and all amounts not paid by the Company to CIBC when due under this Section 4.1 , for each day from and including the date when such amount becomes due to but excluding the date such amount is paid in full, whether before or after judgment, at the Applicable Rate. Each payment to be made by the Company pursuant to this Section 4.1 shall be made to CIBC in immediately available funds at its address referred to in Section 9.1 .

Section 4.2 Obligations in Respect of Letters of Credit Unconditional. The obligations of the Company under Section 4.1 above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of this Agreement or any Letter of Credit or any document related hereto or thereto;

(b) any amendment or waiver of or any consent to departure from all or any of the provisions of this Agreement or any Letter of Credit or any document related hereto or thereto;

(c) the use which may be made of the Letter of Credit by, or any acts or omission of, a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting);

(d) the existence of any claim, set-off, defense or other rights that the Company may have at any time against a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting), CIBC or any other Person, whether in connection with this Agreement or any Letter of Credit or any document related hereto or thereto or any unrelated transaction;

(e) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(f) payment under a Letter of Credit against presentation to an Issuing Lender of a draft or certificate that does not comply with the terms of such Letter of Credit; provided, that CIBC's determination that documents presented under such Letter of Credit comply with the terms thereof shall not have constituted gross negligence or willful misconduct of CIBC; or

(g) any other act or omission to act or delay of any kind by CIBC or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this subsection (g), constitute a legal or equitable discharge of the Company's obligations hereunder.

Nothing in this Section 4.2 is intended to limit the right of the Company to make a claim against CIBC for damages as contemplated by the proviso to the first sentence of Section 4.3 .

Section 4.3 Indemnification in Respect of Letters of Credit. The Company hereby indemnifies and holds harmless CIBC from and against any and all claims, damages, losses, liabilities, costs or expenses which CIBC may incur by reason of or in connection with the execution and delivery or transfer of or payment or failure to pay under any Letter of Credit, including, without limitation, any of the circumstances enumerated in Section 4.2 , as well as (i) any error, omission, interruption or delay in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, (ii) any error in interpretation of technical terms, (iii) any loss or delay in the transmission of any document required in order to make a Drawing under a Letter of Credit, (iv) any consequences arising from causes beyond the control of such indemnitee, including without limitation, any government acts, or (v) any other circumstances whatsoever in making or failing to make payment under such Letter of Credit; provided , that the Company shall not be required to indemnify CIBC for any claims, damages, losses, liabilities, costs or expenses, and the Company shall have a claim against CIBC for direct (but not consequential) damages suffered by it, to the extent found by a court of competent jurisdiction in a final, non-appealable judgment or order to have been caused by (a) the willful misconduct or gross negligence of CIBC in determining whether a request presented under any Letter of Credit issued by it complied with the terms of such Letter of Credit or (b) CIBC's failure to pay under any Letter of Credit issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit. Nothing in this Section 4.3 is intended to limit the obligations of the Company under any other provision of this Agreement.

Section 4.4 Interest Calculations . Interest shall accrue on the outstanding Unreimbursed Amount, for each day from the date of the related Drawing until it is paid in full, at a rate per annum equal to the Applicable Rate. CIBC shall determine the Applicable Rate hereunder, and shall give prompt notice to the Company of each change in the Applicable Rate as so determined, and its determination thereof shall be conclusive in the absence of manifest error. Interest shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed.

Section 4.5 Fees . The Company shall pay to CIBC a fee, quarterly in arrears on the last day of each March, June, September and December falling after the Closing Date (or, if any such day is not a Business Day, the next succeeding Business Day), and on the Termination Date, at a rate equal to 1.25% per annum on the average Aggregate Stated Amount of all Letters of Credit outstanding on each day during such quarter, and for the number of days in such period. For the avoidance of doubt, the first quarterly payment shall be due on September 30, 2012, in respect of the period beginning on the Closing Date and ending on such date, and the payment due on the Termination

Date shall be in respect of the period from the preceding quarter-end through the Termination Date. In addition, the Company shall pay to CIBC, upon each issuance of, payment under, and/or amendment of, a Letter of Credit, such amount as shall at the time of such issuance, payment or amendment be the administrative charges and expenses which CIBC is customarily charging for issuances of, payments under, or amendments to letters of credit issued by it.

Section 4.6 General Provisions as to Payments.

(a) Payments by the Company. The Company shall make each payment of principal of and interest on the Credit Obligations hereunder on the date when due, without set-off, counterclaim or other deduction, in immediately available funds in New York, New York, to CIBC at its address referred to in Section 9.1 . Whenever any payment shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Increased Costs. If after the date hereof, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by CIBC with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System), special deposit, insurance assessment or similar requirement against Letters of Credit issued by, assets of, deposits with or for the account of or credit extended by, CIBC or shall impose on CIBC or on the United States market for certificates of deposit, or on obligations hereunder in respect of Letters of Credit, and the result of any of the foregoing is to increase the cost to CIBC of issuing any Letter of Credit, or to reduce the amount of any sum received or receivable by CIBC under this Agreement with respect thereto, then, within fifteen (15) days after demand by CIBC, the Company shall pay to CIBC such additional amount or amounts, as determined by CIBC in good faith, as will compensate CIBC for such increased cost or reduction, solely to the extent that any such additional amounts were incurred by CIBC within ninety (90) days of such demand.

(c) Capital Adequacy. If CIBC shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any such law, rule or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of CIBC (or any Person controlling CIBC) as a consequence of CIBC's obligations hereunder to a level below that which CIBC (or any Person controlling CIBC) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy), then from time to time, within fifteen (15) days after demand by CIBC, the Company shall pay to CIBC such additional amount or amounts as will compensate CIBC (or any Person controlling CIBC) for such reduction, solely to the extent that any such additional amounts were incurred by the Lender within ninety (90) days of such demand.

(d) Notices. CIBC will promptly notify the Company of any event of which it has knowledge, occurring after the date hereof, that will entitle CIBC to compensation pursuant to this Section, and will use reasonable efforts to avoid the need for or to reduce the amount of such compensation as are not, in the judgment of CIBC, otherwise disadvantageous to CIBC. A certificate of CIBC claiming compensation under this Section and setting forth in reasonable detail the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, CIBC may use any reasonable averaging and attribution methods.

Section 4.7 Taxes .

(a) Payments Net of Certain Taxes. Any and all payments by the Company to or for the account of CIBC hereunder shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges and withholdings and all liabilities with respect thereto, excluding: (i) taxes imposed on or measured by the net income (including branch profits or similar taxes) of, and gross receipts, franchise or similar taxes imposed on, CIBC by the jurisdiction (or subdivision thereof) under the laws of which CIBC is organized or in which its principal executive office is located or, in which its Applicable Lending Office is located, (ii) any United States withholding tax imposed on such payments, but only to the extent that CIBC is subject to United States withholding tax at the time CIBC first becomes a party to this Agreement or changes its Applicable Lending Office, (iii) any backup withholding tax imposed by the United States (or any state or locality thereof) on CIBC if it is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code, and (iv) any taxes imposed by FATCA (all such nonexcluded taxes, duties, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as " Taxes "). If the Company shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to CIBC, (i) the sum payable shall be increased as necessary so that after making all such required deductions (including deductions applicable to additional sums payable under this Section 4.7(a)) CIBC receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Company shall make such deductions, (iii) the Company shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) the Company shall furnish to CIBC the original or a certified copy of a receipt evidencing payment thereof.

(b) Other Taxes. In addition, the Company agrees to pay any and all present or future stamp or documentary taxes and any other excise or property taxes, or similar charges or levies, which arise from any payment made pursuant to this Agreement or from the execution, delivery, registration or enforcement of, or otherwise with respect to, this Agreement (collectively, " Other Taxes ").

(c) Indemnification. The Company agrees to indemnify CIBC for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 4.7(c)), whether or not correctly or legally asserted, paid by CIBC and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto as certified in good faith to the Company by CIBC seeking indemnification pursuant to this Section 4.7(c) . This indemnification shall

be paid within 15 days after CIBC makes demand therefor.

(d) Refunds or Credits. If CIBC determines in its sole discretion it has received a refund from a taxation authority for any Taxes or Other Taxes for which it has been indemnified by the Company or with respect to which the Company has paid additional amounts pursuant to this Section 4.7 , it shall within fifteen (15) days from the date of such receipt pay over the amount of such refund to the Company (but only to the extent of indemnity payments made or additional amounts paid by the Company under this Section 4.7 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of CIBC and without interest (other than interest paid by the relevant taxation authority with respect to such refund); provided , however, that the Company agrees to repay, upon the request of CIBC, the amount paid over to the Company (plus penalties, interest or other charges) to CIBC in the event CIBC or Agent is required to repay such refund to such taxation authority.

(e) Tax Forms and Certificates. On the date hereof, and from time to time thereafter if reasonably requested by the Company or CIBC, and at any time it changes its Applicable Lending Office: (i) if CIBC is a "United States person" within the meaning of Section 7701 (a)(30) of the Internal Revenue Code, it shall deliver to the Company two (2) properly completed and duly executed copies of Internal Revenue Service Form W-9, or any successor form prescribed by the Internal Revenue Service, or such other documentation or information prescribed by applicable law or reasonably requested by the Company, certifying that CIBC is a United States person and is entitled to an exemption from United States backup withholding tax or information reporting requirements; and (ii) if CIBC is not a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code, it shall deliver to the Company: (A) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8 BEN, or any successor form prescribed by the Internal Revenue Service, certifying that CIBC is entitled to the benefits under an income tax treaty to which the United States is a party which exempts CIBC from United States withholding tax or reduces the rate of withholding tax on payments of interest for the account of CIBC; (B) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8 ECI, or any successor form prescribed by the Internal Revenue Service, certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States; or (C) two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8 BEN, or any successor form prescribed by the Internal Revenue Service, together with a certificate to the effect that (x) CIBC is not (1) a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (2) a "10-percent shareholder" of the Company within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code, or (3) a "controlled foreign corporation" that is described in Section 881(c)(3)(C) of the Internal Revenue Code and is related to the Company within the meaning of Section 864(d)(4) of the Internal Revenue Code and (y) the interest payments in question are not effectively connected with a U.S. trade or business conducted by CIBC or are effectively connected but are not includible in CIBC's gross income for United States federal income tax purposes under an income tax treaty to which the United States is a party; or (D) to the extent CIBC is not the beneficial owner, two (2) properly completed and duly executed copies of Internal Revenue Service Form W-8 IMY, or any successor form prescribed by the Internal Revenue Service, accompanied by an Internal Revenue Service Form W-8 ECI, W-8 BEN, W-9, and/or other certification documents from each beneficial owner, as applicable. If a payment made to CIBC hereunder would be subject to U.S. Federal withholding tax imposed by FATCA if CIBC fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), CIBC shall deliver to the Company (A) a certification that CIBC has complied with such applicable reporting requirements, and (B) other documentation required to be provided to a withholding agent by FATCA or otherwise reasonably requested by the Company sufficient for the Company to comply with their obligations under FATCA and to determine that CIBC has complied with such applicable reporting requirements. In addition, CIBC agrees that from time to time after the date hereof, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will upon the written request of the Company, deliver to the Company two new accurate and complete signed originals of Internal Revenue Service Form W-9, W-8 BEN, W-8 ECI or W-8 IMY or FATCA-related documentation described above, or successor forms, as the case may be, and, to the extent legally entitled to do so, such other forms as may be required in order to confirm or establish the entitlement of CIBC to a continued exemption from or reduction in United States withholding tax with respect to payments under this Agreement, or it shall immediately notify the Company of its inability to deliver any such Form or certificate.

(f) Exclusions. The Company shall not be required to indemnify CIBC, or to pay any additional amount to CIBC, pursuant to Section 4.7(a) , (b) or (c) in respect of Taxes or Other Taxes to the extent that the obligation to indemnify or pay such additional amounts would not have arisen but for the failure of CIBC to comply with the provisions of subsection (e) above.

(g) Mitigation. If the Company is required to pay additional amounts to or for the account of CIBC pursuant to this Section 4.7 , then CIBC will use reasonable efforts (which shall include efforts to rebook the Credit Obligations held by CIBC to a new Applicable Lending Office, or through another branch or affiliate of CIBC) to change the jurisdiction of its Applicable Lending Office if, in the good faith judgment of CIBC, such efforts (i) will eliminate or, if it is not possible to eliminate, reduce to the greatest extent possible any such additional payment which may thereafter accrue and (ii) is not otherwise disadvantageous, in the sole determination of CIBC, to CIBC. If CIBC is claiming any indemnity payment or additional amounts payable pursuant to this Section, it shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Company or to change the jurisdiction of its Applicable Lending Office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amounts that may thereafter accrue and would not, in the sole determination of CIBC, be otherwise disadvantageous to CIBC.

(h) Confidentiality. Nothing contained in this Section shall require CIBC to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

ARTICLE V

CONDITIONS

Section 5.1 Conditions to Closing. The initial availability of the facility contemplated by this Agreement is subject to

the satisfaction of the following conditions:

(a) This Agreement. On or prior to August 1, 2012, CIBC shall have received a counterpart hereof signed by the Company.

(b) Officers' Certificates. CIBC shall have received a certificate signed on behalf of the Company by the Chairman of the Board, the President, any Vice President, the Treasurer or the Assistant Treasurer of the Company stating that (A) on the Closing Date and after giving effect to the Letters of Credit being made or issued on the Closing Date, no Default shall have occurred and be continuing and (B) the representations and warranties of the Company contained herein are true and correct on and as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date.

(c) Proceedings. On the Closing Date, CIBC shall have received (i) a certificate of the Secretary of State of the State of Delaware, dated as of a recent date, as to the good standing of the Company and (ii) a certificate of the Secretary or an Assistant Secretary of the Company dated the Closing Date and certifying (A) that attached thereto is a true, correct and complete copy of (x) the Company's certificate of formation certified by the Secretary of State of the State of Delaware and (y) the limited liability company agreement of the Company, (B) as to the absence of dissolution or liquidation proceedings by or against the Company, (C) that attached thereto is a true, correct and complete copy of resolutions adopted by the managers of the Company authorizing the execution, delivery and performance of this Agreement and each other document delivered in connection herewith or therewith and that such resolutions have not been amended and are in full force and effect on the date of such certificate and (D) as to the incumbency and specimen signatures of each officer of the Company executing this Agreement or any other document delivered in connection herewith or therewith.

(d) Opinions of Counsel. On the Closing Date, CIBC shall have received from counsel to the Company, opinions addressed to CIBC, dated the Closing Date, as to such customary matters as CIBC shall reasonably require.

(e) Consents. All necessary governmental (domestic or foreign), regulatory and third party approvals, if any, in connection with the transactions contemplated by this Agreement and shall have been obtained and remain in full force and effect, in each case without any action being taken by any competent authority which could restrain or prevent such transaction or impose, in the reasonable judgment of CIBC, materially adverse conditions upon the consummation of such transactions.

(f) Payment of Fees. All costs, fees and expenses due to CIBC on or before the Closing Date shall have been paid.

(g) Counsel Fees. CIBC shall have received full payment from the Company of the fees and expenses of Mayer Brown LLP which are billed through the Closing Date.

Section 5.2 Conditions to Issuance. The obligation of CIBC to issue (or renew or extend the term of) any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) receipt by CIBC of a Letter of Credit Request as required hereunder;

(b) after giving effect to the proposed issuance of such Letter of Credit, the Aggregate Stated Amount will not exceed the Maximum Stated Amount;

(c) the fact that, immediately before and after giving effect to such issuance, renewal or extension, no Default shall have occurred and be continuing; and

(d) the fact that the representations and warranties of the Company contained in this Agreement shall be true and correct on and as of the date of such issuance, renewal or extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct as of such earlier date and except for the representations in Section 6.4(c) , Section 6.6 , Section 6.15 and Section 6.16 , which shall be deemed only to relate to the matters referred to therein on and as of the Closing Date.

Each issuance, renewal or extension of a Letter of Credit under this Agreement shall be deemed to be a representation and warranty by the Company on the date of such event as to the facts specified in clauses (b) and (c) of this Section.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants that:

Section 6.1 Status. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has the limited liability company authority to make and perform this Agreement.

Section 6.2 Authority; No Conflict. The execution, delivery and performance by the Company of this Agreement and each other Letter of Credit Request have been duly authorized by all necessary limited liability company action and do not violate (i) any provision of law or regulation, or any decree, order, writ or judgment, (ii) any provision of its limited liability company agreement, or (iii) result in the breach of or constitute a default under any indenture or other agreement or instrument to which the Company is a party.

Section 6.3 Legality; Etc. This Agreement and each Letter of Credit Request constitute the legal, valid and binding

obligations of the Company, enforceable against the Company in accordance with their terms except to the extent limited by (a) bankruptcy, insolvency, fraudulent conveyance or reorganization laws or by other similar laws relating to or affecting the enforceability of creditors' rights generally and by general equitable principles which may limit the right to obtain equitable remedies regardless of whether enforcement is considered in a proceeding of law or equity or (b) any applicable public policy on enforceability of provisions relating to contribution and indemnification.

Section 6.4 Financial Condition .

(a) Audited Financial Statements. The consolidated balance sheet of the Company and its Consolidated Subsidiaries as of December 31, 2011 and the related consolidated statements of income and cash flows for the fiscal year then ended, reported on by Ernst & Young, LLP, copies of which have been delivered to CIBC, fairly present, in conformity with GAAP, the consolidated financial position of the Company and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) Interim Financial Statements. The unaudited consolidated balance sheet of the Company and its Consolidated Subsidiaries as of March 31, 2012 and the related unaudited consolidated statements of income and cash flows for the three months then ended fairly present, in conformity with GAAP applied on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of the Company and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such three-month period (subject to normal year-end audit adjustments).

(c) Material Adverse Change. Since December 31, 2011, there has been no change in the business, assets, financial condition or operations of the Company and its Consolidated Subsidiaries, considered as a whole, that would materially and adversely affect the Company's ability to perform any of its obligations under this Agreement.

Section 6.5 Rights to Properties. The Company and its Restricted Subsidiaries have good and valid fee, leasehold, easement or other right, title or interest in or to all the properties necessary to the conduct of their business as conducted on the Closing Date and as then proposed to be conducted, except to the extent the failure to have such rights or interests would not have a Material Adverse Effect.

Section 6.6 Litigation. Except as disclosed in or contemplated by the Company's Form 10-K Report to the SEC for the year ended December 31, 2011 or in any subsequent Form 10-K, 10-Q or 8-K Report, no litigation, arbitration or administrative proceeding against the Company is pending or, to the Company's knowledge, threatened, which would reasonably be expected to materially and adversely affect the ability of the Company to perform any of its obligations under this Agreement. There is no litigation, arbitration or administrative proceeding pending or, to the knowledge of the Company, threatened which questions the validity of this Agreement.

Section 6.7 No Violation. No part of the proceeds of the borrowings by hereunder will be used, directly or indirectly by the Company for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, or for any other purpose which violates, or which conflicts with, the provisions of Regulations U or X of said Board of Governors. The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any such "margin stock".

Section 6.8 ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Material Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Material Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Material Plan, (ii) failed to make any contribution or payment to any Material Plan, or made any amendment to any Material Plan, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code or (iii) incurred any material liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

Section 6.9 Governmental Approvals. No authorization, consent or approval from any Governmental Authority is required for the execution, delivery and performance by the Company of this Agreement, except such authorizations, consents and approvals as shall have been obtained prior to the Closing Date and shall be in full force and effect.

Section 6.10 Investment Company Act. The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 6.11 Restricted Subsidiaries, Etc. Set forth in Schedule 6.11 hereto is a complete and correct list as of the Closing Date of the Restricted Subsidiaries of the Company, together with, for each such Subsidiary, the jurisdiction of organization of such Subsidiary. Except as disclosed in Schedule 6.11 hereto, as of the Closing Date, each such Subsidiary (i) was a Wholly Owned Subsidiary of the Company and (ii) was duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and had all corporate or other organizational powers to carry on its businesses as then conducted.

Section 6.12 Tax Returns and Payments. The Company and each of its Restricted Subsidiaries has filed or caused to be filed all federal, state, local and foreign income tax returns required to have been filed by it and has paid or caused to be paid all income taxes shown to be due on such returns except income taxes that are being contested in good faith by appropriate proceedings and for which the Company or its Restricted Subsidiaries, as the case may be, shall have set aside on its books appropriate reserves with respect thereto in accordance with GAAP or that would not reasonably be expected to have a Material Adverse Effect.

Section 6.13 Compliance with Laws. To the knowledge of the Company or any of its Restricted Subsidiaries, the Company and each of its Restricted Subsidiaries is in compliance with all applicable laws, regulations and orders of any Governmental

Authority, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including, without limitation, compliance with all applicable ERISA and Environmental Laws and the requirements of any permits issued under such Environmental Laws), except to the extent (a) such compliance is being contested in good faith by appropriate proceedings or (b) non-compliance would not reasonably be expected to materially and adversely affect its ability to perform any of its obligations under this Agreement.

Section 6.14 No Default. No Default has occurred and is continuing.

Section 6.15 Environmental Matters.

(a) Except (i) as disclosed in or contemplated by the Company's Form 10-K Report to the SEC for the year ended December 31, 2011 or in any subsequent Form 10-K, 10-Q or 8-K Report, or (ii) to the extent that the liabilities of the Company and its Subsidiaries, taken as a whole, that relate to or could reasonably be expected to result from the matters referred to in clauses (i) through (iii) of this Section 6.15(a) , inclusive, would not reasonably be expected to result in a Material Adverse Effect:

(i) no notice, notification, citation, summons, complaint or order has been received by the Company or any of its Subsidiaries, no penalty has been assessed nor is any investigation or review pending or, to the Company's or any of its Subsidiaries' knowledge, threatened by any governmental or other entity with respect to any (A) alleged violation by or liability of the Company or any of its Subsidiaries of or under any Environmental Law, (B) alleged failure by the Company or any of its Subsidiaries to have any environmental permit, certificate, license, approval, registration or authorization required in connection with the conduct of its business or (C) generation, storage, treatment, disposal, transportation or release of Hazardous Substances;

(ii) to the Company's or any of its Subsidiaries' knowledge, no Hazardous Substance has been released (and no written notification of such release has been filed) (whether or not in a reportable or threshold planning quantity) at, on or under any property now or previously owned, leased or operated by the Company or any of its Subsidiaries; and

(iii) no property now or previously owned, leased or operated by the Company or any of its Subsidiaries or, to the Company's or any of its Subsidiaries' knowledge, any property to which the Company or any of its Subsidiaries has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances, is listed or, to the Company's or any of its Subsidiaries' knowledge, proposed for listing, on the National Priorities List promulgated pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (" CERCLA "), on CERCLIS (as defined in CERCLA) or on any similar federal, state or foreign list of sites requiring investigation or clean-up.

(b) Except as disclosed in or contemplated by the Company's Form 10-K Report to the SEC for the year ended December 31, 2011 or in any subsequent Form 10-K, 10-Q or 8-K Report, to the Company's or any of its Subsidiaries' knowledge, there are no Environmental Liabilities that have resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) For purposes of this Section 6.15 , the terms "the Company" and "Subsidiary" shall include any business or business entity (including a corporation) which is a predecessor, in whole or in part, of the Company or any of its Subsidiaries from the time such business or business entity became a Subsidiary of PPL Corporation, a Pennsylvania corporation.

Section 6.16 Guarantees. As of the Closing Date, except as set forth in Schedule 6.16 hereto, the Company has no Guarantees of any Debt of any Foreign Subsidiary of the Company other than such Debt not in excess of $25,000,000 in the aggregate.

Section 6.17 OFAC. None of the Company, any Subsidiary of the Company or any Affiliate of the Company: (i) is a Sanctioned Person, (ii) has more than 10% of its assets in Sanctioned Entities, or (iii) derives more than 10% of its operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Entities.

ARTICLE VII

COVENANTS

The Company agrees with CIBC that, until all Letters of Credit issued under this Agreement shall have terminated, and all Credit Obligations shall have been indefeasibly paid in full, the Company will perform or cause to be performed each covenant of the "Borrower" contained in Article VI of the Existing Credit Agreement, with each definition and related term, as in effect on the Closing Date (and thereafter as in effect) being incorporated in this Agreement by this reference as though specifically set forth herein, subject in all cases to the terms of Section 2.3 ; provided that if CIBC shall cease to be a Lender under the Existing Credit Agreement, the Company agrees to amend this Agreement by inserting substantially all of the affirmative and negative covenants of the Company under the Existing Credit Agreement into this Agreement directly.

ARTICLE VIII

DEFAULTS

Section 8.1 Events of Default. If one or more of the following events (each an " Event of Default ") shall have occurred

and be continuing:

(a) the Company shall fail to pay when due any principal on any Credit Obligations; or

(b) the Company shall fail to pay when due any interest on the Credit Obligations, any fee or any other amount payable hereunder for five (5) days following the date such payment becomes due hereunder; or

(c) the Company shall fail to observe or perform any covenant or agreement (A) contained in clause (ii) of Section 6.05, or Sections 6.06, 6.08, 6.09, 6.11 or 6.12 of the Existing Agreement (as incorporated into this Agreement pursuant to Article VII), or (B) contained in Section 6.01(d)(i) of the Existing Agreement (as incorporated into this Agreement pursuant to Article VII) for 30 days after any such failure, or (C) contained in Section 6.01(d)(ii) of the Existing Agreement (as incorporated into this Agreement pursuant to Article VII) for ten (10) days after any such failure; or

(d) the Company shall fail to observe or perform any covenant or agreement contained in this Agreement, including covenants and agreements incorporated herein pursuant to Article VII (other than those covered by clauses (a), (b) or (c) above) for thirty (30) days after written notice thereof has been given to the Company by CIBC; or

(e) any representation, warranty or certification made by the Company in this Agreement or in any certificate, financial statement or other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed made; or

(f) the Company or any Restricted Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Material Debt beyond any grace period provided with respect thereto, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Material Debt beyond any grace period provided with respect thereto if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Debt or a trustee on its or their behalf to cause, such Debt to become due prior to its stated maturity; or

(g) the Company or any Restricted Subsidiary of the Company shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay, or shall admit in writing its inability to pay, its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(h) an involuntary case or other proceeding shall be commenced against the Company or any Restricted Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Company or any Restricted Subsidiary under the Bankruptcy Code; or

(i) any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of $50,000,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Material Plan shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could reasonably be expected to cause one or more members of the ERISA Group to incur a current payment obligation in excess of $50,000,000; or

(j) the Company or any of its Restricted Subsidiaries shall fail within sixty (60) days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of $20,000,000, entered against the Company or any such Restricted Subsidiary that is not stayed on appeal or otherwise being appropriately contested in good faith; or

(k) a Change of Control shall have occurred;

then, and in every such event, while such event is continuing, CIBC may (A) by notice to the Company declare the Availability Termination Date to have occurred, and (B) by notice to the Company declare the Credit Obligations (together with accrued interest and accrued and unpaid fees thereon and all other amounts due hereunder) to be, and the Credit Obligations shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kin), all of which are hereby waived by the Company and require the Company to, and the Company shall, Cash Collateralize (in an amount not less than 100% thereof) all Credit Obligations then outstanding; provided, that, in the case of any Default or any Event of Default specified in clause 8.1(g) or 8.1(h) above with respect to the Company, without any notice to the Company or any other act by CIBC, the Availability Termination Date shall thereupon occur and the Credit Obligations (together with accrued interest and accrued and unpaid fees thereon and all other amounts due hereunder) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, and the Company shall Cash Collateralize (in an amount not less than 100% thereof) all Credit Obligations then outstanding.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Notices. Except as otherwise expressly provided herein, all notices and other communications hereunder shall be in writing (for purposes hereof, the term "writing" shall include information in electronic format such as electronic mail and internet web pages) or by telephone subsequently confirmed in writing; provided that the foregoing shall not apply to notices to CIBC pursuant to Article III if CIBC has notified the Company that it is incapable of receiving notices under such Article in electronic format. Any notice shall have been duly given and shall be effective if delivered by hand delivery or sent via electronic mail, telecopy, recognized overnight courier service or certified or registered mail, return receipt requested, or posting on an internet web page, and shall be presumed to be received by a party hereto (i) on the date of delivery if delivered by hand or sent by electronic mail, posting on an internet web page, or telecopy, (ii) on the Business Day following the day on which the same has been delivered prepaid (or on an invoice basis) to a reputable national overnight air courier service or (iii) on the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address or telecopy numbers set forth below, and, in the case of the Lenders, set forth on signature pages hereto, or at such other address as such party may specify by written notice to the other parties hereto:

if to the Company:

PPL Energy Supply, LLC
Two North Ninth Street (GENTW14)
Allentown, Pennsylvania 18101-1179
Attention: Russell R. Clelland
Telephone: 610-774-5151
Facsimile: 610-774-5235

with a copy to:

PPL Energy Supply, LLC
Two North Ninth Street (GENTW4)
Allentown, Pennsylvania 18101-1179
Attention: Frederick C. Paine, Esq.
Telephone: 610-774-7445
Facsimile: 610-774-6726

if to CIBC:

For Letter of Credit Requests:

Canadian Imperial Bank of Commerce, New York Agency
425 Lexington Avenue, 5 th Avenue
New York, New York, 10017 Attn: Blair Kissack/Fred Page/Ryan Moonilal
Telephone: (416) 780-5543 and (416) 542-4344
Facsimile: (905) 948-1934

For all other notices:

Canadian Imperial Bank of Commerce, New York Agency
425 Lexington Avenue
New York, New York, 10017
Attn: General Counsel
Telephone: (212) 667-8316
Facsimile: (212) 667-8366

Section 9.2 No Waivers; Non-Exclusive Remedies. No failure by CIBC to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.3 Expenses; Indemnification.

(a) Expenses. The Company shall pay (i) all out-of-pocket expenses of CIBC, including legal fees and disbursements of Mayer Brown LLP and any other local counsel retained by CIBC, in its reasonable discretion, in connection with the preparation, execution, delivery and administration of this Agreement, any waiver or consent thereunder or any amendment thereof or any Default or alleged Default thereunder and (ii) all reasonable out-of-pocket expenses incurred by CIBC, including (without duplication) the fees and disbursements of outside counsel, in connection with any restructuring, workout, collection, bankruptcy, insolvency and other enforcement proceedings in connection with the enforcement and protection of its rights; provided, that the Company shall not be liable for any legal fees or disbursements of any counsel for CIBC other than Mayer Brown LLP associated with the preparation, execution and delivery of this Agreement and the closing documents contemplated hereby.

(b) Indemnity in Respect of Agreement. The Company agrees to indemnify CIBC, its Affiliates and the respective directors, officers, trustees, agents, employees, trustees and advisors of the foregoing (each an " Indemnitee ") and hold each Indemnitee harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs and expenses or disbursements of any kind whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and any civil penalties or fines assessed by OFAC), which may at any time (including, without limitation, at any time following the payment of the obligations of the Company hereunder) be imposed on, incurred by or asserted against such Indemnitee in connection with any investigative, administrative or judicial proceeding (whether or not such Indemnitee shall be designated a party thereto) brought or threatened (by any third party, by the Company or any Subsidiary of the Company) in any way relating to or arising out of this Agreement or any documents contemplated hereby or referred to herein or any actual or proposed use of proceeds of Loans hereunder; provided, that no Indemnitee shall have the right to be indemnified hereunder for such Indemnitee's own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment or order.

(c) Indemnity in Respect of Environmental Liabilities. The Company agrees to indemnify each Indemnitee and hold each Indemnitee harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs and expenses or disbursements of any kind whatsoever (including, without limitation, reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and reasonable fees and disbursements of counsel) which may at any time (including, without limitation, at any time following the payment of the obligations of the Company hereunder) be imposed on, incurred by or asserted against such Indemnitee in respect of or in connection with any actual or alleged presence or release of Hazardous Substances on or from any property now or previously owned or operated by the Company or any of its Subsidiaries or any predecessor of the Company or any of its Subsidiaries, or any and all Environmental Liabilities. Without limiting the generality of the foregoing, the Company hereby waives all rights of contribution or any other rights of recovery with respect to liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs and expenses and disbursements in respect of or in connection with Environmental Liabilities that it might have by statute or otherwise against any Indemnitee.

(d) Waiver of Damages. To the fullest extent permitted by applicable law, the Company shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the transactions contemplated hereby.

Section 9.4 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Company and CIBC.

Section 9.5 Successors and Assigns .

(a) Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or otherwise transfer any of its rights under this Agreement without the prior written consent of CIBC, except to the extent any such assignment results from the consummation of a merger or consolidation permitted pursuant to this Agreement.

(b) Assignments to Federal Reserve Banks. CIBC may at any time assign all or any portion of its rights under this Agreement to a Federal Reserve Bank. No such assignment shall release CIBC from its obligations hereunder.

Section 9.6 Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York. The Company hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Company irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such court and any claim that any such proceeding brought in any such court has been brought in an inconvenient forum.

Section 9.7 Counterparts; Integration; Effectiveness. This Agreement shall become effective on the Closing Date. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. On and after the Closing Date, this Agreement and all the documents referred to herein shall constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof and thereof.

Section 9.8 Generally Accepted Accounting Principles. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Company's independent public accountants) with the audited consolidated financial statements of the Company and its Consolidated Subsidiaries most recently delivered to the Lenders; provided , that, if the Company notifies CIBC that the Company wishes to amend any covenant herein to eliminate the effect of any change in GAAP on the operation of such covenant (or if CIBC notifies the Company that its wishes to amend this Agreenent for such purpose), then the Company's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and CIBC.

Section 9.9 WAIVER OF JURY TRIAL. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.10 Confidentiality. CIBC agrees to hold all non-public information obtained pursuant to the requirements of this Agreement in accordance with its customary procedure for handling confidential information of this nature and in accordance with safe and sound banking practices; provided, that nothing herein shall prevent CIBC from disclosing such information (i) to any Person if reasonably incidental to the administration of the Credit Obligations, (ii) upon the order of any court or administrative agency, (iii) to the extent requested by, or required to be disclosed to, any rating agency or regulatory agency or similar authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (iv) which had been publicly disclosed other than as a result of a disclosure by CIBC prohibited by this Agreement, (v) in connection with any litigation to which CIBC or any of its Subsidiaries or Affiliates may be party, (vi) to the extent necessary in connection with the exercise of any remedy hereunder, (vii) to CIBC's Affiliates and their respective directors, officers, employees and agents including legal counsel and independent auditors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (viii) with the consent of the Company, (ix) to Gold Sheets and other similar bank trade publications, such information to consist solely of deal terms and other information customarily found in such publications and (x) subject to provisions substantially similar to those contained in this Section, to any securitization, swap or derivative transaction relating to the Credit Obligations hereunder. Notwithstanding the foregoing, CIBC or Mayer Brown LLP may circulate promotional materials and place advertisements in financial and other newspapers and periodicals or on a home page or similar place for dissemination of information on the Internet or worldwide web, in each case, after the closing of the transactions contemplated by this Agreement in the form of a "tombstone" or other release limited to describing the names of the Company or its Affiliates, or any of them, and the amount, type and closing date of such transactions, all at their sole expense

Section 9.11 USA PATRIOT Act Notice. CIBC hereby notifies the Company that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub.L. 107-56 (signed into law October 26, 2001)) (the " Patriot Act "), it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow CIBC to identify the Company in accordance with the Patriot Act.

Section 9.12 No Fiduciary Duty. CIBC and its Affiliates (collectively, solely for purposes of this paragraph, the " CIBC Parties "), may have economic interests that conflict with those of the Company, its Affiliates and/or their respective stockholders (collectively, solely for purposes of this paragraph, the " Company Parties "). The Company agrees that nothing in this Agreement or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty (other than any implied duty of good faith) between any CIBC Party, on the one hand, and any Company Party, on the other. The CIBC Parties acknowledge and agree that (a) the transactions contemplated by this Agreement (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the CIBC Parties, on the one hand, and the Company, on the other and (b) in connection therewith and with the process leading thereto, (i) no CIBC Party has assumed an advisory or fiduciary responsibility in favor of any Company Party with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any CIBC Party has advised, is currently advising or will advise any Company Party on other matters) or any other obligation to any Company Party except the obligations expressly set forth in this Agreement and (ii) each CIBC Party is acting solely as principal and not as the agent or fiduciary of any Company Party. The Company acknowledges and agrees that the Company has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Company agrees that it will not claim that any CIBC Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to any Company Party, in connection with such transaction or the process leading thereto.

EXECUTED as of the day first written above.

PPL ENERGY SUPPLY, LLC

By:__________________________________
Name:
Title:

CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY

By:__________________________________
Name:
Title:

Schedule 6.11 [1]

Restricted Subsidiaries

Restricted Subsidiary	Jurisdiction of Organization
PPL Generation, LLC	Delaware
PPL Montana Holdings, LLC	Delaware
PPL Montana, LLC	Delaware
PPL Martins Creek, LLC	Delaware
PPL Brunner Island, LLC	Delaware
PPL Montour, LLC	Delaware
PPL Susquehanna, LLC	Delaware
PPL Holtwood, LLC	Delaware
PPL EnergyPlus, LLC	Pennsylvania
PPL Investment Corporation	Delaware

[1] As of July 27, 2012

Exhibit 12(a)

PPL CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Millions of Dollars)

	6 Months Ended June 30, 2012	Years Ended December 31, 2011	2010	2009	2008	2007
Earnings, as defined:						
Income from Continuing Operations Before Income Taxes	**$ 1,169**	$ 2,201	$ 1,239	$ 538	$ 1,273	$ 1,230
Adjustment to reflect earnings from equity method investments on a cash basis		1	7	1		2
	1,169	2,202	1,246	539	1,273	1,232
Total fixed charges as below	**520**	1,022	698	513	568	609
Less:						
Capitalized interest	**29**	51	30	43	57	55
Preferred security distributions of subsidiaries on a pre-tax basis	**6**	23	21	24	27	23
Interest expense and fixed charges related to discontinued operations		3	12	15	16	39
Total fixed charges included in Income from Continuing Operations Before Income Taxes	**485**	945	635	431	468	492
Total earnings	**$ 1,654**	$ 3,147	$ 1,881	$ 970	$ 1,741	$ 1,724
Fixed charges, as defined:						
Interest charges (a)	**$ 497**	$ 955	$ 637	$ 446	$ 518	$ 565
Estimated interest component of operating rentals	**17**	44	39	42	22	21
Preferred security distributions of subsidiaries on a pre-tax basis	**6**	23	21	24	27	23
Fixed charges of majority-owned share of 50% or less-owned persons			1	1	1	
Total fixed charges (b)	**$ 520**	$ 1,022	$ 698	$ 513	$ 568	$ 609
Ratio of earnings to fixed charges	**3.2**	3.1	2.7	1.9	3.1	2.8
Ratio of earnings to combined fixed charges and preferred stock dividends (c)	**3.2**	3.1	2.7	1.9	3.1	2.8

(a) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.
(b) Interest on unrecognized tax benefits is not included in fixed charges.
(c) PPL, the parent holding company, does not have any preferred stock outstanding; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges.

Exhibit 12(b)

PPL ENERGY SUPPLY, LLC AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(Millions of Dollars)

	6 Months Ended June 30, 2012	Years Ended December 31, 2011	2010	2009	2008	2007
Earnings, as defined:						
Income (Loss) from Continuing Operations Before Income Taxes	$ 514	$ 1,212	$ 881	$ (13)	$ 671	$ 785
Adjustments to reflect earnings from equity method investments on a cash basis		1	7	1		2
	514	1,213	888	(12)	671	787
Total fixed charges as below	118	259	426	364	390	388
Less:						
Capitalized interest	24	47	33	44	57	54
Interest expense and fixed charges related to discontinued operations		3	147	102	157	217
Total fixed charges included in Income (Loss) from Continuing Operations Before Income Taxes	94	209	246	218	176	117
Total earnings	$ 608	$ 1,422	$ 1,134	$ 206	$ 847	$ 904
Fixed charges, as defined:						
Interest charges (a)	$ 105	$ 223	$ 387	$ 321	$ 374	$ 374
Estimated interest component of operating rentals	13	36	38	42	15	14
Fixed charges of majority-owned share of 50% or less-owned persons			1	1	1	
Total fixed charges (b)	$ 118	$ 259	$ 426	$ 364	$ 390	$ 388
Ratio of earnings to fixed charges (c)	5.2	5.5	2.7	0.6	2.2	2.3

(a) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.

(b) Interest on unrecognized tax benefits is not included in fixed charges.

(c) In January 2011, PPL Energy Supply distributed its 100% membership interest in PPL Global to PPL Energy Supply's parent, PPL Energy Funding. As a result, PPL Global's operating results were reclassified as Discontinued Operations. Upon reflecting this reclassification, earnings were less than fixed charges for 2009. See Note 9 in PPL Energy Supply's 2011 Form 10-K for additional information. The total amount of fixed charges for this period was approximately $364 million and the total amount of earnings was approximately $206 million. The amount of the deficiency, or the amount of fixed charges in excess of earnings, was approximately $158 million.

Exhibit 12(c)

PPL ELECTRIC UTILITIES CORPORATION AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(Millions of Dollars)

	6 Months Ended June 30, 2012	Years Ended December 31, 2011	2010	2009	2008	2007
Earnings, as defined:						
Income Before Income Taxes	**$ 97**	$ 257	$ 192	$ 221	$ 278	$ 246
Total fixed charges as below	**52**	105	102	121	114	143
Total earnings	**$ 149**	$ 362	$ 294	$ 342	$ 392	$ 389
Fixed charges, as defined:						
Interest charges (a)	**$ 50**	$ 102	$ 101	$ 120	$ 113	$ 139
Estimated interest component of operating rentals	**2**	3	1	1	1	4
Total fixed charges (b)	**$ 52**	$ 105	$ 102	$ 121	$ 114	$ 143
Ratio of earnings to fixed charges	**2.9**	3.4	2.9	2.8	3.4	2.7
Preferred stock dividend requirements on a pre-tax basis	**$ 6**	$ 21	$ 23	$ 28	$ 28	$ 27
Fixed charges, as above	**52**	105	102	121	114	143
Total fixed charges and preferred stock dividends	**$ 58**	$ 126	$ 125	$ 149	$ 142	$ 170
Ratio of earnings to combined fixed charges and preferred stock dividends	**2.6**	2.9	2.4	2.3	2.8	2.3

(a) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.

(b) Interest on unrecognized tax benefits is not included in fixed charges.

LG&E AND KU ENERGY LLC AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES

(Millions of Dollars)

	Successor			Predecessor			
	6 Months Ended Jun. 30, 2012	Year Ended Dec. 31, 2011	2 Months Ended Dec. 31, 2010	10 Months Ended Oct. 31, 2010	Year Ended December 31, 2009	2008	2007
Earnings, as defined:							
Income from Continuing Operations Before Income Taxes	$ 144	$ 419	$ 70	$ 300	$ (1,235)	$ (1,536)	$ 332
Adjustment to reflect earnings from equity method investments on a cash basis	6	(1)		(4)	11		(5)
Loss on impairment of goodwill					1,493	1,806	
Mark to market impact of derivative instruments			2	(20)	(19)	34	
	150	418	72	276	250	304	327
Total fixed charges as below	78	153	25	158	186	199	170
Total earnings	$ 228	$ 571	$ 97	$ 434	$ 436	$ 503	$ 497
Fixed charges, as defined:							
Interest charges (a)	$ 75	$ 147	$ 24	$ 153	$ 176	$ 184	$ 155
Estimated interest component of operating rentals	3	6	1	5	5	5	4
Estimated discontinued operations interest component of rental expense					5	10	10
Preferred stock dividends							1
Total fixed charges	$ 78	$ 153	$ 25	$ 158	$ 186	$ 199	$ 170
Ratio of earnings to fixed charges	2.9	3.7	3.9	2.7	2.3	2.5	2.9

(a) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.

Exhibit 12(e)

LOUISVILLE GAS AND ELECTRIC COMPANY

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES

(Millions of Dollars)

	Successor			Predecessor			
	6 Months Ended Jun. 30, 2012	Year Ended Dec. 31, 2011	2 Months Ended Dec. 31, 2010	10 Months Ended Oct. 31, 2010	Year Ended December 31, 2009	2008	2007
Earnings, as defined:							
Income Before Income Taxes	$ 80	$ 195	$ 29	$ 167	$ 142	$ 131	$ 179
Mark to market impact of derivative instruments			1	(20)	(20)	35	
	80	195	30	147	122	166	179
Total fixed charges as below	22	46	8	40	46	60	53
Total earnings	$ 102	$ 241	$ 38	$ 187	$ 168	$ 226	$ 232
Fixed charges, as defined:							
Interest charges (a)	$ 21	$ 44	$ 8	$ 38	$ 44	$ 58	$ 50
Estimated interest component of operating rentals	1	2		2	2	2	2
Preferred stock dividends							1
Total fixed charges	$ 22	$ 46	$ 8	$ 40	$ 46	$ 60	$ 53
Ratio of earnings to fixed charges	4.6	5.2	4.8	4.7	3.7	3.8	4.4

(a) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.

Exhibit 12(f)

KENTUCKY UTILITIES COMPANY

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES

(Millions of Dollars)

	Successor			Predecessor			
	6 Months Ended Jun. 30, 2012	Year Ended Dec. 31, 2011	2 Months Ended Dec. 31, 2010	10 Months Ended Oct. 31, 2010	Year Ended December 31, 2009	2008	2007
Earnings, as defined:							
Income Before Income Taxes	**$ 108**	$ 282	$ 55	$ 218	$ 200	$ 226	$ 244
Adjustment to reflect earnings from equity method investments on a cash basis	**6**	(1)		(4)	11		(5)
Mark to market impact of derivative instruments					1	(1)	
	114	281	55	214	212	225	239
Total fixed charges as below	**36**	73	11	71	79	77	59
Total earnings	**$ 150**	$ 354	$ 66	$ 285	$ 291	$ 302	$ 298
Fixed charges, as defined:							
Interest charges (a)	**$ 34**	$ 70	$ 10	$ 69	$ 76	$ 74	$ 57
Estimated interest component of operating rentals	**2**	3	1	2	3	3	2
Total fixed charges	**$ 36**	$ 73	$ 11	$ 71	$ 79	$ 77	$ 59
Ratio of earnings to fixed charges	**4.2**	4.8	6.0	4.0	3.7	3.9	5.1

(a) Includes interest on long-term and short-term debt, as well as amortization of debt discount, expense and premium - net.

Exhibit 31(a)

CERTIFICATION

I, WILLIAM H. SPENCE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ William H. Spence
William H. Spence
Chairman, President and Chief Executive Officer
PPL Corporation

CERTIFICATION

I, PAUL A. FARR, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Paul A. Farr
Paul A. Farr
Executive Vice President and Chief Financial Officer
PPL Corporation

Exhibit 31(c)

CERTIFICATION

I, DAVID G. DECAMPLI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Energy Supply, LLC (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ David G. DeCampli
David G. DeCampli
President
PPL Energy Supply, LLC

Exhibit 31(d)

CERTIFICATION

I, PAUL A. FARR, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Energy Supply, LLC (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Paul A. Farr
Paul A. Farr
Executive Vice President
PPL Energy Supply, LLC

Exhibit 31(e)

CERTIFICATION

I, GREGORY N. DUDKIN, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Gregory N. Dudkin
Gregory N. Dudkin
President
PPL Electric Utilities Corporation

Exhibit 31(f)

CERTIFICATION

I, VINCENT SORGI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Vincent Sorgi
Vincent Sorgi
Vice President and Chief Accounting Officer
PPL Electric Utilities Corporation

Exhibit 31(g)

CERTIFICATION

I, VICTOR A. STAFFIERI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LG&E and KU Energy LLC (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman, President and Chief Executive Officer
LG&E and KU Energy LLC

Exhibit 31(h)

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LG&E and KU Energy LLC (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
LG&E and KU Energy LLC

CERTIFICATION

I, VICTOR A. STAFFIERI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman, President and Chief Executive Officer
Louisville Gas and Electric Company

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
Louisville Gas and Electric Company

CERTIFICATION

I, VICTOR A. STAFFIERI, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman, President and Chief Executive Officer
Kentucky Utilities Company

CERTIFICATION

I, KENT W. BLAKE, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kentucky Utilities Company (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
Kentucky Utilities Company

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR PPL CORPORATION'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of PPL Corporation (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal executive officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ William H. Spence
William H. Spence
Chairman, President and Chief Executive Officer
PPL Corporation

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(b)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR PPL CORPORATION'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of PPL Corporation (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal financial officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Paul A. Farr
Paul A. Farr
Executive Vice President and Chief Financial Officer
PPL Corporation

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR PPL ENERGY SUPPLY, LLC'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of PPL Energy Supply, LLC (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal executive officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ David G. DeCampli
David G. DeCampli
President
PPL Energy Supply, LLC

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(d)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR PPL ENERGY SUPPLY, LLC'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of PPL Energy Supply, LLC (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal financial officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Paul A. Farr
Paul A. Farr
Executive Vice President
PPL Energy Supply, LLC

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(e)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR PPL ELECTRIC UTILITIES CORPORATION'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal executive officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Gregory N. Dudkin
Gregory N. Dudkin
President
PPL Electric Utilities Corporation

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(f)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR PPL ELECTRIC UTILITIES CORPORATION'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of PPL Electric Utilities Corporation (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal financial officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Vincent Sorgi
Vincent Sorgi
Vice President and Chief Accounting Officer
PPL Electric Utilities Corporation

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(g)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR LG&E AND KU ENERGY LLC'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of LG&E and KU Energy LLC (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal executive officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman, President and Chief Executive Officer
LG&E and KU Energy LLC

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(h)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR LG&E AND KU ENERGY LLC'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of LG&E and KU Energy LLC (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal financial officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
LG&E and KU Energy LLC

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(i)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR LOUISVILLE GAS AND ELECTRIC COMPANY'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal executive officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman, President and Chief Executive Officer
Louisville Gas and Electric Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(j)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR LOUISVILLE GAS AND ELECTRIC COMPANY'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of Louisville Gas and Electric Company (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal financial officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
Louisville Gas and Electric Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(k)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR KENTUCKY UTILITIES COMPANY'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of Kentucky Utilities Company (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal executive officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Victor A. Staffieri
Victor A. Staffieri
Chairman, President and Chief Executive Officer
Kentucky Utilities Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(l)

CERTIFICATE PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
FOR KENTUCKY UTILITIES COMPANY'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2012

In connection with the quarterly report on Form 10-Q of Kentucky Utilities Company (the "Company") for the quarter ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Covered Report"), I, the principal financial officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that:

- The Covered Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- The information contained in the Covered Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2012

/s/ Kent W. Blake
Kent W. Blake
Chief Financial Officer
Kentucky Utilities Company

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.